



# **2016**

# **Comprehensive Annual**

# **Financial Report**

**FISCAL YEAR ENDED JUNE 30, 2016**



**City of San Clemente**



**CITY OF SAN CLEMENTE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**Prepared By:**  
**Finance and Administrative Services**



CITY OF SAN CLEMENTE  
 Comprehensive Annual Financial Report  
 June 30, 2016

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# INTRODUCTORY SECTION

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# City of San Clemente

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

December 30, 2016

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of San Clemente (the City) for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Van Lant and Fankhanel, LLP, certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of this report.

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

## Profile of the City of San Clemente

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

The City operates under a council-manager form of government, with a five-member council elected at large for four-year overlapping terms. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing day-to-day City operations, and appointing the heads of the various departments. The Council is elected on a non-partisan basis.

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

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

## Financial Overview and Policies

**Local economy.** The City, with a current population of 66,245, is located at the southern tip of Orange County, and borders the County of San Diego. Its mild, temperate climate and unsurpassed beaches attract more than 1.5 million visitors annually.

Property taxes and sales taxes are the main sources of revenue for the General Fund. The City experienced a period of rapid growth during the development of Talega, a planned community annexed into the City from the County of Orange. The Talega development, which reached build out in FY 2015, increased property taxes significantly during the last ten years. This revenue growth allowed the City to maintain a sound financial base during the last economic downturn. The City looks to the future as the last undeveloped area, Marblehead Coastal, is being developed with retail (Outlets at San Clemente) and residential development (Sea Summit). This development will continue to attract visitors and grow in property taxes and sales tax revenues which will provide funds for the operation of amenities for our citizen's.



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

**Long-term financial planning.** The City conducts an annual financial planning process, with results presented to the City Council for review and consideration each February. The plan is intended to be a well thought-out analysis of issues that may affect the finances of the City of San Clemente. The Long Term Financial Plan (the “LTFP”) is broad in scope and includes analysis of various items, including a five year financial forecast, trends history, reserves, financial policies, capital project funding, and other strategic issues. The financial forecast provides a frame of reference for evaluating the City’s financial condition on an on-going basis to assist with decision making. The forecast is developed using a baseline environment, that is, revenues and expenditures are projected based primarily on key economic indicators, local growth patterns, and the present level of services provided by the City.

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

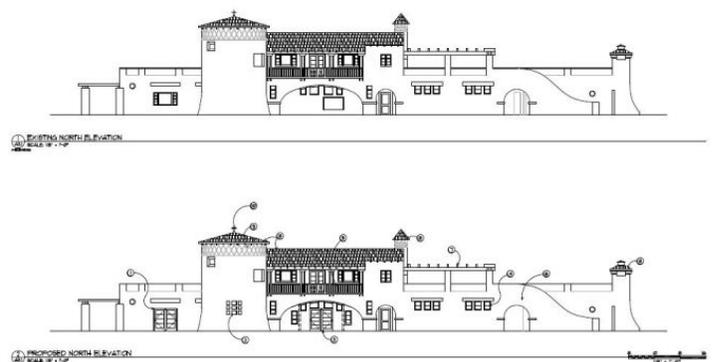
The City of San Clemente received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2016 and is anticipated to earn this budget award for the FY 2017 budget. To qualify for the Distinguished Budget Presentation Award, the government’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

**Capital planning.** Major capital projects are also considered as part of the LTFP process, to assure funds are available not only for the construction of facilities, but also available to maintain and operate these facilities in the future. Capital projects in progress during the year include the Ole Hanson Beach Club renovation.

The City completed the recycled water expansion project in FY 2015, which included an expansion of the treatment facility, expanding a recycled water distribution system, and adding recycled water storage capacity. The City has facilitated connections during FY 2016 to the recycled water system to lower the city’s dependence on external water supplies whose costs continue to increase.

The Ole Hanson Beach Club was built in 1928 and is listed as a Historic Resource on the National Register of Historic Places has never undergone a complete restoration. The project incorporates a renovation of the building and pool complex while preserving the historic nature of the facility. The construction project started in January 2015 and the grand re-opening was held on September 30, 2016. The City has opened the facility. The facility is being operated by an outside concessionaire during part of the week and by recreation staffing for city classes and other events during part of the week.

*Ole Hanson Beach Club Renovation – Preliminary design*



Other projects in process include a variety of park related projects and street related projects, which will continue to make sure the desires of the citizens are met.

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

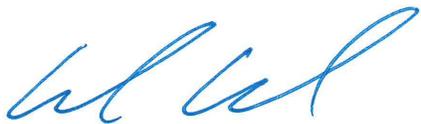
- **General Plan** – The General Plan, adopted in February 2014, includes comprehensive, long-term goals and policies for achieving San Clemente's vision. The City is in the process of implementing various elements of the General Plan identified in the Strategic Implementation Program (SIP) and updating the Zoning Ordinances, Specific Plans, Local Coastal Program and Housing Element.
- **Facilities Management** – The City is nearing build out upon the completion of the Marblehead Coastal development. This new development and the rehabilitation of the Ole Hanson Beach Club has spotlighted the need for maintenance and rehabilitation of the City's existing assets. Older capital assets have started to deteriorate since they were first constructed. The City has started to focus its efforts in the utilization, preservation, service, and accessibility of these assets. The City's strategic approach currently includes a Beaches, Parks and Recreation Master Plan Update, sand replenishment projects to protect the coastline and City assets, implementing a computerized maintenance management system (CMMS), increasing reserves to prioritize renovations/improvements, and allocate resources to improve maintenance and accessibility of capital assets.

#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Clemente for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-ninth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. This award is valid for a period of one year only. We believe that our current CAFR continues to meet the GFOA requirements. The City will submit the CAFR to GFOA again this year.

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

Respectfully submitted,



Erik Sund  
Assistant City Manager

# **CITY OF SAN CLEMENTE**

## **PRINCIPAL OFFICIALS**

### **CITY COUNCIL**

Robert “Bob” Baker, Mayor  
Kathleen Ward, Mayor Pro Tem  
Tim Brown  
Lori Donchak  
Chris Hamm

### **PLANNING COMMISSION**

Michael Blackwell  
Don Brown  
Barton Crandell  
Wayne Eggleston  
Michael Smith  
Jason Talley  
Zhen Wu

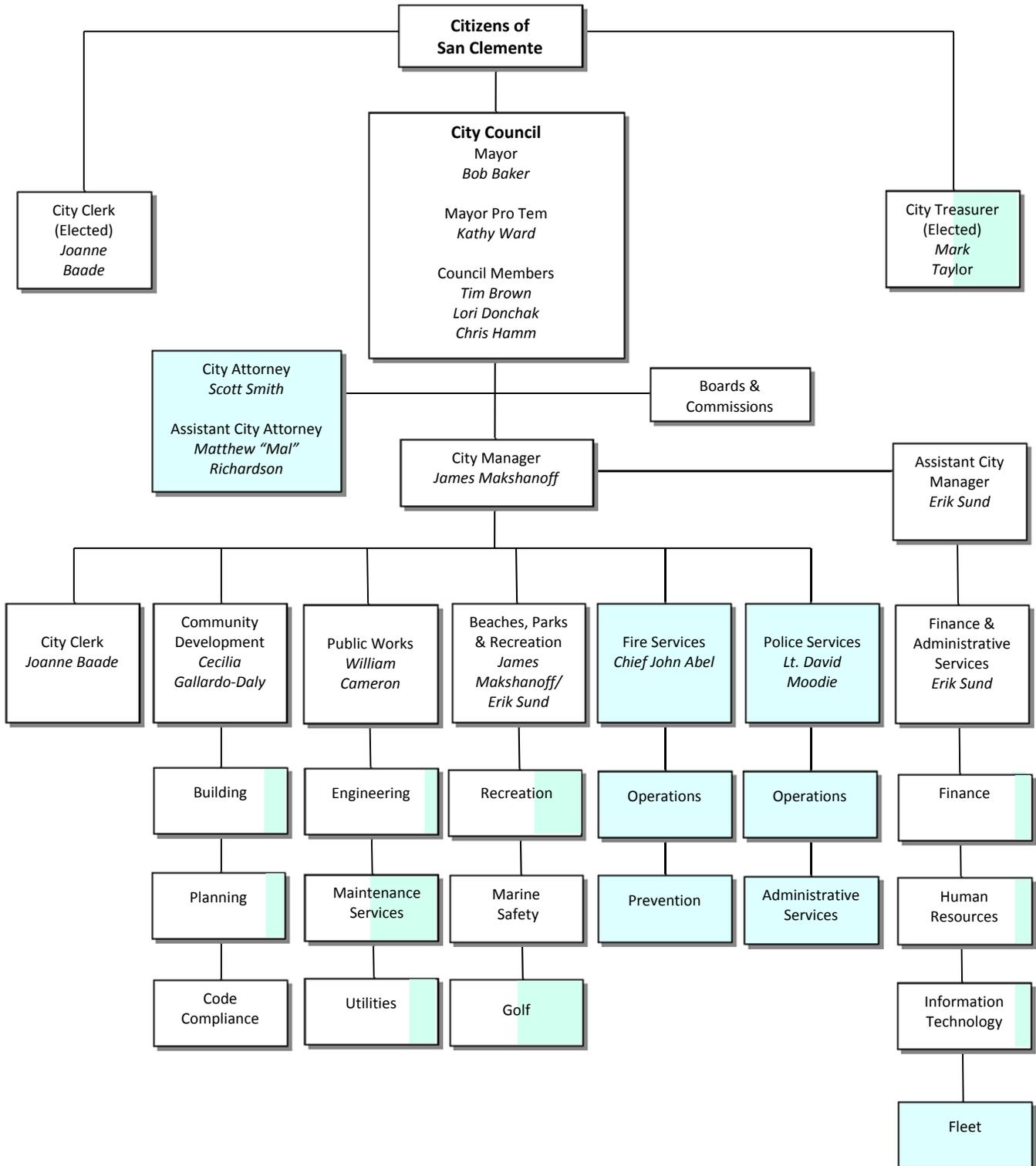
### **PARKS AND RECREATION COMMISSION**

Richard Ayer  
John Bandaruk  
John Dorey  
Nicholas Gates  
Chris McCormack  
Timothy Shaw  
Charlie Smith  
Steven Streger

### **CITY STAFF**

James Makshanoff, City Manager  
Erik Sund, Assistant City Manager  
Mark Taylor, City Treasurer  
Joanne Baade, City Clerk  
Scott Smith, City Attorney  
William E. Cameron, City Engineer/Public Works Director  
Pam Passow, Assistant Beaches, Parks & Recreation Director  
Cecilia Gallardo-Daly, Community Development Director  
Lt. Dave Moodie, Chief of Police Services/Lieutenant  
John Abel, Division Fire Chief

# San Clemente Organization Chart



Shading indicates contracted services



Government Finance Officers Association

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

Presented to

**City of San Clemente  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



# FINANCIAL SECTION

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## **Independent Auditor's Report**

The Honorable City Council  
City of San Clemente, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente, as of June 30, 2016, 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.

### **Change in Accounting Principle**

As described in Note 3 to the financial statements, the City adopted new accounting guidance, *GASB Statement No. 72, Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the schedules listed in the supplementary Information section of the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplementary information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules listed in the supplementary information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Van Lant + Fankhaed, LLP*

December 29, 2016

# 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, 2016 and June 30, 2015. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page 11 and the City's financial statements, which begin on page 21.

## FINANCIAL HIGHLIGHTS

- The City's net position increased \$11.4 million or 2.4% to \$479.7 million as a result of operations.
- Net position totals \$274.7 million for governmental and \$205.0 for business-type funds.
- The total program revenues and general revenues were \$104.3 million.
- The net expense of all governmental activities was \$36.4 million. The net revenue of business activities was \$1.4 million.
- During the year, the City's revenues exceeded costs (expenditures/expenses) by \$3.9 million.
- The General Fund reported a net change in fund balance of (\$1.0) million.
- For the General Fund, actual resources were greater than the final budget by \$2.5 million and actual expenditures were \$7.7 million less than final budget.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are

intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (police and fire), public works, community development, and beaches, parks and recreation. The business-type activities include water, sewer, and storm drain utilities, and the clean ocean, solid waste management, and golf course funds.

The government-wide financial statements include not only the City of San Clemente itself (known as the primary government), but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the Successor Agency of the San Clemente Redevelopment Agency (RDA) that was dissolved in FY 2012 and the San Clemente Public Financing Authority are included as an integral part of the City's financial statements and reported as blended component units. Separately issued financial statements are available for the Public Financing Authority and can be obtained from the City.

### **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 40 and 44, 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 also 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, 2016 and June 30, 2015.

Table 1  
Net Position  
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 109.9	\$ 107.5	\$ 58.0	\$ 55.3	\$ 167.9	\$162.8
Capital assets, net	<u>206.6</u>	<u>202.9</u>	<u>167.3</u>	<u>169.0</u>	<u>373.9</u>	<u>371.9</u>
Total assets	316.5	310.4	225.3	224.3	541.8	534.7
Deferred outflows of resources	5.0	2.8	1.3	0.7	6.3	3.5
Current liabilities	17.7	20.4	3.3	3.8	21.0	24.2
Long-term liabilities	<u>26.6</u>	<u>24.5</u>	<u>18.1</u>	<u>18.0</u>	<u>44.7</u>	<u>42.5</u>
Total liabilities	44.3	44.9	21.4	21.8	65.7	66.7
Deferred inflow of resources	2.4	3.2	0.2	-	2.6	3.2
Net position:						
Net investment in capital assets	205.3	201.5	153.4	154.5	358.7	356.0
Restricted	47.6	44.9	10.2	10.7	57.8	55.6
Unrestricted	<u>21.8</u>	<u>18.7</u>	<u>41.4</u>	<u>37.9</u>	<u>63.2</u>	<u>56.6</u>
Total Net Position	<u>\$ 274.7</u>	<u>\$ 265.1</u>	<u>\$ 205.0</u>	<u>\$ 203.2</u>	<u>\$ 479.7</u>	<u>\$ 468.3</u>

City asset's exceeded liabilities by \$479.7 million at June 30, 2016 as compared to \$468.3 million at June 30, 2015. The City's net position increased \$11.4 million during the current fiscal year.

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

capital assets themselves cannot be used to liquidate these liabilities. The total investment in capital assets increased \$2.7 million, with a decrease of \$1.1 million in business-type activities.

The restricted portion of the City’s net position (12 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position increased \$2.2 million due to an increase in developer improvements.

The unrestricted net position balance of \$63.2 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$41.4 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$21.8 million by the governmental activities. This amount increased \$6.7 million from the prior year related to recoveries under a settlement agreement.

A condensed summary of activities follows that net position increased by \$11.4 million during the year.

Table 2  
Summary of Activities  
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	\$ 10.6	\$ 10.4	\$ 33.9	\$ 36.0	\$ 44.5	\$ 46.4
Operating grants/contrib.	5.1	3.4	-	-	5.1	3.4
Capital grants/contrib.	7.1	19.5	1.2	0.8	8.3	20.3
General revenues:						
Property taxes	29.6	27.6	-	-	29.6	27.6
Sales taxes	9.1	8.3	-	-	9.1	8.3
Other taxes and fees	6.1	5.7	-	-	6.1	5.7
Other	<u>1.0</u>	<u>1.1</u>	<u>0.6</u>	<u>0.2</u>	<u>1.6</u>	<u>1.3</u>
Total revenues	68.6	76.0	35.7	37.0	104.3	113.0
Expenses:						
General government	6.1	6.4	-	-	6.1	6.4
Public safety	21.3	20.9	-	-	21.3	20.9
Public works	16.6	10.5	-	-	16.6	10.5
Community development	5.8	16.5	-	-	5.8	16.5
Beaches, parks & recreation	9.3	14.0	-	-	9.3	14.0
Interest and fiscal charges	0.1	0.1	-	-	0.1	0.1
Water	-	-	18.1	19.6	18.1	19.6
Sewer	-	-	11.7	11.4	11.7	11.4
Golf	-	-	2.1	2.1	2.1	2.1
Clean Ocean	-	-	1.6	1.7	1.6	1.7
Solid Waste	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total expenses	59.2	68.4	33.7	35.0	92.9	103.4
Net position change						
before transfers	9.4	7.6	2.0	2.0	11.4	9.6
Transfers	0.2	0.3	(0.2)	(0.3)	-	-
Change in net position	9.6	7.9	1.8	1.7	11.4	9.6
Net position–July 1	<u>265.1</u>	<u>257.2</u>	<u>203.2</u>	<u>201.5</u>	<u>468.3</u>	<u>458.7</u>
Net position–June 30	<u>\$ 274.7</u>	<u>\$ 265.1</u>	<u>\$ 205.0</u>	<u>\$ 203.2</u>	<u>\$ 479.7</u>	<u>\$ 468.3</u>

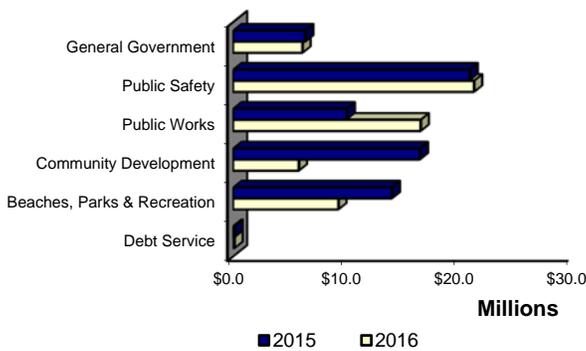
**Governmental activities**

The City’s governmental activities net position increased by \$9.6 million as compared to an increase of \$7.9 million in the prior year. Revenues were \$68.6 million in FY 2016 as compared to \$76.0 million in FY 2015. This was a result of a developer contribution to the City for the West Avenida Hermosa project in FY 2015.

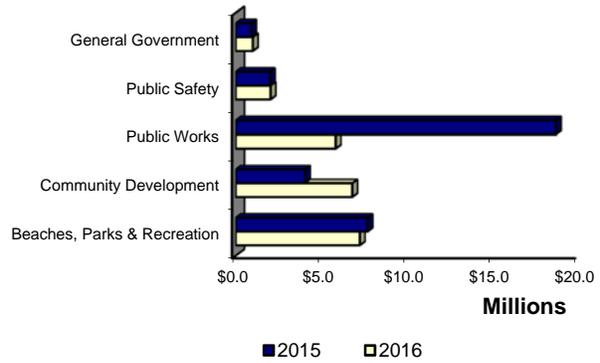
Expenses decreased by \$9.2 million from FY 2015 and were \$9.6 million less than revenues in the current year. This decrease was the result of decreases in Community Development related to the development fee refund based on the court judgement and in Beaches, Parks, and Recreation due to the reorganization of maintenance for beaches and parks to Public Works in FY 2016.

Public Safety, and Public Works increased from the prior year for various reasons. Public Safety increased as a result of County contract increases for both fire and police. Public Works increased as a result of reclassification of maintenance activities from Beaches, Parks and Recreation to Public Works.

**Expenses – Governmental Activities**



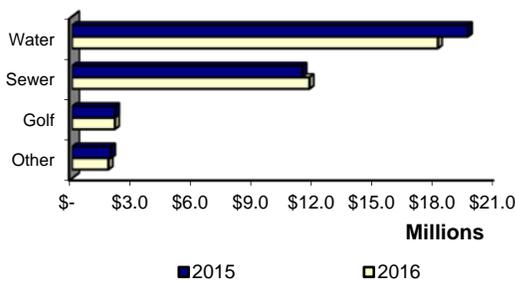
**Program Revenues – Governmental Activities**



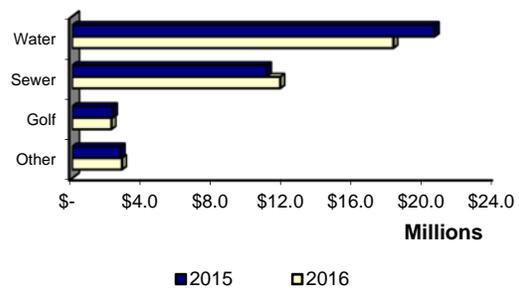
**Business-type activities**

Business-type activities net position increased by \$1.8 million as compared to a decrease of \$1.7 million in the previous year. The overall change is attributed to higher program revenues as a result of changes to the rate structure for utilities and operating costs continually being monitored on an ongoing basis.

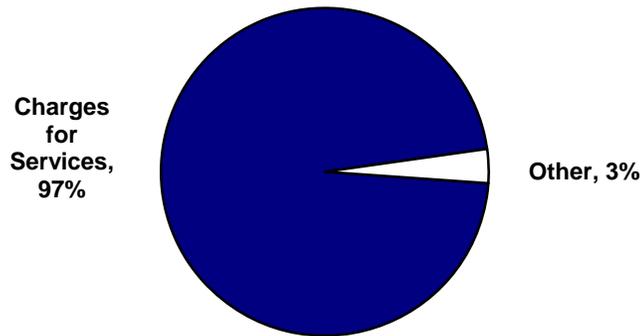
**Expenses – Business-type activities**



**Program Revenues – Business-type activities**



### Revenues by Source – Business-type Activities



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental Funds

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

The City's governmental funds reported combined ending fund balances of \$82.1 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$1.6 million. The remainder of fund balance is not available for new spending because it has already been either: 1) in a nonspendable form such as loans receivable (\$1.7 million), 2) restricted based on legislation or under agreements with external parties (\$49.1 million), 3) committed based on City Council action (\$16.3 million), or 4) assigned for specific purposes based on the Council appointed designee (\$13.4 million). Governmental fund balances, in total, increased by \$3.2 million during the fiscal year due to higher property tax revenues and developer contributions of \$1.2 million in the Developers Improvement Fund.

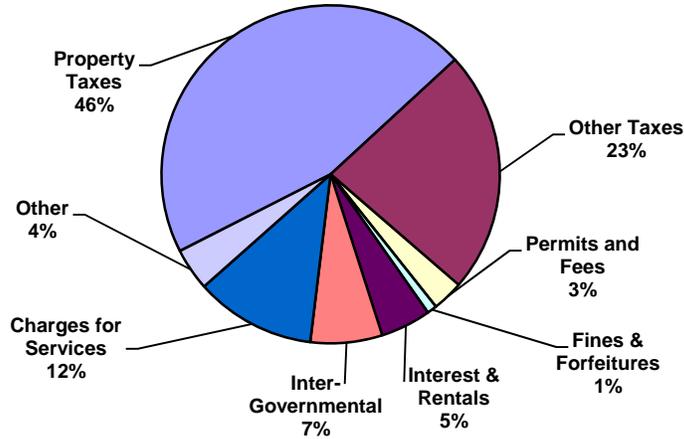
Governmental funds, in total, had \$64.3 million of revenues and taxes represented 69% of the revenues. The change from the prior year amount of \$59.1 million was due primarily to the following factors: 1) an increase in property taxes and sales taxes, 2) increases in investment revenue due to an increase in interest rate environment, 3) charges for services increase as a result of increases in community enhancement revenue, ambulance service charges and construction inspection fees for the current year, and 4) one-time contributions from a developer as required by a developer agreement.

Total governmental fund expenditures were \$60.4 million this year. When compared to last year's amount of \$71.0 million there was a decrease of \$10.6 million. Year to year activity by department. General government, fire, public works, community development and capital outlay all increased from FY 2015, while police and beaches, parks and recreation decreases. However the largest change was a decrease of \$10.9 million in community development, which was direct result of the beach parking refund accrued in the prior year based on the court judgement.

Significant changes in other funds include a transfer of \$1.3 million to the Negocio Debt Service fund to fund the defeasance of the debt after June 30, 2016 and the receipt of fees under the Marblehead development agreement in the Developers Improvement fund to fund specific projects and activities.

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

**Revenues by Source – Governmental Funds  
Fiscal Year 2016**



<u>Function</u>	<u>2016 Amounts</u>	<u>% of Total</u>	<u>2015 Amounts</u>	<u>% of Total</u>
Property Taxes	\$ 29.3	46 %	\$ 27.6	47 %
Other Taxes	14.9	23 %	13.6	23 %
Permits & Fees	1.9	3 %	1.8	3 %
Fines & Forfeitures	0.6	1 %	0.7	1 %
Investment & Rentals	3.1	5 %	2.3	4 %
Intergovernmental	4.4	7 %	4.6	7 %
Charges for Services	7.4	12 %	7.4	12 %
Other	2.6	4 %	1.3	2 %
	<u>\$ 64.3</u>	<u>100 %</u>	<u>\$ 59.1</u>	<u>100 %</u>

**Proprietary Funds**

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

Unrestricted net position of the Water, Sewer and Golf operations at the end of the year amounted to \$18.9 million, \$19.0 million and \$0.1 million, respectively. In total, unrestricted net position for all proprietary funds increased from the previous year. Approximately \$33.2 million of these unrestricted net position are set aside for infrastructure asset replacement. The total Enterprise Fund’s Net Position increased from \$204.4 million to \$205.2 million or by 0.4%.

Last year’s change in net position was a decrease of \$1.6 million and this year’s increase was \$0.8 million. Water service charges decreased from \$18.9 to \$17.2 million and sewer charges decreased from \$10.3 to \$10.1 million. These were primarily a result of lower usage as drought reductions were implemented. Total operating expenses decreased from \$34.5 million to \$34.2 million, with the cost of water representing \$2.0 million of the decrease.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund’s fund balance was \$28.6 million. Unassigned fund balance represents \$1.6 million or 6% of the total fund balance. In total, the General Fund balance decreased by \$1.1 million over the prior year and represents 35% of all governmental fund balances.

The original budget for General Fund revenues was \$51.8 million. When this amount is compared to the final budgeted amount of \$53.6 million there was a \$1.8 million increase. The budget increase is due to increases in the taxes, license and permits, intergovernmental, investment and rentals, and service charges categories. The budget for taxes increased due to property valuation increases and higher sales and other taxes. Increases for the licenses and permits and charges for services were related to a rebound in construction activity (development permits and charges) and the intergovernmental budget increase of \$0.6 million for a grants to support the Local Coastal program update and water conservation efforts.

Actual fiscal year revenues were higher than the final budget amounts in taxes, investment and rentals, intergovernmental, and other revenues. Revenues were lower in licenses and permits, fines and forfeits, and charges for services. The largest budget variance for the General Fund was in charges for services. Property taxes (\$1.2 million) exceeded expectations due to property values. Additional information on revenue variances are summarized below:

- Permits and fees were slightly lower based on building and electrical permit activity.
- Fines were lower as a result of police staffing and a lower number of tickets issued.
- Investment income was higher than budget due to an upturn in the interest rate environment and higher cash balances.
- Intergovernmental revenue was higher due to timing of the Local Coastal program update.
- Charges for services were higher as a result of higher ambulance revenues, plan check fees, and recreation service charges.

The budgeted expenditures increased from the original \$59.6 million to final budget amount of \$62.7 million in the General Fund. Capital outlay and Public Works had the largest changes. Capital outlay increased as additional funds were allocated to the Ole Hanson Beach Club capital project and other projects. Public Works increased due to budget increases in resulting from beaches and parks maintenance contracts.

Actual expenditures in the General Fund ended the year \$7.7 million lower than the final budget, \$4.9 million of this amount will be reappropriated in FY 2017 Budget. Actual variances were notable in the following categories:

- Community development came in lower by \$0.5 million as a result of the contractual services related to development services and other development activities.
- Police savings from budget were due to vacancies and overtime costs during the course of the year.
- Public Works, and Beaches, Parks and Recreation came in lower than anticipated due to delayed maintenance projects and vacant staffing positions.
- Capital outlay was lower by \$3.9 million as a result of capital projects that will be started next fiscal year or completed next fiscal year. The largest of these projects is Ole Hanson Beach Club rehabilitation capital project.

Other financing sources (uses) include transfers in of \$1.3 million and transfers out of \$3.5 million. Only \$0.6 million of a \$1.6 million budget was transferred from Developer Improvement fund in FY 2016.

## **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, 2016, amounts to \$373.9 million (net of accumulated depreciation) as compared to the June 30, 2015 total of \$371.9 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The net increase in the City's net investment in capital assets for the current fiscal year was \$3.4 million, with a \$4.5 million increase in governmental activities and a \$1.1 million decrease in business-type activities.

Major capital improvements during the fiscal year included street projects for the governmental type activities and the recycled water expansion capital projects for business type activities. Governmental activities infrastructure amounts capitalized totaled \$8.5 million consisting of \$3.1 million of land, buildings, and improvements related to Vista Del Sol Park, Canyon View Park and Bonita Park, and \$1.2 million for Avenida La Pata and Calle Frontera improvement projects. The business type activities largest increase was \$1.1 million for the Via Bellena Storm Drain.

Depreciation expense during the fiscal year was \$8.7 million for governmental activities and \$5.4 million for business-type activities as compared to \$8.0 million and \$4.6 million respectively in the previous fiscal year. There were no significant changes from depreciation amounts.

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 39.3	\$ 37.2	\$ 4.1	\$ 4.1	\$ 43.4	\$ 41.3
Infrastructure	108.4	108.5	75.6	76.4	184.0	184.9
Buildings & Improvements	48.6	50.1	79.8	81.7	128.4	131.8
Equipment	2.0	2.6	3.3	3.0	5.3	5.6
Construction-in-progress	<u>8.3</u>	<u>4.5</u>	<u>4.5</u>	<u>3.8</u>	<u>12.8</u>	<u>8.3</u>
Totals	<u>\$ 206.6</u>	<u>\$ 202.9</u>	<u>\$ 167.3</u>	<u>\$ 169.0</u>	<u>\$ 373.9</u>	<u>\$ 371.9</u>

**Long-term Liabilities.** At the end of the current fiscal year, the City's governmental activities had total bonded debt of \$1.2 million outstanding and \$17,704 of capitalized lease obligations. A principal payment of \$125,000 was made against the Certificates of Participation Bonds during the current fiscal year. Business-type activities had a total loan through the State of California related to the construction and expansion of recycled water treatment facilities in the amount of \$13.9 million.

Further information on the Long Term Liabilities can be found in the Notes to the Financial Statements, Long Term Liabilities (Note 7).

Outstanding Debt  
(in millions)

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Certificates of Participation	\$ 1.2	\$ 1.3	\$ -	\$ -
State Revolving Fund Loan	-	-	13.9	14.5
Capitalized Lease	<u>0.0</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1.2</u>	<u>\$ 1.4</u>	<u>\$ 13.9</u>	<u>\$ 14.5</u>

## **SIGNIFICANT MATTERS**

During FY 2015, the City of San Clemente lost a court decision and an appeal to the Appellate Court related to Beach Parking Impact Fees. In FY 2016, the Superior Court has declined to hear an additional appeal. At June 30, 2016, based on the court judgement the City has a liability recorded of \$8.15 million to refund collected developer impact fees and interest held in the Public Facilities Construction Capital Project Fund to property owners.

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

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Assistant City Manager, 100 Avenida Presidio, San Clemente, CA 92672.

CITY OF SAN CLEMENTE

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and investments	\$ 89,079,538	\$ 42,444,640	\$ 131,524,178
Taxes receivable	4,367,580	-	4,367,580
Accounts receivable	1,580,841	4,954,365	6,535,206
Interest receivable	206,471	120,819	327,290
Due from other governments	238,004	4,299	242,303
Internal balances	372,980	(372,980)	-
Inventories	-	382,193	382,193
Prepaid items	31,867	-	31,867
Loans receivable	12,348,610	-	12,348,610
Restricted cash and investments	1,671,846	10,432,746	12,104,592
Capital assets, non-depreciable	47,635,836	8,546,104	56,181,940
Capital assets, net of accumulated depreciation	158,918,614	158,753,469	317,672,083
Total Assets	<u>316,452,187</u>	<u>225,265,655</u>	<u>541,717,842</u>
Deferred Outflows of Resources:			
Pension deferral	<u>5,029,296</u>	<u>1,341,714</u>	<u>6,371,010</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	4,152,739	2,123,343	6,276,082
Accrued wages	624,981	96,736	721,717
Accrued liability	8,149,999	152,493	8,302,492
Unearned revenue	590,942	-	590,942
Deposits payable	2,631,008	252,152	2,883,160
Long term liabilities, current portion	1,590,101	711,684	2,301,785
Long term liabilities, non-current portion:			
Due in more than one year	3,337,307	13,704,058	17,041,365
Net pension liability	<u>23,268,220</u>	<u>4,380,299</u>	<u>27,648,519</u>
Total Liabilities	<u>44,345,297</u>	<u>21,420,765</u>	<u>65,766,062</u>
Deferred Inflows of Resources:			
Pension deferral	<u>2,423,598</u>	<u>192,087</u>	<u>2,615,685</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	205,339,450	153,436,537	358,775,987
Restricted for:			
Public facilities construction	7,380,292	9,279,992	16,660,284
Local drainage facilities	4,776,682	-	4,776,682
Streets/roadway/traffic	7,915,341	-	7,915,341
Affordable housing	11,037,383	-	11,037,383
Other capital	14,225,398	-	14,225,398
Other purposes	2,265,387	900,603	3,165,990
Unrestricted	<u>21,772,655</u>	<u>41,377,385</u>	<u>63,150,040</u>
Total Net Position	<u>\$ 274,712,588</u>	<u>\$ 204,994,517</u>	<u>\$ 479,707,105</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 6,121,431	\$ 944,933	\$ 55,525	\$ -
Police	12,366,392	641,074	118,716	-
Fire	8,914,593	1,266,510	-	-
Public works	16,568,456	1,067,956	1,660,737	3,084,829
Community development	5,802,124	2,891,114	3,197,528	685,311
Beaches, parks & recreation	9,295,623	3,832,390	25,627	3,349,495
Interest and fiscal charges	118,421	-	-	-
<b>Total governmental activities</b>	<b>59,187,040</b>	<b>10,643,977</b>	<b>5,058,133</b>	<b>7,119,635</b>
<b>Business-type activities:</b>				
Water	18,092,980	18,231,654	-	18,943
Sewer	11,727,190	10,686,769	-	1,137,640
Golf	2,113,187	2,236,018	-	-
Clean Ocean	1,575,010	2,612,664	-	-
Solid Waste	222,152	208,590	17,298	-
<b>Total business-type activities</b>	<b>33,730,519</b>	<b>33,975,695</b>	<b>17,298</b>	<b>1,156,583</b>
<b>Total</b>	<b>\$ 92,917,559</b>	<b>\$ 44,619,672</b>	<b>\$ 5,075,431</b>	<b>\$ 8,276,218</b>

General Revenue

Taxes:

Property taxes

Sales taxes

Sales taxes - in lieu

Transient occupancy taxes

Franchise taxes

Other taxes

Investment earnings

Miscellaneous

Transfers

Total General Revenue and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See Accompanying Notes to the Financial Statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,120,973)	\$ -	\$ (5,120,973)
(11,606,602)	-	(11,606,602)
(7,648,083)	-	(7,648,083)
(10,754,934)	-	(10,754,934)
971,829	-	971,829
(2,088,111)	-	(2,088,111)
(118,421)	-	(118,421)
(36,365,295)	-	(36,365,295)
-	157,617	157,617
-	97,219	97,219
-	122,831	122,831
-	1,037,654	1,037,654
-	3,736	3,736
-	1,419,057	1,419,057
(36,365,295)	1,419,057	(34,946,238)
29,588,442	-	29,588,442
8,471,708	-	8,471,708
593,774	-	593,774
2,332,712	-	2,332,712
2,420,553	-	2,420,553
1,297,956	-	1,297,956
915,646	611,323	1,526,969
132,510	-	132,510
223,110	(223,110)	-
45,976,411	388,213	46,364,624
9,611,116	1,807,270	11,418,386
265,101,472	203,187,247	468,288,719
\$ 274,712,588	\$ 204,994,517	\$ 479,707,105

CITY OF SAN CLEMENTE

Balance Sheet  
Governmental Funds  
June 30, 2016

	General	Capital Projects Public Facilities Construction
<b><u>ASSETS</u></b>		
Cash and investments	\$ 29,501,950	\$ 15,496,850
Taxes receivable	4,367,541	-
Accounts receivable	793,530	-
Interest receivable	68,858	36,022
Due from other funds	8,210	-
Due from other governments	132,910	-
Prepaid items	18,900	-
Loans receivable	1,634,602	-
Restricted cash and investments with fiscal agent	-	-
Total assets	\$ 36,526,501	\$ 15,532,872
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 3,483,152	\$ 2,580
Accrued wages	296,480	-
Unearned revenue	547,661	-
Deposits payable	2,420,567	-
Due to other funds	-	-
Accrued liability	-	8,149,999
Total liabilities	6,747,860	8,152,579
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue - receivables	1,142,360	-
Total deferred inflows of resources	1,142,360	-
<b><u>FUND BALANCES</u></b>		
Nonspendable	1,653,502	-
Restricted	-	7,380,293
Committed	16,263,527	-
Assigned	9,070,803	-
Unassigned	1,648,449	-
Total fund balance	28,636,281	7,380,293
Total liabilities, deferred inflows of resources and fund balances	\$ 36,526,501	\$ 15,532,872

See Accompanying Notes to the Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 33,412,392	\$ 78,411,192
39	4,367,580
740,932	1,534,462
77,725	182,605
-	8,210
105,094	238,004
-	18,900
10,714,008	12,348,610
1,671,846	1,671,846
<u>\$ 46,722,036</u>	<u>\$ 98,781,409</u>

\$ 233,450	\$ 3,719,182
742	297,222
43,281	590,942
210,441	2,631,008
8,210	8,210
-	8,149,999
<u>496,124</u>	<u>15,396,563</u>

<u>154,858</u>	<u>1,297,218</u>
<u>154,858</u>	<u>1,297,218</u>

-	1,653,502
41,673,346	49,053,639
23,705	16,287,232
4,374,003	13,444,806
-	1,648,449
<u>46,071,054</u>	<u>82,087,628</u>
<u>\$ 46,722,036</u>	<u>\$ 98,781,409</u>

CITY OF SAN CLEMENTE  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2016

Fund balances for governmental funds \$ 82,087,628

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is net of the Internal Service Funds of \$1,699,395

Governmental capital assets	298,806,033	
Less: accumulated depreciation	(93,950,978)	204,855,055

Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds. The following is net of the Internal Service Funds compensated absences balance of \$101,264.

Certificates of participation	(1,215,000)	
Compensated absences	(1,379,325)	
Net pension liability	(23,268,220)	(25,862,545)

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

Deferred inflows of resources - pension related	(2,423,598)	
Deferred outflows of resources - pension related	5,029,296	2,605,698

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net assets.

Capital assets, net of depreciation	1,699,395	
Long term liabilities, current and noncurrent portion	2,333,083	
Other internal service assets (liabilities)	5,697,056	9,729,534

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

1,297,218

Net position of governmental activities

\$ 274,712,588

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	General	Capital Project Public Facilities Construction
Revenues:		
Taxes	\$ 44,170,413	\$ -
Permits and fees	1,945,118	-
Fines and forfeits	596,246	-
Investment and rentals	2,309,096	185,482
Intergovernmental	1,065,550	-
Charges for services	5,913,358	-
Developers fees	-	225,488
Other	158,698	-
Total Revenues	<u>56,158,479</u>	<u>410,970</u>
Expenditures:		
Current:		
General government	6,789,378	-
Police	12,179,120	-
Fire	8,687,558	-
Public works	10,622,957	-
Community development	4,954,293	223,944
Beaches, parks and recreation	6,205,250	-
Capital outlay	5,561,236	32,451
Debt Service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>54,999,792</u>	<u>256,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,158,687</u>	<u>154,575</u>
Other Financing Sources (Uses):		
Transfers in	1,302,946	-
Transfers out	(3,510,306)	-
Total Other Financing Sources (Uses)	<u>(2,207,360)</u>	<u>-</u>
Net Change in Fund Balances	(1,048,673)	154,575
Fund Balances - Beginning of Year	<u>29,684,954</u>	<u>7,225,718</u>
Fund Balances - End of Year	<u>\$ 28,636,281</u>	<u>\$ 7,380,293</u>

See Accompanying Notes to the Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,303	\$ 44,171,716
-	1,945,118
-	596,246
596,503	3,091,081
3,371,162	4,436,712
1,520,656	7,434,014
924,709	1,150,197
1,337,086	1,495,784
<u>7,751,419</u>	<u>64,320,868</u>
611,326	7,400,704
103,733	12,282,853
-	8,687,558
138,275	10,761,232
211,780	5,390,017
9,320	6,214,570
3,817,865	9,411,552
125,000	125,000
116,400	116,400
<u>5,133,699</u>	<u>60,389,886</u>
<u>2,617,720</u>	<u>3,930,982</u>
2,539,006	3,841,952
<u>(1,092,536)</u>	<u>(4,602,842)</u>
<u>1,446,470</u>	<u>(760,890)</u>
4,064,190	3,170,092
<u>42,006,864</u>	<u>78,917,536</u>
<u>\$ 46,071,054</u>	<u>\$ 82,087,628</u>

CITY OF SAN CLEMENTE  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds: \$ 3,170,092

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

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

Capital outlay	9,411,552	
Donated capital assets	4,426,698	
Other maintenance activities included in capital outlay above	(1,533,655)	
Gain (loss) on capital assets	(4,971)	
Depreciation expense (net of Internal Service Funds of \$635,990)	<u>(8,066,976)</u>	4,232,648

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net revenue (expense) of internal service funds is reported with governmental activities. 2,884,115

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

Principal repayments	125,000	
Change in compensated absences liability (governmental)	76,927	
Pension actuarial amounts - outflows	(2,208,530)	
Pension actuarial amounts - inflows	(782,771)	
Change in net pension liability	<u>2,029,974</u>	(759,400)

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

Prior year deferral	(1,204,731)	
Current year deferral	<u>1,297,218</u>	92,487

Some expenditures reported in the governmental funds provide benefits to future periods. This amount represents a commission that will be amortized over the future periods. (8,826)

Change in net position of governmental activities \$ 9,611,116

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE

Statement of Net Position

Proprietary Funds

June 30, 2016

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 18,937,753	\$ 19,472,930	\$ 973,351
Accounts receivable	2,690,240	1,730,280	23,179
Accrued interest	51,076	60,365	2,263
Due from other governments	3,953	346	-
Inventory, at cost	349,189	-	33,004
Prepays	-	-	-
Advances from other funds	-	-	-
Cash and investments - restricted	3,936,205	6,496,541	-
Total Current Assets	<u>25,968,416</u>	<u>27,760,462</u>	<u>1,031,797</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,660,761	410,298	2,011
Water, sewer and storm lines	38,273,583	74,291,413	-
Utility assets	32,690,375	97,262,242	-
Buildings	205,662	234,370	6,423,954
Improvements other than buildings	-	-	3,266,622
Machinery and equipment	3,231,279	1,085,325	1,090,077
Construction in progress	428,418	3,966,401	-
Total Capital assets	<u>78,490,078</u>	<u>177,250,049</u>	<u>10,782,664</u>
Less accumulated depreciation	<u>(23,808,906)</u>	<u>(71,193,958)</u>	<u>(4,298,569)</u>
Net Capital Assets	<u>54,681,172</u>	<u>106,056,091</u>	<u>6,484,095</u>
Total Noncurrent Assets	<u>54,681,172</u>	<u>106,056,091</u>	<u>6,484,095</u>
Total Assets	<u>80,649,588</u>	<u>133,816,553</u>	<u>7,515,892</u>
Deferred Outflows of Resources:			
Pension deferral	<u>645,101</u>	<u>499,126</u>	<u>197,487</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 3,060,606	\$ 42,444,640	\$ 10,668,346
510,666	4,954,365	46,379
7,115	120,819	23,866
-	4,299	-
-	382,193	-
-	-	12,967
-	-	155,999
	10,432,746	-
<u>3,578,387</u>	<u>58,339,062</u>	<u>10,907,557</u>
-	4,073,070	-
-	112,564,996	-
-	129,952,617	-
-	6,863,986	443,134
-	3,266,622	391,920
54,741	5,461,422	6,265,680
78,215	4,473,034	29,628
<u>132,956</u>	<u>266,655,747</u>	<u>7,130,362</u>
<u>(54,741)</u>	<u>(99,356,174)</u>	<u>(5,430,967)</u>
<u>78,215</u>	<u>167,299,573</u>	<u>1,699,395</u>
<u>78,215</u>	<u>167,299,573</u>	<u>1,699,395</u>
<u>3,656,602</u>	<u>225,638,635</u>	<u>12,606,952</u>
-	1,341,714	-

(Continued)

CITY OF SAN CLEMENTE  
Statement of Net Position (Continued)  
Proprietary Funds  
June 30, 2016

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 1,092,347	\$ 856,669	\$ 91,140
Accrued wages	43,104	38,486	11,279
Compensated absences payable	45,714	31,543	34,596
Interest payable	152,493	-	-
Loan payable	595,616	-	-
Capital lease obligation	-	-	-
Claims and judgements payable	-	-	-
Advances from other funds	-	-	155,999
Deposits payable - restricted assets	252,152	-	-
Total Current Liabilities	2,181,426	926,698	293,014
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
OPEB obligation	-	-	-
Compensated absences payable	171,973	118,661	130,146
Claims and judgments payable	-	-	-
Loan payable	13,267,420	-	-
Net pension liability	2,108,506	1,625,948	645,845
Total Noncurrent Liabilities	15,547,899	1,744,609	775,991
Total Liabilities	17,729,325	2,671,307	1,069,005
Deferred Inflow of Resources:			
Pension deferral	92,257	71,602	28,228
<b><u>NET POSITION</u></b>			
Net investment in capital assets	40,818,136	106,056,091	6,484,095
Restricted for debt service	900,603	-	-
Restricted for capital projects	2,783,451	6,496,541	-
Unrestricted	18,970,917	19,020,138	132,051
Total Net Position	\$ 63,473,107	\$ 131,572,770	\$ 6,616,146

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

Net position of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 83,187	\$ 2,123,343	\$ 433,557
3,867	96,736	327,759
4,215	116,068	21,265
-	152,493	-
-	595,616	-
-	-	14,532
-	-	1,129,646
-	155,999	-
-	252,152	-
<u>91,269</u>	<u>3,492,407</u>	<u>1,926,759</u>
-	-	3,171
-	-	6,975
15,858	436,638	79,999
-	-	1,077,495
-	13,267,420	-
-	4,380,299	-
<u>15,858</u>	<u>18,084,357</u>	<u>1,167,640</u>
<u>107,127</u>	<u>21,576,764</u>	<u>3,094,399</u>
-	192,087	-
78,215	153,436,537	1,681,692
-	900,603	-
-	9,279,992	-
<u>3,471,260</u>	<u>41,594,366</u>	<u>7,830,861</u>
<u>\$ 3,549,475</u>	<u>205,211,498</u>	<u>\$ 9,512,553</u>
	<u>(216,981)</u>	
	<u>\$ 204,994,517</u>	

(Concluded)

CITY OF SAN CLEMENTE  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2016

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 17,210,804	\$ 10,077,624	\$ 1,784,586
Concessions	-	-	423,777
Other	1,020,850	609,145	27,655
Total Operating Revenues	<u>18,231,654</u>	<u>10,686,769</u>	<u>2,236,018</u>
Operating Expenses:			
Salaries and benefits	3,105,977	2,380,550	819,821
Cost of purchased water	6,906,784	-	-
Cost of materials and supplies	338,014	453,460	130,313
Depreciation	1,488,827	3,574,593	352,874
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	6,286,571	5,671,248	847,285
Total Operating Expenses	<u>18,126,173</u>	<u>12,079,851</u>	<u>2,150,293</u>
Operating Income (Loss)	<u>105,481</u>	<u>(1,393,082)</u>	<u>85,725</u>
Non-Operating Revenues (Expenses):			
Investment income	254,420	309,741	11,787
Grant income	-	-	-
Interest and fiscal charges	(421,738)	-	(6,179)
Gain (Loss) on sale of capital assets	(39,088)	-	-
Total Non-Operating Revenues (Expenses)	<u>(206,406)</u>	<u>309,741</u>	<u>5,608</u>
Income (Loss) Before Operating Transfers and Capital Contributions	<u>(100,925)</u>	<u>(1,083,341)</u>	<u>91,333</u>
Capital grants	-	822,024	-
Capital contributions	18,943	315,616	-
Total Capital Contributions	<u>18,943</u>	<u>1,137,640</u>	<u>-</u>
Transfers in	-	381,000	-
Transfers out	(70,500)	(70,500)	-
Total Transfers	<u>(70,500)</u>	<u>310,500</u>	<u>-</u>
Change in Net Assets	(152,482)	364,799	91,333
Net Position - Beginning of Year	<u>63,625,589</u>	<u>131,207,971</u>	<u>6,524,813</u>
Net Position - End of Year	<u>\$ 63,473,107</u>	<u>\$ 131,572,770</u>	<u>\$ 6,616,146</u>

Adjustment to reflect the consolidation of internal  
service fund activities to related enterprise funds  
Change in net position of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 2,469,493	\$ 31,542,507	\$ 9,583,081	
-	423,777	-	
351,761	2,009,411	2,597,654	
<u>2,821,254</u>	<u>33,975,695</u>	<u>12,180,735</u>	
416,983	6,723,331	829,193	
-	6,906,784	-	
37,619	959,406	340,942	
-	5,416,294	635,989	
-	-	4,506,817	
-	-	660,600	
1,393,977	14,199,081	2,494,899	
<u>1,848,579</u>	<u>34,204,896</u>	<u>9,468,440</u>	
<u>972,675</u>	<u>(229,201)</u>	<u>2,712,295</u>	
35,375	611,323	106,473	
17,298	17,298	-	
-	(427,917)	(2,021)	
-	(39,088)	24,750	
<u>52,673</u>	<u>161,616</u>	<u>129,202</u>	
<u>1,025,348</u>	<u>(67,585)</u>	<u>2,841,497</u>	
-	822,024	-	
-	334,559	-	
<u>-</u>	<u>1,156,583</u>	<u>-</u>	
-	381,000	1,075,000	
(554,110)	(695,110)	-	
<u>(554,110)</u>	<u>(314,110)</u>	<u>1,075,000</u>	
471,238	774,888	3,916,497	
<u>3,078,237</u>		<u>5,596,056</u>	
<u>\$ 3,549,475</u>		<u>\$ 9,512,553</u>	
	<u>1,032,382</u>		
	<u>\$ 1,807,270</u>		

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 17,110,155	\$ 13,580,039	\$ 1,789,648
Cash paid to other suppliers for goods or services	(14,239,877)	(6,029,851)	(940,360)
Cash payment to employees	(2,935,223)	(2,278,914)	(844,376)
Cash from rents and concessions	-	-	423,777
Cash from other operating revenues	1,020,850	609,145	27,655
Net Cash Provided by (Used for) Operating Activities	<u>955,905</u>	<u>5,880,419</u>	<u>456,344</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Grant income	-	-	-
Cash received from other funds	-	381,000	-
Cash paid to other funds	(70,500)	(70,500)	(152,940)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(70,500)</u>	<u>310,500</u>	<u>(152,940)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital contributions and grants	18,943	1,137,640	-
Purchase and construction of capital assets	(647,066)	(2,896,872)	(92,397)
Disposal of a capital asset	(39,088)	-	-
Cash proceeds from sale of capital assets	-	-	-
Payment on capital lease payable	-	-	-
Payment on capital loan	(631,359)	-	-
Interest and fiscal charges	(269,245)	-	(6,179)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,567,815)</u>	<u>(1,759,232)</u>	<u>(98,576)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income received	241,756	285,797	10,823
Net Cash Provided by (Used for) Investing Activities	<u>241,756</u>	<u>285,797</u>	<u>10,823</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(440,654)	4,717,484	215,651
Cash and Cash Equivalents at Beginning of Year	<u>23,314,612</u>	<u>21,251,987</u>	<u>757,700</u>
Cash and Cash Equivalents at End of Year	<u>\$ 22,873,958</u>	<u>\$ 25,969,471</u>	<u>\$ 973,351</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 2,452,006	\$ 34,931,848	\$ 9,585,648
(1,464,844)	(22,674,932)	(10,651,600)
(427,039)	(6,485,552)	(875,046)
-	423,777	-
351,761	2,009,411	2,597,654
<u>911,884</u>	<u>8,204,552</u>	<u>656,656</u>
17,298	17,298	-
-	381,000	1,227,940
<u>(554,110)</u>	<u>(848,050)</u>	<u>-</u>
<u>(536,812)</u>	<u>(449,752)</u>	<u>1,227,940</u>
-	1,156,583	-
(78,215)	(3,714,550)	(82,268)
-	(39,088)	-
-	-	24,750
-	-	(39,569)
-	(631,359)	(2,021)
-	(275,424)	-
<u>(78,215)</u>	<u>(3,503,838)</u>	<u>(99,108)</u>
32,940	571,316	97,066
<u>32,940</u>	<u>571,316</u>	<u>97,066</u>
329,797	4,822,278	1,882,554
2,730,809	48,055,108	8,785,792
<u>\$ 3,060,606</u>	<u>\$ 52,877,386</u>	<u>\$ 10,668,346</u>

(Continued)

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended June 30, 2016

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 105,481	\$ (1,393,082)	\$ 85,725
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,488,827	3,574,593	352,874
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(100,649)	3,502,415	5,062
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(28,011)	-	(5,607)
Increase (decrease) in accounts payable	(686,185)	94,857	42,845
Increase (decrease) in accrued wages	8,788	12,217	87
Increase (decrease) in deposits payable	2,526	-	-
Increase (decrease) in pension obligations	145,744	99,696	39,772
Increase (decrease) in compensated absences	19,384	(10,277)	(64,414)
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	850,424	7,273,501	370,619
Net Cash Provided by (Used for) Operating Activities	\$ 955,905	\$ 5,880,419	\$ 456,344
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 71,145	\$ 90,355	\$ 3,433

See Accompanying Notes to the Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 972,675	\$ (229,201)	\$ 2,712,295
-	5,416,294	635,989
(17,487)	3,389,341	2,567
-	-	(9,983)
-	(33,618)	-
(33,248)	(581,731)	(10,790)
(3,457)	17,635	43,239
-	2,526	-
-	285,212	(832,434)
(6,599)	(61,906)	(89,092)
-	-	(1,795,135)
(60,791)	8,433,753	(2,055,639)
\$ 911,884	\$ 8,204,552	\$ 656,656

\$ 10,378    \$ 175,311    \$ 35,679

(Concluded)

CITY OF SAN CLEMENTE  
Statement of Net Position  
Fiduciary Funds  
June 30, 2016

	Pension Trust	RDA Successor Agency Trust
<b>Assets:</b>		
Cash and investments	\$ -	\$ 138,554
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	-	29
Loan receivable	-	90,034
Restricted cash and investments	-	-
Restricted cash and investments with fiscal agents	-	-
Investments, at fair value:		
Group annuity contract	3,691,720	-
PIMCO Total Return Bond mutual fund	3,702,113	-
U.S. Government Treasury Inflation Bond mutual fund	553,758	-
Dodge & Cox International mutual fund	2,768,790	-
PIMCO All Asset Authority mutual fund	922,930	-
Russell 1000 Index mutual fund	5,906,753	-
Russell 2000 Index mutual fund	922,930	-
Total Assets	18,468,994	228,617
<b>Liabilities:</b>		
Accounts payable	-	-
Accrued wages	-	-
Deposits payable	-	-
Loan from the City of San Clemente	-	1,634,602
Payable to bondholders	-	-
Total Liabilities	-	1,634,602
<b>Total Net Position:</b>		
Held in trust for pension benefits and for other purposes	\$ 18,468,994	\$ (1,405,985)

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2016

	Pension Trust Fund	Private-purpose Trust Fund
Additions:		
Contributions:		
Employer pension contributions	\$ 1,018,029	\$ -
Employee pension contributions	33,132	-
Redevelopment Agency Property Tax	-	269,554
Total Contributions	1,051,161	269,554
Investment Income:		
Net appreciation (depreciation) in fair value of investments	(252,852)	-
Interest income	-	1,516
Investment expenses	(39,513)	-
Total Investment Income (Loss)	(292,365)	1,516
Total Additions	758,796	271,070
Deductions:		
Benefit payments	1,639,982	-
Program expenses	-	43,083
Administrative expenses	-	-
Other expenses	24,513	7,096
Total Deductions	1,664,495	50,179
Change in net position	(905,699)	220,891
Net position - Beginning of Year	19,374,693	(1,626,876)
Net position - End of Year	\$ 18,468,994	\$ (1,405,985)

See Accompanying Notes to the Financial Statements.

# Notes to the Financial Statements

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CITY OF SAN CLEMENTE  
Notes to the Financial Statements  
June 30, 2016

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 has accounted 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 interfund data of the City. The accounting policies of the City, the Successor Agency and the PFA conform to generally accepted accounting principles applicable 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 in a fiduciary fund (private-purpose trust fund) in the financial statements of the City until the obligations of the former redevelopment agency are paid in full.

The PFA was created in May 2007 pursuant to the State of California Government Code, Section 6500. The City and the Agency are member agencies. The Agreement provides for the PFA to jointly exercise the powers to provide for the financing or refinance of public capital improvements of the City, Agency or other local agencies through the acquisition and or purchase by the Authority of Local Obligations. The PFA has the power to acquire and to finance and refinance the acquisition of public capital improvements necessary or convenient for the operation of the City or the Agency, including the issuance of Revenue Bonds. The PFA is reported as an Agency fund since proceeds were used to refund a conduit debt, which are not obligations of the City. Separate financial statements for the PFA may be obtained from the City.

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

B. Description of government-wide financial statements

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

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

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

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

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

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

D. Basis of presentation – fund financial statements:

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

The City reports the following major governmental funds:

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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.

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

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

F. Implementation of New GASB Pronouncements

In FY 2016, the City adopted and implemented the following new accounting standards:

*GASB Statement No. 72 – Fair Value Measurement and Application.* This statement is designed to provide guidance in determining a fair value measurement and is effective for reporting periods beginning after June 15, 2015.

*GASB Statement No. 73 – Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provision of GASB Statements No. 67 and No. 68.* This statement is designed to improve the usefulness of information about pensions reported with portions effective for fiscal years beginning after June 15, 2015 and portions effect for fiscal years beginning after June 15, 2016.

*GASB Statement No. 76 – The Hierarch of Generally Accepted Accounting Principles for State and Local Governments.* This statement improves financial reporting and usefulness of financial statement information and is effective for periods beginning after June 15, 2015.

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

a) Cash and investments:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

*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 substantial amount 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 the lower of cost or market on a first-in, first-out basis. Inventory in the enterprise funds consists of expendable supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 estimated fair value on the date donated. Capital assets subject to lease obligations are valued at the present value of future lease payments at the inception of the lease. The City utilizes a capitalization threshold of \$5,000 for property, plant, and equipment and \$25,000 for infrastructure assets.

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

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

d) Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation, sick time for eligible employees, and compensatory time at June 30, 2016 is recorded as a liability. Unpaid compensated absences in proprietary fund types are recorded as a liability in those funds as vested benefits accrue to the employees.

e) Pensions:

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

expenditures on the governmental fund statements, which use the modified accrual basis of accounting. In general, the City recognizes a net pension liability, which represents the City's share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports. The net pension liability is measured as of the measurement date.

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

f) Deferred outflows/inflows of resources:

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

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

g) 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.

h) 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.

i) Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation 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 that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

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 as it does 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 12.

H. Revenues and expenditures/expenses

1. Program Revenues:

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

2. Property taxes:

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

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

3. Proprietary funds operating and nonoperating revenues and expenses:

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

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

4. Claims and Judgments:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

5. Use of Estimates:

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting:

The City adopts budgets for the governmental funds on an annual basis substantially consistent with generally accepted accounting principles. Budgeted amounts reported are as originally adopted and as further amended by the City Council. The general fund, special revenue funds, and capital project funds have legally adopted budgets as well as the Negocio Building debt service fund. The capital project funds adopt project length budgets. The City made supplemental budgetary appropriations during the fiscal year of \$8.8 million.

B. Excess of Expenditures Over Appropriations:

The Public Facilities Construction Capital Project Fund expenditures exceeded appropriations by \$41,855 as a result an accrued liability to refund developer impact fees.

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of position:	
Cash and investments	\$ 131,524,178
Cash and investments – restricted	12,104,592
Fiduciary funds:	
Cash and investments	138,554
Cash and investments – restricted	1,247,113
Cash and investments held by bond trustee	47,945,277
Pension trust investments	<u>18,468,994</u>
Total cash and investments	<u>\$ 211,428,708</u>

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 4,650
Deposits with financial institutions	1,059,087
Investments held by City and bond trustee	191,895,977
Pension trust investments	<u>18,468,994</u>
Total cash and investments	<u>\$ 211,428,708</u>

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

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

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

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

Investments Authorized by Debt Agreements:

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

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

Disclosures Relating to Interest Rate Risk:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 20,347,908	\$ 6,285,984	\$ 2,818,113	\$ 11,243,811
Federal Agency securities:				
Federal Farm Credit Bank	17,818,073	3,819,401	7,355,163	6,643,509
Federal Home Loan Bank	15,174,722	5,843,110	3,287,674	6,043,938
Federal Home Loan Mortgage Corp.	13,772,931	4,345,814	4,785,899	4,641,218
Federal National Mortgage Assoc.	16,313,413	3,413,327	8,822,221	4,077,865
Negotiable Certificates of Deposit	1,750,000	750,000	1,000,000	
LAIF	41,395,079	41,395,079	-	-
Medium Term Note	15,553,371	5,059,786	8,167,813	2,325,772
Money market funds	124,310	124,310	-	-
Held by bond trustee:				
Money market funds	49,195,124	49,195,124	-	-
U.S. Treasury securities	451,046	-	-	451,046
<b>Total</b>	<b>\$ 191,895,977</b>	<b>\$ 120,231,935</b>	<b>\$ 36,236,883</b>	<b>\$ 35,427,159</b>

Disclosures Relating to Credit Risk:

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

Investment Type	Amount	Minimum Rating	Exempt From Rating	Ratings as of Year End		
				AAA	AA	A
U.S. Treasury securities	\$ 20,347,908	N/A	\$ 20,347,908	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	17,818,073	N/A	-	-	17,818,073	-
FHLB	15,174,722	N/A	-	-	15,174,722	-
FHLMC	13,772,931	N/A	-	-	13,772,931	-
FNMA	16,313,413	N/A	-	-	16,313,413	-
LAIF	41,395,079	N/A	41,395,079	-	-	-
Medium Term Notes	15,553,371	A	-	423,814	8,750,879	6,378,678
Negotiable Certificate of Deposits	1,750,000		1,750,000			
Money market funds	124,310	AAA	-	124,310	-	-
Held by Bond trustee:						
Money market funds	49,195,124	N/A	-	49,195,124	-	-
U.S. Treasury securities	451,046	N/A	451,046	-	-	-
	<u>\$ 191,895,977</u>		<u>\$ 63,944,033</u>	<u>\$ 49,743,248</u>	<u>\$ 71,830,018</u>	<u>\$ 6,378,678</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of City Investments</u>
Federal Home Loan Mortgage Corp	Federal agency securities	\$ 13,772,931	7%
Federal National Mortgage Assoc.	Federal agency securities	16,313,413	9%
Federal Home Loan Bank	Federal agency securities	15,174,722	8%
Federal Farm Credit Bank	Federal agency securities	17,818,073	9%

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes with a value of 150% of secured public deposits. GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$535,028 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2016, City investments in the following investment types were held by the safekeeping department of Bank of the West and the City uses other broker-dealers to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury securities	\$ 20,347,908
Federal agency securities:	
Federal Farm Credit Bank	17,818,073
Federal Home Loan Bank	15,174,722
Federal Home Loan Mortgage Corp	13,772,931
Federal National Mortgage Association	16,313,413
Medium Term Notes	15,553,371

Investment in State Investment Pool:

The City is a voluntary participant in the LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment with LAIF at June 30, 2016, includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
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*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.

As of June 30, 2016, the City had \$41,395,079 invested in LAIF. LAIF's fair value factor of 1.000621222 was used to calculate the fair value of LAIF investments and LAIF invested 2.08% of the pool investment funds in Structured Notes and Asset Backed Securities.

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; and,
- *Level 3:* Unobservable inputs.

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

<u>Investment Type</u>	<u>Investment Amount</u>	<u>Fair Value Measurement Methodology</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury securities	\$ 20,347,908	\$ -	\$ 20,347,908	\$ -
Federal Agency securities:				
Federal Farm Credit Bank	17,818,073	-	17,818,073	-
Federal Home Loan Bank	15,174,722	-	15,174,722	-
Federal Home Loan Mortgage Corp.	13,772,931	-	13,772,931	-
Federal National Mortgage Assoc.	16,313,413	-	16,313,413	-
Negotiable Certificates of Deposit	1,750,000	-	1,750,000	-
LAIF	41,395,079	-	41,395,079	-
Medium Term Note	15,553,371	-	15,553,371	-
Money market funds	124,310	124,310	-	-
Held by bond trustee:				
Money market funds	49,195,124	49,195,124	-	-
U.S. Treasury securities	451,046	-	451,046	-
Total	\$ 191,895,977	\$ 49,319,434	\$ 142,576,543	\$ -

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 Bonds, 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 7.25%.

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Notes to the Financial Statements (Continued)  
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For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 13.5%. The money-weighted prate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension investments held and the percentage of the pension investment portfolio at June 30, 2016 follows:

<u>Pension Trust Fund Investments</u>	<u>Fair value</u>	<u>% of Pension Portfolio</u>
<i>Equity Investments</i>		
Dodge & Cox International mutual fund	\$ 2,768,790	15%
Russell 1000 Index mutual fund	5,906,753	32%
Russell 2000 Index mutual fund	922,930	5%
<i>Fixed Income Investments</i>		
Group annuity contract	3,691,720	20%
PIMCO Total Return Bond mutual fund	3,702,113	20%
US Government Treasury Inflation Bond mutual fund	553,758	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	922,930	5%
Total pension trust investments (fair value)	<u>\$ 18,468,994</u>	<u>100%</u>

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

4. LOAN RECEIVABLES:

Loans receivable of \$12,348,610 consist of a loan receivable due from the Redevelopment Agency Successor Agency for \$1,634,602 and housing loans receivable of \$10,714,008. The \$1,634,602 loan receivable has been approved for payment by the State of California. In addition, there are \$10,714,008 of long term loans receivable made for affordable housing purpose which are comprised of multiple low or no interest loans given to various developers and individuals to finance multi-family and single family construction and rehabilitation projects.

5. CAPITAL ASSETS:

The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation has been recorded.

A summary of changes in capital asset activity for governmental type activities for the year ended June 30, 2016 is presented in the following table.

**CITY OF SAN CLEMENTE**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

<u>Governmental activities</u>	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, non-depreciable:				
Land	\$ 37,194,934	\$ 2,150,726	\$ -	\$ 39,345,660
Construction in progress	4,457,950	8,761,529	(4,929,303)	8,290,176
Total capital assets, non-depreciable	<u>41,652,884</u>	<u>10,912,255</u>	<u>(4,929,303)</u>	<u>47,635,836</u>
Capital assets, depreciable:				
Buildings	28,001,101	750,000	-	28,751,101
Improvements other than buildings	52,650,253	898,906	(72,307)	53,476,852
General equipment	8,479,901	94,162	(62,820)	8,511,243
Infrastructure	164,838,263	4,660,841	(1,937,741)	167,561,363
Total capital assets, depreciable	<u>253,969,518</u>	<u>6,403,909</u>	<u>(2,072,868)</u>	<u>258,300,559</u>
Less accumulated depreciation:				
Buildings	(11,759,854)	(699,484)	-	(12,459,338)
Improvements other than buildings	(18,836,717)	(2,441,833)	67,337	(21,211,213)
General equipment	(5,884,827)	(715,184)	62,820	(6,537,191)
Infrastructure	(56,265,480)	(4,846,464)	1,937,741	(59,174,203)
Total accumulated depreciation	<u>(92,746,878)</u>	<u>(8,702,965)</u>	<u>2,067,898</u>	<u>(99,381,945)</u>
Net capital assets, depreciable	<u>161,222,640</u>	<u>(2,299,056)</u>	<u>(4,970)</u>	<u>158,918,614</u>
Capital assets - governmental	<u>\$ 202,875,524</u>	<u>\$ 8,613,199</u>	<u>\$ (4,934,273)</u>	<u>\$ 206,554,450</u>

Construction in progress consists of the Ole Hanson Beach Club renovation project and various street improvement projects. Construction in progress capitalized during the year consisted of multiple street projects and other park assets and infrastructure was accepted by the City as part of a new development. The developer contribution during the year ended June 30, 2016 included streets, parks and other infrastructure assets.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

A summary of property, plant and equipment at June 30, 2016 for the City's business-type activities is as follows:

<u>Business-type activities</u>	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, non-depreciable:				
Land	\$ 4,073,070	\$ -	\$ -	\$ 4,073,070
Construction in progress	3,780,949	3,987,799	(3,295,714)	4,473,034
Total capital assets, non-depreciable	<u>7,854,019</u>	<u>3,987,799</u>	<u>(3,295,714)</u>	<u>8,546,104</u>
Capital Assets, Being Depreciated:				
Buildings	6,863,986	-	-	6,863,986
Water, sewer, storm lines	111,296,806	1,395,274	(127,085)	112,564,995
Utility assets	128,928,451	1,132,496	(108,330)	129,952,617
Improvements other than buildings	3,266,622	-	-	3,266,622
Machinery and equipment	4,970,666	533,850	(43,094)	5,461,422
Total capital assets, depreciable	<u>255,326,531</u>	<u>3,061,620</u>	<u>(278,509)</u>	<u>258,109,642</u>
Less Accumulated Depreciation For:				
Buildings	(1,503,193)	(142,099)	-	(1,645,292)
Water, sewer, storm lines	(35,415,815)	(1,622,265)	84,768	(36,953,312)
Utility assets	(52,533,896)	(3,149,371)	108,330	(55,574,937)
Improvements other than buildings	(2,815,288)	(251,896)	-	(3,067,184)
Machinery and equipment	(1,907,879)	(250,663)	43,094	(2,115,448)
Total accumulated depreciation	<u>(94,176,071)</u>	<u>(5,416,294)</u>	<u>236,192</u>	<u>(99,356,173)</u>
Net capital assets, depreciable	<u>161,150,460</u>	<u>(2,354,674)</u>	<u>(42,317)</u>	<u>158,753,469</u>
Capital assets, business-type	<u>\$ 169,004,479</u>	<u>\$ 1,633,125</u>	<u>\$ (3,338,031)</u>	<u>\$ 167,299,573</u>

Internal Service funds predominantly service the governmental funds, accordingly, their capital assets are included in the governmental type activity. Depreciation expense was charged to functions/programs of the primary government as follows:

Function/program:	<u>Governmental</u>	<u>Business-Type</u>
General government	\$ 11,608	\$ -
Police	4,786	-
Fire	227,035	-
Public works	4,606,208	-
Community development	204,052	-
Beaches, parks and recreation	3,013,287	-
Internal service	635,989	-
Water	-	1,488,827
Sewer	-	3,574,593
Golf	-	352,874
Total depreciation expense	<u>\$ 8,702,965</u>	<u>\$ 5,416,294</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

6. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

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

Due to/from other funds:		Payable Fund	Amount
Receivable Fund			
General fund		Nonmajor governmental funds	\$ 8,210
Advances from/to other funds:		Advances from	Amount
Advances to			
RDA Successor Agency		General fund	\$ 1,634,602
Golf fund		Workers' Compensation fund	155,999
Total			\$ 1,790,601

On July 1, 2002, the Agency and the City entered into an agreement to advance to the Agency \$3,420,690 at a rate of 2.9% per annum. However, on February 1, 2012 the Redevelopment Agency was dissolved with a loan outstanding to the City. The current outstanding loan amount is \$1,634,602. This advance plus accrued interest will be paid to the City from future available property taxes.

The Golf Fund advance from the Workers' Compensation Self-Insurance Internal Service Fund of \$750,000 provided funds for construction costs of the Golf Course Clubhouse. This advance is being fully amortized over five years bearing an interest rate of 2%. The outstanding balance at June 30, 2016 is \$155,999 with the final payment due in FY 2017. Principal and interest payments due in FY 2017 on the Workers' Compensation loan are \$155,999 and \$3,120, respectively.

B. Interfund Transfers:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfers In	Transfers Out					Total
	General Fund	Nonmajor Governmental Funds	Water Utility Fund	Sewer Utility Fund	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ 1,079,836	\$ 25,000	\$ 25,000	\$ 173,110	\$1,302,946
Nonmajor Governmental Funds	2,539,006	-	-	-	-	2,539,006
Sewer Utility Fund	-	-	-	-	381,000	381,000
Internal Service Funds	971,300	12,700	45,500	45,500	-	1,075,000
Total	\$ 3,510,306	\$ 1,092,536	\$ 70,500	\$ 70,500	\$ 554,110	\$5,297,952

During the year ended June 30, 2016 the General Fund transfers included significant transfers out of \$1,345,000 to the Negocio Debt Service fund to provide for the defeasance of long term debt, \$900,000 to the General Liability Self Insurance Internal Service Fund to provide for claim payments, and \$756,290 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation. Other significant

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

transfers included \$582,524 to provide funds to revitalize the North Beach area from the Developer Improvement Fund through the Ole Hanson Beach Club rehabilitation project.

7. LONG TERM LIABILITIES:

A. Governmental:

1. Certificates of Participation:

On June 1, 1994, \$1,240,000 of Series A and \$2,555,000 of Series B Certificates of Participation were issued to provide financing for the acquisition of the Negocio Building Project. The Certificates evidence interests of the owners thereof in a portion of lease payments to be made by the City to the Agency for the use and occupancy of the building, which was leased by the City to the Redevelopment Agency then leased back by the Agency to the City. Interest on Series A and Series B certificates is payable semi-annually each June 1 and December 1 beginning December 1, 1994. Principal maturities on Series A and Series B certificates began June 1, 1994, and continue each June 1 through June 1, 2023 in amounts ranging from \$20,000 to \$85,000 and \$20,000 to \$220,000, respectively. Series A certificates bear interest ranging from 3.5% to 6.0% and Series B bear interest at 8.5%. On June 1, 2012, the tax-exempt, Series A, portion of the Certificates was redeemed in full during the current fiscal year, leaving only the taxable portion, Series B, outstanding. The amount outstanding at June 30, 2016 is \$1,215,000.

The City, under the provisions in the Lease-leaseback agreement, has guaranteed to make the lease payments from annual appropriations of monies from the Motor Vehicle Fee Account held by the State of California to which the City is entitled. The revenue is pledged until final maturity of the debt on June 1, 2023. The amount of the pledged revenue cannot currently be estimated. However, the City received Motor Vehicle Fee amounts of \$26,387 from the State of California directly and \$5,895,505 of property taxes in Lieu of the Motor Vehicle Fee through the County during the fiscal year. The debt service principal and interest payments totaled \$238,900 during Fiscal Year 2016. The Bond Reserve is fully funded at June 30, 2016.

In July 2016, an irrevocable trust was created and funded with cash resources to defease the Negocio Certificates of Participation. The trust investments include United States Government and State and Local Government Series Securities ("SLGS") for the purpose of generating resources to fund all future debt service payments.

2. Capitalized Lease Obligations:

Central Service Fund – Two lease purchase agreements exist for the leasing of office equipment. These have been capitalized at the original cost of \$184,898. The terms of the leases include 60 monthly payments which include interest. The last lease matures in June 2019. The monthly lease payments are \$143 and \$3,323. The lease payable amounts are recorded on the statement of net position with the amount applicable to governmental-type activities. The amount outstanding at June 30, 2016 is \$17,704.

3. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. This liability will be paid in future years from future resources primarily from the general fund. The amount outstanding for governmental type compensated absences at June 30, 2016 is \$1,480,589.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

Annual Amortization Requirements:

The annual requirements to amortize the Certificates of Participation and Capitalized Lease Obligations, as of June 30, 2016 are as follows:

Year Ending June 30	Certificates of Participation		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2017	\$ 135,000	\$ 103,275	\$ 14,532	\$ 478
2018	145,000	91,800	1,492	228
2019	160,000	79,475	1,680	91
2020	170,000	65,875	-	-
2021	185,000	51,425	-	-
2022-2023	420,000	54,400	-	-
Totals	<u>\$ 1,215,000</u>	<u>\$ 446,250</u>	<u>\$ 17,704</u>	<u>\$ 797</u>

B. Business-type:

1. State Revolving Fund loan:

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

A loan amount of \$14,370,000 was approved, with an interest rate at 2.2% payable with the loan to be paid over a period of 20 years. Interest during the construction period was added to the principal amount of the loan. Principal and interest payments commence upon the project completion, which occurred in June 2015. 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 \$1.9 million for the year ended June 30, 2016. The total amount of the pledged revenue cannot currently be estimated over the life of the loan. The loan amount outstanding at June 30, 2016 is \$13,863,036.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2016 are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 595,616	\$ 304,987	\$ 900,602
2018	608,719	291,883	900,602
2019	622,111	278,491	900,602
2020	635,797	264,805	900,602
2021	649,785	250,817	900,602
2022-2026	3,469,749	1,033,264	4,503,012
2027-2031	3,868,588	634,424	4,503,012
2032-2036	3,412,672	189,739	3,602,410
Totals	<u>\$ 13,863,037</u>	<u>\$ 3,248,410</u>	<u>\$ 17,111,447</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The amount outstanding for business type compensated absences at June 30, 2016 is \$552,705, which are obligations of the following funds:

Water Utility Fund	\$ 217,687
Sewer Utility Fund	150,204
Golf Course Fund	164,741
Non-major Enterprise Funds	20,073

**C. Changes in Long-term Liabilities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Certificates of participation	\$ 1,340,000	\$ -	\$ 125,000	\$ 1,215,000	\$ 135,000
Capital lease obligations	57,273	-	39,569	17,704	14,532
Compensated absences	1,646,608	918,580	1,084,599	1,480,589	310,923
Claims and judgments payable (Note 8)	4,002,276	154,124	1,949,259	2,207,141	1,129,646
Other post employment benefits (OPEB-Note 10)	839,409	-	832,434	6,975	-
Governmental Activities Long-term Liabilities	<u>\$ 7,885,566</u>	<u>\$ 1,072,704</u>	<u>\$ 4,030,861</u>	<u>\$ 4,927,409</u>	<u>\$ 1,590,101</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
State Revolving Fund loan	\$ 14,494,395	\$ -	\$ 631,358	\$ 13,863,037	\$ 595,616
Compensated absences	614,612	258,925	320,832	552,705	116,068
Business-type Activities Long-term Liabilities	<u>\$ 15,109,007</u>	<u>\$ 258,925</u>	<u>\$ 952,190</u>	<u>\$ 14,415,742</u>	<u>\$ 711,684</u>

**8. INSURANCE:**

**A. Description of Self-Insurance Pool**

The City is a member of the California Joint Powers Insurance Authority ("Authority"). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. Copies of the 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. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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Notes to the Financial Statements (Continued)  
June 30, 2016

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure and experience relative to other members of the risk-sharing pool. Additional information on the cost allocation methodology is provided in the following paragraphs.

General Liability

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

For fiscal year 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million times \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million times \$10 million layer, There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million times \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Purchased Insurance

Pollution Legal Liability Insurance – The City participates in the pollution legal liability and remediation legal liability insurance available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. San Clemente's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$207,572,948. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance – The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City's property currently has earthquake protection in the amount of \$101,842,813. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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Crime Insurance - The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

C. Workers' Compensation

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

D. Adequacy of Protection

At June 30, 2016, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City. The following claims schedule includes workers' compensation and general liability claims for the past two fiscal years.

	Beginning Balance	Incurred and Changes in Estimates	Less Claim Payments	Ending Balance
2014-2015	\$ 3,620,002	543,385	(161,111)	4,002,276
2015-2016	4,002,276	154,124	(1,949,259)	2,207,141

For the past three years, covered claims have not exceeded the City's insurance coverage and there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. As any changes in the estimate are determined adjustments are recorded for the amount of the claim.

9. PENSION AND RETIREMENT BENEFITS:

A. PENSION PLANS:

The City of San Clemente has pension plans that are administered by CalPERS and a pension plan that is administered by Great West. The City has four 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:

CalPERS Miscellaneous Plan	\$ 4,142,937
CalPERS Cost Sharing Plan (Risk Pool)	10,652,582
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>12,853,000</u>
Net pension liability	<u>\$ 27,648,519</u>

1. CalPERS Pension Plan – Miscellaneous Employees

*Plan Description* – On June 9, 2014, the City of San Clemente transferred all active miscellaneous employees, along with their past service credit to the CalPERS Miscellaneous Plan. All qualified permanent and probationary miscellaneous employees are eligible to participate in the Miscellaneous Plans, which is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions and all other requirements are established by State statute and City resolution. Under the terms of the contract between CalPERS and the City, all full-time employees are required to participate in CalPERS and

CITY OF SAN CLEMENTE  
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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, 2016 follow:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	12.099%	12.099%

Beginning in FY 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund.

*Employees Covered* - As of June 30, 2016, 182 active employees were covered by the benefit terms for the Miscellaneous Plan.

*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 Plan 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. The net pension liability for the Miscellaneous Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability are summarized in the following paragraphs.

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Notes to the Financial Statements (Continued)  
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*Actuarial Assumptions* - The total pension liability in the June 30, 2014 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase <sup>(1)</sup>	3.3% - 14.2%
Investment Rate of Return	7.65%
Mortality	Based on CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>(1)</sup> Depending on age, service and type of employment

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.65% for the Miscellaneous Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2014 measurement date is gross of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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Notes to the Financial Statements (Continued)  
June 30, 2016

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>(1)</sup>	Real Return Years 11+ <sup>(2)</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
<b>Total</b>	<b>100%</b>		

<sup>(1)</sup> An expected inflation of 2.5% used for this period.

<sup>(2)</sup> An expected inflation of 3.0% used for this period.

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 9, 2015	\$ 36,241,435	\$ 32,646,938	\$ 3,594,497
Changes in the year:			
Service cost	1,963,306	-	1,963,306
Interest on the total pension liability	2,781,569	-	2,781,569
Changes in assumptions	(766,723)	-	(766,723)
Contribution - employer	-	1,631,580	(1,631,580)
Contribution - employee	-	1,029,781	(1,029,781)
Net investment income	-	808,626	(808,626)
Benefit payments	(191,979)	(191,979)	-
Administrative Expense	-	(40,275)	40,275
Net changes	3,786,173	3,237,733	548,440
Balance at June 30, 2016	\$ 40,027,608	\$ 35,884,671	\$ 4,142,937

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:

<b>Miscellaneous Plan</b>			
<b>Sensitivity of Net Pension Liability to Discount Rate</b>			
	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability (Asset)	\$10,410,160	\$4,142,937	(\$1,040,835)

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

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Notes to the Financial Statements (Continued)  
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Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,471,081. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

Payable to the Pension Plan

The City reported contributions payable of \$104,519 at June 30, 2016 related to this pension plan.

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

*Plan Description* — All qualified permanent and probationary employees are eligible to participate in the in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the CalPERS. The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police, fire and marine safety) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of San Clemente sponsors two safety rate plans (Safety Classic and Safety Lifeguard). 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, 2016 are summarized in the following table.

Hire date	Prior to January 1, 2013	On or after January 1, 2013*
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.250%
Required employer contribution rates	27.175%	12.250%

\* At June 30, 2016, the City had no employees hired on or after January 1, 2013.

Beginning in FY 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund.

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding

CITY OF SAN CLEMENTE  
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contributions for the marine safety plans 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, 2016 the contributions to the Plan were \$1,082,650. Safety Lifeguard contributions were \$618,124 and Safety Classic expenses were \$464,526.

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

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the CalPERS Cost sharing plan of \$10,652,582. The City's net pension liability is measured as the proportionate share of the net pension liability as of June 30, 2015. The total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the plan as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2014	0.143064%
Proportion - June 30, 2015	0.155197%
Change - Increase (Decrease)	0.012133%

For the year ended June 30, 2016, the recognized pension expense was \$1,174,145 related to Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

*Actuarial Assumptions* - The total pension liabilities in the June 30, 2014 actuarial valuations were determined for the plan using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase <sup>(1)</sup>	3.3% - 14.2%
Investment Rate of Return	7.65%
Mortality	2010 CalPERS Experience Study

<sup>(1)</sup> Depending on age, service and type of employment

*Discount Rate* - The discount rate used to measure the total pension liability was 7.65% for the Miscellaneous Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

municipal bond rate calculation is not necessary. 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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>(1)</sup>	Real Return Years 11+ <sup>(2)</sup>
Global Equity	51.0 %	5.25 %	5.71 %
Global Fixed Income	19.0 %	0.99 %	2.43 %
Inflation Sensitive	6.0 %	0.45 %	3.36 %
Private Equity	10.0 %	6.83 %	6.95 %
Real Estate	10.0 %	4.50 %	5.13 %
Infrastructure and Forestland	2.0 %	4.50 %	5.09 %
Liquidity	2.0 %	-0.55 %	-1.05 %
Total	<u>100.0 %</u>		

<sup>(1)</sup> An expected inflation of 2.5% used for this period.

<sup>(2)</sup> An expected inflation of 3.0% used for this period.

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

<b>CalPERS Cost Sharing Multiple-Employer Plan Sensitivity of Net Pension Liability to Discount Rate</b>			
	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability	\$17,213,822	\$10,652,582	\$5,272,487

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
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*Payable to the Pension Plan*

The City reported contributions payable of \$6,063 at June 30, 2016 related to this plan.

3. CSCERP Pension Plan – Miscellaneous Employees

*Plan Description* – This plan is a cost-sharing multiple employer defined benefit pension plans administered by the City through Great West. This plan includes retirees, inactive and separated participants at the date of transition to CalPERS (June 9, 2014) and City joint venture employees (Coastal Animal Services Authority). 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, 2016, 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%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.50%
Required employer contribution rates	16.90%	7.73%

*Contributions* –Contributions to the CSCERP are based on a level dollar contribution for employees with past service (before 6/9/2014) before the conversion of City employee’s to CalPERS and contributions for joint venture active employees. The employer contribution rates for all public employers is determined on an annual basis by the actuary and are effective on the July 1 each year. Funding contributions for the CSCERP is determined annually on an actuarial basis as of June 30.

The proportionate share was determined based on the contributions allocated to each employer during FY 2016. The proportionate share by employer of CSCERP as of June 30, 2016 is:

Employer	Proportion	Covered Payroll	Contributions
City of San Clemente	91.5%	\$ N/A	\$ 937,000
Coastal Animal Services Authority (CASA)	8.5%	466,911	105,901
Total	100.0%	\$ 466,911	\$ 1,042,901

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A contribution of \$937,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2016. The CASA contribution amounts based on payroll during the year ended June 30, 2016 were \$96,685, with \$17,541 contributed by the employee.

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Notes to the Financial Statements (Continued)  
June 30, 2016

*Employees Covered* – Employees covered at June 30, 2016 by the CSCERP Plan are as follows:

Inactive employees or beneficiaries currently receiving benefits	125
Inactive employees entitled to but not yet receiving benefits	87
Active employees (2 PEPRAs members)	6
Total	218

*Pension liabilities, pension expenses and Deferred Outflows/Inflows of Resources related to pensions*  
As of June 30, 2016, the City reported a net pension liability on the CSCERP for \$12,853,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2016. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2015. 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 liability of the City and the CASA joint venture amount.

For the year ended June 30, 2016, the recognized pension expense was \$2,301,000 related to CSCERP. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

*Actuarial Assumptions* – The total pension liability at June 30, 2016 is based on the June 30, 2015 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 – June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate <sup>(1)</sup>	7.25%
Inflation	3.00%
Payroll Growth	3.00%
Projected Salary Increase <sup>(2)</sup>	3.3% - 14.2%
Investment Rate of Return <sup>(3)</sup>	7.25%
Mortality	2010 CalPERS Experience Study

<sup>(1)</sup> Based on crossover test results.

<sup>(2)</sup> Depending on age, service and type of employment

<sup>(3)</sup> Net of pension plan investment expenses, including inflation. See Note 3.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.25% for the CSCERP. This is based on crossover test results with future administrative expenses increasing to 3% per year and future contributions based on the current funding policy. The crossover test results are presented in a detailed report that can be obtained from the City of San Clemente.

The long-term expected rate of return on pension plan investments is 7.25% is based on best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class for the plan assets invested with Empower. This amount was adjusted for a greater than 50<sup>th</sup> percentile expected return to arrive at the 7.25% assumed expected long term rate of return on assets. The long-term expected real rate of return and investment policy for the CSCERP assets are discussed in Note 3. These pension assets are in a trust fund reported as a fiduciary fund (Pension Trust Fund) of the City of San Clemente.

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Notes to the Financial Statements (Continued)  
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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, 2015	\$ 29,832,000	\$ 19,375,000	\$ 10,457,000
Changes in the year:			
Service cost	73,000	-	73,000
Interest on the total pension liability	2,173,000	-	2,173,000
Differences between actual and expected experience	48,000	-	48,000
Change in assumption	836,000	-	836,000
Contribution - employer	-	1,001,000	(1,001,000)
Contribution - employee	-	33,000	(33,000)
Net investment income	-	(235,000)	235,000
Administrative expenses	-	(65,000)	65,000
Benefit payments	(1,640,000)	(1,640,000)	-
Net changes	1,490,000	(906,000)	2,396,000
Balance at June 30, 2016	\$31,322,000	\$18,469,000	\$12,853,000

*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, as well as 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:

<b>CSCERP Plan</b>			
<b>Sensitivity of Net Pension Liability to Discount Rate</b>			
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$16,618,000	\$12,853,000	\$9,734,000

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

<b>Net Pension Liability as of June 30, 2016 <sup>(1)</sup></b>		
(\$ amounts in thousands)		
	June 30, 2016	June 30, 2015
Total Pension Liability	\$ 31,322	\$ 29,832
Fiduciary Net Position	(18,469)	(19,375)
Net Pension Liability	12,853	10,457
Funded Status	59.0%	64.9%

<sup>(1)</sup> The City of San Clemente represents 91.5%. CASA represents 8.5%.

*Payable to the Pension Plan*

At June 30, 2016, the City did not have a payable to the pension plan.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

10. OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. Plan Description: The City provides health care benefits to retirees. Retirees may elect to continue their health care insurance benefits through the City through a single-employer plan. This medical benefit coverage is mandated by the City's participation in the Public Employees Medical and Health Coverage Agreement ("PEMCHA") which is administered through CalPERS. The City contributes the PEMCHA minimum for eligible retirees and surviving spouses. In addition, dental and vision insurance coverage are offered upon retirement with all these costs paid by the retiree. In order to qualify for this coverage, eligible employees must complete up to five years of service and retire from the City. As of July 1, 2014, the last actuarial valuation, there were 179 active employees and 37 retirees.

During the year the City of San Clemente contracted with CalPERS to participate in the California Employer's Retiree Benefit Trust Program (CERBT) prefunding plan for the purposes of holding in trust irrevocable contributions restricted for the provision of these benefits. 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.

B. Funding Policy: The City on June 21, 2016 adopted a Resolution to enter into an agreement with CalPERS to participate in CERBT. On June 29, 2016, the City of San Clemente transferred funds from the Employee Medical Insurance Internal Service Fund to CERBT to prefund the post retirement health insurance benefits for retirees. Amounts in CERBT are held in an irrevocable trust and are restricted for the provision of these benefits. There is no statutory requirement for the City to prefund its OPEB obligation.

Employers are required to report the annual cost of OPEB's and record any outstanding obligations and commitments in the same manner as they do for pensions. The City is required to pay a minimum employer contribution for retiree coverage through PEMCHA. During the year, the City paid \$286,084 for retiree health coverage with \$226,171 reimbursed by the retirees.

This annual OPEB actuarial cost does not require unfunded liabilities be funded, only that employers account for the unfunded accrued liability and compliance with the Annual Required Contribution (ARC). The ARC is the sum of the present value of future benefits being earned by current employees plus amortization of benefits already earned by current and former employees but not yet provided for. The amortization of benefits previously earned (unfunded actuarial liabilities) is being amortized using level percentage of payroll over a closed amortization period of thirty years, with 22 years remaining. An open thirty year amortization is being used for any residual unfunded actuarial accrued liabilities.

C. Annual OPEB Cost and Net OPEB Obligation: The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer. The following table shows the components of the City's annual OPEB cost for the year:

Annual required contribution (ARC)	\$ 173,803
Interest on net OPEB obligation	2,450
Adjustment to the ARC	(134,884)
Annual OPEB Cost	41,369
Contributions made	(873,803)
Decrease in net OPEB obligation	(832,434)
Net OPEB obligation - beginning of year	839,409
Net OPEB obligation - end of year	\$ 6,975

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

The following table presents trend information including: the annual OPEB cost, the percentage of the annual OPEB cost contributed, and the net OPEB obligation for fiscal year 2016 and the preceding two years.

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2014	\$ 145,859	26.5%	\$ 737,409
06/30/2015	158,105	35.4%	839,409
06/30/2016	41,369	2,112%	6,975

D. **Funded Status and Funding Progress:** Actuarial valuations for the projection of future benefit payments for the OPEB liability involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. These actuarial estimates are subject to continual revision as results are compared to past expectation and new estimates are made about the future along with the substantive plan in effect at the time of each valuation and on the sharing of costs between the employee and plan members. The actuarial methods and assumptions used in the July 1, 2014 are summarized as follows:

**ACTUARIAL ASSUMPTIONS**

Actuarial cost method	Entry age normal
Interest rate assumption	4.5%
Projected salary increase assumption	3%
Healthcare cost trend rate	4%
Health inflation assumption	4%
Mortality table	UP94 Mortality Table
Retirement rates	CalPERS 2% at 55 table
Turnover rates	CalPERS Turnover rates for Miscellaneous and Public Safety

**SCHEDULE OF FUNDING PROGRESS AND FUNDING STATUS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
05/01/2010	\$ -	\$1,784,217	\$1,784,217	0.0%	\$13,401,356	13.31%
05/01/2012	-	\$1,432,716	\$1,432,716	0.0%	\$13,708,188	10.45%
07/01/2014	-	\$1,861,276	\$1,861,276	0.0%	\$14,369,005	12.95%
07/01/2016*	703,102	\$1,778,796	\$1,071,821	39.5%	\$14,299,503	7.50%

\* Most recent information available, completed subsequent to June 30, 2016

11. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES:

Pursuant to GASB Statements for the year ended June 30, 2016, the City recognized deferred inflows and outflows of resources in the government-wide and proprietary fund statements. These items consisted of pension items that effect future periods. Deferral balances reported at June 30, 2016 were as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Governmental type	\$ 5,029,296	\$ 2,423,598
Business type	1,341,714	192,097
Total	<u>\$ 6,371,010</u>	<u>\$ 2,615,685</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

Deferred outflow of resources activity is summarized below:

<b>Deferred Outflow of Resources:</b>	Year of Deferral	Amortization period	Beginning balance	Additions	Deletions	End of year balance
<i>CalPERS – Miscellaneous</i>						
Contributions after measurement date	2015	1 year	\$ 1,601,327	\$ -	\$ 1,601,327	\$ -
Contributions after measurement date	2016	1 year	-	1,601,758	-	1,601,758
Net difference between projected and actual earnings on investments	2015	5 years	111,986	-	27,997	83,989
Net difference between projected and actual earnings on investments	2016	5 years	-	1,781,778	356,356	1,425,422
<i>CalPERS – Cost Sharing Multiple-Employer Plan</i>						
Contributions after measurement date	2015	1 year	523,947	-	523,947	-
Contributions after measurement date	2016	1 year	-	1,082,654	-	1,082,654
Difference between the employers actual contributions and the employers proportionate contribution	2014	3.8 years	10,068	-	10,068	-
Difference between the employers actual contributions and the employers proportionate contribution	2015	3.8 years	-	-	-	-
Adjustment due to differences in proportions	2014	3.8 years	462,028	-	462,028	-
Adjustment due to differences in proportions	2015	3.8 years	-	456,067	162,880	293,187
<i>CSCERP - Miscellaneous</i>						
Net difference between projected and actual earning on plan investments	2015	5 years	788,000	-	197,000	591,000
Net difference between projected and actual earning on plan investments	2016	5 years	-	1,616,000	323,000	1,293,000
<b>Total Deferred Outflow of Resources</b>			\$ 3,497,356	\$ 6,538,257	\$ 3,664,603	\$ 6,371,010

Deferred inflow of resources activity is summarized below:

<b>Deferred Inflow of Resources:</b>	Year of Deferral	Amortization period	Beginning balance	Additions	Deletions	End of year balance
<i>CalPERS – Miscellaneous</i>						
Changes of assumptions	2015	9.8 years	\$ -	\$ 766,723	\$ 78,237	\$ 688,486
<i>CalPERS – Cost Sharing Multiple-Employer Plan</i>						
Net difference between projected and actual earnings on investments	2014/ 2015	5 years	2,677,377	-	2,531,783	145,594
Difference between actual and expected experience	2015	5 years	-	62,460	-	62,460
Changes of assumptions	2015	5 years	-	287,278	-	287,278
Adjustment due to proportion difference	2014	3.8 years	5,963	-	5,963	-
Adjustment due to proportion difference	2015	3.8 years	-	754,011	198,424	555,587
Difference between the employers actual contributions and the employers proportionate contribution	2014	3.8 years	523,029	-	193,268	329,761
Difference between the employers actual contributions and the employers proportionate contribution	2015	3.8 years	-	741,705	195,186	546,519
<b>Total Deferred Inflow of Resources</b>			\$ 3,206,369	\$ 2,612,177	\$ 3,202,861	\$ 2,615,685

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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

12. FUND BALANCE:

GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this classification information. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*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 placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources are used for specific purposes stipulated in the 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 or changes the specified use by taking the same type of action (ordinance revision) it employed previously to commit those amounts.

*Assigned* amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The 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. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds can only report a negative unassigned fund balance amount.

Fund Balances	Public Facilities			Total
	General Fund	Construction	Non-major Funds	
<b><i>Nonspendable:</i></b>				
Loans	\$ 1,634,602	\$ -	\$ -	\$ 1,634,602
Prepays	18,900	-	-	18,900
<b><i>Restricted for:</i></b>				
Affordable housing	-	-	11,037,383	11,037,383
Park development	-	-	1,087,414	1,087,414
Highways/streets	-	-	17,712,861	17,712,861
Drainage	-	-	4,776,682	4,776,682
Other capital projects	-	7,380,293	4,456,414	11,836,707
Debt service	-	-	1,608,013	1,608,013
Other purposes	-	-	994,579	994,579
<b><i>Committed to:</i></b>				
Sustainability/Emergency	14,863,000	-	-	14,863,000
Capital projects	1,168,222	-	23,705	1,191,927
Other purposes	232,305	-	-	232,305
<b><i>Assigned to:</i></b>				
Capital projects	2,486,888	-	3,987,498	6,474,386
Other purposes	979,875	-	386,505	1,366,380
Future budget	5,604,040	-	-	5,604,040
<b><i>Unassigned</i></b>	<b>1,648,449</b>	<b>-</b>	<b>-</b>	<b>1,648,449</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 28,636,281</b>	<b>\$ 7,380,293</b>	<b>\$ 46,071,054</b>	<b>\$ 82,087,628</b>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

Minimum Fund Balance Policy: The governing body (City Council) passed a minimum fund balance policy for the General Fund. This minimum fund balance consists of two amounts which are committed by the Council. In order to access the committed fund balance a formal action (resolution) of the City Council must be adopted, this action would be non-routine in nature and to provide and maintain service levels in the event of financial difficulty or other distress. The first amount is a fixed \$10 million. The second amount is equal to 9% of the operating expenditures of the General Fund. This amount was \$4.9 million as of June 30, 2016. The total committed amount for Sustainability and Emergency is \$14.9 million.

13. OTHER NOTE DISCLOSURES:

A. Leases

The City has entered into operating lease contracts where the City leases two floors of an office building used for Community Development operations to third parties and one lease for a prior fire station building. The first lease commenced in February 2014 with an end date of January 2018. The second lease commenced in August 2013 with an end date of July 2017. The third lease commenced in May 2014 with an end date of April 2017. The fourth lease commenced in February 15, 2015 with an end date of February 2018. Future minimum rentals to be received under the leases follows:

Fiscal Year	1 <sup>st</sup> Lease	2 <sup>nd</sup> Lease	3 <sup>rd</sup> Lease	4 <sup>th</sup> Lease
2017	\$ 207,217	\$ 128,505	\$ 55,229	\$ 99,372
2018	105,120	10,743	-	67,704

B. Joint Powers Agreements:

Coastal Animal Services Authority (CASA):

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

Orange County Fire Authority:

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,

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

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 Orange County Fire Authority are available at 1 Fire Authority Road, Irvine, California.

C. Assessment District Bonds

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

Issue	Amount of Issue	Outstanding June 30, 2016
City of San Clemente 99-1 Assessment District	\$ 1,150,000	\$ 180,000
City of San Clemente 99-1 Community Facilities District	5,755,000	4,305,000
City of San Clemente Public Financing Authority Reassessment Refunding Revenue Bonds	14,235,000	10,490,000
Community Facilities District No. 2006-1 (Marblehead Coastal) of the City of San Clemente	55,490,000	55,490,000

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

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of San Clemente that previously had 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 in accordance with the Bill as part of City resolution number 12-04. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) 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 are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

After enactment of the law, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Under the direction of an Oversight Board remaining assets can be used to pay enforceable obligations in existence at the date of dissolution. Successor agencies are allocated revenue in the amount necessary to pay the annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations are paid in full and all the assets have been liquidated. The City has received a Finding of Completion and is in the process of disposing of all real property assets and paying all remaining obligations of the former redevelopment agency.

The Bill directs the State of California Controller and Department of Finance to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. Real property transfers were approved as part of the Long Range Property Management Plan by the State of California and real property was transferred during the year.

The City has been authorized to list the outstanding General fund loan of \$1.9 million as a valid enforceable obligation to be paid through future tax revenues. City management has computed the balance based on the quarterly historical LAIF interest rate from the loan origination until the time payments on

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2016

the loan are made. On September 2, 2016 a Last and Final Recognized Obligation Payment Schedule was submitted to the State of California for approval which is currently under review.

E. Commitments and Contingencies

The City of San Clemente recently lost a court decision and an appeal to the Appellate Court related to Beach Parking Impact Fees. The Superior Court has declined to hear an additional appeal. Based on this decision, the City has been ordered to refund approximately \$10.6 million of collected fees and interest held in the Public Facilities Construction Capital Project Fund to affected property owners. The City has accrued an estimated amount of \$8.2 million (net of attorney's fees) as of June 30, 2016 as a liability based on the court judgement pending the refund.

On April 11, 2016 MemorialCare filed a lawsuit against the City of San Clemente seeking \$42.5 million dollars in damages related to land use. Any potential loss or costs related to this lawsuit at this early stage of the lawsuit cannot be estimated and no amount has been accrued at June 30, 2016.

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

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

The City has outstanding commitments in the amount of \$8.7 million as of June 30, 2016 related to construction and other contractual arrangements.

F. Subsequent Events

In July 2016, the City of San Clemente Reassessment District No 2016-1 Limited Obligation Refunding Bonds in the amount of \$9,615,000 were issued subsequent to June 30, 2016. This issuance is to defease and redeem the City of San Clemente Public Financing Authority Reassessment Refunding Revenue Bonds originally issued in 2007.

G. Future Accounting Pronouncements

GASB Statements 74-75 listed below will be implemented in future financial statements:

- Statement No. 74 "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*" is effective for fiscal years beginning after June 15, 2016.
- Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*" is effective for fiscal years beginning after June 15, 2017.



## Required Supplementary Information



CITY OF SAN CLEMENTE  
Required Supplementary Information  
June 30, 2016

**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 \$2,367,231 and the department budgets were reduced by \$2,367,231 as a result of these program reimbursements. Budgeted amounts are as originally adopted and as further amended by the City Council.

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

The Public Facilities Construction Capital Project major fund has a legally adopted budget. This capital project fund budgetary schedules are presented in the supplementary information section.



CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
General Fund  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 41,960,100	\$ 42,791,100	\$ 44,170,413	\$ 1,379,313
Licenses and permits	1,942,530	2,021,030	1,945,118	(75,912)
Fines and forfeits	706,000	706,000	596,246	(109,754)
Investment and rentals	1,775,420	1,900,420	2,309,096	408,676
Intergovernmental	343,000	927,050	1,065,550	138,500
Charges for services	5,021,469	5,145,590	5,913,358	767,768
Developers contribution	-	14,400	-	(14,400)
Other	71,000	136,190	158,698	22,508
<b>Total Revenues</b>	<b>51,819,519</b>	<b>53,641,780</b>	<b>56,158,479</b>	<b>2,516,699</b>
<b>Expenditures:</b>				
General government:				
Administration				
City council	36,690	36,690	24,563	12,127
City manager	434,385	455,385	449,201	6,184
City clerk	566,449	588,949	534,259	54,690
Finance and administrative services	2,123,119	2,053,669	1,787,385	266,284
City general	3,374,452	3,953,652	3,993,970	(40,318)
Police	13,356,500	13,340,370	12,179,120	1,161,250
Fire	8,490,810	8,721,310	8,687,558	33,752
Public works	13,011,657	12,484,193	10,622,957	1,861,236
Community development	5,241,500	5,431,120	4,954,293	476,827
Beaches, parks and recreation	5,918,798	6,230,578	6,205,250	25,328
Capital outlay	7,068,490	9,449,353	5,561,236	3,888,117
<b>Total Expenditures</b>	<b>59,622,850</b>	<b>62,745,269</b>	<b>54,999,792</b>	<b>7,745,477</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(7,803,331)</b>	<b>(9,103,489)</b>	<b>1,158,687</b>	<b>10,262,176</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,511,090	2,597,980	1,302,946	(1,295,034)
Transfers out	(2,111,590)	(3,510,310)	(3,510,306)	4
<b>Total Other Financing Sources (Uses)</b>	<b>(600,500)</b>	<b>(912,330)</b>	<b>(2,207,360)</b>	<b>(1,295,030)</b>
<b>Net Change in Fund Balance</b>	<b>(8,403,831)</b>	<b>(10,015,819)</b>	<b>(1,048,673)</b>	<b>8,967,146</b>
Fund Balance, Beginning of Year	29,684,954	29,684,954	29,684,954	-
<b>Fund Balance, End of Year</b>	<b>\$ 21,281,123</b>	<b>\$ 19,669,135</b>	<b>\$ 28,636,281</b>	<b>\$ 8,967,146</b>

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years\*

<b>CalPERS Miscellaneous Plan</b>	2015	2016
<b>Total Pension Liability</b>		
Measurement period	06/09/2014-06/30/2014	06/30/2014-06/30/2015
Service costs	\$ 73,966	\$ 1,963,306
Interest	155,554	2,781,569
Assumption changes	-	(766,723)
Benefit payments	(269)	(191,979)
Net change	229,251	3,786,173
Net pension liability at beginning of year	36,012,184	36,241,435
Net pension liability at end of year	<u>\$ 36,241,435</u>	<u>\$ 40,027,608</u>
<b>Plan Fiduciary Net Position</b>		
Additions:		
Employer contributions	\$ 61,744	\$ 1,631,580
Member contributions	34,783	1,029,781
Net investment income (loss)	681	808,626
Total additions	97,208	3,469,987
Deductions:		
Benefit payments	(269)	(191,979)
Administration Expenses	-	(40,275)
Total deductions	(269)	(232,254)
Net change	96,939	3,237,733
Fiduciary net position - beginning of year (1)	32,550,000	32,646,939
Fiduciary net position - end of year	<u>\$ 32,646,939</u>	<u>\$ 35,884,672</u>
<b>Net Pension Liability</b>	<u>\$ 3,594,496</u>	<u>\$ 4,142,936</u>
Funded status	90.08%	89.65%
Covered payroll	\$ 13,181,126	\$ 13,576,560
Net pension liability as a % of payroll	27.27%	30.52%

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

**Notes to schedule:**

Benefit changes. None

Changes in assumptions. The discount rate was changed from 7.50% (net of administrative expense) to 7.65%.

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

<b>CalPERS Miscellaneous</b>	2015	2016
	06/09/2014-06/30/2014	06/30/2014-06/30/2015
Measurement period		
Actuarially determined contribution	\$ 61,744	\$ 1,631,580
Contributions in relation to the actuarially determined contribution	(61,744)	(1,631,580)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-employee payroll	\$ 510,323	\$ 13,576,560
Contributions as a percentage of covered-employee payroll	12.099%	12.020%

Notes to Schedule:

Valuation date: June 30, 2014  
Measurement date: June 30, 2015

Methods and assumptions used to determine contribution rates:  
Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Investment reate of return	7.65%
Mortality rate table	2014 CalPERS experience study
Post retirement benefit	COLA up to 2.75% based on purchasing power

\* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.



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

Last Ten Fiscal Years\*

**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

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

**SCHEDULE OF CONTRIBUTIONS**

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

**Notes:**

**Benefit changes.** None

**Changes in assumptions.** The discount rate was changed from 7.50% (net of administrative expense) to 7.65%.

Valuation date: June 30, 2014

Measurement date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Investment reate of return	7.65%
Mortality rate table	2014 CalPERS experience study
Post retirement benefit	COLA up to 2.75% based on purchasing power

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

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years  
(dollar amount in thousands)

	2007	2008	2009	2010
<b>Total Pension Liability (2)</b>				
Discount Rate	N/A	N/A	N/A	N/A
Service Costs	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	N/A	N/A	N/A	N/A
Experience Losses (Gains)	N/A	N/A	N/A	N/A
Assumption Changes	N/A	N/A	N/A	N/A
Benefit Payments	N/A	N/A	N/A	N/A
Net Change	N/A	N/A	N/A	N/A
Total Pension Liability at Beginning of Year	N/A	N/A	N/A	N/A
Total Pension Liability at End of Year	N/A	N/A	N/A	N/A
<b>Plan Fiduciary Net Position (4)</b>				
Additions:				
Employer Contributions	\$ 1,404	\$ 1,447	\$ 1,626	\$ 1,864
Member Contributions	833	896	925	912
Net Investment Income (Loss)	3,085	(1,168)	(2,311)	2,907
Total Additions	5,322	1,175	240	5,683
Deductions:				
Benefit Payments	(2,428)	(1,824)	(2,477)	(1,741)
Administration Expenses	(7)	(28)	(18)	(29)
Transfer to CalPERS (1)	-	-	-	-
Total Deductions	(2,435)	(1,852)	(2,495)	(1,770)
Net Change	2,887	(677)	(2,255)	3,913
Fiduciary Net Position - Beginning of Year	22,119	25,006	24,329	22,074
Fiduciary Net Position - End of Year	\$ 25,006	\$ 24,329	\$ 22,074	\$ 25,987

**Total Pension Liability (2), (4)**

Fiduciary Net Position - End of Year

Net Pension Liability

Funded Status

**Covered Payroll (3)**

Net Pension Liability % Payroll

Notes:

- (1) - This payment to CalPERS was the result of a transfer of all active city employee's pension.
- (2) - Information prior to 2011 is not presented as a result of different actuarial methodology being used.
- (3) - Represents only Coastal Animal Services Authority, since City active employees are in CalPERS.
- (4) - The City's proportionate share of the contributions and the liability is 92%, the Coastal Animal Services Authority proportion represents 8%.

N/A - Not Available

2011	2012	2013	2014	2015	2016
7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 78	\$ 73
N/A	N/A	N/A	N/A	2,071	2,173
N/A	N/A	N/A	N/A	-	48
N/A	N/A	N/A	N/A	0	836
N/A	N/A	N/A	N/A	(1,606)	(1,640)
N/A	N/A	N/A	N/A	543	1,490
N/A	N/A	N/A	N/A	29,289	29,832
N/A	N/A	N/A	N/A	29,832	31,322
\$ 1,638	\$ 2,243	\$ 2,267	\$ 2,482	\$ 995	\$ 1,001
889	952	1,214	1,019	32	33
5,157	741	4,666	6,598	413	(235)
7,684	3,936	8,147	10,099	1,440	799
(447)	(678)	(1,039)	(1,378)	(1,606)	(1,640)
(50)	(30)	(49)	(38)	(53)	(65)
-	-	-	(32,550)	-	-
(497)	(708)	(1,088)	(33,966)	(1,659)	(1,705)
7,187	3,228	7,059	(23,867)	(219)	(906)
25,987	33,174	36,402	43,461	19,594	19,375
\$ 33,174	\$ 36,402	\$ 43,461	\$ 19,594	\$ 19,375	\$ 18,469
\$ 46,678	\$ 52,775	\$ 58,125	\$ 29,284	\$ 29,832	\$ 31,322
33,174	36,402	43,461	19,594	19,375	18,469
13,504	16,373	14,664	9,690	10,457	12,853
71.1%	69.0%	74.8%	66.9%	64.9%	59.0%
13,799	13,542	13,446	425	451	467
98%	121%	109%	2280%	2319%	2752%

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS

Last Ten Fiscal Years  
(dollar amount in thousands)

	2007	2008	2009	2010
<b>Contributions</b>				
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions in relation the actuarially determined contribution	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered Employee Payroll	N/A	N/A	N/A	N/A
Contributions as a % of covered employee payroll	N/A	N/A	N/A	N/A
<b>Investment Returns</b>				
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	N/A

CSCERP had no benefit changes during the year.

Actuarial Methods and Assumptions at June 30, 2016 are:

Valuation date	6/30/2014
Actuarial cost method	Entry Age Normal - Level % of Payroll
Amortization method	Level dollar amount
Amortization period	20 year closed periods
Asset method	Market value of assets
Discount rate	7.25%
Inflation rate	3.00%
Payroll growth	3.00%
Salary increases	3.3%-14.2%
Mortality	CalPERS 2013 Experience Study (fully generational mortality improvement projection Scale AA)
Retirement	CalPERS 2013 Experience Study
Disability and turnover	CalPERS 2013 Experience Study Disability and Termination Rates for Miscellaneous Employees

2011	2012	2013	2014	2015	2016
N/A	N/A	N/A	\$ 2,482	\$ 995	\$ 989
N/A	N/A	N/A	2,482	995	1,001
N/A	N/A	N/A	-	-	(12)
N/A	N/A	N/A	13,446	451	467
N/A	N/A	N/A	18%	221%	214%
N/A	N/A	7.50%	13.50%	2.80%	-1.60%



## Supplementary Information

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CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Public Facilities Construction Capital Project Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 100,000	\$ 185,482	\$ 85,482
Developer fees	270,180	225,488	(44,692)
Total Revenues	<u>370,180</u>	<u>410,970</u>	<u>40,790</u>
Expenditures:			
Current:			
Community development	29,710	223,944	(194,234)
Capital outlay	184,830	32,451	152,379
Total Expenditures	<u>214,540</u>	<u>256,395</u>	<u>(41,855)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	155,640	154,575	(1,065)
Fund Balance, Beginning of Year	<u>7,225,718</u>	<u>7,225,718</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,381,358</u></u>	<u><u>\$ 7,380,293</u></u>	<u><u>\$ (1,065)</u></u>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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.

### DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general debt of the City.

Negocio Building Debt Service Fund – This fund is used to account for the accumulation of funds for the payment of interest and principal on Certificates of Participation. Proceeds from the COP were used for the purchase of the building located at 910 Negocio in the City of San Clemente. Debt service is financed by revenues generated from the lease of the building.

## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds.

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

Developers Improvement Capital Project 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.

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

Local Drainage Facilities Fund – This fund is used to account for the drainage fees collected to defray the cost of designing and constructing local drainage facilities and the expenditures for those purposes.

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

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

CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<b><u>ASSETS:</u></b>		
Cash and investments	\$ 6,379,450	\$ 426,826
Receivables (net of allowances for uncollectibles):		
Taxes receivable	-	-
Accounts receivable	299,380	22,376
Accrued interest receivable	14,829	992
Loans receivable	-	-
Due from other governments	88,783	
Restricted cash and investments with fiscal agent	-	-
Total assets	\$ 6,782,442	\$ 450,194
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 58,240	\$ 9,559
Accrued wages	-	-
Unearned revenue	-	-
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	58,240	9,559
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue - receivables	-	-
Total deferred inflows of resources	-	-
<b><u>FUND BALANCES:</u></b>		
Restricted		
Capital projects	6,724,202	-
Other purposes	-	440,635
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Total fund balances	6,724,202	440,635
Total liabilities, deferred inflows of resources and fund balances	\$ 6,782,442	\$ 450,194

Special Revenue Funds				Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Negocio Building
\$ 7,323,573	\$ 125,727	\$ 29,096	\$ 125,138	\$ -
39	-	-	-	-
162,894	178	-	57,965	43,281
17,023	292	67	291	60
-	-	405,613	-	-
-	-	16,311	-	-
-	-	-	-	1,671,846
<u>\$ 7,503,529</u>	<u>\$ 126,197</u>	<u>\$ 451,087</u>	<u>\$ 183,394</u>	<u>\$ 1,715,187</u>
\$ 2,333	\$ 8,333	\$ 6,055	\$ -	\$ 24,893
-	-	742	-	-
-	-	-	-	43,281
-	-	-	-	39,000
-	-	8,210	-	-
<u>2,333</u>	<u>8,333</u>	<u>15,007</u>	<u>-</u>	<u>107,174</u>
-	-	-	-	-
-	-	-	-	-
7,501,196	-	-	183,394	-
-	117,864	436,080	-	1,608,013
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,501,196</u>	<u>117,864</u>	<u>436,080</u>	<u>183,394</u>	<u>1,608,013</u>
<u>\$ 7,503,529</u>	<u>\$ 126,197</u>	<u>\$ 451,087</u>	<u>\$ 183,394</u>	<u>\$ 1,715,187</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2016

	Capital Projects Funds	
	Reserve	Developers Improvement
<b><u>ASSETS:</u></b>		
Cash and investments	\$ 4,389,869	\$ 5,871,674
Receivables (net of allowances for uncollectibles):		
Taxes receivable	-	-
Accounts receivable	-	154,858
Accrued interest receivable	10,204	13,648
Loans receivable	-	7,905,533
Due from other governments	-	-
Restricted cash and investments with fiscal agent	-	-
Total assets	\$ 4,400,073	\$ 13,945,713
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 2,365	\$ -
Accrued wages	-	-
Unearned revenue	-	-
Deposits payable	-	171,441
Due to other funds	-	-
Total liabilities	2,365	171,441
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue - receivables	-	154,858
Total deferred inflows of resources	-	154,858
<b><u>FUND BALANCES:</u></b>		
Restricted		
Capital projects	-	13,619,414
Other purposes	-	-
Committed		
Capital projects	23,705	-
Assigned		
Capital projects	3,987,498	-
Other purposes	386,505	-
Total fund balances	4,397,708	13,619,414
Total liabilities, deferred inflows of resources and fund balances	\$ 4,400,073	\$ 13,945,713

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 156,442	\$ 3,922,657	\$ 3,576,081	\$ 1,085,859	\$ 33,412,392
-	-	-	-	39
-	-	-	-	740,932
364	9,118	8,313	2,524	77,725
2,402,862	-	-	-	10,714,008
-	-	-	-	105,094
-	-	-	-	1,671,846
<u>\$ 2,559,668</u>	<u>\$ 3,931,775</u>	<u>\$ 3,584,394</u>	<u>\$ 1,088,383</u>	<u>\$ 46,722,036</u>
\$ -	\$ 23,772	\$ 96,931	\$ 969	\$ 233,450
-	-	-	-	742
-	-	-	-	43,281
-	-	-	-	210,441
-	-	-	-	8,210
<u>-</u>	<u>23,772</u>	<u>96,931</u>	<u>969</u>	<u>496,124</u>
-	-	-	-	154,858
-	-	-	-	154,858
2,559,668	3,908,003	3,487,463	1,087,414	39,070,754
-	-	-	-	2,602,592
-	-	-	-	23,705
-	-	-	-	3,987,498
-	-	-	-	386,505
<u>2,559,668</u>	<u>3,908,003</u>	<u>3,487,463</u>	<u>1,087,414</u>	<u>46,071,054</u>
<u>\$ 2,559,668</u>	<u>\$ 3,931,775</u>	<u>\$ 3,584,394</u>	<u>\$ 1,088,383</u>	<u>\$ 46,722,036</u>

(Concluded)

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	71,930	4,904
Intergovernmental	1,875,653	83,190
Charges for services	-	-
Developer fees	-	-
Other	-	-
Total Revenues	<u>1,947,583</u>	<u>88,094</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	70,514	-
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	1,269,047	161,993
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>1,339,561</u>	<u>161,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>608,022</u>	<u>(73,899)</u>
Other Financing Sources (Uses):		
Transfers in	14,000	-
Transfers out	(494,402)	-
Total Other Financing Sources (Uses)	<u>(480,402)</u>	<u>-</u>
Net Change in Fund Balances	127,620	(73,899)
Fund Balance (Deficit) at Beginning of Year	<u>6,596,582</u>	<u>514,534</u>
Fund Balance (Deficit) at End of Year	<u>\$ 6,724,202</u>	<u>\$ 440,635</u>

Special Revenue Funds				Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Negocio Building
\$ 1,303	\$ -	\$ -	\$ -	\$ -
87,164	1,515	197	1,209	4,519
906,069	117,201	389,049	-	-
-	-	-	182,268	539,724
-	-	-	-	-
47,800	-	39,286	-	-
<u>1,042,336</u>	<u>118,716</u>	<u>428,532</u>	<u>183,477</u>	<u>544,243</u>
-	-	-	-	319,134
-	103,733	-	-	-
46,251	-	-	-	-
-	-	149,866	-	-
-	-	-	-	-
1,461,930	-	213,065	83	-
-	-	-	-	125,000
-	-	-	-	116,400
<u>1,508,181</u>	<u>103,733</u>	<u>362,931</u>	<u>83</u>	<u>560,534</u>
<u>(465,845)</u>	<u>14,983</u>	<u>65,601</u>	<u>183,394</u>	<u>(16,291)</u>
756,290	-	-	-	1,345,000
-	-	(15,610)	-	-
<u>756,290</u>	<u>-</u>	<u>(15,610)</u>	<u>-</u>	<u>1,345,000</u>
290,445	14,983	49,991	183,394	1,328,709
7,210,751	102,881	386,089	-	279,304
<u>\$ 7,501,196</u>	<u>\$ 117,864</u>	<u>\$ 436,080</u>	<u>\$ 183,394</u>	<u>\$ 1,608,013</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
For the Year Ended June 30, 2016

	Capital Projects Funds	
	Reserve	Developers Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	51,613	218,653
Intergovernmental	-	-
Charges for services	371,480	427,184
Developer fees	-	535,912
Other	-	1,250,000
Total Revenues	423,093	2,431,749
Expenditures:		
Current:		
General government	292,192	-
Police	-	-
Public works	-	11,990
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	489,451	4,380
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	781,643	16,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	(358,550)	2,415,379
Other Financing Sources (Uses):		
Transfers in	370,000	-
Transfers out	-	(582,524)
Total Other Financing Sources (Uses)	370,000	(582,524)
Net Change in Fund Balances	11,450	1,832,855
Fund Balance (Deficit) at Beginning of Year	4,386,258	11,786,559
Fund Balance (Deficit) at End of Year	\$ 4,397,708	\$ 13,619,414

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,303
55,688	45,443	41,378	12,290	596,503
-	-	-	-	3,371,162
-	-	-	-	1,520,656
-	5,718	182,270	200,809	924,709
-	-	-	-	1,337,086
<u>55,688</u>	<u>51,161</u>	<u>223,648</u>	<u>213,099</u>	<u>7,751,419</u>
-	-	-	-	611,326
-	-	-	-	103,733
-	-	9,520	-	138,275
-	61,914	-	-	211,780
-	-	-	9,320	9,320
-	7,567	184,714	25,635	3,817,865
-	-	-	-	125,000
-	-	-	-	116,400
<u>-</u>	<u>69,481</u>	<u>194,234</u>	<u>34,955</u>	<u>5,133,699</u>
<u>55,688</u>	<u>(18,320)</u>	<u>29,414</u>	<u>178,144</u>	<u>2,617,720</u>
53,716	-	-	-	2,539,006
-	-	-	-	(1,092,536)
<u>53,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446,470</u>
109,404	(18,320)	29,414	178,144	4,064,190
<u>2,450,264</u>	<u>3,926,323</u>	<u>3,458,049</u>	<u>909,270</u>	<u>42,006,864</u>
<u>\$ 2,559,668</u>	<u>\$ 3,908,003</u>	<u>\$ 3,487,463</u>	<u>\$ 1,087,414</u>	<u>\$ 46,071,054</u>

(Concluded)

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Gas Tax Special Revenue Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 40,500	\$ 71,930	\$ 31,430
Intergovernmental	3,504,090	1,875,653	(1,628,437)
Total Revenues	<u>3,544,590</u>	<u>1,947,583</u>	<u>(1,597,007)</u>
Expenditures:			
Current:			
Public works	195,610	70,514	125,096
Capital outlay	6,846,630	1,269,047	5,577,583
Total Expenditures	<u>7,042,240</u>	<u>1,339,561</u>	<u>5,702,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,497,650)</u>	<u>608,022</u>	<u>4,105,672</u>
Other Financing Sources (Uses):			
Transfers in	1,014,000	14,000	(1,000,000)
Transfers out	(451,630)	(494,402)	(42,772)
Total Other Financing Sources (Uses)	<u>562,370</u>	<u>(480,402)</u>	<u>(1,042,772)</u>
Net Change in Fund Balance	(2,935,280)	127,620	3,062,900
Fund Balance, Beginning of Year	<u>6,596,582</u>	<u>6,596,582</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,661,302</u></u>	<u><u>\$ 6,724,202</u></u>	<u><u>\$ 3,062,900</u></u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Air Quality Improvement Special Revenue Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ 3,000	\$ 4,904	\$ 1,904
Intergovernmental	80,000	83,190	3,190
<b>Total Revenues</b>	<b>83,000</b>	<b>88,094</b>	<b>5,094</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public works	150,000	-	150,000
Capital Outlay	299,410	161,993	137,417
<b>Total Expenditures</b>	<b>449,410</b>	<b>161,993</b>	<b>287,417</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(366,410)	(73,899)	292,511
<b>Other Financing Sources (Uses):</b>			
Transfers out	(40,000)	-	40,000
<b>Total Other Financing Sources (Uses)</b>	<b>(40,000)</b>	<b>-</b>	<b>40,000</b>
<b>Net Change in Fund Balance</b>	<b>(406,410)</b>	<b>(73,899)</b>	<b>332,511</b>
Fund Balance, Beginning of Year	514,534	514,534	-
<b>Fund Balance, End of Year</b>	<b>\$ 108,124</b>	<b>\$ 440,635</b>	<b>\$ 332,511</b>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Street Improvement Special Revenue Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 1,303	\$ 1,303
Investment and rentals	50,000	87,164	37,164
Intergovernmental	937,300	906,069	(31,231)
Other	-	47,800	47,800
Total Revenues	<u>987,300</u>	<u>1,042,336</u>	<u>55,036</u>
Expenditures:			
Current:			
Public works	275,000	46,251	228,749
Capital outlay	<u>4,109,690</u>	<u>1,461,930</u>	<u>2,647,760</u>
Total Expenditures	<u>4,384,690</u>	<u>1,508,181</u>	<u>2,876,509</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,397,390)</u>	<u>(465,845)</u>	<u>2,931,545</u>
Other Financing Sources (Uses):			
Transfers in	<u>1,051,290</u>	<u>756,290</u>	<u>(295,000)</u>
Total Other Financing Sources (Uses)	<u>1,051,290</u>	<u>756,290</u>	<u>(295,000)</u>
Net Change in Fund Balance	(2,346,100)	290,445	2,636,545
Fund Balance, Beginning of Year	<u>7,210,751</u>	<u>7,210,751</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,864,651</u></u>	<u><u>\$ 7,501,196</u></u>	<u><u>\$ 2,636,545</u></u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Police Grants Special Revenue Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 600	\$ 1,515	\$ 915
Intergovernmental	100,000	117,201	17,201
Total Revenues	100,600	118,716	18,116
Expenditures:			
Police	116,240	103,733	12,507
Net Change in Fund Balance	(15,640)	14,983	30,623
Fund Balance, Beginning of Year	102,881	102,881	-
Fund Balance, End of Year	\$ 87,241	\$ 117,864	\$ 30,623

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Miscellaneous Grants Special Revenue Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ -	\$ 197	\$ 197
Intergovernmental	486,430	389,049	(97,381)
Other	20,000	39,286	19,286
<b>Total Revenues</b>	<b>506,430</b>	<b>428,532</b>	<b>(77,898)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Community development	265,290	149,866	115,424
Capital outlay	310,300	213,065	97,235
<b>Total Expenditures</b>	<b>575,590</b>	<b>362,931</b>	<b>212,659</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(69,160)</b>	<b>65,601</b>	<b>134,761</b>
<b>Other Financing Sources (Uses):</b>			
Transfers out	(15,050)	(15,610)	(560)
<b>Total Other Financing Sources (Uses)</b>	<b>(15,050)</b>	<b>(15,610)</b>	<b>(560)</b>
<b>Net Change in Fund Balance</b>	<b>(84,210)</b>	<b>49,991</b>	<b>134,201</b>
Fund Balance, Beginning of Year	386,089	386,089	-
<b>Fund Balance, End of Year</b>	<b>\$ 301,879</b>	<b>\$ 436,080</b>	<b>\$ 134,201</b>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Local Cable Infrastructure Special Revenue Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ -	1,209	1,209
Service Charges	225,000	\$ 182,268	\$ (42,732)
Other	-	-	-
Total Revenues	<u>225,000</u>	<u>183,477</u>	<u>(41,523)</u>
Expenditures:			
Capital outlay	<u>225,000</u>	<u>83</u>	<u>224,917</u>
Total Expenditures	<u>225,000</u>	<u>83</u>	<u>224,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>183,394</u>	<u>183,394</u>
Net Change in Fund Balance	-	183,394	183,394
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 183,394</u>	<u>\$ 183,394</u>

CITY OF SAN CLEMENTE  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Negocio Building Debt Service Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 1,100	\$ 4,519	\$ 3,419
Charges for Services	507,820	539,724	31,904
 Total Revenues	 508,920	 544,243	 35,323
Expenditures:			
Current:			
General government	348,480	319,134	29,346
Capital outlay	30,000	-	30,000
Debt service:			
Principal retirement	1,465,000	125,000	1,340,000
Interest and fiscal charges	114,690	116,400	(1,710)
 Total Expenditures	 1,958,170	 560,534	 1,397,636
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (1,449,250)	 (16,291)	 1,432,959
Other Financing Sources:			
Transfers in	1,345,000	1,345,000	-
 Net Change in Fund Balance	 (104,250)	 1,328,709	 1,432,959
 Fund Balance, Beginning of Year	 279,304	 279,304	 -
 Fund Balance, End of Year	 \$ 175,054	 \$ 1,608,013	 \$ 1,432,959

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Reserve Capital Project Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 20,000	\$ 51,613	\$ 31,613
Charges for services	371,480	371,480	-
Other	272,010	-	(272,010)
Total Revenues	<u>663,490</u>	<u>423,093</u>	<u>(240,397)</u>
Expenditures:			
Current:			
General government	260,000	292,192	(32,192)
Capital outlay	1,625,450	489,451	1,135,999
Total Expenditures	<u>1,885,450</u>	<u>781,643</u>	<u>1,103,807</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,221,960)	(358,550)	863,410
Other Financing Sources (Uses):			
Transfers in	370,000	370,000	-
Net Change in Fund Balance	(851,960)	11,450	863,410
Fund Balance, Beginning of Year	<u>4,386,258</u>	<u>4,386,258</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,534,298</u>	<u>\$ 4,397,708</u>	<u>\$ 863,410</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Developers Improvement Capital Project Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ 45,000	\$ 218,653	\$ 173,653
Charges for services	672,210	427,184	(245,026)
Developer fees	816,780	535,912	(280,868)
Other	1,704,860	1,250,000	(454,860)
<b>Total Revenues</b>	<b>3,238,850</b>	<b>2,431,749</b>	<b>(807,101)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public Works	37,050	11,990	25,060
Capital outlay	-	4,380	(4,380)
<b>Total Expenditures</b>	<b>37,050</b>	<b>16,370</b>	<b>20,680</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,201,800</b>	<b>2,415,379</b>	<b>(786,421)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers out	(1,606,810)	(582,524)	1,024,286
<b>Total Other Financing Sources (Uses)</b>	<b>(1,606,810)</b>	<b>(582,524)</b>	<b>1,024,286</b>
<b>Net Change in Fund Balance</b>	<b>1,594,990</b>	<b>1,832,855</b>	<b>237,865</b>
<b>Fund Balance, Beginning of Year, as restated</b>	<b>11,786,559</b>	<b>11,786,559</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 13,381,549</b>	<b>\$ 13,619,414</b>	<b>\$ 237,865</b>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Low/Moderate Income Housing Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ -	\$ 55,688	\$ 55,688
Total Revenues	-	55,688	55,688
Other Financing Sources (Uses):			
Transfers in	53,720	53,716	(4)
Total Other Financing Sources (Uses)	53,720	53,716	(4)
Net Change in Fund Balance	53,720	109,404	55,684
Fund Balance, Beginning of Year, as restated	2,450,264	2,450,264	-
Fund Balance, End of Year	\$ 2,503,984	\$ 2,559,668	\$ 55,684

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Local Drainage Facilities Capital Project Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 24,000	\$ 45,443	\$ 21,443
Developer fees	500	5,718	5,218
 Total Revenues	 24,500	 51,161	 26,661
Expenditures:			
Current:			
Community Development	295,940	61,914	234,026
Capital outlay	550,000	7,567	542,433
 Total Expenditures	 845,940	 69,481	 776,459
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (821,440)	 (18,320)	 803,120
Other Financing Sources (Uses):			
Transfers out	(30,000)	-	30,000
 Net Change in Fund Balance	 (851,440)	 (18,320)	 833,120
Fund Balance, Beginning of Year	3,926,323	3,926,323	-
Fund Balance, End of Year	<u>\$ 3,074,883</u>	<u>\$ 3,908,003</u>	<u>\$ 833,120</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
RCFPP Capital Project Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 20,000	\$ 41,378	\$ 21,378
Developer fees	137,620	182,270	44,650
Total Revenues	<u>157,620</u>	<u>223,648</u>	<u>66,028</u>
Expenditures:			
Current:			
Public works	9,520	9,520	-
Capital outlay	<u>1,000,000</u>	<u>184,714</u>	<u>815,286</u>
Total Expenditures	<u>1,009,520</u>	<u>194,234</u>	<u>815,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(851,900)	29,414	881,314
Other Financing Sources (Uses):			
Transfers in	<u>960,000</u>	<u>-</u>	<u>(960,000)</u>
Net Change in Fund Balance	108,100	29,414	(78,686)
Fund Balance, Beginning of Year	<u>3,458,049</u>	<u>3,458,049</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,566,149</u>	<u>\$ 3,487,463</u>	<u>\$ (78,686)</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Parks Acquisition and Development Capital Project Fund  
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ 7,000	\$ 12,290	\$ 5,290
Developer fees	23,600	200,809	177,209
<b>Total Revenues</b>	<b>30,600</b>	<b>213,099</b>	<b>182,499</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Beaches, parks, and recreation	9,320	9,320	-
Capital outlay	54,490	25,635	28,855
<b>Total Expenditures</b>	<b>63,810</b>	<b>34,955</b>	<b>28,855</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(33,210)</b>	<b>178,144</b>	<b>211,354</b>
<b>Fund Balance, Beginning of Year</b>	<b>909,270</b>	<b>909,270</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 876,060</b>	<b>\$ 1,087,414</b>	<b>\$ 211,354</b>

## 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, 2016

	Clean Ocean	Solid Waste Management	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and investments	\$ 2,720,034	\$ 340,572	\$ 3,060,606
Receivables (net of allowances for uncollectible accounts)	486,486	24,180	510,666
Accrued interest	6,323	792	7,115
Total Current Assets	<u>3,212,843</u>	<u>365,544</u>	<u>3,578,387</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and equipment	54,741	-	54,741
Construction in progress	78,215	-	78,215
Total Capital Assets	<u>132,956</u>	<u>-</u>	<u>132,956</u>
Less accumulated depreciation	(54,741)	-	(54,741)
Net Capital Assets	<u>78,215</u>	<u>-</u>	<u>78,215</u>
Total Assets	<u>3,291,058</u>	<u>365,544</u>	<u>3,656,602</u>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts payable	82,562	625	83,187
Accrued wages	2,325	1,542	3,867
Compensated absences payable	2,640	1,575	4,215
Total Current Liabilities	<u>87,527</u>	<u>3,742</u>	<u>91,269</u>
Noncurrent Liabilities:			
Compensated absences payable	<u>9,935</u>	<u>5,923</u>	<u>15,858</u>
Total Liabilities	<u>97,462</u>	<u>9,665</u>	<u>107,127</u>
Net Position:			
Net investment in capital assets	78,215	-	78,215
Unrestricted	<u>3,115,381</u>	<u>355,879</u>	<u>3,471,260</u>
Total Net Position	<u>\$ 3,193,596</u>	<u>\$ 355,879</u>	<u>\$ 3,549,475</u>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2016

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ 2,271,085	\$ 198,408	\$ 2,469,493
Other	341,579	10,182	351,761
Total Operating Revenues	<u>2,612,664</u>	<u>208,590</u>	<u>2,821,254</u>
Operating Expenses:			
Salaries and benefits	314,699	102,284	416,983
Cost of materials and supplies	29,831	7,788	37,619
Maintenance and other operating expenses	1,281,897	112,080	1,393,977
Total Operating Expenses	<u>1,626,427</u>	<u>222,152</u>	<u>1,848,579</u>
Operating Income (Loss)	<u>986,237</u>	<u>(13,562)</u>	<u>972,675</u>
Non-Operating Revenues (Expenses):			
Investment income	31,368	4,007	35,375
Grant income	-	17,298	17,298
Total Non-Operating Revenues	<u>31,368</u>	<u>21,305</u>	<u>52,673</u>
Income (Loss) Before Transfers	1,017,605	7,743	1,025,348
Transfers:			
Transfers out	<u>(554,110)</u>	<u>-</u>	<u>(554,110)</u>
Total Transfers	<u>(554,110)</u>	<u>-</u>	<u>(554,110)</u>
Change in Net Assets	463,495	7,743	471,238
Net Position - Beginning of Year	<u>2,730,101</u>	<u>348,136</u>	<u>3,078,237</u>
Net Position - End of Year	<u>\$ 3,193,596</u>	<u>\$ 355,879</u>	<u>\$ 3,549,475</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2016

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,253,423	\$ 198,583	\$ 2,452,006
Cash paid to other suppliers for goods or services	(1,345,204)	(119,640)	(1,464,844)
Cash payment to employees	(324,575)	(102,464)	(427,039)
Cash from other operating revenues	341,579	10,182	351,761
Net Cash Provided by (Used for) Operating Activities	<u>925,223</u>	<u>(13,339)</u>	<u>911,884</u>
Cash Flows from Noncapital Financing Activities:			
Grant receipts	-	17,298	17,298
Cash paid to other funds	(554,110)	-	(554,110)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(554,110)</u>	<u>17,298</u>	<u>(536,812)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase and construction of capital assets	(78,215)	-	(78,215)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(78,215)</u>	<u>-</u>	<u>(78,215)</u>
Cash Flows from Investing Activities:			
Investment income received	29,155	3,785	32,940
Net Cash Provided by (Used for) Investing Activities	<u>29,155</u>	<u>3,785</u>	<u>32,940</u>
Net Increase (Decrease) in Cash and Cash Equivalents	322,053	7,744	329,797
Cash and Cash Equivalents at Beginning of Year	2,397,981	332,828	2,730,809
Cash and Cash Equivalents at End of Year	<u>\$ 2,720,034</u>	<u>\$ 340,572</u>	<u>\$ 3,060,606</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 986,237</u>	<u>\$ (13,562)</u>	<u>\$ 972,675</u>
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(17,662)	175	(17,487)
Increase (decrease) in accounts payable	(33,476)	228	(33,248)
Increase (decrease) in accrued wages	(3,762)	305	(3,457)
Increase (decrease) in compensated absences	(6,114)	(485)	(6,599)
Total Adjustments	<u>(61,014)</u>	<u>223</u>	<u>(60,791)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 925,223</u>	<u>\$ (13,339)</u>	<u>\$ 911,884</u>
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 9,258	\$ 1,120	\$ 10,378

## 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, 2016

	Employee Benefits	Central Services
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 401,223	\$ 341,395
Receivables (net of uncollectible allowance):		
Accounts	11,670	-
Accrued interest	-	793
Prepaid expense	-	-
Advances to other funds	-	-
Total Current Assets	412,893	342,188
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	464,556
Construction in progress	-	-
Total Capital Assets	-	464,556
Less accumulated depreciation	-	(428,504)
Net Capital Assets	-	36,052
Total Noncurrent Assets	-	36,052
Total Assets	412,893	378,240
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	97,651	27,249
Accrued wages	314,809	1,025
Capital lease obligations	-	14,532
Compensated absences payable	-	460
Claims and judgements payable	-	-
Total Current Liabilities	412,460	43,266
Noncurrent Liabilities:		
Capitalized lease obligations	-	3,171
OPEB obligation	-	-
Compensated absences payable	-	1,734
Claims and judgments payable	-	-
Total Noncurrent Liabilities	-	4,905
Total Liabilities	412,460	48,171
Net Position:		
Net investment in capital assets	-	18,349
Unrestricted	433	311,720
Total Net Position	\$ 433	\$ 330,069

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 664,770	\$ 5,708,253	\$ 29,956	\$ 1,360,092	\$ 2,162,657	\$ 10,668,346
-	1,785	13,625	19,299	-	46,379
1,545	13,269	70	3,162	5,027	23,866
-	-	-	-	12,967	12,967
-	-	-	155,999	-	155,999
<u>666,315</u>	<u>5,723,307</u>	<u>43,651</u>	<u>1,538,552</u>	<u>2,180,651</u>	<u>10,907,557</u>
-	443,134	-	-	-	443,134
-	391,920	-	-	-	391,920
587,092	5,214,032	-	-	-	6,265,680
29,628	-	-	-	-	29,628
<u>616,720</u>	<u>6,049,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,130,362</u>
<u>(511,679)</u>	<u>(4,490,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,430,967)</u>
<u>105,041</u>	<u>1,558,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,395</u>
<u>105,041</u>	<u>1,558,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,395</u>
<u>771,356</u>	<u>7,281,609</u>	<u>43,651</u>	<u>1,538,552</u>	<u>2,180,651</u>	<u>12,606,952</u>
59,896	70,007	24,367	6,473	147,914	433,557
9,084	-	-	-	2,841	327,759
-	-	-	-	-	14,532
14,493	-	-	-	6,312	21,265
-	-	-	453,838	675,808	1,129,646
<u>83,473</u>	<u>70,007</u>	<u>24,367</u>	<u>460,311</u>	<u>832,875</u>	<u>1,926,759</u>
-	-	-	-	-	3,171
-	-	6,975	-	-	6,975
54,520	-	-	-	23,745	79,999
-	-	-	432,886	644,609	1,077,495
<u>54,520</u>	<u>-</u>	<u>6,975</u>	<u>432,886</u>	<u>668,354</u>	<u>1,167,640</u>
<u>137,993</u>	<u>70,007</u>	<u>31,342</u>	<u>893,197</u>	<u>1,501,229</u>	<u>3,094,399</u>
105,041	1,558,302	-	-	-	1,681,692
<u>528,322</u>	<u>5,653,300</u>	<u>12,309</u>	<u>645,355</u>	<u>679,422</u>	<u>7,830,861</u>
<u>\$ 633,363</u>	<u>\$ 7,211,602</u>	<u>\$ 12,309</u>	<u>\$ 645,355</u>	<u>\$ 679,422</u>	<u>\$ 9,512,553</u>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2016

	<u>Employee Benefits</u>	<u>Central Services</u>
Operating Revenues:		
Charges for current services	\$ -	\$ 482,824
Other	-	1,208
Total Operating Revenues	<u>-</u>	<u>484,032</u>
Operating Expenses:		
Salaries and benefits	-	55,686
Cost of materials and supplies	-	48,779
Depreciation	-	54,735
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	1,068	374,819
Total Operating Expenses	<u>1,068</u>	<u>534,019</u>
Operating Income (Loss)	<u>(1,068)</u>	<u>(49,987)</u>
Nonoperating Revenues (Expenses):		
Investment income	-	3,894
Interest and fiscal charges	-	(2,021)
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,873</u>
Income (Loss) Before Transfers	(1,068)	(48,114)
Transfers:		
Transfers in	<u>-</u>	<u>-</u>
Change in Net Position	(1,068)	(48,114)
Net Position - Beginning of Year	<u>1,501</u>	<u>378,183</u>
Net Position - End of Year	<u>\$ 433</u>	<u>\$ 330,069</u>

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,640,020	\$ 1,697,720	\$ 2,936,948	\$ 425,569	\$ 2,400,000	\$ 9,583,081
100	8,351	7,980	5,731	2,574,284	2,597,654
<u>1,640,120</u>	<u>1,706,071</u>	<u>2,944,928</u>	<u>431,300</u>	<u>4,974,284</u>	<u>12,180,735</u>
610,319	-	-	-	163,188	829,193
6,681	284,132	-	-	1,350	340,942
41,489	539,765	-	-	-	635,989
-	-	-	153,544	-	153,544
-	-	2,458,617	-	-	2,458,617
-	-	-	-	1,894,656	1,894,656
-	-	235,702	424,898	-	660,600
870,923	620,947	56,521	92,796	477,825	2,494,899
<u>1,529,412</u>	<u>1,444,844</u>	<u>2,750,840</u>	<u>671,238</u>	<u>2,537,019</u>	<u>9,468,440</u>
110,708	261,227	194,088	(239,938)	2,437,265	2,712,295
7,260	65,740	1,345	20,883	7,351	106,473
-	-	-	-	-	(2,021)
-	24,750	-	-	-	24,750
<u>7,260</u>	<u>90,490</u>	<u>1,345</u>	<u>20,883</u>	<u>7,351</u>	<u>129,202</u>
117,968	351,717	195,433	(219,055)	2,444,616	2,841,497
115,000	60,000	-	-	900,000	1,075,000
232,968	411,717	195,433	(219,055)	3,344,616	3,916,497
400,395	6,799,885	(183,124)	864,410	(2,665,194)	5,596,056
<u>\$ 633,363</u>	<u>\$ 7,211,602</u>	<u>\$ 12,309</u>	<u>\$ 645,355</u>	<u>\$ 679,422</u>	<u>\$ 9,512,553</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2016

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Cash received from customers	\$ 16,349	\$ 482,824
Cash paid to other suppliers of goods or services	(5,907)	(429,760)
Cash payment to employees	43,049	(54,992)
Cash from other operating revenues	-	1,208
Net Cash Provided by (Used for) Operating Activities	53,491	(720)
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Sale of capital assets	-	-
Payment on capital lease payable	-	(39,569)
Interest and fiscal charges	-	(2,021)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(41,590)
Cash Flows from Investing Activities:		
Investment income received (paid)	-	3,751
Net Cash Provided by (Used for) Investing Activities:	-	3,751
Net Increase (Decrease) in Cash and Cash Equivalents	53,491	(38,559)
Cash and Cash Equivalents at Beginning of Year	347,732	379,954
Cash and Cash Equivalents at End of Year	\$ 401,223	\$ 341,395

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,642,323	\$ 1,697,437	\$ 2,940,419	\$ 406,296	\$ 2,400,000	\$ 9,585,648
(862,301)	(907,685)	(3,581,468)	(577,582)	(4,286,897)	(10,651,600)
(710,416)	-	-	-	(152,687)	(875,046)
100	8,351	7,980	5,731	2,574,284	2,597,654
<u>69,706</u>	<u>798,103</u>	<u>(633,069)</u>	<u>(165,555)</u>	<u>534,700</u>	<u>656,656</u>
<u>115,000</u>	<u>60,000</u>	<u>-</u>	<u>152,940</u>	<u>900,000</u>	<u>1,227,940</u>
<u>115,000</u>	<u>60,000</u>	<u>-</u>	<u>152,940</u>	<u>900,000</u>	<u>1,227,940</u>
(20,169)	(62,099)	-	-	-	(82,268)
-	24,750	-	-	-	24,750
-	-	-	-	-	(39,569)
-	-	-	-	-	(2,021)
<u>(20,169)</u>	<u>(37,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,108)</u>
<u>6,561</u>	<u>60,743</u>	<u>2,407</u>	<u>20,039</u>	<u>3,565</u>	<u>97,066</u>
<u>6,561</u>	<u>60,743</u>	<u>2,407</u>	<u>20,039</u>	<u>3,565</u>	<u>97,066</u>
171,098	881,497	(630,662)	7,424	1,438,265	1,882,554
<u>493,672</u>	<u>4,826,756</u>	<u>660,618</u>	<u>1,352,668</u>	<u>724,392</u>	<u>8,785,792</u>
<u>\$ 664,770</u>	<u>\$ 5,708,253</u>	<u>\$ 29,956</u>	<u>\$ 1,360,092</u>	<u>\$ 2,162,657</u>	<u>\$ 10,668,346</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds (Continued)  
For the Year Ended June 30, 2016

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ (1,068)	\$ (49,987)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	54,735
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	16,349	-
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	(4,839)	(6,162)
Increase (decrease) in accrued wages	43,049	467
Increase (decrease) in OPEB Obligation	-	-
Increase (decrease) in compensated absences	-	227
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	54,559	49,267
Net Cash Provided by (Used for) Operating Activities	\$ 53,491	\$ (720)
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ 1,067

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 110,708	\$ 261,227	\$ 194,088	\$ (239,938)	\$ 2,437,265	\$ 2,712,295
41,489	539,765	-	-	-	635,989
2,303	(283)	3,471	(19,273)	-	2,567
-	-	-	-	(9,983)	(9,983)
15,303	(2,606)	1,806	(334)	(13,958)	(10,790)
(1,322)	-	-	-	1,045	43,239
-	-	(832,434)	-	-	(832,434)
(98,775)	-	-	-	9,456	(89,092)
-	-	-	93,990	(1,889,125)	(1,795,135)
(41,002)	536,876	(827,157)	74,383	(1,902,565)	(2,055,639)
\$ 69,706	\$ 798,103	\$ (633,069)	\$ (165,555)	\$ 534,700	\$ 656,656
\$ 2,373	\$ 19,675	\$ (657)	\$ 4,445	\$ 8,776	\$ 35,679

(Concluded)



## AGENCY FUNDS

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

Street Assessment Collection Fund – This fund is used to record collections and payments to the holders of the 1915 Act Assessment Bonds as they pertain to Street Assessments.

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

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

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

Reassessment District (RAD) Public Financing Authority Collection Fund – This fund is used to refund the 98-1 Assessment District Limited Obligation Improvement Bonds previously issued to finance public improvements benefiting parcels within the Reassessment District.

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

CITY OF SAN CLEMENTE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>STREET ASSESSMENT COLLECTION</u></b>				
Assets				
Cash and investments	\$ 216,861	\$ 2,046	\$ 50,490	\$ 168,417
Accrued interest receivable	372	20	-	392
Total Assets	<u>\$ 217,233</u>	<u>\$ 2,066</u>	<u>\$ 50,490</u>	<u>\$ 168,809</u>
Liabilities				
Payable to bondholders	\$ 217,233	2,066	50,490	\$ 168,809
Total Liabilities	<u>\$ 217,233</u>	<u>\$ 2,066</u>	<u>\$ 50,490</u>	<u>\$ 168,809</u>
<b><u>99-1 AD COLLECTION</u></b>				
Assets				
Cash and investments	\$ 92,578	\$ 130,039	\$ 130,022	\$ 92,595
Taxes receivable	1,089	1,169	1,089	1,169
Total Assets	<u>\$ 93,667</u>	<u>\$ 131,208</u>	<u>\$ 131,111</u>	<u>\$ 93,764</u>
Liabilities				
Accounts payable	\$ 387	\$ 57,755	\$ 57,766	\$ 376
Payable to bondholders	93,280	64,459	64,351	93,388
Total Liabilities	<u>\$ 93,667</u>	<u>\$ 122,214</u>	<u>\$ 122,117</u>	<u>\$ 93,764</u>
<b><u>99-1 CFD COLLECTION</u></b>				
Assets				
Cash and investments	\$ 796,112	\$ 914,192	\$ 814,852	\$ 895,452
Taxes receivable	69,489	-	69,489	-
Accrued interest receivable	2,469	349	-	2,818
Total Assets	<u>\$ 868,070</u>	<u>\$ 914,541</u>	<u>\$ 884,341</u>	<u>\$ 898,270</u>
Liabilities				
Accounts payable	\$ 448	\$ 406,121	\$ 406,121	\$ 448
Payable to bondholders	867,622	443,446	413,246	897,822
Total Liabilities	<u>\$ 868,070</u>	<u>\$ 849,567</u>	<u>\$ 819,367</u>	<u>\$ 898,270</u>
<b><u>2006-1 CFD MARBLEHEAD</u></b>				
Assets				
Cash and investments	\$ -	\$ 59,118,851	\$ 13,328,085	\$ 45,790,766
Accrued interest receivable	-	70	-	70
Total Assets	<u>\$ -</u>	<u>\$ 59,118,921</u>	<u>\$ 13,328,085</u>	<u>\$ 45,790,836</u>
Liabilities				
Accounts payable	\$ -	\$ 2,727	\$ 2,000	\$ 727
Payable to bondholders	-	104,929,030	59,138,921	45,790,109
Total Liabilities	<u>\$ -</u>	<u>\$ 104,931,757</u>	<u>\$ 59,140,921</u>	<u>\$ 45,790,836</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>RAD PFA COLLECTION</u></b>				
Assets				
Cash and investments	\$ 1,993,015	\$ 2,934,780	\$ 2,915,492	\$ 2,012,303
Taxes receivable	16,454	5,271	16,454	5,271
Accrued interest receivable	8	1,051	-	1,059
Total Assets	<u>\$ 2,009,477</u>	<u>\$ 2,941,102</u>	<u>\$ 2,931,946</u>	<u>\$ 2,018,633</u>
Liabilities				
Accounts payable	\$ 720	\$ 1,243,170	\$ 1,243,258	\$ 632
Payable to bondholders	2,008,757	1,114,250	1,105,006	2,018,001
Total Liabilities	<u>\$ 2,009,477</u>	<u>\$ 2,357,420</u>	<u>\$ 2,348,264</u>	<u>\$ 2,018,633</u>
<b><u>COASTAL ANIMAL SERVICES AUTHORITY</u></b>				
Assets				
Cash and investments	\$ 123,640	\$ 1,519,445	\$ 1,410,228	\$ 232,857
Accounts receivable	50,473	19,913	51,403	18,983
Total Assets	<u>\$ 174,113</u>	<u>\$ 1,539,358</u>	<u>\$ 1,461,631</u>	<u>\$ 251,840</u>
Liabilities				
Accounts payable	\$ 39,676	\$ 957,506	\$ 954,084	\$ 43,098
Accrued wages	18,635	714,249	707,084	25,800
Deposits payable	115,802	1,496,650	1,429,510	182,942
Total Liabilities	<u>\$ 174,113</u>	<u>\$ 3,168,405</u>	<u>\$ 3,090,678</u>	<u>\$ 251,840</u>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
Assets				
Cash and investments	\$ 3,222,206	\$ 64,619,353	\$ 18,649,169	\$ 49,192,390
Taxes receivable	87,032	6,440	87,032	6,440
Accounts receivable	50,473	19,913	51,403	18,983
Accrued interest receivable	2,849	1,490	-	4,339
Total Assets	<u>\$ 3,362,560</u>	<u>\$ 64,647,196</u>	<u>\$ 18,787,604</u>	<u>\$ 49,222,152</u>
Liabilities				
Accounts payable	\$ 41,231	\$ 2,667,279	\$ 2,663,229	\$ 45,281
Accrued wages	18,635	714,249	707,084	25,800
Deposits payable	115,802	1,496,650	1,429,510	182,942
Payable to bondholders	3,186,892	106,553,251	60,772,014	48,968,129
Total Liabilities	<u>\$ 3,362,560</u>	<u>\$ 111,431,429</u>	<u>\$ 65,571,837</u>	<u>\$ 49,222,152</u>

(Concluded)



# STATISTICAL SECTION

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# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	158
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	170
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	176
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	182
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	184

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 139,240,988	\$ 150,591,242	\$ 160,753,531	\$ 164,975,785
Restricted	73,257,751	72,576,665	70,789,068	72,358,104
Unrestricted	32,975,491	34,432,738	36,234,606	33,143,594
<b>Total governmental activities net position</b>	<b>\$ 245,474,230</b>	<b>\$ 257,600,645</b>	<b>\$ 267,777,205</b>	<b>\$ 270,477,483</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 138,419,739	\$ 141,188,272	\$ 148,073,703	\$ 145,862,033
Restricted	43,020,332	45,175,807	44,132,042	48,219,563
Unrestricted	7,061,711	9,510,733	5,255,209	2,535,183
<b>Total business-type activities net position</b>	<b>\$ 188,501,782</b>	<b>\$ 195,874,812</b>	<b>\$ 197,460,954</b>	<b>\$ 196,616,779</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 277,660,727	\$ 291,779,514	\$ 308,827,234	\$ 310,837,818
Restricted	116,278,083	117,752,472	114,921,110	120,577,667
Unrestricted	40,037,202	43,943,471	41,489,815	35,678,777
<b>Total primary government net position</b>	<b>\$ 433,976,012</b>	<b>\$ 453,475,457</b>	<b>\$ 465,238,159</b>	<b>\$ 467,094,262</b>

Source: City of San Clemente

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 184,880,908	\$ 191,342,737	\$ 186,634,872	\$ 184,058,187	\$ 201,351,891	\$ 205,339,450
61,254,366	51,568,742	56,226,561	57,569,626	44,901,878	47,600,483
38,223,976	39,174,674	37,714,193	37,285,652	18,847,703	21,772,655
<u>\$ 284,359,250</u>	<u>\$ 282,086,153</u>	<u>\$ 280,575,626</u>	<u>\$ 278,913,465</u>	<u>\$ 265,101,472</u>	<u>\$ 274,712,588</u>
\$ 144,382,566	\$ 148,528,745	\$ 152,088,828	\$ 159,890,481	\$ 154,510,084	\$ 153,436,537
49,019,121	11,604,636	10,969,269	6,738,924	10,732,930	10,180,595
2,556,796	35,030,472	35,940,828	38,291,531	37,944,233	41,377,385
<u>\$ 195,958,483</u>	<u>\$ 195,163,853</u>	<u>\$ 198,998,925</u>	<u>\$ 204,920,936</u>	<u>\$ 203,187,247</u>	<u>\$ 204,994,517</u>
\$ 329,263,474	\$ 339,871,482	\$ 338,723,700	\$ 343,948,668	\$ 355,988,336	\$ 358,775,987
110,273,487	63,173,378	67,195,830	64,308,550	55,634,808	57,781,078
40,780,772	74,205,146	73,655,021	75,577,183	56,665,575	63,150,040
<u>\$ 480,317,733</u>	<u>\$ 477,250,006</u>	<u>\$ 479,574,551</u>	<u>\$ 483,834,401</u>	<u>\$ 468,288,719</u>	<u>\$ 479,707,105</u>

CITY OF SAN CLEMENTE

CHANGES IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year		
	2007	2008	2009
<b>Expenses</b>			
Governmental activities:			
General government	\$ 8,618,717	\$ 7,067,972	\$ 8,590,506
Police	10,111,028	11,432,223	11,643,872
Fire	6,193,700	6,396,679	6,646,647
Public works	22,373,476	9,824,925	9,651,386
Community development	6,515,898	6,180,679	6,372,669
Beaches, parks & recreation	9,519,314	9,817,651	10,258,139
Interest and fiscal charges	365,633	326,509	302,728
Total governmental activities expenses	<u>63,697,766</u>	<u>51,046,638</u>	<u>53,465,947</u>
Business-type activities:			
Water	12,039,439	12,347,470	14,918,006
Sewer	8,261,682	8,544,283	10,410,640
Golf	2,152,574	2,260,402	2,286,334
Non-major activities	1,493,220	1,927,960	1,808,289
Total business-type activities expenses	<u>23,946,915</u>	<u>25,080,115</u>	<u>29,423,269</u>
Total primary government expenses	<u>87,644,681</u>	<u>76,126,753</u>	<u>82,889,216</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	2,880,811	2,643,881	2,674,407
Police	1,068,480	1,012,436	1,167,198
Fire	637,426	564,867	793,180
Public works	1,154,858	962,317	800,669
Community development	3,690,114	2,914,280	1,412,939
Beaches, parks & recreation	2,161,531	2,592,051	2,482,348
Operating grants and contributions	5,730,426	3,303,950	2,670,368
Capital grants and contributions	31,132,043	10,039,908	10,049,727
Total governmental activities program revenues	<u>48,455,689</u>	<u>24,033,690</u>	<u>22,050,836</u>
Business-type activities:			
Charges for services:			
Water	12,192,798	12,324,113	12,447,776
Sewer	7,558,957	8,134,083	8,132,002
Golf	2,100,371	2,250,182	2,132,715
Other	2,063,647	2,049,309	2,010,211
Operating grants and contributions	-	-	-
Capital grants and contributions	5,498,771	2,693,366	3,025,094
Total business-type activities program revenues	<u>29,414,544</u>	<u>27,451,053</u>	<u>27,747,798</u>
Total primary government program revenues	<u>77,870,233</u>	<u>51,484,743</u>	<u>51,484,743</u>
Net (expense)/revenue:			
Governmental activities	(15,242,077)	(27,012,948)	(31,415,111)
Business-type activities	5,467,629	2,370,938	(1,675,471)
Total primary government net expense	<u>\$ (9,774,448)</u>	<u>\$ (24,642,010)</u>	<u>\$ (33,090,582)</u>

		Fiscal Year											
		2010	2011	2012	2013	2014	2015	2016					
\$	8,197,612	\$	8,453,237	\$	7,446,115	\$	6,194,743	\$	5,949,601	\$	6,368,117	\$	6,121,431
	12,295,976		12,051,622		12,120,058		12,141,456		12,838,046		12,743,914		12,366,392
	6,931,220		7,074,900		7,441,911		7,723,477		7,885,566		8,148,750		8,914,593
	10,665,664		10,407,140		11,467,488		10,729,698		17,118,629		10,529,453		16,568,456
	7,524,036		5,327,603		5,335,446		8,027,685		6,258,785		16,481,854		5,802,124
	10,173,361		9,926,388		11,832,045		13,092,862		14,159,882		14,026,927		9,295,623
	284,613		307,354		232,635		147,897		137,661		127,508		118,421
	<u>56,072,482</u>		<u>53,548,244</u>		<u>55,875,698</u>		<u>58,057,818</u>		<u>64,348,170</u>		<u>68,426,523</u>		<u>59,187,040</u>
	15,128,156		14,604,342		16,649,645		17,583,799		18,199,173		19,582,215		18,092,980
	9,739,844		10,706,741		10,560,807		10,956,256		10,754,071		11,379,835		11,727,190
	2,163,580		2,135,370		2,191,026		2,274,584		2,169,419		2,123,894		2,113,187
	1,982,432		2,070,131		2,080,649		1,839,962		1,785,248		1,926,412		1,797,162
	<u>29,014,012</u>		<u>29,516,584</u>		<u>31,482,127</u>		<u>32,654,601</u>		<u>32,907,911</u>		<u>35,012,356</u>		<u>33,730,519</u>
	<u>85,086,494</u>		<u>83,064,828</u>		<u>87,357,825</u>		<u>90,712,419</u>		<u>97,256,081</u>		<u>103,438,879</u>		<u>92,917,559</u>
	2,408,851		2,742,791		2,899,751		398,141		408,238		750,760		944,933
	977,562		1,060,857		1,014,471		887,830		777,499		772,733		641,074
	823,135		681,144		768,098		834,182		697,683		1,096,348		1,266,510
	879,257		1,277,324		1,146,576		998,914		1,514,742		1,714,658		1,067,956
	1,619,726		1,456,230		1,365,793		1,669,416		2,256,562		2,589,286		2,891,114
	2,831,200		2,835,372		3,186,014		3,472,211		3,481,050		3,446,630		3,832,390
	3,373,731		3,287,276		3,218,852		4,773,534		4,213,191		3,355,485		5,058,133
	4,463,625		5,694,883		2,682,033		1,221,842		7,579,481		19,527,260		7,119,635
	<u>17,377,087</u>		<u>19,035,877</u>		<u>16,281,588</u>		<u>14,256,070</u>		<u>20,928,446</u>		<u>33,253,160</u>		<u>22,821,745</u>
	12,485,605		13,885,865		16,424,826		18,479,553		21,338,919		20,564,951		18,231,654
	8,358,121		8,977,702		9,270,705		10,071,581		10,284,887		10,308,250		10,686,769
	2,023,047		2,137,694		2,222,932		2,179,625		2,292,262		2,319,582		2,236,018
	1,985,289		2,362,352		2,286,446		2,306,379		2,296,222		2,765,093		2,821,254
	-		190,241		248,928		56,500		17,121		-		17,298
	769,923		1,100,855		47,180		3,439,735		2,478,027		787,143		1,156,583
	<u>25,621,985</u>		<u>28,654,709</u>		<u>30,501,017</u>		<u>36,533,373</u>		<u>38,707,438</u>		<u>36,745,019</u>		<u>35,149,576</u>
	<u>51,484,743</u>		<u>51,484,743</u>		<u>46,782,605</u>		<u>50,789,443</u>		<u>59,635,884</u>		<u>69,998,179</u>		<u>57,971,321</u>
	(38,695,395)		(34,512,367)		(39,594,110)		(43,801,748)		(43,419,724)		(35,173,363)		(36,365,295)
	(3,392,027)		(861,875)		(981,110)		3,878,772		5,799,527		1,732,663		1,419,057
\$	<u>(42,087,422)</u>	\$	<u>(35,374,242)</u>	\$	<u>(40,575,220)</u>	\$	<u>(39,922,976)</u>	\$	<u>(37,620,197)</u>	\$	<u>(33,440,700)</u>	\$	<u>(34,946,238)</u>

(Continued)

CITY OF SAN CLEMENTE  
CHANGES IN NET POSTION

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

	Fiscal Year		
	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Property taxes	\$ 25,502,996	\$ 27,691,490	\$ 27,676,009
Sales taxes	5,670,986	5,628,813	4,530,994
Sales taxes - in lieu	1,643,898	1,981,820	2,014,780
Transient occupancy taxes	1,362,015	1,465,852	1,309,644
Franchise taxes	3,185,831	2,163,287	2,246,570
Other taxes	533,679	475,611	1,250,768
Investment earnings	3,061,219	2,070,969	2,155,014
Miscellaneous	108,176	306,842	42,135
Gain (Loss) on sale of capital assets	-	(2,695,057)	-
Pension side fund payment	-	-	-
Dissolution of the redevelopment agency	-	-	-
Transfers	(1,328,980)	49,736	365,757
Total governmental activities	<u>39,739,820</u>	<u>39,139,363</u>	<u>41,591,671</u>
Business-type activities:			
Investment earnings	2,822,400	2,747,619	2,208,881
Gain (Loss) on sale of capital assets	-	(662,391)	-
Miscellaneous	1,409,345	1,376,100	1,418,489
Transfers	1,328,980	(49,736)	(365,757)
Total business-type activities	<u>5,560,725</u>	<u>3,411,592</u>	<u>3,261,613</u>
Total primary government	<u>\$ 45,300,545</u>	<u>\$ 42,550,955</u>	<u>\$ 44,853,284</u>
<b>Change in Net Assets</b>			
Governmental activities	24,497,743	12,126,415	10,176,560
Business-type activities	11,028,354	5,782,530	1,586,142
Total primary government	<u>\$ 35,526,097</u>	<u>\$ 17,908,945</u>	<u>\$ 11,762,702</u>

Notes:

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

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

Source: City of San Clemente

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 27,114,216	\$ 26,543,254	\$ 25,704,056	\$ 25,613,417	\$ 25,938,562	\$ 27,574,540	\$ 29,588,442
4,965,641	5,095,486	5,375,251	5,837,066	5,907,313	6,161,540	8,471,708
1,308,380	1,604,663	1,694,225	1,743,745	2,130,322	2,108,680	593,774
1,371,937	1,460,880	1,541,248	1,587,576	1,781,354	2,220,437	2,332,712
2,166,871	2,199,894	2,229,194	2,203,002	2,280,321	2,402,021	2,420,553
1,353,846	1,411,471	1,073,325	1,103,570	1,066,122	1,109,944	1,297,956
2,152,699	827,900	1,147,655	3,950,829	2,533,185	1,019,290	915,646
722,562	150,904	144,473	76,641	26,662	156,497	132,510
-	13,403,427	-	-	-	-	-
-	(4,754,163)	-	-	-	-	-
-	-	(1,767,179)	-	-	-	-
239,521	450,418	178,765	175,375	93,722	346,834	223,110
<u>41,395,673</u>	<u>48,394,134</u>	<u>37,321,013</u>	<u>42,291,221</u>	<u>41,757,563</u>	<u>43,099,783</u>	<u>45,976,411</u>
1,406,190	653,997	365,245	131,675	216,206	289,571	611,323
-	-	-	-	-	-	-
1,381,183	-	-	-	-	-	-
(239,521)	(450,418)	(178,765)	(175,375)	(93,722)	(346,834)	(223,110)
<u>2,547,852</u>	<u>203,579</u>	<u>186,480</u>	<u>(43,700)</u>	<u>122,484</u>	<u>(57,263)</u>	<u>388,213</u>
<u>\$ 43,943,525</u>	<u>\$ 48,597,713</u>	<u>\$ 37,507,493</u>	<u>\$ 42,247,521</u>	<u>\$ 41,880,047</u>	<u>\$ 43,042,520</u>	<u>\$ 46,364,624</u>
2,700,278	13,881,767	(2,273,097)	(1,510,527)	(1,662,161)	7,926,420	9,611,116
(844,175)	(658,296)	(794,630)	3,835,072	5,922,011	1,675,400	1,807,270
<u>\$ 1,856,103</u>	<u>\$ 13,223,471</u>	<u>\$ (3,067,727)</u>	<u>\$ 2,324,545</u>	<u>\$ 4,259,850</u>	<u>\$ 9,601,820</u>	<u>\$ 11,418,386</u>

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(modified accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2006-2007	25,217,121	7,275,883	1,362,015	3,185,831	662,446	37,703,296
2007-2008	27,473,127	7,621,633	1,465,852	2,168,274	652,684	39,381,570
2008-2009	27,784,818	6,627,774	1,309,644	2,260,966	659,279	38,642,481
2009-2010	25,236,787	5,924,020	1,371,937	2,186,180	717,306	35,436,230
2010-2011	26,677,176	6,979,049	1,460,880	2,199,894	781,700	38,098,699
2011-2012	25,812,484	7,074,047	1,541,248	2,288,084	858,626	37,574,489
2012-2013	27,849,666	7,452,871	1,587,576	2,264,288	863,703	40,018,104
2013-2014	25,943,613	7,932,300	1,781,354	2,341,247	829,504	38,828,018
2014-2015	27,578,425	8,032,575	2,220,437	2,471,224	866,760	41,169,421
2015-2016	29,305,520	8,987,220	2,332,712	2,420,553	1,125,711	44,171,716

**Note:**

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

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

Source: City of San Clemente

CITY OF SAN CLEMENTE

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
2006-2007	25,502,996	7,314,884	1,362,015	3,185,831	167,677	366,002	37,899,405
2007-2008	27,691,490	7,610,633	1,465,852	2,163,287	173,020	302,591	39,406,873
2008-2009	27,676,009	6,545,774	1,309,644	2,246,570	1,016,497	234,271	39,028,765
2009-2010	27,114,216	6,274,021	1,371,937	2,166,871	1,149,918	203,928	38,280,891
2010-2011	26,543,254	6,700,149	1,460,880	2,199,894	1,098,104	313,367	38,315,648
2011-2012	25,704,056	7,069,476	1,541,248	2,229,194	1,038,871	34,454	37,617,299
2012-2013	25,613,417	7,580,811	1,587,576	2,203,002	1,068,321	35,249	38,088,376
2013-2014	25,938,562	8,037,635	1,781,354	2,280,321	1,036,949	29,173	39,103,994
2014-2015	27,574,540	8,270,220	2,220,437	2,402,021	1,081,764	28,180	41,577,162
2015-2016	29,588,442	9,065,482	2,332,712	2,420,553	1,271,569	26,387	44,705,145

Note:

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

CITY OF SAN CLEMENTE

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
General fund				
Reserved	\$ 7,270,478	\$ 5,144,358	\$ 5,023,665	\$ 4,649,496
Unreserved	18,996,871	20,380,390	20,070,766	18,836,396
Total general fund	<u>\$ 26,267,349</u>	<u>\$ 25,524,748</u>	<u>\$ 25,094,431</u>	<u>\$ 23,485,892</u>
All other governmental funds				
Reserved	\$ 79,299,565	\$ 81,250,042	\$ 79,749,708	\$ 69,850,312
Unreserved, reported in:				
Special revenue funds	(6,051,182)	654,026	4,370,589	6,190,722
Capital projects funds	748,444	(7,833,364)	(11,345,685)	(1,218,011)
Debt service funds	(370,320)	(719,835)	486,740	(2,545,344)
Total all other governmental funds	<u>\$ 73,626,507</u>	<u>\$ 73,350,869</u>	<u>\$ 73,261,352</u>	<u>\$ 72,277,679</u>
General fund				
Nonspendable				
Committed				
Assigned				
Unassigned				
Total general fund				
All other governmental funds				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds				

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

Source: City of San Clemente

Fiscal Year					
2011*	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>					
2011	2012	2013	2014	2015	2016
\$ 2,169,291	\$ 1,800,743	\$ 2,001,530	\$ 2,006,484	\$ 1,915,086	\$ 1,653,502
18,923,274	17,754,373	17,450,954	16,751,483	19,081,173	16,263,527
3,770,456	7,373,427	7,060,897	7,225,178	4,015,657	9,070,803
4,110,236	1,528,656	3,592,488	3,850,648	4,673,038	1,648,449
<u>\$ 28,973,257</u>	<u>\$ 28,457,199</u>	<u>\$ 30,105,869</u>	<u>\$ 29,833,793</u>	<u>\$ 29,684,954</u>	<u>\$ 28,636,281</u>
\$ 2,351,847	\$ 2,120,653	\$ 2,120,653	\$ 1,671,798	\$ 9,933,254	\$ -
31,352,050	46,333,348	47,664,547	41,112,201	34,945,212	49,053,639
11,792,319	442,650	77,643	59,265	48,563	23,705
17,517,914	4,209,482	4,356,356	4,438,029	4,337,695	4,374,003
(2,001,968)	26,091	-	5,956,604	(32,142)	-
<u>\$ 61,012,162</u>	<u>\$ 53,132,224</u>	<u>\$ 54,219,199</u>	<u>\$ 53,237,897</u>	<u>\$ 49,232,582</u>	<u>\$ 53,451,347</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 37,703,296	\$ 39,381,570	\$ 38,642,481	\$ 35,436,230
Licenses and permits	2,782,916	2,095,709	1,714,112	2,083,840
Fines and forfeits	896,133	880,206	1,033,082	820,170
Interest and rentals	6,922,912	6,480,064	5,700,804	3,998,962
Intergovernmental	8,305,713	7,555,145	6,987,223	5,975,543
Charges for services	7,577,287	6,716,282	6,664,560	6,905,663
Developers fees	918,600	444,916	203,899	238,620
Other	665,580	473,262	168,956	892,015
Total revenues	<u>65,772,437</u>	<u>64,027,154</u>	<u>61,115,117</u>	<u>56,351,043</u>
<b>Expenditures</b>				
General government	6,868,943	7,169,531	7,311,045	7,740,422
Police	10,091,550	11,452,808	11,658,831	12,344,203
Fire	6,013,151	6,234,977	6,484,946	6,769,519
Public works	6,569,089	6,996,705	6,477,525	6,995,428
Community development	5,689,852	5,841,406	5,561,874	6,139,496
Beaches, parks and recreation	8,633,081	8,635,436	9,113,582	8,699,948
Capital outlay	13,956,352	16,702,514	13,515,137	9,353,222
Debt service:				
Property tax shift	26,852	24,463	504,204	1,052,656
Principal retirements	95,000	100,000	105,000	115,000
Interest and fiscal charges	321,686	308,786	291,444	279,293
Total expenditures	<u>58,265,556</u>	<u>63,466,626</u>	<u>61,023,588</u>	<u>59,489,187</u>
Excess of revenues over (under) expenditures	7,506,881	560,528	91,529	(3,138,144)
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	33,617	35,000	70,952
Transfers in	15,653,591	12,485,771	5,154,595	5,967,593
Transfers out	(16,318,061)	(14,098,155)	(5,800,958)	(5,492,613)
Total other financing sources (uses)	<u>(664,470)</u>	<u>(1,578,767)</u>	<u>(611,363)</u>	<u>545,932</u>
Pension side fund payment	-	-	-	-
Redevelopment agency dissolution	-	-	-	-
Net change in fund balances	<u>\$ 6,842,411</u>	<u>\$ (1,018,239)</u>	<u>\$ (519,834)</u>	<u>\$ (2,592,212)</u>
Debt service as a percentage of noncapital expenditures	1%	1%	1%	1%

Source: City of San Clemente

Fiscal Year

	2011	2012	2013	2014	2015	2016
\$	38,098,699	\$ 37,574,489	\$ 40,018,104	\$ 38,828,018	\$ 41,169,421	\$ 44,171,716
	1,903,617	892,486	1,042,511	1,534,484	1,787,045	1,945,118
	931,685	879,981	776,634	690,083	673,346	596,246
	2,780,497	2,615,105	2,441,657	2,778,297	2,267,203	3,091,081
	5,767,169	4,830,480	3,800,465	4,116,782	4,595,852	4,436,712
	7,150,212	7,527,717	5,090,503	5,722,098	7,384,801	7,434,014
	700,150	170,071	1,607,964	6,571,642	920,591	1,150,197
	1,152,865	1,755,948	552,873	451,993	346,524	1,495,784
	<u>58,484,894</u>	<u>56,246,277</u>	<u>55,330,711</u>	<u>60,693,397</u>	<u>59,144,783</u>	<u>64,320,868</u>
	7,274,138	7,308,774	4,962,425	5,366,069	6,116,994	7,400,704
	12,046,529	12,111,299	12,111,439	12,820,497	13,139,840	12,282,853
	6,913,198	7,280,209	7,478,736	7,658,531	8,170,808	8,687,558
	6,863,269	7,124,688	6,553,374	11,986,832	6,401,382	10,761,232
	4,723,758	5,159,664	7,757,417	6,203,011	16,327,068	5,390,017
	8,378,274	9,421,326	10,209,081	10,695,841	11,658,520	6,214,570
	25,632,719	13,793,640	3,059,286	6,622,108	8,951,082	9,411,552
	348,788	-	-	-	-	-
	125,000	830,000	95,000	105,000	115,000	125,000
	304,411	226,089	140,683	132,608	123,678	116,400
	<u>72,610,084</u>	<u>63,255,689</u>	<u>52,367,441</u>	<u>61,590,497</u>	<u>71,004,372</u>	<u>60,389,886</u>
	(14,125,190)	(7,009,412)	2,963,270	(897,100)	(11,859,589)	3,930,982
	13,449,123	-	-	-	-	-
	14,490,883	5,603,370	3,617,669	1,763,604	2,591,784	3,841,952
	(14,838,805)	(5,222,775)	(3,845,294)	(2,119,882)	(3,033,950)	(4,602,842)
	<u>13,101,201</u>	<u>380,595</u>	<u>(227,625)</u>	<u>(356,278)</u>	<u>(442,166)</u>	<u>(760,890)</u>
	(4,754,163)	-	-	-	-	-
	-	(1,767,179)	-	-	-	-
\$	<u>(5,778,152)</u>	<u>(8,395,996)</u>	<u>2,735,645</u>	<u>(1,253,378)</u>	<u>(12,301,755)</u>	<u>3,170,092</u>
	1%	2%	0%	0%	0%	0%

CITY OF SAN CLEMENTE  
 ASSESSED VALUE AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
2006 - 2007	11,108,747,093	257,421,073	11,366,168,166	1.00%
2007 - 2008	12,244,044,495	242,931,021	12,486,975,516	1.00%
2008 - 2009	12,583,294,477	271,743,872	12,855,038,349	1.00%
2009 - 2010	12,385,008,657	246,328,189	12,631,336,846	1.00%
2010 - 2011	12,203,096,799	227,107,241	12,430,204,040	1.00%
2011 - 2012	12,125,854,115	230,055,391	12,355,909,506	1.00%
2012 - 2013	12,218,790,644	206,465,908	12,425,256,552	1.00%
2013 - 2014	12,547,787,645	200,734,451	12,748,522,096	1.00%
2014 - 2015	13,371,545,438	211,419,301	13,582,964,739	1.00%
2015 - 2016	14,245,614,867	201,818,644	14,447,433,511	1.00%

NOTE:

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

Source: Orange County Auditor Controller's Office

Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Taxable Actual Value
11,366,168,166	100%
12,486,975,516	100%
12,855,038,349	100%
12,631,336,846	100%
12,430,204,040	100%
12,355,909,506	100%
15,313,474,511	123%
18,175,939,699	143%
19,988,958,962	147%
21,671,150,267	150%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Metropolitan Water District	\$ 0.0047	\$ 0.0045	\$ 0.0043	\$ 0.0043
Capistrano Unified School District (various issues)	0.0095	0.0102	0.0097	0.0108
Total Basic Tax Levy per Article 13A of California State Constitution	1.0000	1.0000	1.0000	1.0000
	<u>\$ 1.0142</u>	<u>\$ 1.0147</u>	<u>\$ 1.0140</u>	<u>\$ 1.0151</u>

Note:

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

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 0.0037	\$ 0.0037	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
0.0111	0.0110	0.0117	0.0097	0.0090	0.0085
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>\$ 1.0148</u>	<u>\$ 1.0147</u>	<u>\$ 1.0152</u>	<u>\$ 1.0132</u>	<u>\$ 1.0125</u>	<u>\$ 1.0120</u>

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

Taxpayer	Type of Business	2016			2007		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Marblehead Development Partners LLC	Real Estate	\$ 193,252,155	1	1.36%	\$ -		
WNG San Clemente 368 LLC	Real Estate	99,497,298	2	0.70%	-		
Bre Properties Inc	Real Estate	60,688,810	3	0.43%	57,388,905	3	0.52%
Bre Silver MF San Clemente CA	Real Estate	57,480,660	4	0.40%	-		
Centro Watt Operating Owner I LLC	Real Estate	49,716,121	5	0.35%	39,861,032	6	0.36%
Villa San Clemente LLC	Real Estate	34,284,976	6	0.24%	-		
BEX Portfolio Inc	Real Estate	31,313,386	7	0.22%	-		
Talega Village Center LLC	Retail	29,981,268	8	0.21%	-		
Target Corporation	Retail	26,558,240	9	0.19%	-		
Olen Properties Corporation	Real Estate	25,457,555	10	0.18%	-		
Suncal Marblehead LLC	Real Estate	-			200,684,998	1	1.81%
Standard Pacific Corporation	Real Estate	-			56,770,170	2	0.51%
Seacrest Apartment Holding Co	Real Estate	-			54,986,667	4	0.49%
SAF Whispering Winds LLC	Real Estate	-			47,328,000	5	0.43%
ICU Medical Inc.	Medical	-			7,551,840	7	0.07%
Cox Communications Inc. Orange	Public Utilities	-			25,723,604	8	0.23%
Shea Homes LP	Real Estate	-			23,986,216	9	0.22%
Heritage Golf Talega LLC	Golf Course	-			21,146,092	10	0.19%
		<u>\$ 608,230,469</u>		<u>4.27%</u>	<u>\$ 535,427,524</u>		<u>4.82%</u>

CITY OF SAN CLEMENTE

PROPERTY TAX LEVIES AND COLLECTIONS (1)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percent of Levy		Amount	Percent of Levy	Amount	Percent of Levy
2006 - 2007	29,847,548	29,052,670	98.70%	407,428	29,460,098	98.70%	800,561	2.68%
2007 - 2008	32,658,925	31,607,230	96.78%	534,706	32,141,935	98.42%	1,046,334	3.20%
2008 - 2009	32,849,831	32,289,655	98.29%	313,380	32,603,035	99.25%	939,392	2.86%
2009 - 2010	30,873,785	28,108,722	91.04%	675,969	28,784,691	93.23%	633,052	2.05%
2010 - 2011	30,847,755	30,201,236	97.90%	239,066	30,440,302	98.68%	465,959	1.51%
2011 - 2012	30,356,687	29,507,606	97.20%	24,860	29,532,466	97.28%	531,576	1.75%
2012 - 2013	30,608,681	29,905,604	97.70%	444,271	30,349,875	99.15%	451,927	1.48%
2013 - 2014	29,183,272	28,631,594	98.11%	400,661	29,032,256	99.48%	449,978	1.54%
2014 - 2015	30,636,198	30,084,737	98.20%	433,010	30,517,747	99.61%	419,422	1.37%
2015 - 2016	31,126,117	30,379,271	97.60%	355,377	30,734,648	98.74%	1,194,948	3.84%

CITY OF SAN CLEMENTE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Certificates of Participation	Capital Leases	State Revolving Fund Loan			
2006 - 2007	\$ 2,930,000	\$ 147,207	\$ -	\$ 3,077,207	0.10%	400
2007 - 2008	2,830,000	110,278	-	2,940,278	0.09%	43
2008 - 2009	2,725,000	91,953	-	2,816,953	0.09%	41
2009 - 2010	2,610,000	56,062	-	2,666,062	0.10%	39
2010 - 2011	2,485,000	17,929	-	2,502,929	0.09%	39
2011 - 2012	1,655,000	164,691	-	1,819,691	0.07%	28
2012 - 2013	1,560,000	127,026	-	1,687,026	0.05%	26
2013 - 2014	1,455,000	88,094	-	1,543,094	0.05%	24
2014 - 2015	1,340,000	57,273	14,494,395	15,891,668	0.52%	243
2015 - 2016	1,215,000	17,703	13,863,037	15,095,740	0.47%	228

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

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

CITY OF SAN CLEMENTE  
 PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operations and Maintenance, Exclusive of Depreciation (2)	Net Revenue Available for Debt Service (1)	State Revolving Fund Loan			
				Debt Service Requirements			
				Principal	Interest	Totals	Coverage (3)
2006 - 2007	Not applicable			-	-	-	-
2007 - 2008	Not applicable			-	-	-	-
2008 - 2009	Not applicable			-	-	-	-
2009 - 2010	Not applicable			-	-	-	-
2010 - 2011	Not applicable			-	-	-	-
2011 - 2012	Not applicable			-	-	-	-
2012 - 2013	Not applicable			-	-	-	-
2013 - 2014	Not applicable			-	-	-	-
2014 - 2015	20,727,188	18,172,216	2,554,972	631,358	269,244	900,602	2.8
2015 - 2016	18,505,017	16,637,346	1,867,671	595,616	304,987	900,603	2.1

Notes:

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

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

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

Source: City Finance Department

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2016

Assessed valuation was \$14,447,433,531 in FY 2015-16

	%	Debt
	<u>Applicable</u>	<u>June 30, 2016</u>
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		
Metropolitan Water District	0.589%	\$ 546,975
Capistrano Unified School District School Facilities Improvement District No. 1	22.28%	6,659,021
Santa Margarita Water District CFD No. 99-1	100%	85,015,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	78,965,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	4,305,000
City of San Clemente Communtiy Facilities District No. 2006-1	100%	55,490,000
City of San Clemente 1915 Act Bonds	100%	10,670,000
<b>TOTAL OVERLAPPING TAX AND ASSESSED DEBT</b>		<b><u>\$ 241,650,996</u></b>
<b>OVERLAPPING GENERAL FUND DEBT:</b>		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.895%	3,607,575
Orange County Pension Obligations	2.895%	10,231,447
Orange County Board of Education Certificates of Participation	2.895%	429,618
Municipal Water District of Orange County Water Facilities Corporation	3.454%	95,676
Capistrano Unified School District Certificates of Participation	18.708%	2,866,066
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	1,215,000
City of San Clemente Capital Leases	100%	17,703
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b><u>\$ 18,463,085</u></b>
<b>LESS: MWDOC WATER FACILITIES CORPORATION (100% SELF-SUPPORTING)</b>		<b><u>95,676</u></b>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b><u>\$ 18,367,409</u></b>
<b>TOTAL CITY DIRECT DEBT (1)</b>		<b>\$ 1,232,703</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>		<b>\$ 258,881,378</b>
<b>TOTAL NET OVERLAPPING DEBT</b>		<b>\$ 258,785,702</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$ 260,114,081</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$ 260,018,405</b>

Notes:

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

Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.67%
Total Direct Debt	0.01%
Gross Combined Total Debt	1.80%
Net Combined Total Debt	1.80%

Source: California Municipal Statistics



CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Assessed valuation	\$ 9,999,403,871	\$ 12,486,975,516	\$ 12,855,038,349	\$ 12,631,336,846
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,499,850,968	3,121,743,879	3,213,759,587	3,157,834,212
Debt limit percentage	15%	15%	15%	15%
Debt limit	374,977,645	468,261,582	482,063,938	473,675,132
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 374,977,645</u>	<u>\$ 468,261,582</u>	<u>\$ 482,063,938</u>	<u>\$ 473,675,132</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department  
Orange County Tax Assessor's Office

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 12,430,204,040	\$ 12,355,909,506	\$ 12,425,256,552	\$ 12,748,522,096	\$ 13,582,964,739	\$ 13,666,850,501	
25%	25%	25%	25%	25%	25%	25%
3,107,551,010	3,088,977,377	3,106,314,138	3,187,130,524	3,395,741,185	3,416,712,625	
15%	15%	15%	15%	15%	15%	15%
466,132,652	463,346,606	465,947,121	478,069,579	509,361,178	512,506,894	
-	-	-	-	-	-	
<u>\$ 466,132,652</u>	<u>\$ 463,346,606</u>	<u>\$ 465,947,121</u>	<u>\$ 478,069,579</u>	<u>\$ 509,361,178</u>	<u>\$ 512,506,894</u>	
0%	0%	0%	0%	0%	0%	0%

CITY OF SAN CLEMENTE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age (5)	Percentage High School Grad or Higher (5)	School Enrollment (3)	Unemployment Rate (4)
2006 - 2007	66,833	3,031,758	45,363	38	90%	9,468	2.70%
2007 - 2008	67,549	3,096,478	45,840	38	90%	9,550	3.90%
2008 - 2009	68,234	3,025,836	44,345	40	94%	9,659	6.40%
2009 - 2010	68,763	2,751,758	40,018	39	95%	9,700	7.56%
2010 - 2011	63,743	2,890,823	45,509	39	94%	9,743	7.40%
2011 - 2012	64,208	2,787,333	43,411	39	95%	9,757	6.50%
2012 - 2013	64,542	3,091,175	47,894	40	94%	9,244	5.30%
2013 - 2014	64,874	3,068,865	47,305	40	96%	9,799	4.70%
2014 - 2015	65,399	3,051,648	46,662	40	96%	9,674	3.60%
2015 - 2016	66,245	3,241,792	48,936	41	95%	9,433	3.70%

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

CITY OF SAN CLEMENTE

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016			2007		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	814	1	2.55%			
Fisherman's Restaurants	260	2	0.82%	195	7	0.69%
Ralphs	243	3	0.76%			
Walmart	200	4	0.63%	235	5	0.83%
City of San Clemente	197	5	0.62%	191	8	6.70%
Target Retail Store	150	6	0.47%			
US Post Office	150	7	0.47%			
Lowe's Home Improvement	147	8	0.46%			
ICU Medical	115	9	0.36%	604	1	2.13%
Don Roberto Jewelers				550	2	1.94%
San Clemente Memorial Hospital				320	3	1.13%
San Juan Capistrano Fiesta				265	4	0.93%
Campus Crusade for Christ				210	6	0.74%
Inspirational Films				180	9	0.63%
Albertson's Grocery				110	10	0.39%

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

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

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY  
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	31	31	34	34	33	32	32	32	32	31
Public safety										
Police (contract)	55	56	57	57	55	55	55	54	52	50
Fire (contract)	43	43	43	43	43	42	42	42	50	50
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	24	24	24	22	22	20	20	20	20	21
Building	22	15	15	14	14	11	11	11	14	13
Code Compliance	4	7	5	5	5	5	5	5	5	5
Planning	12	12	12	12	12	10	11	11	10	10
Administration	3	3	3	3	4	3	2	2	2	3
Public Works	3	3	3	3	3	3	3	3	3	3
Maintenance	17	17	17	18	19	18	18	18	26	25
Beaches, Parks, and Recreation	26	28	27	27	27	28	27	27	19	18
Water	22	23	23	25	25	25	25	25	25	26
Sewer	24	24	23	20	21	20	19	19	19	19
Clean Ocean	7	7	4	4	4	3	3	3	3	3
Storm Drain Utility	2	2	2	3	3	3	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	10	10	10	9	9	9	9	9	9	9
<b>Total</b>	<b>311</b>	<b>309</b>	<b>309</b>	<b>306</b>	<b>303</b>	<b>294</b>	<b>293</b>	<b>292</b>	<b>300</b>	<b>297</b>

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year				
	2007	2008	2009	2010	2011
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	131.15	134.00	149.68	134.00	134.00
Streetlights	3,259	3,357	3,357	3,360	3,404
Traffic signals	70	72	74	74	74
Beaches, parks and recreation					
Parks	25	20	20	19	19
Swimming pools	2	1	1	1	1
Libraries	1	1	1	1	1
Community centers	1	1	1	1	1
Municipal golf courses	1	1	1	1	1
Water					
Water mains (miles)	173.10	206.40	206.40	206.40	206.40
Fire hydrants	2,230	2,281	2,281	2,281	2,281
Maximum daily capacity (thousands of gallons)	12,297	12,600	12,600	12,600	12,600
Sewer					
Sanitary sewers (miles)	179.15	174.60	174.60	174.60	174.60
Storm sewers (miles)	62.50	62.50	62.50	62.50	62.50
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976

Fiscal Year				
2012	2013	2014	2015	2016
1	1	1	1	1
3	3	3	3	3
136.00	136.00	136.00	137.00	137.00
3,419	3,428	3,433	3,503	3,615
74	74	76	80	80
20	20	20	21	25
3	3	3	4	4
1	1	-	-	-
1	1	1	1	1
1	1	1	1	1
206.40	206.40	213.10	213.10	213.10
2,281	2,281	2,281	2,281	2,302
12,600	86,000	86,000	86,000	86,000
174.60	174.60	154.00	154.00	163.70
62.50	62.50	62.50	62.50	62.50
6,976	6,976	6,976	6,976	6,976

CITY OF SAN CLEMENTE

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Police</b>					
Number of calls for service **	-	27,776	25,351	26,233	25,008
Number of traffic collision reports **	-	358	450	404	426
Parking citations issued	20,331	20,652	22,528	17,855	18,591
<b>Fire</b>					
Number of fire calls	99	84	70	72	49
Number of emergency medical calls	2,114	2,283	2,159	2,418	2,084
Inspections	1,221	1,203	968	1,361	696
<b>Highways and streets</b>					
Street resurfacing (miles)	5.27	6.06	4.24	3.50	2.83
<b>Beaches, parks and recreation</b>					
Number of recreation classes, activities, and clinics*	568	531	514	452	359
Total experiences in classes, activities, and clinics*	120,903	86,882	89,464	104,879	106,809
Total number of facility rentals*	1,043	1,238	1,169	694	664
Golf rounds played	95,375	95,898	95,190	91,834	89,117
<b>Water</b>					
New customers	190	24	27	7	34
Average daily consumption (thousands of gallons)	9,833	9,329	9,901	8,396	7,266
<b>Sewer</b>					
New customers	42	33	19	3	5
Average daily sewage treatment (thousands of gallons)	4,206	4,120	4,050	3,971	4,060

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

\*\* No data was available prior to 2008.

Fiscal Year				
2012	2013	2014	2015	2016
23,651	24,082	23,729	26,217	28,089
257	487	371	377	354
17,851	13,713	13,698	15,231	14,012
72	55	44	71	83
2,540	2,137	2,175	3,317	3,559
171	917	899	1,256	1,702
1.79	0.69	4.29	5.31	3.87
519	507	482	493	522
129,682	106,497	111,219	173,175	146,196
825	916	1,068	1,087	1,051
90,118	88,177	84,838	80,091	78,768
27	8	11	33	206
7,587	8,144	8,694	8,312	8,063
4	6	9	26	179
3,883	3,859	3,787	3,441	3,192

