

# City of San Clemente

## Comprehensive Annual Financial Report



For Fiscal Year Ending  
June 30, 2017



**CITY OF SAN CLEMENTE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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



CITY OF SAN CLEMENTE  
 Comprehensive Annual Financial Report  
 June 30, 2017

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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 22, 2017

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, 2017.

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, 2017. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the City of San Clemente**

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

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

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

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

### Financial Overview and Policies

**Local economy.** The City, with a current population of 65,975, is located at the southern tip of Orange County, and borders the County of San Diego. Its mild, temperate climate and unsurpassed beaches attract more than 2.2 million visitors annually.

Property taxes and sales taxes are the main sources of revenue for the General Fund. The City experienced a period of rapid growth during the development of Talega, a planned community annexed into the City from the County of Orange. The Talega development, which reached build out in FY 2015, increased property taxes significantly during the last ten years. This revenue growth allows the City to maintain a sound financial base and contributes to a strong housing market. The City's last undeveloped area, Marblehead Coastal, is partially developed. The retail portion (Outlets at San Clemente) has opened its first phase with additional phases planned. The residential portion (Sea Summit) has started construction and some units have been sold. This development's 309 housing units are anticipated to be completed by approximately FY 2022. The retail and residential development continues to attract visitors and will grow both property taxes and sales tax revenues into the future.



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

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

Policy changes with fiscal impacts are incorporated into the budget through the LTFP process. Financial policy requires that the City adopt a balanced operating position. This means that budgeted revenues are sufficient to support current operating expenditures while maintaining a positive operating position. Any one-time revenues that are received are to be used for one-time costs. During the year through this process the City revised its General Fund minimum fund balance and authorized the defeasance of the Negocio Certificates of Participation.

The City of San Clemente received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2017 and is anticipated to earn this budget award for the FY 2018 budget. To qualify for the Distinguished Budget Presentation Award, the government’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

The City completed the Ole Hanson Beach Club and swimming pool, sand replenishment to North Beach, a Water Reclamation Plant storage tank, and various street projects including Camino Del Rio.

The most notable completed projects are the Ole Hanson Beach Club project and the North Beach sand replenishment project. The Ole Hanson Beach Club was built in 1928 and is listed as a Historic Resource on the National Register of Historic Places. The project included a renovation of the building and pool complex while preserving the facilities historic nature. The North Beach sand replenishment shows San Clemente dedication to maintaining its coastline. The North Beach area has suffered significant sand erosion, the placement of this sand not only offers new life to the beach, but will likely migrate south to provide sand for the City’s other beach areas.

*Ole Hanson Beach Club*



Capital projects in process at the end of year include the El Camino Real bike lane, a variety of street related projects, a pump station, and other utilities projects to meet the desires of the citizens.

**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 continues the process of implementing various elements of the General Plan by updating zoning ordinances and specific plans. The City is also seeking approval of the Local Coastal Program and its Housing Element.
- **Facilities Management** – The City will be built out upon the completion of the Marblehead Coastal development. This new development and its amenities and the rehabilitation of the Ole Hanson Beach Club has spotlighted the City's need for maintenance and rehabilitation of existing capital assets. The City's strategic approach includes completing a Beaches, Parks and Recreation Master Plan Update, consolidation of City Hall office operations and the related employees, implementing a computerized maintenance management system (CMMS) to assist in the tracking and repair of asset maintenance, and increasing resources to fund repairs, renovations and improvements.
- **Utilities Cost-of-Service Studies** – The City initiated a water cost-of-service study in FY 2017. The City suffered declining revenues during the recent drought related to mandatory reductions which affected operating and capital reserves in the Water Fund. These water usage changes are anticipated to be more permanent which requires a change to the water rate structure to fully recover the cost to operate the City's water system. After the implementation of these water rates in FY 2018, a sewer cost of service study will be started to better analyze and allocate costs among the City's customer classes.

#### **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, 2016. This was the thirtieth 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**

Kathleen Ward, Mayor  
Tim Brown, Mayor Pro Tem  
Lori Donchak  
Chris Hamm  
Steven Swartz

### **PLANNING COMMISSION**

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

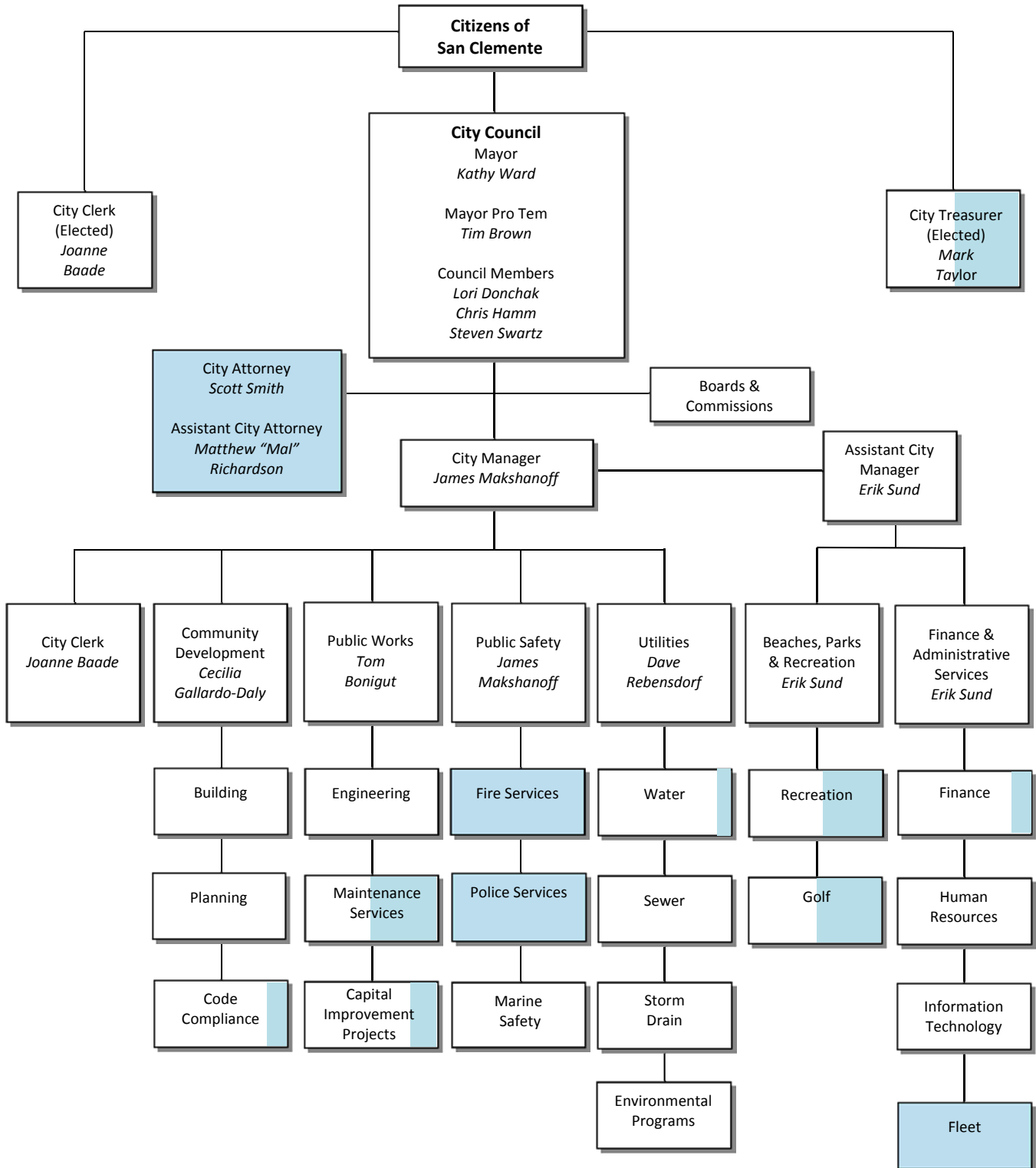
### **PARKS AND RECREATION COMMISSION**


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

### **CITY STAFF**

James Makshanoff, City Manager  
Erik Sund, Assistant City Manager/Parks & Recreation Director  
Mark Taylor, City Treasurer  
Joanne Baade, City Clerk  
Scott Smith, City Attorney  
Vacant, City Engineer/Public Works Director  
Cecilia Gallardo-Daly, Community Development Director  
Lt. Mike Peters, 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, 2016**

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, 2017, 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, 2017, 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.

## **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 20, 2017 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 & Frankhamel, LLP*

December 20, 2017

# 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, 2017 and June 30, 2016. 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 \$16.4 million or 3.6% to \$496.1 million as a result of operations.
- Net position totals \$294.2 million for governmental and \$201.9 for business-type funds.
- The total program revenues and general revenues were \$120.9 million.
- The net expense of all governmental activities was \$29,688,871. The net expense of all business activities was \$3,107,775.
- During the year, the City's governmental fund revenues exceeded expenditures by \$3.1 million.
- The General Fund reported a net change in fund balance of \$1.7 million.
- For the General Fund, actual resources were greater than the final budget by \$1.4 million and actual expenditures were \$11.4 million less than final budget.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of San Clemente's finances, in a manner similar to a private-sector business. These government-wide financial statement can be found starting on page 33 of this report.

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

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

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

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

The government-wide financial statements include not only the City of San Clemente itself (known as the primary government), but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the Successor Agency of the San Clemente Redevelopment Agency (RDA) and the San Clemente Public Financing Authority 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 37 and 39, immediately following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

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

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

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



## Notes to the Financial Statements

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

### Other Information

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following summaries of net position and of changes in net position are presented for the fiscal years ended June 30, 2017 and June 30, 2016.

Table 1  
Net Position  
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 104.2	\$ 109.9	\$ 56.4	\$ 58.0	\$ 160.6	\$167.9
Capital assets, net	<u>224.1</u>	<u>206.6</u>	<u>169.7</u>	<u>167.3</u>	<u>393.8</u>	<u>373.9</u>
Total assets	328.3	316.5	226.1	225.3	554.4	541.8
Deferred outflows of resources	6.7	5.0	1.9	1.3	8.6	6.3
Current liabilities	9.4	17.7	7.4	3.3	16.8	21.0
Long-term liabilities	<u>29.5</u>	<u>26.6</u>	<u>18.5</u>	<u>18.1</u>	<u>48.0</u>	<u>44.7</u>
Total liabilities	38.9	44.3	25.9	21.4	64.8	65.7
Deferred inflow of resources	1.9	2.4	0.2	0.2	2.1	2.6
Net position:						
Net investment in capital assets	224.0	205.3	156.5	153.4	380.4	358.7
Restricted	47.1	47.6	9.8	10.2	56.9	57.8
Unrestricted	<u>23.1</u>	<u>21.8</u>	<u>35.6</u>	<u>41.4</u>	<u>58.7</u>	<u>63.2</u>
Total Net Position	<u>\$ 294.2</u>	<u>\$ 274.7</u>	<u>\$ 201.9</u>	<u>\$ 205.0</u>	<u>\$ 496.1</u>	<u>\$ 479.7</u>

City asset's exceeded liabilities by \$496.1 million at June 30, 2017 as compared to \$479.7 million at June 30, 2016. The City's net position increased over \$16 million during the current fiscal year.

The largest portion of the City's net position (77 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 \$21.7 million.

The restricted portion of the City’s net position (11 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position decreased \$0.9 million due to amounts restricted for street improvements; which is partially offset by a decrease in developer improvements.

The unrestricted net position balance of \$58.8 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$35.6 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$23.1 million by the governmental activities. This amount decreased by \$5.8 million from the prior year related to business-type activities; where as governmental activities actually increased by \$1.3 million.

A condensed summary of activities follows that net position increased by \$16.4 million during the year.

Table 2  
Summary of Activities  
(in millions)

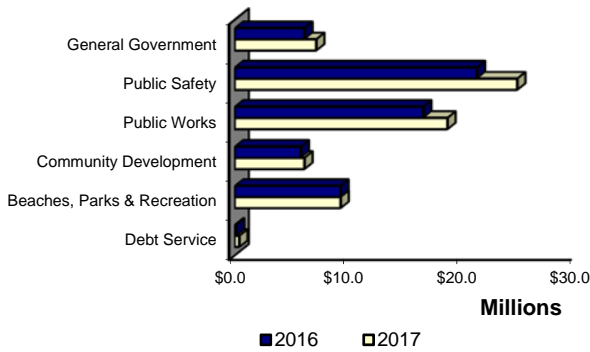
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues:						
Charges for services	\$ 10.4	\$ 10.6	\$ 33.1	\$ 33.9	\$ 43.5	\$ 44.5
Operating grants/contrib.	3.2	5.1	-	-	3.2	5.1
Capital grants/contrib.	23.3	7.1	1.7	1.2	25.0	8.3
General revenues:						
Property taxes	31.0	29.6	-	-	31.0	29.6
Sales taxes	9.5	9.1	-	-	9.5	9.1
Other taxes and fees	6.7	6.1	-	-	6.7	6.1
Other	<u>1.8</u>	<u>1.0</u>	<u>0.2</u>	<u>0.6</u>	<u>2.0</u>	<u>1.6</u>
Total revenues	85.9	68.6	35.0	35.7	120.9	104.3
Expenses:						
General government	7.2	6.1	-	-	7.2	6.1
Public safety	24.8	21.3	-	-	23.8	21.3
Public works	18.8	16.6	-	-	18.8	16.6
Community development	6.1	5.8	-	-	6.1	5.8
Beaches, parks & recreation	9.3	9.3	-	-	9.3	9.3
Interest and fiscal charges	0.4	0.1	-	-	0.4	0.1
Water	-	-	17.9	18.1	17.9	18.1
Sewer	-	-	16.1	11.7	16.1	11.7
Golf	-	-	2.1	2.1	2.1	2.1
Clean Ocean	-	-	1.6	1.6	1.6	1.6
Solid Waste	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total expenses	66.6	59.2	37.9	33.7	103.5	92.9
Net position change before transfers	19.3	9.4	(2.9)	2.0	16.4	11.4
Transfers	0.2	0.2	(0.2)	(0.2)	-	-
Change in net position	19.5	9.6	(3.1)	1.8	16.4	11.4
Net position–July 1	<u>274.7</u>	<u>265.1</u>	<u>205.0</u>	<u>203.2</u>	<u>479.7</u>	<u>468.3</u>
Net position–June 30	<u>\$ 294.2</u>	<u>\$ 274.7</u>	<u>\$ 201.9</u>	<u>\$ 205.0</u>	<u>\$ 496.1</u>	<u>\$ 479.7</u>

**Governmental activities**

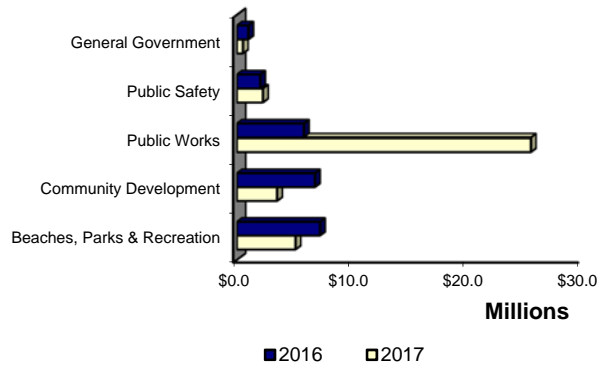
The City’s governmental activities net position increased by over \$19 million as compared to an increase of \$9.6 million in the prior year. Revenues were \$85.9 million in FY 2017 as compared to \$68.6 million in FY 2016. This was a result of contributions of land, park improvements, and other capital assets for Jim Johnson Memorial Sports and Pico parks from a developer, which was recorded as a capital contribution in program revenues.

Expenses increased by \$7.4 million from FY 2016 and were \$19.5 million less than revenues in the current year. The expense increases are the result of 1) increases in public safety which were based on increases in contract services, 2) increases in public works due to costs for both street activity and park maintenance contracts; and 3) legal costs incurred in the general government costs as a result of increased legal activity.

**Expenses – Governmental Activities**



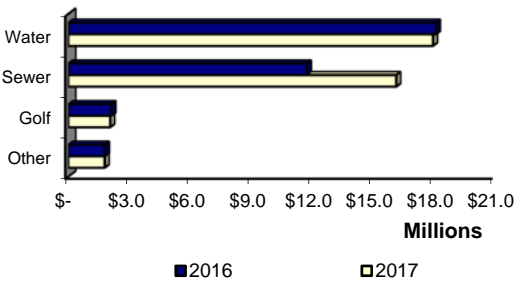
**Program Revenues – Governmental Activities**



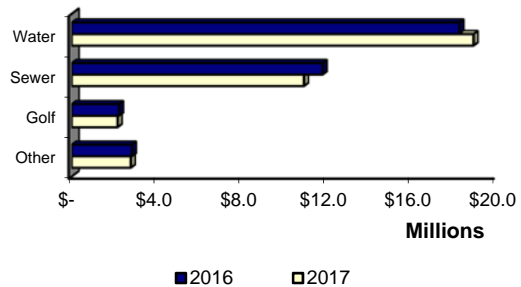
**Business-type activities**

Business-type activities net position decreased by \$3.1 million as compared to an increase of \$1.8 million in the previous year. The overall change is attributed to lower charges for services and other revenues and an increase in sewer and storm drain expenditures resulting from a \$2 million payment under a settlement agreement in the current year.

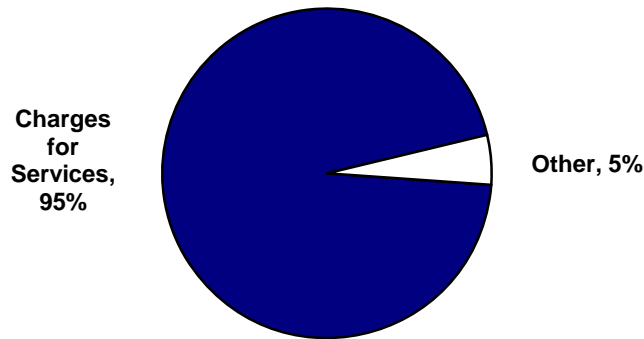
**Expenses – Business-type activities**



**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 \$84.7 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$4.4 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 (\$2.5 million), 2) restricted based on legislation or under agreements with external parties (\$47.1 million), 3) committed based on City Council action (\$14.1 million), or 4) assigned by a Council appointed designee for specific purposes (\$16.6 million). Governmental fund balances, in total, increased by \$2.7 million during the fiscal year due to higher property and sales tax revenues.

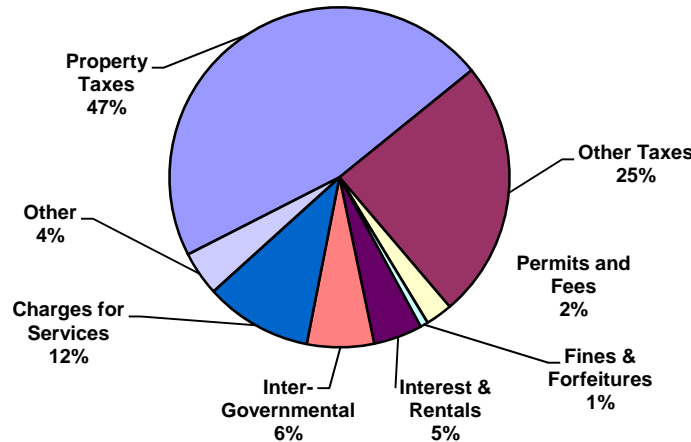
Governmental funds, in total, had \$66.7 million of revenues and taxes represented 71% of the revenues. The change from the prior year amount of \$64.3 million was due primarily to the following factors: 1) an increase in property and sales taxes, and 2) an increase as the result of a State of California adjustment to the former Redevelopment Agency loan in the current year.

Total governmental fund expenditures were \$63.7 million this year. When compared to last year's amount of \$60.4 million there was an increase of \$3.3 million. Overall, police, fire, public works, and community development expenditures all increased from FY 2016, with the largest change \$1.7 million recognized in police as a direct result of increases in contract services. General government, beaches, parks and recreation and capital outlay decreased, but not significantly in any one department.

Significant expenditure changes in other funds include a principal retirement of \$1.2 million in the Negocio Debt Service Fund to defease the Negocio Certificates of Participation in the current year, and the Public Facilities Construction Fund recorded an additional expenditure to provide funds to refund Beach Parking Impact Fees under a settlement agreement.

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

**Revenues by Source – Governmental Funds  
Fiscal Year 2017**



<u>Function</u>	<u>2017 Amounts</u>	<u>% of Total</u>	<u>2016 Amounts</u>	<u>% of Total</u>
Property Taxes	\$ 31.1	47 %	\$ 29.3	46 %
Other Taxes	16.4	25 %	14.9	23 %
Permits & Fees	1.7	2 %	1.9	3 %
Fines & Forfeitures	0.5	1 %	0.6	1 %
Investment & Rentals	3.1	5 %	3.1	5 %
Intergovernmental	4.3	6 %	4.4	7 %
Charges for Services	6.8	10 %	7.4	12 %
Other	2.8	4 %	2.6	4 %
	<u>\$ 66.7</u>	<u>100 %</u>	<u>\$ 64.3</u>	<u>100 %</u>

**Proprietary Funds**

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

Unrestricted net position of the Water, Sewer and Golf operations at the end of the year amounted to \$15.7 million, \$15.2 million and \$0.6 million, respectively. In total, unrestricted net position for all proprietary funds decreased from the previous year. Approximately \$32.7 million of these unrestricted net position are set aside for infrastructure asset replacement. The total Enterprise Fund’s Net Position decreased from \$205.2 million to \$201.7 million or by 1.7%.

Last year’s change in net position was an increase of \$0.8 million and this year’s decrease was \$3.5 million. Water service charges remained stable at \$17.2 million and sewer charges decreased from \$10.1 to \$9.9 million. Total operating expenses increased from \$34.2 million to \$37.9 million, which was primarily the result of a \$2 million settlement agreement and nominal increases in other categories.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund’s fund balance was \$30.4 million. Unassigned fund balance represents \$4.4 million or 14.6% of the total fund balance. In total, the General Fund balance increased by \$1.8 million over the prior year and represents 36% of all governmental fund balances.

The original budget for General Fund revenues was \$57.8 million. When this amount is compared to the final budgeted amount of \$58.3 million there was a \$0.5 million increase. The budget increase is due to increases in taxes and intergovernmental revenues. The budget for taxes increased due to property valuation increases and higher sales and other taxes. The intergovernmental budget increase of \$0.3 million for a grant to support the sand replenishment efforts.

Actual fiscal year revenues were higher than the final budget amounts in taxes, investment and rentals, charges for services, and other revenues. Revenues were lower in licenses and permits, fines and forfeits, and intergovernmental. The largest budget variance for the General Fund was in intergovernmental. Property taxes (\$2.0 million) exceeded expectations due to property values and new development within the City. Additional information on revenue variances are summarized below:

- Permits and fees were slightly lower based on building and electrical permit activity, as construction permits did not meet expectations.
- Fines were lower as a result of changes to police staffing and a lower number of tickets issued.
- Investment income was lower than budget as a result of unrealized losses on investments as the market value was adjusted down.
- Intergovernmental revenue was lower due to timing of the several federal grants which are on a reimbursement basis.
- Charges for services were higher as a result of higher ambulance revenues, and recreation service charges.

The budgeted expenditures increased from the original \$63.9 million to final budget amount of \$66.3 million in the General Fund. Capital outlay and Public Works had the largest changes. Capital outlay increased as additional funds were allocated to the Concordia Elementary School Safe Routes to School and North Beach sand replenishment projects. Public Works increased due to budget increases resulting from beaches and parks maintenance contracts which required some changes to reflect prevailing wages under state law.

Actual expenditures in the General Fund ended the year \$11.4 million lower than the final budget, \$7.3 million of this amount will be reappropriated in FY 2018 Budget. Actual variances were notable in the following categories:

- Community development came in lower by \$1.2 million as a result of the contractual services related to development services and other development activities and staffing considerations.
- 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 delays in filling vacant staff positions.
- Capital outlay was lower by \$6.1 million as a result of capital projects that are multiple year projects and will be started next fiscal year or completed next fiscal year.

Other financing sources (uses) include transfers in of \$1.6 million and transfers out of \$4.6 million. Only \$0.8 million of a \$1.7 million budget was transferred from Developer Improvement fund in FY 2017.

## **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, 2017, amounts to \$393.8 million (net of accumulated depreciation) as compared to the June 30, 2016 total of \$373.9 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 \$21.7 million, with an \$18.6 million increase in governmental activities and a \$3.1 million increase 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 \$3.2 million consisting of \$2.8 million of land, buildings, and improvements related to Calle De Los Molinos, Calle Valle Rehabilitation, Avenida De La Estrella, Los Mares/Vaquero Street Reconstruction and Avenida Pico improvement projects. The business type activities largest increase was \$3.1 million for the Highland Light Ductile Iron pipeline replacement.

Depreciation expense during the fiscal year was \$8.9 million for governmental activities and \$5.5 million for business-type activities as compared to \$8.7 million and \$5.4 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 51.5	\$ 39.3	\$ 4.1	\$ 4.1	\$ 55.6	\$ 43.4
Infrastructure	107.8	108.4	78.2	75.6	186.0	184.0
Buildings & Improvements	57.8	48.6	80.2	79.8	138.0	128.4
Equipment	2.5	2.0	3.6	3.3	6.1	5.3
Construction-in-progress	4.5	8.3	3.6	4.5	8.1	12.8
Totals	<u>\$ 224.1</u>	<u>\$ 206.6</u>	<u>\$ 169.7</u>	<u>\$ 167.3</u>	<u>\$ 393.8</u>	<u>\$ 373.9</u>

**Long-term Liabilities.** At the end of the current fiscal year, the City’s governmental activities had no bonded debt outstanding and \$148,979 of capitalized lease obligations. A principal payment of \$1.2 million was made against the Certificates of Participation Bonds during the current fiscal year which paid the amount in fully. 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 \$13.3 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	Governmental	Business-type	Business-type
	Activities	Activities	Activities	Activities
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Certificates of Participation	\$ -	\$ 1.2	\$ -	\$ -
State Revolving Fund Loan	-	-	13.3	13.9
Capitalized Lease	<u>0.1</u>	<u>0.0</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 0.1</u>	<u>\$ 1.2</u>	<u>\$ 13.3</u>	<u>\$ 13.9</u>

## **SIGNIFICANT MATTERS**

As of June 30, 2017, the City has outstanding commitments in the amount of \$10.8 million relating to construction and other contractual arrangements. In addition, the City is involved as a defendant in various legal proceedings. These legal proceedings include sober living facilities, the toll road extension, and hospital zoning issues. While it is not feasible to predict or determine the outcome in these cases, it is the City's opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

Further significant matters and information can be found in the Notes to the Financial Statements, Note 12.

## **REQUEST FOR INFORMATION**

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



## CITY OF SAN CLEMENTE

## Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and investments	\$ 85,020,247	\$ 40,563,031	\$ 125,583,278
Taxes receivable	3,298,893	-	3,298,893
Accounts receivable	1,900,190	4,978,550	6,878,740
Interest receivable	243,017	143,069	386,086
Due from other governments	515,675	57,675	573,350
Internal balances	(187,778)	187,778	-
Inventories	-	398,497	398,497
Prepaid items	21,827	-	21,827
Loans receivable	13,409,961	-	13,409,961
Restricted cash and investments	-	10,016,844	10,016,844
Capital assets, non-depreciable	56,039,163	7,682,889	63,722,052
Capital assets, net of accumulated depreciation	168,087,990	162,047,502	330,135,492
Total Assets	<u>328,349,185</u>	<u>226,075,835</u>	<u>554,425,020</u>
Deferred Outflows of Resources:			
Pension deferral	<u>6,691,222</u>	<u>1,852,647</u>	<u>8,543,869</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	4,572,547	4,154,738	8,727,285
Accrued wages	568,376	119,071	687,447
Accrued liability	-	2,145,942	2,145,942
Unearned revenue	609,103	-	609,103
Deposits payable	2,848,428	254,340	3,102,768
Long term liabilities, current portion	767,635	728,311	1,495,946
Long term liabilities, non-current portion:			
Due in more than one year	1,565,790	13,108,603	14,674,393
Net pension liability	<u>27,945,279</u>	<u>5,379,493</u>	<u>33,324,772</u>
Total Liabilities	<u>38,877,158</u>	<u>25,890,498</u>	<u>64,767,656</u>
Deferred Inflows of Resources:			
Pension deferral	<u>1,925,093</u>	<u>170,258</u>	<u>2,095,351</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	223,978,174	156,462,970	380,441,144
Restricted for:			
Public facilities construction	7,461,186	-	7,461,186
Local drainage facilities	4,625,965	-	4,625,965
Streets/roadway/traffic	17,182,179	-	17,182,179
Affordable housing	11,685,548	-	11,685,548
Other capital	4,921,061	9,762,504	14,683,565
Other purposes	1,295,206	-	1,295,206
Unrestricted	<u>23,088,837</u>	<u>35,642,252</u>	<u>58,731,089</u>
Total Net Position	<u>\$ 294,238,156</u>	<u>\$ 201,867,726</u>	<u>\$ 496,105,882</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE  
Statement of Activities  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 7,158,985	\$ 430,676	\$ 102,381	\$ -
Police	14,722,453	601,355	196,127	-
Fire	10,098,953	1,467,867	-	-
Public works	18,795,135	1,261,103	2,122,561	22,132,078
Community development	6,120,224	2,426,953	456,690	607,711
Beaches, parks & recreation	9,299,173	4,205,277	309,267	578,291
Interest and fiscal charges	392,285	-	-	-
<b>Total governmental activities</b>	<b>66,587,208</b>	<b>10,393,231</b>	<b>3,187,026</b>	<b>23,318,080</b>
<b>Business-type activities:</b>				
Water	17,944,864	18,207,039	-	709,864
Sewer	16,124,175	9,976,298	-	967,769
Golf	2,058,702	2,162,780	-	-
Clean Ocean	1,582,018	2,583,241	-	-
Solid Waste	205,849	184,044	16,798	-
<b>Total business-type activities</b>	<b>37,915,608</b>	<b>33,113,402</b>	<b>16,798</b>	<b>1,677,633</b>
<b>Total</b>	<b>\$ 104,502,816</b>	<b>\$ 43,506,633</b>	<b>\$ 3,203,824</b>	<b>\$ 24,995,713</b>

General Revenue

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Investment earnings

Miscellaneous

Transfers

Total General Revenue and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See Accompanying Notes to the Financial Statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (6,625,928)	\$ -	\$ (6,625,928)
(13,924,971)	-	(13,924,971)
(8,631,086)	-	(8,631,086)
6,720,607	-	6,720,607
(2,628,870)	-	(2,628,870)
(4,206,338)	-	(4,206,338)
(392,285)	-	(392,285)
<u>(29,688,871)</u>	<u>-</u>	<u>(29,688,871)</u>
-	972,039	972,039
-	(5,180,108)	(5,180,108)
-	104,078	104,078
-	1,001,223	1,001,223
-	(5,007)	(5,007)
<u>-</u>	<u>(3,107,775)</u>	<u>(3,107,775)</u>
<u>(29,688,871)</u>	<u>(3,107,775)</u>	<u>(32,796,646)</u>
31,038,475	-	31,038,475
9,526,134	-	9,526,134
2,798,585	-	2,798,585
2,559,189	-	2,559,189
1,284,469	-	1,284,469
709,834	159,454	869,288
1,119,283	-	1,119,283
178,470	(178,470)	-
<u>49,214,439</u>	<u>(19,016)</u>	<u>49,195,423</u>
19,525,568	(3,126,791)	16,398,777
<u>274,712,588</u>	<u>204,994,517</u>	<u>479,707,105</u>
<u>\$ 294,238,156</u>	<u>\$ 201,867,726</u>	<u>\$ 496,105,882</u>

CITY OF SAN CLEMENTE  
 Balance Sheet  
 Governmental Funds  
 June 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 29,549,867	\$ 44,379,342	\$ 73,929,209
Taxes receivable	3,298,677	216	3,298,893
Accounts receivable	1,020,559	840,081	1,860,640
Interest receivable	85,092	126,993	212,085
Due from other funds	199,241	-	199,241
Due from other governments	230,245	285,430	515,675
Prepaid items	18,900	-	18,900
Loans receivable	2,490,697	10,919,264	13,409,961
Total assets	<u>\$ 36,893,278</u>	<u>\$ 56,551,326</u>	<u>\$ 93,444,604</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 2,241,383	\$ 1,506,112	\$ 3,747,495
Accrued wages	322,162	-	322,162
Unearned revenue	564,174	44,929	609,103
Deposits payable	2,636,694	211,734	2,848,428
Due to other funds	-	199,241	199,241
Total liabilities	<u>5,764,413</u>	<u>1,962,016</u>	<u>7,726,429</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue - receivables	762,910	215,946	978,856
Total deferred inflows of resources	<u>762,910</u>	<u>215,946</u>	<u>978,856</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	2,509,597	-	2,509,597
Restricted	-	47,062,622	47,062,622
Committed	14,016,387	96,053	14,112,440
Assigned	9,418,192	7,214,689	16,632,881
Unassigned	4,421,779	-	4,421,779
Total fund balance	<u>30,365,955</u>	<u>54,373,364</u>	<u>84,739,319</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,893,278</u>	<u>\$ 56,551,326</u>	<u>\$ 93,444,604</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2017

Fund balances for governmental funds	\$	84,739,319
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is net of the Internal Service Funds of \$2,197,089.

Governmental capital assets	323,787,295	
Less: accumulated depreciation	<u>(101,857,231)</u>	221,930,064

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 \$125,260.

Certificates of participation	-	
Compensated absences	(1,197,391)	
Net pension liability	<u>(27,945,279)</u>	(29,142,670)

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

Deferred inflows of resources - pension related	(1,925,093)	
Deferred outflows of resources - pension related	<u>6,691,222</u>	4,766,129

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	2,197,089	
Long term liabilities, current and noncurrent portion	(1,136,034)	
Other internal service assets (liabilities)	<u>9,905,403</u>	10,966,458

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.

	<u>978,856</u>
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Net position of governmental activities	\$	<u><u>294,238,156</u></u>
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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, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 47,274,173	\$ 225,279	\$ 47,499,452
Permits and fees	1,679,051	-	1,679,051
Fines and forfeits	533,413	-	533,413
Investment and rentals	2,187,898	895,146	3,083,044
Intergovernmental	734,357	3,578,364	4,312,721
Charges for services	6,037,198	774,945	6,812,143
Developers fees	10,000	907,738	917,738
Other	1,179,233	724,248	1,903,481
Total Revenues	<u>59,635,323</u>	<u>7,105,720</u>	<u>66,741,043</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	6,752,755	637,577	7,390,332
Police	13,867,464	101,708	13,969,172
Fire	8,974,200	-	8,974,200
Public works	10,828,353	309,055	11,137,408
Community development	4,682,477	1,063,470	5,745,947
Beaches, parks and recreation	6,081,071	12,310	6,093,381
Capital outlay	3,678,836	5,088,190	8,767,026
<b>Debt Service:</b>			
Principal retirements	-	1,215,000	1,215,000
Interest and fiscal charges	-	388,028	388,028
Total Expenditures	<u>54,865,156</u>	<u>8,815,338</u>	<u>63,680,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,770,167</u>	<u>(1,709,618)</u>	<u>3,060,549</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,557,041	4,720,146	6,277,187
Transfers out	(4,597,534)	(2,088,511)	(6,686,045)
Total Other Financing Sources (Uses)	<u>(3,040,493)</u>	<u>2,631,635</u>	<u>(408,858)</u>
Net Change in Fund Balances	1,729,674	922,017	2,651,691
Fund Balances - Beginning of Year	<u>28,636,281</u>	<u>53,451,347</u>	<u>82,087,628</u>
Fund Balances - End of Year	<u>\$ 30,365,955</u>	<u>\$ 54,373,364</u>	<u>\$ 84,739,319</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds: \$ 2,651,691

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

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

Capital outlay	8,667,026	
Donated capital assets	19,901,151	
Other maintenance activities included in capital outlay above	(3,178,015)	
Gain (loss) on capital assets	(103,230)	
Depreciation expense (net of Internal Service Funds of \$643,705)	(8,211,923)	17,075,009

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net revenue (expense) of internal service funds is reported with governmental activities. 1,236,924

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	1,215,000	
Change in compensated absences liability (governmental)	181,934	
Pension actuarial amounts - outflows	1,661,926	
Pension actuarial amounts - inflows	498,505	
Change in net pension liability	(4,677,059)	(1,119,694)

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	(1,297,218)	
Current year deferral	978,856	(318,362)

Change in net position of governmental activities \$ 19,525,568

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE

Statement of Net Position

Proprietary Funds

June 30, 2017

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 17,619,362	\$ 18,179,115	\$ 1,209,141
Accounts receivable	2,969,929	1,430,929	85,723
Accrued interest	59,159	70,189	3,482
Due from other governments	3,953	53,722	-
Inventory, at cost	366,123	-	32,374
Prepays	-	-	-
Cash and investments - restricted	3,823,677	6,193,167	-
Total Current Assets	<u>24,842,203</u>	<u>25,927,122</u>	<u>1,330,720</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,660,761	410,298	2,011
Water, sewer and storm lines	41,773,290	75,113,227	-
Utility assets	33,439,885	100,469,053	-
Buildings	205,662	234,370	6,423,954
Improvements other than buildings	-	-	3,266,622
Machinery and equipment	3,259,264	1,513,396	1,086,141
Construction in progress	886,378	2,723,441	-
Total Capital assets	<u>83,225,240</u>	<u>180,463,785</u>	<u>10,778,728</u>
Less accumulated depreciation	<u>(25,292,450)</u>	<u>(74,840,854)</u>	<u>(4,604,058)</u>
Net Capital Assets	<u>57,932,790</u>	<u>105,622,931</u>	<u>6,174,670</u>
Total Noncurrent Assets	<u>57,932,790</u>	<u>105,622,931</u>	<u>6,174,670</u>
Total Assets	<u>82,774,993</u>	<u>131,550,053</u>	<u>7,505,390</u>
Deferred Outflows of Resources:			
Pension deferral	<u>890,022</u>	<u>690,270</u>	<u>272,355</u>

See Accompanying Notes to Financial Statements.



Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 3,555,413	\$ 40,563,031	\$ 11,091,038
491,969	4,978,550	39,550
10,239	143,069	30,932
-	57,675	-
-	398,497	-
-	-	2,927
-	10,016,844	-
<u>4,057,621</u>	<u>56,157,666</u>	<u>11,164,447</u>
-	4,073,070	-
-	116,886,517	-
-	133,908,938	-
-	6,863,986	443,134
-	3,266,622	391,920
54,741	5,913,542	6,693,174
-	3,609,819	495,928
<u>54,741</u>	<u>274,522,494</u>	<u>8,024,156</u>
<u>(54,741)</u>	<u>(104,792,103)</u>	<u>(5,827,067)</u>
-	169,730,391	2,197,089
-	169,730,391	2,197,089
<u>4,057,621</u>	<u>225,888,057</u>	<u>13,361,536</u>
-	1,852,647	-

(Continued)

CITY OF SAN CLEMENTE  
Statement of Net Position (Continued)  
Proprietary Funds  
June 30, 2017

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 3,084,991	\$ 926,704	\$ 35,557
Accrued wages	51,971	47,772	12,950
Compensated absences payable	45,450	32,092	36,343
Interest payable	145,942	-	-
Loan payable	608,719	-	-
Capital lease obligation	-	-	-
Claims and judgements payable	-	2,000,000	-
Deposits payable - restricted assets	254,340	-	-
Total Current Liabilities	4,191,413	3,006,568	84,850
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
Compensated absences payable	170,981	120,731	136,720
Claims and judgments payable	-	-	-
Loan payable	12,658,702	-	-
Net pension liability	2,588,008	1,998,986	792,499
Total Noncurrent Liabilities	15,417,691	2,119,717	929,219
Total Liabilities	19,609,104	5,126,285	1,014,069
Deferred Inflow of Resources:			
Pension deferral	81,773	63,465	25,020
<b><u>NET POSITION</u></b>			
Net investment in capital assets	44,665,369	105,622,931	6,174,670
Restricted for debt service	900,603	-	-
Restricted for capital projects	2,668,734	6,193,167	-
Unrestricted	15,739,432	15,234,475	563,986
Total Net Position	\$ 63,974,138	\$ 127,050,573	\$ 6,738,656

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
\$ 107,486	\$ 4,154,738	\$ 825,052
6,378	119,071	246,214
5,707	119,592	26,305
-	145,942	-
-	608,719	-
-	-	33,152
-	2,000,000	456,726
-	254,340	-
<u>119,571</u>	<u>7,402,402</u>	<u>1,587,449</u>
-	-	115,827
21,469	449,901	98,955
-	-	405,069
-	12,658,702	-
-	5,379,493	-
<u>21,469</u>	<u>18,488,096</u>	<u>619,851</u>
<u>141,040</u>	<u>25,890,498</u>	<u>2,207,300</u>
-	170,258	-
-	156,462,970	2,048,110
-	900,603	-
-	8,861,901	-
<u>3,916,581</u>	<u>35,454,474</u>	<u>9,106,126</u>
<u>\$ 3,916,581</u>	<u>201,679,948</u>	<u>\$ 11,154,236</u>
	<u>187,778</u>	
	<u>\$ 201,867,726</u>	

(Concluded)

CITY OF SAN CLEMENTE  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 17,222,988	\$ 9,929,011	\$ 1,736,290
Concessions	-	-	426,175
Other	984,051	47,287	315
Total Operating Revenues	<u>18,207,039</u>	<u>9,976,298</u>	<u>2,162,780</u>
Operating Expenses:			
Salaries and benefits	3,319,517	2,783,223	880,633
Cost of purchased water	7,153,074	-	-
Cost of materials and supplies	369,664	672,784	152,231
Depreciation	1,527,272	3,660,198	350,425
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	5,432,426	9,151,667	694,713
Total Operating Expenses	<u>17,801,953</u>	<u>16,267,872</u>	<u>2,078,002</u>
Operating Income (Loss)	<u>405,086</u>	<u>(6,291,574)</u>	<u>84,778</u>
Non-Operating Revenues (Expenses):			
Investment income	65,357	74,871	5,212
Grant income	-	-	-
Interest and fiscal charges	(298,436)	-	(3,120)
Gain (Loss) on sale of capital assets	(12,584)	(6,852)	-
Total Non-Operating Revenues (Expenses)	<u>(245,663)</u>	<u>68,019</u>	<u>2,092</u>
Income (Loss) Before Transfers and Capital Contributions	<u>159,423</u>	<u>(6,223,555)</u>	<u>86,870</u>
Capital grants	-	276,588	-
Capital contributions	709,864	691,181	-
Total Capital Contributions	<u>709,864</u>	<u>967,769</u>	<u>-</u>
Transfers in	-	801,845	35,640
Transfers out	(368,256)	(68,256)	-
Total Transfers	<u>(368,256)</u>	<u>733,589</u>	<u>35,640</u>
Change in Net Assets	501,031	(4,522,197)	122,510
Net Position - Beginning of Year	<u>63,473,107</u>	<u>131,572,770</u>	<u>6,616,146</u>
Net Position - End of Year	<u>\$ 63,974,138</u>	<u>\$ 127,050,573</u>	<u>\$ 6,738,656</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
\$ 2,470,605	\$ 31,358,894	\$ 9,740,285	
-	426,175	-	
296,680	1,328,333	2,038,316	
<u>2,767,285</u>	<u>33,113,402</u>	<u>11,778,601</u>	
373,453	7,356,826	1,003,227	
-	7,153,074	-	
55,145	1,249,824	315,949	
-	5,537,895	643,705	
-	-	4,911,679	
-	-	278,454	
1,372,078	16,650,884	3,653,751	
<u>1,800,676</u>	<u>37,948,503</u>	<u>10,806,765</u>	
966,609	(4,835,101)	971,836	
14,014	159,454	35,904	
16,798	16,798	-	
-	(301,556)	(4,257)	
-	(19,436)	-	
<u>30,812</u>	<u>(144,740)</u>	<u>31,647</u>	
997,421	(4,979,841)	1,003,483	
-	276,588	-	
-	1,401,045	-	
-	1,677,633	-	
-	837,485	673,840	
(630,315)	(1,066,827)	(35,640)	
<u>(630,315)</u>	<u>(229,342)</u>	<u>638,200</u>	
367,106	(3,531,550)	1,641,683	
3,549,475		9,512,553	
<u>\$ 3,916,581</u>		<u>\$ 11,154,236</u>	
	<u>404,759</u>		
	<u>\$ (3,126,791)</u>		

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 16,943,299	\$ 10,174,987	\$ 1,673,746
Cash paid to other suppliers for goods or services	(10,977,266)	(8,259,416)	(901,897)
Cash payment to employees	(3,087,809)	(2,597,561)	(802,063)
Cash from rents and concessions	-	-	426,175
Cash from other operating revenues	984,051	47,287	315
Net Cash Provided by (Used for) Operating Activities	<u>3,862,275</u>	<u>(634,703)</u>	<u>396,276</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Grant income	-	276,588	-
Cash received from other funds	-	801,845	35,640
Cash paid to other funds	(368,256)	(68,256)	(155,999)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(368,256)</u>	<u>1,010,177</u>	<u>(120,359)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital contributions and grants	709,864	691,181	-
Purchase and construction of capital assets	(4,778,889)	(2,722,039)	(41,000)
Disposal of a capital asset	(12,584)	(6,852)	-
Cash proceeds from sale of capital assets	-	-	-
Payment on capital lease payable	-	-	-
Payment on capital loan	(595,616)	-	-
Interest and fiscal charges	(304,987)	-	(3,120)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(4,982,212)</u>	<u>(2,037,710)</u>	<u>(44,120)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income received	57,274	65,047	3,993
Net Cash Provided by (Used for) Investing Activities	<u>57,274</u>	<u>65,047</u>	<u>3,993</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,430,919)	(1,597,189)	235,790
Cash and Cash Equivalents at Beginning of Year	<u>22,873,958</u>	<u>25,969,471</u>	<u>973,351</u>
Cash and Cash Equivalents at End of Year	<u>\$ 21,443,039</u>	<u>\$ 24,372,282</u>	<u>\$ 1,209,141</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 2,489,302	\$ 31,281,334	\$ 9,747,114
(1,402,924)	(21,541,503)	(10,110,619)
(363,839)	(6,851,272)	(1,060,776)
-	426,175	-
296,680	1,328,333	2,038,316
<u>1,019,219</u>	<u>4,643,067</u>	<u>614,035</u>
16,798	293,386	-
-	837,485	829,839
<u>(630,315)</u>	<u>(1,222,826)</u>	<u>(35,640)</u>
<u>(613,517)</u>	<u>(91,955)</u>	<u>794,199</u>
-	1,401,045	-
-	(7,541,928)	(1,141,398)
78,215	58,779	-
-	-	-
-	-	131,276
-	(595,616)	-
<u>-</u>	<u>(308,107)</u>	<u>(4,257)</u>
<u>78,215</u>	<u>(6,985,827)</u>	<u>(1,014,379)</u>
10,890	137,204	28,837
<u>10,890</u>	<u>137,204</u>	<u>28,837</u>
494,807	(2,297,511)	422,692
3,060,606	52,877,386	10,668,346
<u>\$ 3,555,413</u>	<u>\$ 50,579,875</u>	<u>\$ 11,091,038</u>

(Continued)

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 405,086	\$ (4,796,574)	\$ 84,778
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,527,272	3,660,198	350,425
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(279,689)	245,976	(62,544)
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(16,934)	-	630
Increase (decrease) in accounts payable	1,992,644	70,035	(55,583)
Increase (decrease) in accrued wages	8,867	9,286	1,671
Increase (decrease) in deposits payable	2,188	-	-
Increase (decrease) in pension obligations	224,097	173,757	68,578
Increase (decrease) in compensated absences	(1,256)	2,619	8,321
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	3,457,189	4,161,871	311,498
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,862,275</u>	<u>\$ (634,703)</u>	<u>\$ 396,276</u>
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ (159,208)	\$ (188,442)	\$ (7,944)
Borrowing under capital lease	-	-	-
Contributions of capital assets from developers	696,305	358,304	-

See Accompanying Notes to the Financial Statements.



Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 966,609	\$ (3,340,101)	\$ 971,836
-	5,537,895	643,705
18,697	(77,560)	6,829
-	-	10,040
-	(16,304)	-
24,299	2,031,395	391,495
2,511	22,335	(81,545)
-	2,188	-
-	466,432	(6,975)
7,103	16,787	23,996
-	-	(1,345,346)
52,610	7,983,168	(357,801)
\$ 1,019,219	\$ 4,643,067	\$ 614,035

\$ (24,244)	\$ (379,838)	\$ (77,796)
-	-	166,290
-	1,054,609	-

(Concluded)

CITY OF SAN CLEMENTE  
Statement of Net Position  
Fiduciary Funds  
June 30, 2017

	Pension Trust	RDA Successor Agency Trust
<b>Assets:</b>		
Cash and investments	\$ -	\$ 149,919
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	-	432
Loan receivable	-	72,664
Restricted cash and investments	-	-
Restricted cash and investments with fiscal agents	-	-
Investments, at fair value:		
Group annuity contract	3,582,508	-
PIMCO Total Return Bond mutual fund	4,125,491	-
U.S. Government Treasury Inflation Bond mutual fund	603,673	-
Dodge & Cox International mutual fund	3,174,595	-
PIMCO All Asset Authority mutual fund	1,027,706	-
Russell 1000 Index mutual fund	6,663,378	-
Russell 2000 Index mutual fund	1,035,417	-
Total Assets	20,212,768	223,015
<b>Liabilities:</b>		
Accounts payable	-	-
Accrued wages	-	-
Deposits payable	-	-
Loan from the City of San Clemente	-	2,490,697
Payable to bondholders	-	-
Total Liabilities	-	2,490,697
<b>Total Net Position:</b>		
Net position restricted for pensions	\$ 20,212,768	\$ (2,267,682)

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2017

	Pension Trust Fund	Private-purpose Trust Fund
Additions:		
Contributions:		
Employer pension contributions	\$ 1,187,749	\$ -
Employee pension contributions	34,672	-
Redevelopment Agency Property Tax	-	137,419
Total Contributions	1,222,421	137,419
Investment Income:		
Net appreciation (depreciation) in fair value of investments	2,318,659	-
Interest income	-	1,761
Investment expenses	(40,490)	-
Total Investment Income (Loss)	2,278,169	1,761
Total Additions	3,500,590	139,180
Deductions:		
Benefit payments	1,722,760	-
Program expenses	-	1,000,877
Administrative expenses	34,056	-
Total Deductions	1,756,816	1,000,877
Change in net position	1,743,774	(861,697)
Net position - Beginning of Year	18,468,994	(1,405,985)
Net position - End of Year	\$ 20,212,768	\$ (2,267,682)

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity:

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

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

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

The Redevelopment Agency was established in January 1975 pursuant to the State of California Health and Safety Code, Section 33000 entitled “Community Redevelopment Law”. Its purpose was to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities. All redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency were transferred to the Successor Agency and are reported 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 conduit debt that is not an obligation of the City and was refinanced in FY 2017. 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 12 B.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

B. Description of government-wide financial statements

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

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

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

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

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

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

D. Basis of presentation – fund financial statements:

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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 2017, the City adopted and implemented the following new accounting standards:

*GASB Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.* This statement improves financial reporting by clarifying the financial statement presentation requirement for component units and is effective for periods beginning after June 15, 2016.

*GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73. The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement improves financial reporting and usefulness of financial statement information related to payroll information and required supplementary information.

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

a) Cash and investments:

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

Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income and interest

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

c) Capital assets:

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

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

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

d) Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation, sick time for eligible employees, and compensatory time at June 30, 2017 is recorded as a liability. Unpaid compensated absences in proprietary fund types are accrued as a liability in those funds as employees vest benefits.

e) Pensions:

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of San

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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.

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.

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

The committed fund balance classification includes amounts to be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision making authority for the government that can, by

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of a change to the ordinance) to remove or revise the limitation.

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

H. Revenues and expenditures/expenses

1. Program Revenues:

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

2. Property taxes:

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

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

3. Proprietary funds operating and nonoperating revenues and expenses:

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales 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, 2017

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 \$10.4 million.

B. Excess of Expenditures Over Appropriations:

The Public Facilities Construction Capital Project Fund expenditures exceeded appropriations by \$659,239 as a result of a refund of previously collected developer impact fees.

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of position:	
Cash and investments	\$ 125,583,278
Cash and investments – restricted	10,016,844
Fiduciary funds:	
Cash and investments	149,919
Cash and investments – restricted	3,182,205
Cash and investments held by bond trustee	28,319,193
Pension trust investments	<u>20,212,768</u>
Total cash and investments	<u>\$ 187,464,207</u>

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 4,850
Deposits with financial institutions	1,883,464
Investments held by City and bond trustee	165,363,125
Pension trust investments	<u>20,212,768</u>
Total cash and investments	<u>\$ 187,464,207</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, 2017

<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, 2017

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 29,485,703	\$ 1,899,002	\$ 6,524,356	\$ 21,062,345
Federal Agency securities:				
Federal Farm Credit Bank	19,264,859	6,306,352	8,239,168	4,719,339
Federal Home Loan Bank	12,966,775	2,398,369	5,831,008	4,737,398
Federal Home Loan Mortgage Corp.	12,169,791	3,918,430	2,627,098	5,624,263
Federal National Mortgage Assoc.	21,193,536	8,783,046	2,502,423	9,908,067
Negotiable Certificates of Deposit	3,000,000	1,500,000	1,500,000	-
LAIF	25,111,078	25,111,078	-	-
Medium Term Note	13,680,078	8,085,543	3,306,500	2,288,035
Money market funds	172,112	172,112	-	-
Held by bond trustee:				
Money market funds	27,883,575	27,883,575	-	-
U.S. Treasury securities	435,618	-	-	435,618
<b>Total</b>	<b>\$ 165,363,125</b>	<b>\$ 86,057,507</b>	<b>\$ 30,530,553</b>	<b>\$ 48,775,065</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	\$ 29,485,703	N/A	\$ 29,485,703	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	19,264,859	N/A	-	-	19,264,859	-
FHLB	12,966,775	N/A	-	-	12,966,775	-
FHLMC	12,169,791	N/A	-	-	12,169,791	-
FNMA	21,193,536	N/A	-	-	21,193,536	-
LAIF	25,111,078	N/A	25,111,078	-	-	-
Medium Term Notes	13,680,078	A	-	1,012,222	5,656,298	7,011,558
Negotiable Certificate of Deposits	3,000,000		3,000,000	-	-	-
Money market funds	172,112	AAA	-	172,112	-	-
Held by Bond trustee:						
Money market funds	27,883,575	N/A	-	27,883,575	-	-
U.S. Treasury securities	435,618	N/A	435,618	-	-	-
	<u>\$ 165,363,125</u>		<u>\$ 58,032,399</u>	<u>\$ 29,067,909</u>	<u>\$ 71,251,259</u>	<u>\$ 7,011,558</u>



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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	\$ 12,169,791	7%
Federal National Mortgage Assoc.	Federal agency securities	21,193,536	13%
Federal Home Loan Bank	Federal agency securities	12,966,775	8%
Federal Farm Credit Bank	Federal agency securities	19,264,859	12%

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: \$2,058,987 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2017, 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	\$ 29,485,703
Federal agency securities:	
Federal Farm Credit Bank	19,264,859
Federal Home Loan Bank	12,966,775
Federal Home Loan Mortgage Corp	12,169,791
Federal National Mortgage Association	21,193,536
Medium Term Notes	13,680,078
Negotiable Certificate of Deposits	3,000,000

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, 2017, 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.

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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, 2017, the City had \$25,111,078 invested in LAIF. LAIF's fair value factor of 0.998940671 was used to calculate the fair value of LAIF investments and LAIF invested 2.89% 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	\$ 29,485,703	\$ 29,485,703	\$ -	\$ -
Federal Agency securities:				
Federal Farm Credit Bank	19,264,859	-	19,264,859	-
Federal Home Loan Bank	12,966,775	-	12,966,775	-
Federal Home Loan Mortgage Corp.	12,169,791	-	12,169,791	-
Federal National Mortgage Assoc.	21,193,536	-	21,193,536	-
Negotiable Certificates of Deposit	3,000,000	-	3,000,000	-
LAIF	25,111,078	-	25,111,078	-
Medium Term Note	13,680,078	-	13,680,078	-
Money market funds	172,112	172,112	-	-
Held by bond trustee:				
Money market funds	27,883,575	27,883,575	-	-
U.S. Treasury securities	435,618	-	435,618	-
Total	\$ 165,363,125	\$ 57,541,390	\$ 107,821,735	\$ -

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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For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 12.55%. The money-weighted rate 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, 2017 follows:

<u>Pension Trust Fund Investments</u>	<u>Fair value</u>	<u>% of Pension Portfolio</u>
<i>Equity Investments</i>		
Dodge & Cox International mutual fund	\$ 3,174,595	16%
Russell 1000 Index mutual fund	6,663,378	33%
Russell 2000 Index mutual fund	1,035,417	5%
<i>Fixed Income Investments</i>		
Group annuity contract	3,582,508	18%
PIMCO Total Return Bond mutual fund	4,125,491	20%
US Government Treasury Inflation Bond mutual fund	603,673	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	1,027,706	5%
Total pension trust investments (fair value)	<u>\$ 20,212,768</u>	<u>100%</u>

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

4. LOAN RECEIVABLES:

Loans receivable of \$13,409,961 consist of a loan receivable due from the Redevelopment Agency Successor Agency for \$2,490,697 and housing loans receivable of \$10,919,264

The \$2,490,697 loan receivable has been approved for payment by the State of California through the Redevelopment Agency dissolution process. The housing loans receivable of \$10,919,264 are made for affordable housing purposes and comprised of multiple low or no interest loans given to various developers and individuals to finance multi-family and single family construction and rehabilitation projects. The funding sources for these loans are Community Development Block Grants, Affordable Housing In-Lieu fees, and former low and moderate redevelopment agency resources and are generally long term in nature (20-55 year terms).

5. CAPITAL ASSETS:

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

A summary of changes in capital asset activity for governmental type activities for the year ended June 30, 2017 is presented in the following table.

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Notes to the Financial Statements (Continued)  
June 30, 2017

<u>Governmental activities</u>	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, non-depreciable:				
Land	\$ 39,345,660	\$ 12,113,118	\$ -	\$ 51,458,778
Construction in progress	8,290,176	7,791,110	(11,500,901)	4,580,385
Total capital assets, non-depreciable	<u>47,635,836</u>	<u>19,904,228</u>	<u>(11,500,901)</u>	<u>56,039,163</u>
Capital assets, depreciable:				
Buildings	28,751,101	5,987,875	(100,634)	34,638,342
Improvements other than buildings	53,476,852	6,487,296	(95,837)	59,868,311
General equipment	8,511,243	1,284,463	(278,530)	9,517,176
Infrastructure	167,561,363	4,368,600	(181,504)	171,748,459
Total capital assets, depreciable	<u>258,300,559</u>	<u>18,128,234</u>	<u>(656,505)</u>	<u>275,772,288</u>
Less accumulated depreciation:				
Buildings	(12,459,338)	(724,484)	100,634	(13,083,188)
Improvements other than buildings	(21,211,213)	(2,441,310)	38,185	(23,614,338)
General equipment	(6,537,191)	(744,825)	278,530	(7,003,486)
Infrastructure	(59,174,203)	(4,945,009)	135,926	(63,983,286)
Total accumulated depreciation	<u>(99,381,945)</u>	<u>(8,855,628)</u>	<u>553,275</u>	<u>(107,684,298)</u>
Net capital assets, depreciable	<u>158,918,614</u>	<u>9,272,606</u>	<u>(103,230)</u>	<u>168,087,990</u>
Capital assets - governmental	<u>\$ 206,554,450</u>	<u>\$ 29,176,834</u>	<u>\$ (11,604,131)</u>	<u>\$ 224,127,153</u>

Construction in progress consists of various street improvement projects. Construction in progress capitalized during the year consisted of the Ole Hanson Beach Club, park assets, multiple street projects and various infrastructure assets accepted by the City from the developer as part of a new development within the City. In addition, some construction in progress amounts were not capitalized if the costs did not meet capital asset requirements.

The developer contributions during the year ended June 30, 2017 included streets, park land, park capital assets, roads, water infrastructure, and sewer infrastructure assets.

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Notes to the Financial Statements (Continued)  
June 30, 2017

A summary of property, plant and equipment at June 30, 2017 for the City's business-type activities is as follows:

<u>Business-type activities</u>	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, non-depreciable:				
Land	\$ 4,073,070	\$ -	\$ -	\$ 4,073,070
Construction in progress	4,473,034	7,101,067	(7,964,282)	3,609,819
Total capital assets, non-depreciable	<u>8,546,104</u>	<u>7,101,067</u>	<u>(7,964,282)</u>	<u>7,682,889</u>
Capital Assets, Being Depreciated:				
Buildings	6,863,986	-	-	6,863,986
Water, sewer, storm lines	112,564,995	4,347,605	(26,083)	116,886,517
Utility assets	129,952,617	4,000,546	(44,225)	133,908,938
Improvements other than buildings	3,266,622	-	-	3,266,622
Machinery and equipment	5,461,422	503,215	(51,095)	5,913,542
Total capital assets, depreciable	<u>258,109,642</u>	<u>8,851,366</u>	<u>(121,403)</u>	<u>266,839,605</u>
Less Accumulated Depreciation For:				
Buildings	(1,645,292)	(142,099)	-	(1,787,391)
Water, sewer, storm lines	(36,953,312)	(1,688,952)	18,438	(38,623,826)
Utility assets	(55,574,937)	(3,177,405)	32,432	(58,719,910)
Improvements other than buildings	(3,067,184)	(251,896)	-	(3,319,080)
Machinery and equipment	(2,115,448)	(277,543)	51,095	(2,341,896)
Total accumulated depreciation	<u>(99,356,173)</u>	<u>(5,537,895)</u>	<u>101,965</u>	<u>(104,792,103)</u>
Net capital assets, depreciable	<u>158,753,469</u>	<u>3,313,471</u>	<u>(19,438)</u>	<u>162,047,502</u>
Capital assets, business-type	<u>\$ 167,299,573</u>	<u>\$ 10,414,538</u>	<u>\$ (7,983,720)</u>	<u>\$ 169,730,391</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	\$ 13,410	\$ -
Police	5,387	
Fire	227,035	-
Public works	4,704,260	-
Community development	167,041	-
Beaches, parks and recreation	3,094,790	-
Internal service	643,705	-
Water	-	1,527,272
Sewer	-	3,660,198
Golf	-	350,425
Total depreciation expense	<u>\$ 8,855,628</u>	<u>\$ 5,537,895</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

6. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 199,241

Advances from/to other funds:

Advances to	Advances from	Amount
RDA Successor Agency	General fund	\$ 2,490,697

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, authorized by the State of California under the dissolution process, is \$2,490,697. This advance plus accrued interest will be paid to the City from future available property taxes.

B. Interfund Transfers:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted for debt service from the funds collecting the receipts 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	Internal Service Fund	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ 1,283,931	\$ 75,000	\$ 25,000	\$ -	\$ 173,110	\$1,557,041
Nonmajor							
Governmental Funds	4,010,206	709,940	-	-	-	-	4,720,146
Sewer Utility Fund	-	94,640	250,000	-	-	457,205	801,845
Golf Course Fund	-	-	-	-	35,640	-	35,640
Internal Service Funds	587,328	-	43,256	43,256	-	-	673,840
Total	\$4,597,534	\$ 2,088,511	\$ 368,256	\$ 68,256	\$ 35,640	\$ 630,315	\$7,788,512

During the year ended June 30, 2017, the General Fund significant transfers included transfers of \$3,114,000 to the Reserve fund to provide funds for future capital projects, \$450,000 to the General Liability Self Insurance Internal Service Fund to provide for legal costs, and \$756,290 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation. Other significant transfers included \$791,435 to provide funds to revitalize the North Beach area from the Developer Improvement Fund through the Ole Hanson Beach Club rehabilitation project and \$700,000 to provide funds for the payment of a claim from the Public Facilities Construction Capital Project Fund.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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.

In July 2016, an irrevocable trust was created and funded with \$1,603,028 of available cash resources from the City to defease the outstanding Negocio Certificates of Participation to eliminate future debt payments. The trust investments include United States Government and State and Local Government Series Securities (“SLGS”) for the purpose of generating resources to fund all future debt service payments. The outstanding principal balance of the defeased debt at June 30, 2017 is \$1,080,000.

The City, under the provisions in the Lease-leaseback agreement, has guaranteed lease payments from annual appropriations of monies from the Motor Vehicle Fee Account held by the State of California to which the City is entitled. The revenue is pledged until final maturity of the debt on June 1, 2023. The City received Motor Vehicle Fee amounts of \$29,677 from the State of California and \$6,231,056 of property taxes in Lieu of the Motor Vehicle Fee during the fiscal year.

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 \$176,668. The terms of the leases include 60 monthly payments which include interest. The last lease matures in June 2022. Monthly lease payments are \$143 and \$3,033. The lease payable amounts are recorded on the statement of net position with the amount applicable to governmental-type activities. The outstanding amount at June 30, 2017 is \$148,979.

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, 2017 is \$1,322,651.

Annual Amortization Requirements:

The annual requirements at June 30, 2017 to amortize the Capitalized Lease Obligations are as follows:

Year Ending June 30	Capital Lease Obligations	
	Principal	Interest
2018	\$ 33,153	\$ 4,959
2019	34,499	3,663
2020	34,021	2,371
2021	35,266	1,126
2022	12,040	90
Totals	\$ 148,979	\$ 12,209

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
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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 \$2.0 million for the year ended June 30, 2017. The total amount of the pledged revenue cannot currently be estimated over the life of the loan. The loan amount outstanding at June 30, 2017 is \$13,267,421.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2017 are as follows:

Year Ending June 30	Principal	Interest	Total
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	664,080	236,522	900,602
2023-2027	3,546,083	956,929	4,503,012
2028-2032	3,953,698	549,314	4,503,012
2033-2036	2,587,148	114,660	2,701,808
Totals	<u>\$ 13,267,421</u>	<u>\$ 2,943,421</u>	<u>\$ 16,210,842</u>

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, 2017 is \$569,493, which are obligations of the following funds:

Water Utility Fund	\$ 216,431
Sewer Utility Fund	152,823
Golf Course Fund	173,063
Non-major Enterprise Funds	27,176



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

C. Changes in Long-term Liabilities

<u>Governmental Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of participation	\$ 1,215,000	\$ -	\$ 1,215,000	\$ -	\$ -
Capital lease obligations	17,704	166,290	35,015	148,979	33,152
Compensated absences	1,480,589	774,315	932,252	1,322,652	277,757
Claims and judgments payable (Note 8)	2,207,141	51,787	1,397,133	861,795	456,726
Other post employment benefits (OPEB-Note 10)	6,975	-	6,975	-	-
Governmental Activities Long-term Liabilities	<u>\$ 4,927,409</u>	<u>\$ 992,392</u>	<u>\$ 3,586,375</u>	<u>\$ 2,333,426</u>	<u>\$ 767,635</u>
<u>Business-type Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State Revolving Fund loan	\$ 13,863,037	\$ -	\$ 595,616	\$ 13,267,421	\$ 608,719
Compensated absences	552,705	301,024	284,236	569,493	119,592
Business-type Activities Long-term Liabilities	<u>\$ 14,415,742</u>	<u>\$ 301,024</u>	<u>\$ 879,852</u>	<u>\$ 13,836,914</u>	<u>\$ 728,311</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 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. Copies of the Authority financial report may be obtained from their office at 8081 Moody Street, La Palma, CA 90622.

B. Self-Insurance Programs of the Authority

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

Primary Liability Program

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

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Notes to the Financial Statements (Continued)  
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For 2016-17 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 in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$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 \$209,035,962. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 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 \$102,175,042. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

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, 2017, 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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
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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
2015-2016	\$ 4,002,276	154,124	(1,949,259)	2,207,141
2016-2017	2,207,141	51,787	(1,397,133)	861,795

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 three distinct pension plans which are reported in the City's financial Statements. A list of the pension plans reported and the net pension liability is as follows:

CalPERS Miscellaneous Plan	\$ 8,699,999
CalPERS Cost Sharing Plan (Risk Pool)	12,949,773
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>11,675,000</u>
Net pension liability	<u>\$ 33,324,772</u>

1. CalPERS Pension Plan – Miscellaneous Employees

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

*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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

The CalPERS Miscellaneous Plans' provisions and benefits in effect at June 30, 2017 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	8.476%	8.476%

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 specific dollar amount for the unfunded liability and side fund contributions

*Employees Covered* - As of June 30, 2017, 231 employees were covered by the benefit terms for the Miscellaneous Plan.

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

*Net Pension Liability*

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

*Actuarial Assumptions* - The total pension liability in the June 30, 2015 actuarial valuation used the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, net of investment and administrative expenses	7.5%
Mortality <sup>(2)</sup>	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

<sup>(2)</sup> Mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the 2014 Experience study.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

There were no current changes of actuarial assumptions. In December 2016, however, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.0% over the next three years. The discount rate changes for the next three fiscal years ending June 30, 2019, 2020 and 2021 are 7.375%, 7.25%, and 7.0%, respectively.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.65%. 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. 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.

According to paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For CalPERS, the 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ending June 30, 2018. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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	20.0%	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	1.0%	-0.55%	-1.05%

<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 30, 2016	\$ 40,027,608	\$ 35,884,671	\$ 4,142,937
Changes in the year:			
Service cost	2,008,285	-	2,008,285
Interest on the total pension liability	3,263,539	-	3,263,539
Differences between expected and actual experience	2,030,812	-	2,030,812
Contribution – employer	-	1,601,269	(1,601,269)
Contribution - employee	-	902,113	(902,113)
Net investment income	-	264,062	(264,062)
Benefit payments	(803,833)	(803,833)	-
Administrative Expense	-	(21,870)	21,870
Net changes	6,498,803	1,941,741	4,557,062
Balance at June 30, 2017	\$ 46,526,411	\$ 37,826,412	\$ 8,699,999

*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)	\$15,791,595	\$8,699,999	\$2,834,165

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

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

For the year ended June 30, 2017, the City recognized pension expense of \$2,642,029. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

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Notes to the Financial Statements (Continued)  
June 30, 2017

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 1,791,893	\$ -
Changes of assumptions	-	610,249
Net difference between projected and actual earnings	3,155,583	-
Contributions after the measurement date	1,156,541	
Total	\$ 6,104,017	\$ 610,249

Contributions after the measurement date of \$1,156,541 represent contributions for the fiscal year ended June 30, 2017. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Measurement Date June 30	Deferred Outflows/(Inflows) of Resources
2017	\$ 1,052,666
2018	1,052,664
2019	1,024,667
2020	668,314
2021	160,682
Thereafter	378,234
Total	\$ 4,337,227

*Payable to the Pension Plan* - The City had contributions payable of \$148,365 at June 30, 2017 related to this pension plan.

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

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

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

The rate plan provisions and benefits in effect at June 30, 2017 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	19.334% and \$56,312(UAL)	12.250%
* At June 30, 2017, the City had no employees hired on or after January 1, 2013.		

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the marine safety employees are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2017 the contributions to the safety risk pool plan were \$728,124.

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

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the CalPERS cost sharing plan of \$12,949,773. The City of San Clemente's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability.

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

The City of San Clemente's proportionate share of the net pension liability as of June 30, 2015, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2015. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The City of San Clemente's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the City of San Clemente's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

The City of San Clemente's proportionate share of the net pension liability as of June 30, 2016, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2016, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2016, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2016, was calculated by applying City of San Clemente's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2016, to obtain the total pension liability and fiduciary net position as of June 30, 2016. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The City's proportionate share of the net pension liability for the plan is as follows:

Proportion at measurement date - June 30, 2015	0.15520%
Proportion at measurement date - June 30, 2016	0.14965%
Change - Increase (Decrease)	(0.00555%)

For the year ended June 30, 2017, the recognized pension expense was \$1,091,976 related to Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 44,882
Changes of assumptions	-	184,680
Net difference between projected and actual earnings	983,423	-
Adjustment due to differences in proportions	130,305	648,630
Difference between actual and required contributions	-	606,910
Contributions after measurement date	728,124	-
	\$ 1,841,852	\$ 1,485,102

Contributions after the measurement date of \$728,124 represent contributions for the fiscal year ended June 30, 2017. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

Measurement Date June 30	Deferred Outflows/(Inflows) of Resources
2017	(\$ 546,011)
2018	( 426,052)
2019	344,675
2020	256,014
2021	-
2022	-
Total	(\$ 371,374)

*Actuarial Assumptions* - The total plan pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, net of investment and administrative expenses	7.5%
Mortality <sup>(2)</sup>	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>(3)</sup> Depending on age, service and type of employment

<sup>(4)</sup> Mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the 2014 Experience study.

There were no current changes of actuarial assumptions. In December 2016, however, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.0% over the next three years. The discount rate changes for the next three fiscal years ending June 30, 2019, 2020 and 2021 are 7.375%, 7.25%, and 7.0%, respectively.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.65%. 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. 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.

According to paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For CalPERS, the 7.5% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ending June 30, 2018. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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

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

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

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	20.0 %	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	1.0 %	-0.55 %	-1.05 %

<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:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

<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	\$19,547,638	\$12,949,773	\$7,533,602

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

*Payable to the Pension Plan* - The City had contributions payable of \$5,046 at June 30, 2017 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 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, 2017, are summarized in the following table.

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.50%
Required employer contribution rates	22.3%	7.73%

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

The CSCERP proportionate share based on contributions allocated to each employer in FY 2017 are:

	Proportion	Covered Payroll	Contributions
City of San Clemente	92.2%	\$ N/A	\$ 1,099,000
Coastal Animal Services Authority (CASA)	7.8%	488,108	123,421
<b>Total</b>	<b>100.0%</b>	<b>\$ 488,108</b>	<b>\$ 1,222,421</b>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A contribution of \$1,099,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2017. The CASA contribution amounts based on payroll during the year ended June 30, 2017 were \$123,421, with \$21,296 contributed by the employee.

*Employees Covered* – Employees covered at the valuation date of 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, 2017, the City reported a net pension liability on the CSCERP for \$11,675,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2017. 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 City and the CASA joint venture liability amount.

For the year ended June 30, 2017, the recognized CSCERP plan pension expense was \$1,296,000. At June 30, 2017, the City reported deferred outflows of resources related to the following source.

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net difference between projected and actual earnings	\$ 598,000	\$ -
Total	\$ 598,000	\$ -

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

Measurement Date June 30	Deferred Outflows/(Inflows) of Resources
2017	\$ 328,000
2018	328,000
2019	132,000
2020	(190,000)
2021	-
Total	\$ 598,000

*Actuarial Assumptions* – The total pension liability at June 30, 2017 is based on the June 30, 2015 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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

- (1) Based on crossover test results.  
(2) Depending on age, service and type of employment  
(3) 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 available at 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 adjust 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.

*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, 2016	\$ 31,322,000	\$ 18,469,000	\$ 12,853,000
Changes in the year:			
Service cost	75,000	-	75,000
Interest on the total pension liability	2,214,000	-	2,214,000
Contribution – employer	-	1,188,000	(1,188,000)
Contribution - employee	-	35,000	(35,000)
Net investment income	-	2,278,000	(2,278,000)
Benefit payments	(1,723,000)	(1,723,000)	-
Administrative expenses	-	(34,000)	34,000
Net changes	566,000	1,744,000	(1,178,000)
Balance at June 30, 2017	<u>\$31,888,000</u>	<u>\$20,213,000</u>	<u>\$ 11,675,000</u>

*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:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

<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	\$15,391,000	\$11,675,000	\$8,588,000

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

<b>Net Pension Liability as of June 30, 2017 <sup>(1)</sup></b>		
(\$ amounts in thousands)		
	June 30, 2017	June 30, 2016
Total Pension Liability	\$ 31,888	\$ 31,322
Fiduciary Net Position	(20,213)	(18,469)
Net Pension Liability	11,675	12,853
Funded Status	63.4%	59.0%

<sup>(1)</sup> The City of San Clemente represents 92.2%. CASA represents 7.8%.

*Payable to the Pension Plan* - At June 30, 2017, the City did not have a payable to the pension plan.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB):

- A. Plan Description: The City makes health care benefits available to retirees. Retirees may elect to continue their health care insurance benefits 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 (“PEMHCA”) which is administered through CalPERS. The City contributes the PEMCHA minimum (\$128 a month) for eligible retirees and surviving spouses. In addition, dental and vision insurance coverage are offered with these costs paid by the retiree. In order to qualify for this coverage, eligible employees must complete five years of service and retire from the City.

On June 21, 2016 the City adopted a Resolution to enter into an agreement with CalPERS to participate in the California Employer’s Retiree Benefit Trust Program (CERBT). The CERBT is an agent multiple-employer plan used to prefund postemployment medical insurance benefits. CERBT amounts are held in an irrevocable trust and are restricted for the provision of these benefits. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. 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: Contribution requirements are established and may be amended by the City. There is no statutory requirement for the City to prefund its OPEB obligation, however, the City prefunds the plan through CERBT and contributed 100% of the annual required contribution (ARC). The ARC is an actuarially determined amount in accordance with the parameters of GASB standards. 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 City’s ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a 30 year period. Benefits previously earned (unfunded actuarial liabilities) are amortized using level percentage of payroll over a closed amortization of 30 years (21 years remain). An open 30 year amortization is used for residual unfunded actuarial accrued liabilities.

The current year ARC was \$122,218, or 1% of covered payroll. During the year, the City paid \$66,912 for retiree health coverage and contributed \$55,306 directly to CERBT fully funding the ARC.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

C. Annual OPEB Cost and Net OPEB Obligation: For the fiscal year ended June 30, 2017, the City's annual OPEB cost of \$128,218 was equal to the ARC. 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 June 30, 2017 and the preceding two years.

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	\$ 158,105	35 %	\$ 839,409
06/30/2016	41,369	2,112 %	6,975
06/30/2017	128,218	100 %	-

D. Funded Status and Funding Progress: The plan's funded status as of the July 1, 2016 actuarial valuation follows:

Actuarial Accrued Liability	\$ 1,778,796
Plan asset value*	703,102
Unfunded actuarial Accrued Liability	<u>1,075,694</u>
Funded ratio (Plan asset value/AAL)	39.5%
Covered payroll (active plan members)	14,299,503
UAAL as a percentage of covered payroll	7.50%

\* Plan assets at June 30, 2017 total \$808,688 invested in the CERBT Strategy 2 (Moderate).

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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
05/01/2012	\$ -	\$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%

E. Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The July 1, 2016 actuarial valuation reflects 179 active employees and 37 retirees. Actuarial methods and assumptions used in the July 1, 2016 valuation follow:



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

**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

**11. FUND BALANCE:**

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

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

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

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

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

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

<b>Governmental Fund Balances</b>	General Fund	Non-major Funds	Total
<b><i>Nonspendable:</i></b>			
Loans	\$ 2,490,697	\$ -	\$ 2,490,697
Prepays	18,900	-	18,900
<b><i>Restricted for:</i></b>			
Affordable housing	-	11,685,548	11,685,548
Park development	-	1,639,905	1,639,905
Highways/streets	-	17,036,091	17,036,091
Drainage	-	4,625,965	4,625,965
Other capital projects	-	10,991,021	10,991,021
Other purposes	-	1,084,092	1,084,092
<b><i>Committed to:</i></b>			
Sustainability/Emergency	11,401,000	-	11,401,000
Capital projects	1,427,201	96,053	1,523,254
Other purposes	1,188,186	-	1,188,186
<b><i>Assigned to:</i></b>			
Capital projects	3,638,079	6,144,151	9,782,230
Other purposes	951,733	1,070,538	2,022,271
Future budget	4,828,380	-	4,828,380
<b><i>Unassigned</i></b>	<b>4,421,779</b>	<b>-</b>	<b>4,421,779</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 30,365,955</b>	<b>\$ 54,373,364</b>	<b>\$ 84,739,319</b>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

Minimum Fund Balance Policy: The governing body (City Council) passed a minimum fund balance policy for the General Fund. This minimum fund balance committed by the Council is called an Emergency Reserve and is 20% of General Fund operating expenditures. In order to access the committed fund balance a formal action (resolution) of the City Council must be adopted, this action would be non-routine in nature and to provide and maintain service levels in the event of financial difficulty or other distress. The total committed amount for the Emergency Reserve is \$11.4 million.

12. 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 Community Development leases are through the following dates: the first lease is through January 2018 with monthly payments of \$17,520, the second lease has a 5 year term through July 2022 with current monthly payments of \$13,222, and the third lease was extended with a 3 year term and is through November 2021 and has current monthly payments of \$8,203. The prior fire station lease is a six year lease which is through April 2023, with current monthly payments of \$6,228.

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, 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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

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, 2017
City of San Clemente 99-1 Assessment District	\$ 1,150,000	\$ 135,000
City of San Clemente 99-1 Community Facilities District	5,755,000	4,095,000
City of San Clemente Reassessment District 2016-1 Limited Obligation Refunding Bonds	9,615,000	9,615,000
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 which reported a redevelopment agency within the reporting entity of the City as a blended component unit. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency through City resolution #12-04. The assets and activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

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

The City is in the process of paying all remaining obligations of the former redevelopment agency, as approved in the Last and Final ROPS. The only remaining outstanding items are a loan receivable from a non-profit and an outstanding General fund loan of \$2.5 million to be paid through future revenues. It is anticipated this loan will be paid in full in January 2025.

E. Commitments and Contingencies

On April 11, 2016 MemorialCare filed a lawsuit against the City of San Clemente seeking \$42.5 million dollars in damages related to land use. 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, 2017. 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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2017

The City has outstanding commitments in the amount of \$10.8 million as of June 30, 2017 related to construction and other contractual arrangements.

F. Future Accounting Pronouncements

GASB Statements 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.
- Statement No. 83 "*Certain Asset Retirement Obligations*" is effective for fiscal years beginning after December 15, 2018.
- Statement No. 86 "*Certain Debt Extinguishment Issues*" is effective for fiscal years beginning after June 15, 2017.
- Statement No. 87 "*Leases*" is effective for fiscal years beginning after December 15, 2019.

## Required Supplementary Information



CITY OF SAN CLEMENTE  
Required Supplementary Information  
June 30, 2017

**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 \$2,572,000 and the department budgets were reduced by \$2,572,000 as a result of these program reimbursements. Budgeted amounts are as originally adopted and as further amended by the City Council.

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

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
General Fund  
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 44,792,350	\$ 45,233,010	\$ 47,274,173	\$ 2,041,163
Licenses and permits	1,935,150	1,721,130	1,679,051	(42,079)
Fines and forfeits	557,000	557,000	533,413	(23,587)
Investment and rentals	2,202,030	2,178,500	2,187,898	9,398
Intergovernmental	2,757,180	3,052,980	734,357	(2,318,623)
Charges for services	5,512,330	5,438,360	6,037,198	598,838
Developers contribution	-	-	10,000	10,000
Other	71,000	89,750	1,179,233	1,089,483
<b>Total Revenues</b>	<b>57,827,040</b>	<b>58,270,730</b>	<b>59,635,323</b>	<b>1,364,593</b>
<b>Expenditures:</b>				
General government:				
Administration				
City council	77,070	77,070	51,725	25,345
City manager	443,078	443,078	432,827	10,251
City clerk	644,192	631,602	507,355	124,247
Finance and administrative services	2,202,429	2,219,699	1,800,764	418,935
City general	4,189,871	4,163,681	3,960,084	203,597
Police	14,314,180	14,524,180	13,867,464	656,716
Fire	8,991,050	9,031,050	8,974,200	56,850
Public works	12,212,009	13,367,069	10,828,353	2,538,716
Community development	5,682,610	5,898,390	4,682,477	1,215,913
Beaches, parks and recreation	6,234,531	6,164,941	6,081,071	83,870
Capital outlay	8,947,010	9,732,350	3,678,836	6,053,514
<b>Total Expenditures</b>	<b>63,938,030</b>	<b>66,253,110</b>	<b>54,865,156</b>	<b>11,387,954</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(6,110,990)</b>	<b>(7,982,380)</b>	<b>4,770,167</b>	<b>12,752,547</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,726,330	2,405,250	1,557,041	(848,209)
Transfers out	(3,884,880)	(4,597,538)	(4,597,534)	4
<b>Total Other Financing Sources (Uses)</b>	<b>(2,158,550)</b>	<b>(2,192,288)</b>	<b>(3,040,493)</b>	<b>(848,205)</b>
<b>Net Change in Fund Balance</b>	<b>(8,269,540)</b>	<b>(10,174,668)</b>	<b>1,729,674</b>	<b>11,904,342</b>
<b>Fund Balance, Beginning of Year</b>	<b>28,636,281</b>	<b>28,636,281</b>	<b>28,636,281</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 20,366,741</b>	<b>\$ 18,461,613</b>	<b>\$ 30,365,955</b>	<b>\$ 11,904,342</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	2017
<b>Total Pension Liability</b>	06/09/2014- 06/30/2014	06/30/2014- 06/30/2015	06/30/2015- 06/30/2016
Measurement period			
Service costs	\$ 73,966	\$ 1,963,306	\$ 2,008,285
Interest	155,554	2,781,569	3,263,539
Assumption changes	-	(766,723)	-
Difference between expected and actual experience	-	-	2,030,812
Benefit payments	(269)	(191,979)	(803,833)
Net change	229,251	3,786,173	6,498,803
Net pension liability at beginning of year	36,012,184	36,241,435	40,027,608
Net pension liability at end of year	<u>\$ 36,241,435</u>	<u>\$ 40,027,608</u>	<u>\$ 46,526,411</u>
<b>Plan Fiduciary Net Position</b>			
Additions:			
Employer contributions	\$ 61,744	\$ 1,631,580	\$ 1,601,269
Employee contributions	34,783	1,029,781	902,113
Net investment income (loss)	681	808,626	264,062
Total additions	97,208	3,469,987	2,767,444
Deductions:			
Benefit payments	(269)	(191,979)	(803,833)
Administration Expenses	-	(40,275)	(21,871)
Total deductions	(269)	(232,254)	(825,704)
Net change	96,939	3,237,733	1,941,740
Fiduciary net position - beginning of year (1)	32,550,000	32,646,939	35,884,672
Fiduciary net position - end of year	<u>\$ 32,646,939</u>	<u>\$ 35,884,672</u>	<u>\$ 37,826,412</u>
<b>Net Pension Liability</b>	<u>\$ 3,594,496</u>	<u>\$ 4,142,936</u>	<u>\$ 8,699,999</u>
Funded status	90.08%	89.65%	81.30%
Covered payroll	\$ 13,181,126	\$ 13,576,560	\$ 13,902,979
Net pension liability as a % of payroll	27.27%	30.52%	62.58%

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

**Notes to schedule:**

Benefit changes. None

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

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





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

Last Ten Fiscal Years\*

**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

CalPERS Marine and Public Safety (Cost Sharing Plan)	2015	2016	2017
Measurement Date	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>
Proportion of the net pension liability (NPL)	0.143064%	0.15520%	0.14966%
Proportionate share of the net pension liability	\$ 8,902,125	\$ 10,652,582	\$ 12,949,773
Covered employee payroll	\$ 421,077	\$ 422,372	\$ 439,751
Proportionate share of NPL as a % of payroll	2114.13%	2522.09%	2944.80%
Proportionate share of the net position as a % of plan pension liability	79.82%	78.40%	73.36%

**SCHEDULE OF CONTRIBUTIONS**

CalPERS Marine and Public Safety (Cost Sharing Plan)	2015	2016	2017
Contributions for the fiscal year ending:	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>
Actuarially determined contribution (ADC)	\$ 523,947	\$ 582,650	\$ 728,124
Contributions in relation to the ADC	(523,947)	(1,082,650)	(728,124)
Contribution Deficiency (Excess)	\$ -	\$ (500,000)	\$ -
Covered-employee payroll	\$ 422,372	\$ 436,330	\$ 442,714
Contributions as a percentage of covered-employee payroll	124.05%	248.13%	164.47%

**Notes:**

Benefit changes. None

Changes in assumptions. None

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 three 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)

	2008	2009	2010	2011
<b>Total Pension Liability (2)</b>				
Discount Rate	N/A	N/A	N/A	7.25%
Service Costs	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	N/A	N/A	N/A	N/A
Experience Losses (Gains)	N/A	N/A	N/A	N/A
Assumption Changes	N/A	N/A	N/A	N/A
Benefit Payments	N/A	N/A	N/A	N/A
Net Change	N/A	N/A	N/A	N/A
Total Pension Liability at Beginning of Year	N/A	N/A	N/A	N/A
Total Pension Liability at End of Year	N/A	N/A	N/A	N/A
<b>Plan Fiduciary Net Position (4)</b>				
Additions:				
Employer Contributions	\$ 1,447	\$ 1,626	\$ 1,864	\$ 1,638
Employee Contributions	896	925	912	889
Net Investment Income (Loss)	(1,168)	(2,311)	2,907	5,157
Total Additions	1,175	240	5,683	7,684
Deductions:				
Benefit Payments	(1,824)	(2,477)	(1,741)	(447)
Administration Expenses	(28)	(18)	(29)	(50)
Transfer to CalPERS (1)	-	-	-	-
Total Deductions	(1,852)	(2,495)	(1,770)	(497)
Net Change	(677)	(2,255)	3,913	7,187
Fiduciary Net Position - Beginning of Year	25,006	24,329	22,074	25,987
Fiduciary Net Position - End of Year	\$ 24,329	\$ 22,074	\$ 25,987	\$ 33,174
<b>Total Pension Liability (2), (4)</b>				\$ 46,678
Fiduciary Net Position - End of Year				33,174
Net Pension Liability				13,504
Funded Status				71.1%
Covered Payroll (3)				13,799
Net Pension Liability % Payroll				98%

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

2012	2013	2014	2015	2016	2017
7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
\$ N/A	\$ N/A	\$ N/A	\$ 78	\$ 73	\$ 75
N/A	N/A	N/A	2,071	2,173	2,214
N/A	N/A	N/A	-	48	-
N/A	N/A	N/A	0	836	0
N/A	N/A	N/A	(1,606)	(1,640)	(1,723)
N/A	N/A	N/A	543	1,490	566
N/A	N/A	N/A	29,289	29,832	31,322
N/A	N/A	N/A	29,832	31,322	31,888
\$ 2,243	\$ 2,267	\$ 2,482	\$ 995	\$ 1,001	\$ 1,188
952	1,214	1,019	32	33	35
741	4,666	6,598	413	(235)	2,278
3,936	8,147	10,099	1,440	799	3,501
(678)	(1,039)	(1,378)	(1,606)	(1,640)	(1,723)
(30)	(49)	(38)	(53)	(65)	(34)
-	-	(32,550)	-	-	-
(708)	(1,088)	(33,966)	(1,659)	(1,705)	(1,757)
3,228	7,059	(23,867)	(219)	(906)	1,744
33,174	36,402	43,461	19,594	19,375	18,469
\$ 36,402	\$ 43,461	\$ 19,594	\$ 19,375	\$ 18,469	\$ 20,213
\$ 52,775	\$ 58,125	\$ 29,284	\$ 29,832	\$ 31,322	\$ 31,888
36,402	43,461	19,594	19,375	18,469	20,213
16,373	14,664	9,690	10,457	12,853	11,675
69.0%	74.8%	66.9%	64.9%	59.0%	63.4%
13,542	13,446	425	451	467	488
121%	109%	2280%	2319%	2752%	2392%

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS

Last Ten Fiscal Years  
(dollar amount in thousands)

	2008	2009	2010	2011
<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.

Significant Actuarial Methods and Assumptions are:

Valuation date	6/30/2015
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 Experience Study
Retirement	CalPERS Experience Study
Disability and turnover	CalPERS Experience Study



2012	2013	2014	2015	2016	2017
N/A	N/A	\$ 2,482	\$ 995	\$ 989	\$ 1,188
N/A	N/A	2,482	995	1,001	1,188
N/A	N/A	-	-	(12)	-
N/A	N/A	13,446	451	467	488
N/A	N/A	18%	221%	214%	243%
N/A	7.50%	13.50%	2.80%	-1.60%	12.55%



## Supplementary Information

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

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

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

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

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

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



CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<b><u>ASSETS:</u></b>		
Cash and investments	\$ 5,729,469	\$ -
Receivables (net of allowances for uncollectibles):		
Taxes receivable	-	-
Accounts receivable	61,088	484,228
Interest receivable	16,496	-
Due from other governments	12,742	21,504
Loans receivable	-	-
Total assets	\$ 5,819,795	\$ 505,732
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 1,118,087	\$ 36,644
Unearned revenue	-	-
Deposits payable	-	-
Due to other funds	-	176,890
Total liabilities	1,118,087	213,534
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue - receivables	61,088	-
Total deferred inflows of resources	61,088	-
<b><u>FUND BALANCES:</u></b>		
Restricted		
Capital projects	4,640,620	-
Other purposes	-	292,198
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Total fund balances	4,640,620	292,198
Total liabilities, deferred inflows of resources and fund balances	\$ 5,819,795	\$ 505,732



Special Revenue Funds				Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Negocio Building
\$ 9,003,908	\$ 184,566	\$ -	\$ 345,819	\$ 281,554
216	-	-	-	-
38,256	-	-	56,722	44,929
25,930	532	-	996	-
165,241	35,518	50,425	-	-
-	-	414,695	-	-
<u>\$ 9,233,551</u>	<u>\$ 220,616</u>	<u>\$ 465,120</u>	<u>\$ 403,537</u>	<u>\$ 326,483</u>
\$ 4,276	\$ 8,333	\$ 55,581	\$ -	\$ 50,131
-	-	-	-	44,929
-	-	-	-	39,000
-	-	22,351	-	-
<u>4,276</u>	<u>8,333</u>	<u>77,932</u>	<u>-</u>	<u>134,060</u>
-	-	-	-	-
-	-	-	-	-
9,229,275	-	-	403,537	-
-	212,283	387,188	-	192,423
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>9,229,275</u>	<u>212,283</u>	<u>387,188</u>	<u>403,537</u>	<u>192,423</u>
<u>\$ 9,233,551</u>	<u>\$ 220,616</u>	<u>\$ 465,120</u>	<u>\$ 403,537</u>	<u>\$ 326,483</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Capital Projects Funds	
	Reserve	Developers Improvement
<b><u>ASSETS:</u></b>		
Cash and investments	\$ 7,313,417	\$ 5,136,303
Receivables (net of allowances for uncollectibles):		
Taxes receivable	-	-
Accounts receivable	-	154,858
Interest receivable	21,062	14,792
Due from other governments	-	-
Loans receivable	-	8,074,913
Total assets	\$ 7,334,479	\$ 13,380,866
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 23,737	\$ -
Unearned revenue	-	-
Deposits payable	-	172,734
Due to other funds	-	-
Total liabilities	23,737	172,734
<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	-	13,053,274
Other purposes	-	-
Committed		
Capital projects	96,053	-
Assigned		
Capital projects	6,144,151	-
Other purposes	1,070,538	-
Total fund balances	7,310,742	13,053,274
Total liabilities, deferred inflows of resources and fund balances	\$ 7,334,479	\$ 13,380,866

Capital Projects Funds

Public Facilities Construction	Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 7,449,340	\$ 199,540	\$ 3,750,884	\$ 3,349,346	\$ 1,635,196	\$ 44,379,342
-	-	-	-	-	216
-	-	-	-	-	840,081
21,453	575	10,802	9,646	4,709	126,993
-	-	-	-	-	285,430
-	2,429,656	-	-	-	10,919,264
<u>\$ 7,470,793</u>	<u>\$ 2,629,771</u>	<u>\$ 3,761,686</u>	<u>\$ 3,358,992</u>	<u>\$ 1,639,905</u>	<u>\$ 56,551,326</u>
\$ 9,607	\$ -	\$ 6,920	\$ 192,796	\$ -	\$ 1,506,112
-	-	-	-	-	44,929
-	-	-	-	-	211,734
-	-	-	-	-	199,241
<u>9,607</u>	<u>-</u>	<u>6,920</u>	<u>192,796</u>	<u>-</u>	<u>1,962,016</u>
-	-	-	-	-	215,946
-	-	-	-	-	215,946
7,461,186	2,629,771	3,754,766	3,166,196	1,639,905	45,978,530
-	-	-	-	-	1,084,092
-	-	-	-	-	96,053
-	-	-	-	-	6,144,151
-	-	-	-	-	1,070,538
<u>7,461,186</u>	<u>2,629,771</u>	<u>3,754,766</u>	<u>3,166,196</u>	<u>1,639,905</u>	<u>54,373,364</u>
<u>\$ 7,470,793</u>	<u>\$ 2,629,771</u>	<u>\$ 3,761,686</u>	<u>\$ 3,358,992</u>	<u>\$ 1,639,905</u>	<u>\$ 56,551,326</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, 2017

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	21,884	(113)
Intergovernmental	1,378,719	568,822
Charges for services	-	-
Developer fees	-	-
Other	79	10,000
Total Revenues	<u>1,400,682</u>	<u>578,709</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	97,444	-
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	2,926,674	727,146
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>3,024,118</u>	<u>727,146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,623,436)</u>	<u>(148,437)</u>
Other Financing Sources (Uses):		
Transfers in	14,590	-
Transfers out	(474,736)	-
Total Other Financing Sources (Uses)	<u>(460,146)</u>	<u>-</u>
Net Change in Fund Balances	(2,083,582)	(148,437)
Fund Balance (Deficit) at Beginning of Year	<u>6,724,202</u>	<u>440,635</u>
Fund Balance (Deficit) at End of Year	<u>\$ 4,640,620</u>	<u>\$ 292,198</u>

Special Revenue Funds				Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Negocio Building
\$ 796	\$ -	\$ -	\$ 224,483	\$ -
33,143	686	(197)	1,666	532,189
1,004,406	195,441	430,976	-	-
-	-	-	-	-
-	-	-	-	-
155,417	-	-	-	-
<u>1,193,762</u>	<u>196,127</u>	<u>430,779</u>	<u>226,149</u>	<u>532,189</u>
-	-	-	-	344,751
-	101,708	-	-	-
165,885	-	-	-	-
-	-	145,784	-	-
-	-	-	-	-
56,088	-	316,127	6,006	-
-	-	-	-	1,215,000
-	-	-	-	388,028
<u>221,973</u>	<u>101,708</u>	<u>461,911</u>	<u>6,006</u>	<u>1,947,779</u>
<u>971,789</u>	<u>94,419</u>	<u>(31,132)</u>	<u>220,143</u>	<u>(1,415,590)</u>
756,290	-	-	-	-
-	-	(17,760)	-	-
<u>756,290</u>	<u>-</u>	<u>(17,760)</u>	<u>-</u>	<u>-</u>
1,728,079	94,419	(48,892)	220,143	(1,415,590)
<u>7,501,196</u>	<u>117,864</u>	<u>436,080</u>	<u>183,394</u>	<u>1,608,013</u>
<u>\$ 9,229,275</u>	<u>\$ 212,283</u>	<u>\$ 387,188</u>	<u>\$ 403,537</u>	<u>\$ 192,423</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, 2017

	Capital Projects Funds	
	Reserve	Developers Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	32,593	185,952
Intergovernmental	-	-
Charges for services	425,430	349,515
Developer fees	-	531,564
Other	22,007	-
Total Revenues	480,030	1,067,031
Expenditures:		
Current:		
General government	292,826	-
Police	-	-
Public works	-	37,156
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	398,110	-
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	690,936	37,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,906)	1,029,875
Other Financing Sources (Uses):		
Transfers in	3,123,940	-
Transfers out	-	(1,596,015)
Total Other Financing Sources (Uses)	3,123,940	(1,596,015)
Net Change in Fund Balances	2,913,034	(566,140)
Fund Balance (Deficit) at Beginning of Year	4,397,708	13,619,414
Fund Balance (Deficit) at End of Year	\$ 7,310,742	\$ 13,053,274

Capital Projects Funds

Public Facilities Construction	Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,279
19,312	41,147	11,523	10,730	4,631	895,146
-	-	-	-	-	3,578,364
-	-	-	-	-	774,945
175,560	-	4,234	159,465	36,915	907,738
-	-	-	-	536,745	724,248
<u>194,872</u>	<u>41,147</u>	<u>15,757</u>	<u>170,195</u>	<u>578,291</u>	<u>7,105,720</u>
-	-	-	-	-	637,577
-	-	-	-	-	101,708
-	-	-	8,570	-	309,055
811,929	-	105,757	-	-	1,063,470
-	-	-	-	12,310	12,310
98,420	-	63,237	482,892	13,490	5,088,190
-	-	-	-	-	1,215,000
-	-	-	-	-	388,028
<u>910,349</u>	<u>-</u>	<u>168,994</u>	<u>491,462</u>	<u>25,800</u>	<u>8,815,338</u>
<u>(715,477)</u>	<u>41,147</u>	<u>(153,237)</u>	<u>(321,267)</u>	<u>552,491</u>	<u>(1,709,618)</u>
796,370	28,956	-	-	-	4,720,146
-	-	-	-	-	(2,088,511)
<u>796,370</u>	<u>28,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,631,635</u>
80,893	70,103	(153,237)	(321,267)	552,491	922,017
<u>7,380,293</u>	<u>2,559,668</u>	<u>3,908,003</u>	<u>3,487,463</u>	<u>1,087,414</u>	<u>53,451,347</u>
<u>\$ 7,461,186</u>	<u>\$ 2,629,771</u>	<u>\$ 3,754,766</u>	<u>\$ 3,166,196</u>	<u>\$ 1,639,905</u>	<u>\$ 54,373,364</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 45,450	\$ 21,884	\$ (23,566)
Intergovernmental	2,995,423	1,378,719	(1,616,704)
Other	-	79	79
<b>Total Revenues</b>	<b>3,040,873</b>	<b>1,400,682</b>	<b>(1,640,191)</b>
Expenditures:			
Current:			
Public works	205,090	97,444	107,646
Capital outlay	8,498,910	2,926,674	5,572,236
<b>Total Expenditures</b>	<b>8,704,000</b>	<b>3,024,118</b>	<b>5,679,882</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,663,127)	(1,623,436)	4,039,691
Other Financing Sources (Uses):			
Transfers in	1,014,590	14,590	(1,000,000)
Transfers out	(438,930)	(474,736)	(35,806)
<b>Total Other Financing Sources (Uses)</b>	<b>575,660</b>	<b>(460,146)</b>	<b>(1,035,806)</b>
<b>Net Change in Fund Balance</b>	<b>(5,087,467)</b>	<b>(2,083,582)</b>	<b>3,003,885</b>
Fund Balance, Beginning of Year	6,724,202	6,724,202	-
<b>Fund Balance, End of Year</b>	<b>\$ 1,636,735</b>	<b>\$ 4,640,620</b>	<b>\$ 3,003,885</b>



CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Air Quality Improvement Special Revenue Fund  
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ 3,000	\$ (113)	\$ (3,113)
Intergovernmental	622,900	568,822	(54,078)
Other	-	10,000	10,000
<b>Total Revenues</b>	<b>625,900</b>	<b>578,709</b>	<b>(47,191)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public works	80,000	-	80,000
Capital Outlay	825,420	727,146	98,274
<b>Total Expenditures</b>	<b>905,420</b>	<b>727,146</b>	<b>178,274</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(279,520)</b>	<b>(148,437)</b>	<b>131,083</b>
<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>(319,520)</b>	<b>(148,437)</b>	<b>171,083</b>
<b>Fund Balance, Beginning of Year</b>	<b>440,635</b>	<b>440,635</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 121,115</b>	<b>\$ 292,198</b>	<b>\$ 171,083</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ -	\$ 796	\$ 796
Investment and rentals	40,000	33,143	(6,857)
Intergovernmental	937,300	1,004,406	67,106
Other	-	155,417	155,417
<b>Total Revenues</b>	<b>977,300</b>	<b>1,193,762</b>	<b>216,462</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public works	541,900	165,885	376,015
Capital outlay	5,713,760	56,088	5,657,672
<b>Total Expenditures</b>	<b>6,255,660</b>	<b>221,973</b>	<b>6,033,687</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,278,360)</b>	<b>971,789</b>	<b>6,250,149</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,051,290	756,290	(295,000)
Transfers Out	(237,000)	-	237,000
<b>Total Other Financing Sources (Uses)</b>	<b>814,290</b>	<b>756,290</b>	<b>(58,000)</b>
<b>Net Change in Fund Balance</b>	<b>(4,464,070)</b>	<b>1,728,079</b>	<b>6,192,149</b>
<b>Fund Balance, Beginning of Year</b>	<b>7,501,196</b>	<b>7,501,196</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,037,126</b>	<b>\$ 9,229,275</b>	<b>\$ 6,192,149</b>

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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 650	\$ 686	\$ 36
Intergovernmental	100,000	195,441	95,441
Total Revenues	100,650	196,127	95,477
Expenditures:			
Police	125,930	101,708	24,222
Net Change in Fund Balance	(25,280)	94,419	119,699
Fund Balance, Beginning of Year	117,864	117,864	-
Fund Balance, End of Year	\$ 92,584	\$ 212,283	\$ 119,699

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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ -	\$ (197)	\$ (197)
Intergovernmental	849,010	430,976	(418,034)
Other	10,000	-	(10,000)
<b>Total Revenues</b>	<b>859,010</b>	<b>430,779</b>	<b>(428,231)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Community development	281,840	145,784	136,056
Capital outlay	664,600	316,127	348,473
<b>Total Expenditures</b>	<b>946,440</b>	<b>461,911</b>	<b>484,529</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(87,430)</b>	<b>(31,132)</b>	<b>56,298</b>
<b>Other Financing Sources (Uses):</b>			
Transfers out	(17,760)	(17,760)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(17,760)</b>	<b>(17,760)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(105,190)</b>	<b>(48,892)</b>	<b>56,298</b>
<b>Fund Balance, Beginning of Year</b>	<b>436,080</b>	<b>436,080</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 330,890</b>	<b>\$ 387,188</b>	<b>\$ 56,298</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 225,000	\$ 224,483	\$ (517)
Investment and rentals	-	1,666	1,666
Total Revenues	<u>225,000</u>	<u>226,149</u>	<u>1,149</u>
Expenditures:			
Capital outlay	<u>224,910</u>	<u>6,006</u>	<u>218,904</u>
Total Expenditures	<u>224,910</u>	<u>6,006</u>	<u>218,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>90</u>	<u>220,143</u>	<u>220,053</u>
Net Change in Fund Balance	90	220,143	220,053
Fund Balance, Beginning of Year	<u>183,394</u>	<u>183,394</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 183,484</u></u>	<u><u>\$ 403,537</u></u>	<u><u>\$ 220,053</u></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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ 531,350	\$ 532,189	\$ 839
Total Revenues	<u>531,350</u>	<u>532,189</u>	<u>839</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	427,940	344,751	83,189
Capital outlay	30,000	-	30,000
<b>Debt service:</b>			
Principal retirement	1,475,000	1,215,000	260,000
Interest and fiscal charges	128,080	388,028	(259,948)
Total Expenditures	<u>2,061,020</u>	<u>1,947,779</u>	<u>113,241</u>
Net Change in Fund Balance	(1,529,670)	(1,415,590)	114,080
Fund Balance, Beginning of Year	<u>1,608,013</u>	<u>1,608,013</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 78,343</u></u>	<u><u>\$ 192,423</u></u>	<u><u>\$ 114,080</u></u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Reserve Capital Project Fund  
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 30,000	\$ 32,593	\$ 2,593
Charges for services	425,430	425,430	-
Other	22,010	22,007	(3)
Total Revenues	<u>477,440</u>	<u>480,030</u>	<u>2,590</u>
Expenditures:			
Current:			
General government	300,000	292,826	7,174
Capital outlay	<u>1,463,420</u>	<u>398,110</u>	<u>1,065,310</u>
Total Expenditures	<u>1,763,420</u>	<u>690,936</u>	<u>1,072,484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,285,980)	(210,906)	1,075,074
Other Financing Sources (Uses):			
Transfers in	<u>3,123,940</u>	<u>3,123,940</u>	<u>-</u>
Net Change in Fund Balance	1,837,960	2,913,034	1,075,074
Fund Balance, Beginning of Year	<u>4,397,708</u>	<u>4,397,708</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,235,668</u>	<u>\$ 7,310,742</u>	<u>\$ 1,075,074</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 28,000	\$ 185,952	\$ 157,952
Charges for services	582,520	349,515	(233,005)
Developer fees	539,180	531,564	(7,616)
Other	454,860	-	(454,860)
	<u>1,604,560</u>	<u>1,067,031</u>	<u>(537,529)</u>
Total Revenues			
Expenditures:			
Current:			
Public Works	65,350	37,156	28,194
	<u>65,350</u>	<u>37,156</u>	<u>28,194</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,539,210</u>	<u>1,029,875</u>	<u>(509,335)</u>
Other Financing Sources (Uses):			
Transfers out	(2,270,790)	(1,596,015)	674,775
	<u>(2,270,790)</u>	<u>(1,596,015)</u>	<u>674,775</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(731,580)	(566,140)	165,440
Fund Balance, Beginning of Year, as restated	<u>13,619,414</u>	<u>13,619,414</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,887,834</u>	<u>\$ 13,053,274</u>	<u>\$ 165,440</u>



CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Public Facilities Construction Capital Project Fund  
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 70,000	\$ 19,312	\$ (50,688)
Developer fees	299,440	175,560	(123,880)
Total Revenues	<u>369,440</u>	<u>194,872</u>	<u>(174,568)</u>
Expenditures:			
Current:			
Community development	33,730	811,929	(778,199)
Capital outlay	217,380	98,420	118,960
Total Expenditures	<u>251,110</u>	<u>910,349</u>	<u>(659,239)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	118,330	(715,477)	(833,807)
Other Financing Sources:			
Transfers in	796,370	796,370	-
Total Other Financing Sources (Uses)	<u>796,370</u>	<u>796,370</u>	<u>-</u>
Net Change in Fund Balance	914,700	80,893	(833,807)
Fund Balance, Beginning of Year	<u>7,380,293</u>	<u>7,380,293</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 8,294,993</u></u>	<u><u>\$ 7,461,186</u></u>	<u><u>\$ (833,807)</u></u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Low/Moderate Income Housing Fund  
For the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ -	\$ 41,147	\$ 41,147
Total Revenues	-	41,147	41,147
Other Financing Sources (Uses):			
Transfers in	28,960	28,956	(4)
Total Other Financing Sources (Uses)	28,960	28,956	(4)
Net Change in Fund Balance	28,960	70,103	41,143
Fund Balance, Beginning of Year, as restated	2,559,668	2,559,668	-
Fund Balance, End of Year	\$ 2,588,628	\$ 2,629,771	\$ 41,143

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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 24,000	\$ 11,523	\$ (12,477)
Developer fees	500	4,234	3,734
 Total Revenues	 24,500	 15,757	 (8,743)
Expenditures:			
Current:			
Community Development	243,060	105,757	137,303
Capital outlay	542,430	63,237	479,193
 Total Expenditures	 785,490	 168,994	 616,496
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (760,990)	 (153,237)	 607,753
Other Financing Sources (Uses):			
Transfers out	(30,000)	-	30,000
 Net Change in Fund Balance	 (790,990)	 (153,237)	 637,753
Fund Balance, Beginning of Year	3,908,003	3,908,003	-
Fund Balance, End of Year	<u>\$ 3,117,013</u>	<u>\$ 3,754,766</u>	<u>\$ 637,753</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 25,000	\$ 10,730	\$ (14,270)
Developer fees	157,280	159,465	2,185
Total Revenues	<u>182,280</u>	<u>170,195</u>	<u>(12,085)</u>
Expenditures:			
Current:			
Public works	8,570	8,570	-
Capital outlay	<u>1,915,290</u>	<u>482,892</u>	<u>1,432,398</u>
Total Expenditures	<u>1,923,860</u>	<u>491,462</u>	<u>1,432,398</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,741,580)	(321,267)	1,420,313
Other Financing Sources (Uses):			
Transfers in	<u>(960,000)</u>	<u>-</u>	<u>960,000</u>
Net Change in Fund Balance	(2,701,580)	(321,267)	2,380,313
Fund Balance, Beginning of Year	<u>3,487,463</u>	<u>3,487,463</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 785,883</u>	<u>\$ 3,166,196</u>	<u>\$ 2,380,313</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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment and rentals	\$ 5,500	\$ 4,631	\$ (869)
Developer fees	23,600	36,915	13,315
Other	20,000	536,745	516,745
<b>Total Revenues</b>	<b>49,100</b>	<b>578,291</b>	<b>529,191</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Beaches, parks, and recreation	12,310	12,310	-
Capital outlay	48,850	13,490	35,360
<b>Total Expenditures</b>	<b>61,160</b>	<b>25,800</b>	<b>35,360</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(12,060)</b>	<b>552,491</b>	<b>564,551</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,087,414</b>	<b>1,087,414</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,075,354</b>	<b>\$ 1,639,905</b>	<b>\$ 564,551</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, 2017

	Clean Ocean	Solid Waste Management	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and investments	\$ 3,209,916	\$ 345,497	\$ 3,555,413
Receivables (net of allowances for uncollectible accounts)	467,847	24,122	491,969
Accrued interest	9,244	995	10,239
Total Current Assets	<u>3,687,007</u>	<u>370,614</u>	<u>4,057,621</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and equipment	54,741	-	54,741
Construction in progress	-	-	-
Total Capital Assets	<u>54,741</u>	<u>-</u>	<u>54,741</u>
Less accumulated depreciation	<u>(54,741)</u>	<u>-</u>	<u>(54,741)</u>
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,687,007</u>	<u>370,614</u>	<u>4,057,621</u>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts payable	99,924	7,562	107,486
Accrued wages	4,719	1,659	6,378
Compensated absences payable	3,755	1,952	5,707
Total Current Liabilities	<u>108,398</u>	<u>11,173</u>	<u>119,571</u>
Noncurrent Liabilities:			
Compensated absences payable	<u>14,125</u>	<u>7,344</u>	<u>21,469</u>
Total Liabilities	<u>122,523</u>	<u>18,517</u>	<u>141,040</u>
Net Position:			
Net investment in capital assets		-	
Unrestricted	<u>3,564,484</u>	<u>352,097</u>	<u>3,916,581</u>
Total Net Position	<u>\$ 3,564,484</u>	<u>\$ 352,097</u>	<u>\$ 3,916,581</u>



CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2017

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ 2,296,534	\$ 174,071	\$ 2,470,605
Other	286,707	9,973	296,680
Total Operating Revenues	<u>2,583,241</u>	<u>184,044</u>	<u>2,767,285</u>
Operating Expenses:			
Salaries and benefits	266,675	106,778	373,453
Cost of materials and supplies	43,723	11,422	55,145
Maintenance and other operating expenses	1,284,429	87,649	1,372,078
Total Operating Expenses	<u>1,594,827</u>	<u>205,849</u>	<u>1,800,676</u>
Operating Income (Loss)	<u>988,414</u>	<u>(21,805)</u>	<u>966,609</u>
Non-Operating Revenues (Expenses):			
Investment income	12,789	1,225	14,014
Grant income	-	16,798	16,798
Total Non-Operating Revenues	<u>12,789</u>	<u>18,023</u>	<u>30,812</u>
Income (Loss) Before Transfers	1,001,203	(3,782)	997,421
Transfers:			
Transfers out	<u>(630,315)</u>	<u>-</u>	<u>(630,315)</u>
Total Transfers	<u>(630,315)</u>	<u>-</u>	<u>(630,315)</u>
Change in Net Assets	370,888	(3,782)	367,106
Net Position - Beginning of Year	<u>3,193,596</u>	<u>355,879</u>	<u>3,549,475</u>
Net Position - End of Year	<u>\$ 3,564,484</u>	<u>\$ 352,097</u>	<u>\$ 3,916,581</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2017

	Clean Ocean	Solid Waste Management	Totals
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 2,315,173	\$ 174,129	\$ 2,489,302
Cash paid to other suppliers for goods or services	(1,310,790)	(92,134)	(1,402,924)
Cash payment to employees	(258,976)	(104,863)	(363,839)
Cash from other operating revenues	286,707	9,973	296,680
Net Cash Provided by (Used for) Operating Activities	<u>1,032,114</u>	<u>(12,895)</u>	<u>1,019,219</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Grant receipts	-	16,798	16,798
Cash paid to other funds	(630,315)	-	(630,315)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(630,315)</u>	<u>16,798</u>	<u>(613,517)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
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>
<b>Cash Flows from Investing Activities:</b>			
Investment income received	9,868	1,022	10,890
Net Cash Provided by (Used for) Investing Activities	<u>9,868</u>	<u>1,022</u>	<u>10,890</u>
Net Increase (Decrease) in Cash and Cash Equivalents	489,882	4,925	494,807
Cash and Cash Equivalents at Beginning of Year	2,720,034	340,572	3,060,606
Cash and Cash Equivalents at End of Year	<u>\$ 3,209,916</u>	<u>\$ 345,497</u>	<u>\$ 3,555,413</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	<u>\$ 988,414</u>	<u>\$ (21,805)</u>	<u>\$ 966,609</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:</b>			
(Increase) decrease in accounts receivable	18,639	58	18,697
Increase (decrease) in accounts payable	17,362	6,937	24,299
Increase (decrease) in accrued wages	2,394	117	2,511
Increase (decrease) in compensated absences	5,305	1,798	7,103
Total Adjustments	<u>43,700</u>	<u>8,910</u>	<u>52,610</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,032,114</u>	<u>\$ (12,895)</u>	<u>\$ 1,019,219</u>
<b>Noncash investing, capital, and financing activities:</b>			
Unrealized gain (loss) from investments	\$ (21,696)	\$ (2,548)	\$ (24,244)

## 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, 2017

	Employee Benefits	Central Services
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 349,832	\$ 271,135
Receivables (net of uncollectible allowance):		
Accounts	32,227	-
Accrued interest	-	780
Prepaid expense	-	-
Total Current Assets	382,059	271,915
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	383,241
Construction in progress	-	-
Total Capital Assets	-	383,241
Less accumulated depreciation	-	(232,073)
Net Capital Assets	-	151,168
Total Noncurrent Assets	-	151,168
Total Assets	382,059	423,083
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	157,241	27,378
Accrued wages	228,871	706
Capital lease obligations	-	33,152
Compensated absences payable	-	709
Claims and judgements payable	-	-
Total Current Liabilities	386,112	61,945
Noncurrent Liabilities:		
Capitalized lease obligations	-	115,827
Compensated absences payable	-	2,665
Claims and judgments payable	-	-
Total Noncurrent Liabilities	-	118,492
Total Liabilities	386,112	180,437
Net Position:		
Net investment in capital assets	-	2,189
Unrestricted	(4,053)	240,457
Total Net Position	\$ (4,053)	\$ 242,646

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 580,015	\$ 5,806,371	\$ 26,263	\$ 1,588,432	\$ 2,468,990	\$ 11,091,038
-	2,306	5,017	-	-	39,550
1,670	16,721	76	4,575	7,110	30,932
-	-	-	-	2,927	2,927
<u>581,685</u>	<u>5,825,398</u>	<u>31,356</u>	<u>1,593,007</u>	<u>2,479,027</u>	<u>11,164,447</u>
-	443,134	-	-	-	443,134
-	391,920	-	-	-	391,920
587,092	5,722,841	-	-	-	6,693,174
495,928	-	-	-	-	495,928
<u>1,083,020</u>	<u>6,557,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,024,156</u>
<u>(545,595)</u>	<u>(5,049,399)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,827,067)</u>
<u>537,425</u>	<u>1,508,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,197,089</u>
<u>537,425</u>	<u>1,508,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,197,089</u>
<u>1,119,110</u>	<u>7,333,894</u>	<u>31,356</u>	<u>1,593,007</u>	<u>2,479,027</u>	<u>13,361,536</u>
45,761	124,552	13,145	6,019	450,956	825,052
13,470	-	-	-	3,167	246,214
-	-	-	-	-	33,152
17,987	-	-	-	7,609	26,305
-	-	-	418,513	38,213	456,726
<u>77,218</u>	<u>124,552</u>	<u>13,145</u>	<u>424,532</u>	<u>499,945</u>	<u>1,587,449</u>
-	-	-	-	-	115,827
67,664	-	-	-	28,626	98,955
-	-	-	371,135	33,934	405,069
<u>67,664</u>	<u>-</u>	<u>-</u>	<u>371,135</u>	<u>62,560</u>	<u>619,851</u>
<u>144,882</u>	<u>124,552</u>	<u>13,145</u>	<u>795,667</u>	<u>562,505</u>	<u>2,207,300</u>
537,425	1,508,496	-	-	-	2,048,110
<u>436,803</u>	<u>5,700,846</u>	<u>18,211</u>	<u>797,340</u>	<u>1,916,522</u>	<u>9,106,126</u>
<u>\$ 974,228</u>	<u>\$ 7,209,342</u>	<u>\$ 18,211</u>	<u>\$ 797,340</u>	<u>\$ 1,916,522</u>	<u>\$ 11,154,236</u>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2017

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 417,208
Other	-	84
Total Operating Revenues	-	417,292
Operating Expenses:		
Salaries and benefits	-	52,919
Cost of materials and supplies	-	47,533
Depreciation	-	51,174
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	4,486	349,527
Total Operating Expenses	4,486	501,153
Operating Income (Loss)	(4,486)	(83,861)
Nonoperating Revenues (Expenses):		
Investment income	-	695
Interest and fiscal charges	-	(4,257)
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	-	(3,562)
Income (Loss) Before Transfers	(4,486)	(87,423)
Transfers:		
Transfers in	-	-
Transfers out	-	-
Total Transfers	-	-
Change in Net Position	(4,486)	(87,423)
Net Position - Beginning of Year	433	330,069
Net Position - End of Year	\$ (4,053)	\$ 242,646

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,862,880	\$ 1,415,030	\$ 3,091,230	\$ 453,937	\$ 2,500,000	\$ 9,740,285
240	10,273	16,700	39,304	1,971,715	2,038,316
<u>1,863,120</u>	<u>1,425,303</u>	<u>3,107,930</u>	<u>493,241</u>	<u>4,471,715</u>	<u>11,778,601</u>
781,561	-	-	-	168,747	1,003,227
2,875	265,518	-	-	23	315,949
33,916	558,615	-	-	-	643,705
-	-	-	163,584	-	163,584
-	-	2,819,348	-	-	2,819,348
-	-	-	-	1,928,747	1,928,747
-	-	197,638	80,816	-	278,454
930,412	585,926	83,154	104,181	1,596,065	3,653,751
<u>1,748,764</u>	<u>1,410,059</u>	<u>3,100,140</u>	<u>348,581</u>	<u>3,693,582</u>	<u>10,806,765</u>
114,356	15,244	7,790	144,660	778,133	971,836
2,669	18,136	(1,888)	7,325	8,967	35,904
-	-	-	-	-	(4,257)
-	-	-	-	-	-
<u>2,669</u>	<u>18,136</u>	<u>(1,888)</u>	<u>7,325</u>	<u>8,967</u>	<u>31,647</u>
117,025	33,380	5,902	151,985	787,100	1,003,483
223,840	-	-	-	450,000	673,840
-	(35,640)	-	-	-	(35,640)
<u>223,840</u>	<u>(35,640)</u>	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>638,200</u>
340,865	(2,260)	5,902	151,985	1,237,100	1,641,683
<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>
<u>\$ 974,228</u>	<u>\$ 7,209,342</u>	<u>\$ 18,211</u>	<u>\$ 797,340</u>	<u>\$ 1,916,522</u>	<u>\$ 11,154,236</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2017

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Cash received from customers	\$ (20,557)	\$ 417,208
Cash paid to other suppliers of goods or services	55,104	(396,931)
Cash payment to employees	(85,938)	(52,058)
Cash from other operating revenues	-	84
Net Cash Provided by (Used for) Operating Activities	(51,391)	(31,697)
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	(166,289)
Sale of capital assets	-	-
Payment on capital lease payable	-	131,276
Interest and fiscal charges	-	(4,257)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(39,270)
Cash Flows from Investing Activities:		
Investment income received (paid)	-	707
Net Cash Provided by (Used for) Investing Activities:	-	707
Net Increase (Decrease) in Cash and Cash Equivalents	(51,391)	(70,260)
Cash and Cash Equivalents at Beginning of Year	401,223	341,395
Cash and Cash Equivalents at End of Year	\$ 349,832	\$ 271,135



Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,862,880	\$ 1,414,509	\$ 3,099,838	\$ 473,236	\$ 2,500,000	\$ 9,747,114
(947,422)	(796,899)	(3,118,337)	(446,111)	(4,460,023)	(10,110,619)
(760,537)	-	-	-	(162,243)	(1,060,776)
240	10,273	16,700	39,304	1,971,715	2,038,316
<u>155,161</u>	<u>627,883</u>	<u>(1,799)</u>	<u>66,429</u>	<u>(150,551)</u>	<u>614,035</u>
223,840	-	-	155,999	450,000	829,839
-	(35,640)	-	-	-	(35,640)
<u>223,840</u>	<u>(35,640)</u>	<u>-</u>	<u>155,999</u>	<u>450,000</u>	<u>794,199</u>
(466,300)	(508,809)	-	-	-	(1,141,398)
-	-	-	-	-	-
-	-	-	-	-	131,276
-	-	-	-	-	(4,257)
<u>(466,300)</u>	<u>(508,809)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,014,379)</u>
2,544	14,684	(1,894)	5,912	6,884	28,837
<u>2,544</u>	<u>14,684</u>	<u>(1,894)</u>	<u>5,912</u>	<u>6,884</u>	<u>28,837</u>
(84,755)	98,118	(3,693)	228,340	306,333	422,692
<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>
<u>\$ 580,015</u>	<u>\$ 5,806,371</u>	<u>\$ 26,263</u>	<u>\$ 1,588,432</u>	<u>\$ 2,468,990</u>	<u>\$ 11,091,038</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds (Continued)  
For the Year Ended June 30, 2017

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ (4,486)	\$ (83,861)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	51,174
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(20,557)	-
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	59,590	129
Increase (decrease) in accrued wages	(85,938)	(319)
Increase (decrease) in OPEB Obligation	-	-
Increase (decrease) in compensated absences	-	1,180
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	(46,905)	52,164
Net Cash Provided by (Used for) Operating Activities	\$ (51,391)	\$ (31,697)
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ (2,330)
Borrowing under capital lease	-	166,290

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 114,356	\$ 15,244	\$ 7,790	\$ 144,660	\$ 778,133	\$ 971,836
33,916	558,615	-	-	-	643,705
-	(521)	8,608	19,299	-	6,829
-	-	-	-	10,040	10,040
(14,135)	54,545	(11,222)	(454)	303,042	391,495
4,386	-	-	-	326	(81,545)
-	-	(6,975)	-	-	(6,975)
16,638	-	-	-	6,178	23,996
-	-	-	(97,076)	(1,248,270)	(1,345,346)
40,805	612,639	(9,589)	(78,231)	(928,684)	(357,801)
<u>\$ 155,161</u>	<u>\$ 627,883</u>	<u>\$ (1,799)</u>	<u>\$ 66,429</u>	<u>\$ (150,551)</u>	<u>\$ 614,035</u>
\$ (4,693)	\$ (42,760)	\$ (212)	\$ (10,799)	\$ (17,002)	\$ (77,796)
-	-	-	-	-	166,290

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

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

CITY OF SAN CLEMENTE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b><u>STREET ASSESSMENT COLLECTION</u></b>				
Assets				
Cash and investments	\$ 168,417	\$ 1,634	\$ 170,051	\$ -
Accrued interest receivable	392	-	392	-
Total Assets	<u>\$ 168,809</u>	<u>\$ 1,634</u>	<u>\$ 170,443</u>	<u>\$ -</u>
Liabilities				
Payable to bondholders	\$ 168,809	1,634	170,443	\$ -
Total Liabilities	<u>\$ 168,809</u>	<u>\$ 1,634</u>	<u>\$ 170,443</u>	<u>\$ -</u>
<b><u>99-1 AD COLLECTION</u></b>				
Assets				
Cash and investments	\$ 92,595	\$ 105,057	\$ 109,723	\$ 87,929
Taxes receivable	1,169	-	1,169	-
Accrued interest receivable	-	57	-	57
Total Assets	<u>\$ 93,764</u>	<u>\$ 105,114</u>	<u>\$ 110,892</u>	<u>\$ 87,986</u>
Liabilities				
Accounts payable	\$ 376	\$ 46,668	\$ 46,667	\$ 377
Payable to bondholders	93,388	62,544	68,323	87,609
Total Liabilities	<u>\$ 93,764</u>	<u>\$ 109,212</u>	<u>\$ 114,990</u>	<u>\$ 87,986</u>
<b><u>99-1 CFD COLLECTION</u></b>				
Assets				
Cash and investments	\$ 895,452	\$ 737,188	\$ 755,386	\$ 877,254
Taxes receivable	-	11,500	-	11,500
Accrued interest receivable	2,818	-	1,626	1,192
Total Assets	<u>\$ 898,270</u>	<u>\$ 748,688</u>	<u>\$ 757,012</u>	<u>\$ 889,946</u>
Liabilities				
Accounts payable	\$ 448	\$ 318,886	\$ 318,891	\$ 443
Payable to bondholders	897,822	417,751	426,070	889,503
Total Liabilities	<u>\$ 898,270</u>	<u>\$ 736,637</u>	<u>\$ 744,961</u>	<u>\$ 889,946</u>
<b><u>2006-1 CFD MARBLEHEAD</u></b>				
Assets				
Cash and investments	\$ 45,790,766	\$ 5,191,995	\$ 22,037,249	\$ 28,945,512
Taxes receivable	-	7,637	-	7,637
Accrued interest receivable	70	4,580	-	4,650
Total Assets	<u>\$ 45,790,836</u>	<u>\$ 5,204,212</u>	<u>\$ 22,037,249</u>	<u>\$ 28,957,799</u>
Liabilities				
Accounts payable	\$ 727	\$ 1,764,267	\$ 1,764,234	\$ 760
Payable to bondholders	45,790,109	75,974,246	92,807,316	28,957,039
Total Liabilities	<u>\$ 45,790,836</u>	<u>\$ 77,738,513</u>	<u>\$ 94,571,550</u>	<u>\$ 28,957,799</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b><u>RAD PFA COLLECTION</u></b>				
Assets				
Cash and investments	\$ 2,012,303	\$ 11,752,236	\$ 12,491,805	\$ 1,272,734
Taxes receivable	5,271	8,323	5,270	8,324
Accrued interest receivable	1,059	1,289	-	2,348
<b>Total Assets</b>	<b><u>\$ 2,018,633</u></b>	<b><u>\$ 11,761,848</u></b>	<b><u>\$ 12,497,075</u></b>	<b><u>\$ 1,283,406</u></b>
Liabilities				
Accounts payable	\$ 632	\$ 564,470	\$ 564,226	\$ 876
Payable to bondholders	2,018,001	10,668,830	11,404,301	1,282,530
<b>Total Liabilities</b>	<b><u>\$ 2,018,633</u></b>	<b><u>\$ 11,233,300</u></b>	<b><u>\$ 11,968,527</u></b>	<b><u>\$ 1,283,406</u></b>
<b><u>COASTAL ANIMAL SERVICES AUTHORITY</u></b>				
Assets				
Cash and investments	\$ 232,857	\$ 1,505,705	\$ 1,420,593	\$ 317,969
Accounts receivable	18,983	52,912	18,983	52,912
<b>Total Assets</b>	<b><u>\$ 251,840</u></b>	<b><u>\$ 1,558,617</u></b>	<b><u>\$ 1,439,576</u></b>	<b><u>\$ 370,881</u></b>
Liabilities				
Accounts payable	\$ 43,098	\$ 935,311	\$ 906,422	\$ 71,987
Accrued wages	25,800	760,931	757,717	29,014
Deposits payable	182,942	1,557,338	1,470,400	269,880
<b>Total Liabilities</b>	<b><u>\$ 251,840</u></b>	<b><u>\$ 3,253,580</u></b>	<b><u>\$ 3,134,539</u></b>	<b><u>\$ 370,881</u></b>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
Assets				
Cash and investments	\$ 49,192,390	\$ 19,293,815	\$ 36,984,807	\$ 31,501,398
Taxes receivable	6,440	27,460	6,439	27,461
Accounts receivable	18,983	52,912	18,983	52,912
Accrued interest receivable	4,339	5,926	2,018	8,247
<b>Total Assets</b>	<b><u>\$ 49,222,152</u></b>	<b><u>\$ 19,380,113</u></b>	<b><u>\$ 37,012,247</u></b>	<b><u>\$ 31,590,018</u></b>
Liabilities				
Accounts payable	\$ 45,281	\$ 3,629,602	\$ 3,600,440	\$ 74,443
Accrued wages	25,800	760,931	757,717	29,014
Deposits payable	182,942	1,557,338	1,470,400	269,880
Payable to bondholders	48,968,129	87,125,005	104,876,453	31,216,681
<b>Total Liabilities</b>	<b><u>\$ 49,222,152</u></b>	<b><u>\$ 93,072,876</u></b>	<b><u>\$ 110,705,010</u></b>	<b><u>\$ 31,590,018</u></b>

(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>	156
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	168
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>	174
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>	180
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>	182

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 150,591,242	\$ 160,753,531	\$ 164,975,785	\$ 184,880,908
Restricted	72,576,665	70,789,068	72,358,104	61,254,366
Unrestricted	34,432,738	36,234,606	33,143,594	38,223,976
<b>Total governmental activities net position</b>	<b>\$ 257,600,645</b>	<b>\$ 267,777,205</b>	<b>\$ 270,477,483</b>	<b>\$ 284,359,250</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 141,188,272	\$ 148,073,703	\$ 145,862,033	\$ 144,382,566
Restricted	45,175,807	44,132,042	48,219,563	49,019,121
Unrestricted	9,510,733	5,255,209	2,535,183	2,556,796
<b>Total business-type activities net position</b>	<b>\$ 195,874,812</b>	<b>\$ 197,460,954</b>	<b>\$ 196,616,779</b>	<b>\$ 195,958,483</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 291,779,514	\$ 308,827,234	\$ 310,837,818	\$ 329,263,474
Restricted	117,752,472	114,921,110	120,577,667	110,273,487
Unrestricted	43,943,471	41,489,815	35,678,777	40,780,772
<b>Total primary government net position</b>	<b>\$ 453,475,457</b>	<b>\$ 465,238,159</b>	<b>\$ 467,094,262</b>	<b>\$ 480,317,733</b>

Source: City of San Clemente

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 191,342,737	\$ 186,634,872	\$ 184,058,187	\$ 201,351,891	\$ 205,339,450	\$ 223,978,174
51,568,742	56,226,561	57,569,626	44,901,878	47,600,483	47,171,145
39,174,674	37,714,193	37,285,652	18,847,703	21,772,655	23,088,837
<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>	<u>\$ 294,238,156</u>
\$ 148,528,745	\$ 152,088,828	\$ 159,890,481	\$ 154,510,084	\$ 153,436,537	\$ 156,462,970
11,604,636	10,969,269	6,738,924	10,732,930	10,180,595	9,762,504
35,030,472	35,940,828	38,291,531	37,944,233	41,377,385	35,642,252
<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>	<u>\$ 201,867,726</u>
\$ 339,871,482	\$ 338,723,700	\$ 343,948,668	\$ 355,988,336	\$ 358,775,987	\$ 380,441,144
63,173,378	67,195,830	64,308,550	55,634,808	57,781,078	56,933,649
74,205,146	73,655,021	75,577,183	56,665,575	63,150,040	58,731,089
<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>	<u>\$ 496,105,882</u>

CITY OF SAN CLEMENTE

CHANGES IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year		
	2008	2009	2010
<b>Expenses</b>			
Governmental activities:			
General government	\$ 7,067,972	\$ 8,590,506	\$ 8,197,612
Police	11,432,223	11,643,872	12,295,976
Fire	6,396,679	6,646,647	6,931,220
Public works	9,824,925	9,651,386	10,665,664
Community development	6,180,679	6,372,669	7,524,036
Beaches, parks & recreation	9,817,651	10,258,139	10,173,361
Interest and fiscal charges	326,509	302,728	284,613
Total governmental activities expenses	<u>51,046,638</u>	<u>53,465,947</u>	<u>56,072,482</u>
Business-type activities:			
Water	12,347,470	14,918,006	15,128,156
Sewer	8,544,283	10,410,640	9,739,844
Golf	2,260,402	2,286,334	2,163,580
Non-major activities	1,927,960	1,808,289	1,982,432
Total business-type activities expenses	<u>25,080,115</u>	<u>29,423,269</u>	<u>29,014,012</u>
Total primary government expenses	<u>76,126,753</u>	<u>82,889,216</u>	<u>85,086,494</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	2,643,881	2,674,407	2,408,851
Police	1,012,436	1,167,198	977,562
Fire	564,867	793,180	823,135
Public works	962,317	800,669	879,257
Community development	2,914,280	1,412,939	1,619,726
Beaches, parks & recreation	2,592,051	2,482,348	2,831,200
Operating grants and contributions	3,303,950	2,670,368	3,373,731
Capital grants and contributions	10,039,908	10,049,727	4,463,625
Total governmental activities program revenues	<u>24,033,690</u>	<u>22,050,836</u>	<u>17,377,087</u>
Business-type activities:			
Charges for services:			
Water	12,324,113	12,447,776	12,485,605
Sewer	8,134,083	8,132,002	8,358,121
Golf	2,250,182	2,132,715	2,023,047
Other	2,049,309	2,010,211	1,985,289
Operating grants and contributions	-	-	-
Capital grants and contributions	2,693,366	3,025,094	769,923
Total business-type activities program revenues	<u>27,451,053</u>	<u>27,747,798</u>	<u>25,621,985</u>
Total primary government program revenues	<u>51,484,743</u>	<u>51,484,743</u>	<u>51,484,743</u>
Net (expense)/revenue:			
Governmental activities	(27,012,948)	(31,415,111)	(38,695,395)
Business-type activities	2,370,938	(1,675,471)	(3,392,027)
Total primary government net expense	<u>\$ (24,642,010)</u>	<u>\$ (33,090,582)</u>	<u>\$ (42,087,422)</u>

		Fiscal Year						
		2011	2012	2013	2014	2015	2016	2017
\$	8,453,237	\$ 7,446,115	\$ 6,194,743	\$ 5,949,601	\$ 6,368,117	\$ 6,121,431	\$ 7,158,985	
	12,051,622	12,120,058	12,141,456	12,838,046	12,743,914	12,366,392	14,722,453	
	7,074,900	7,441,911	7,723,477	7,885,566	8,148,750	8,914,593	10,098,953	
	10,407,140	11,467,488	10,729,698	17,118,629	10,529,453	16,568,456	18,795,135	
	5,327,603	5,335,446	8,027,685	6,258,785	16,481,854	5,802,124	6,120,224	
	9,926,388	11,832,045	13,092,862	14,159,882	14,026,927	9,295,623	9,299,173	
	307,354	232,635	147,897	137,661	127,508	118,421	392,285	
	<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>	<u>66,587,208</u>	
	14,604,342	16,649,645	17,583,799	18,199,173	19,582,215	18,092,980	17,944,864	
	10,706,741	10,560,807	10,956,256	10,754,071	11,379,835	11,727,190	16,124,175	
	2,135,370	2,191,026	2,274,584	2,169,419	2,123,894	2,113,187	2,058,702	
	2,070,131	2,080,649	1,839,962	1,785,248	1,926,412	1,797,162	1,787,867	
	<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>37,915,608</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>	<u>104,502,816</u>	
	2,742,791	2,899,751	398,141	408,238	750,760	944,933	430,676	
	1,060,857	1,014,471	887,830	777,499	772,733	641,074	601,355	
	681,144	768,098	834,182	697,683	1,096,348	1,266,510	1,467,867	
	1,277,324	1,146,576	998,914	1,514,742	1,714,658	1,067,956	1,261,103	
	1,456,230	1,365,793	1,669,416	2,256,562	2,589,286	2,891,114	2,426,953	
	2,835,372	3,186,014	3,472,211	3,481,050	3,446,630	3,832,390	4,205,277	
	3,287,276	3,218,852	4,773,534	4,213,191	3,355,485	5,058,133	3,187,026	
	5,694,883	2,682,033	1,221,842	7,579,481	19,527,260	7,119,635	23,318,080	
	<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>	<u>36,898,337</u>	
	13,885,865	16,424,826	18,479,553	21,338,919	20,564,951	18,231,654	18,207,039	
	8,977,702	9,270,705	10,071,581	10,284,887	10,308,250	10,686,769	9,976,298	
	2,137,694	2,222,932	2,179,625	2,292,262	2,319,582	2,236,018	2,162,780	
	2,362,352	2,286,446	2,306,379	2,296,222	2,765,093	2,821,254	2,767,285	
	190,241	248,928	56,500	17,121	-	17,298	16,798	
	1,100,855	47,180	3,439,735	2,478,027	787,143	1,156,583	1,677,633	
	<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>34,807,833</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>	<u>71,706,170</u>	
	(34,512,367)	(39,594,110)	(43,801,748)	(43,419,724)	(35,173,363)	(36,365,295)	(29,688,871)	
	(861,875)	(981,110)	3,878,772	5,799,527	1,732,663	1,419,057	(3,107,775)	
\$	<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>	<u>(32,796,646)</u>	

(Continued)

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

	Fiscal Year		
	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Property taxes	\$ 27,691,490	\$ 27,676,009	\$ 27,114,216
Sales taxes	5,628,813	4,530,994	4,965,641
Sales taxes - in lieu	1,981,820	2,014,780	1,308,380
Transient occupancy taxes	1,465,852	1,309,644	1,371,937
Franchise taxes	2,163,287	2,246,570	2,166,871
Other taxes	475,611	1,250,768	1,353,846
Investment earnings	2,070,969	2,155,014	2,152,699
Miscellaneous	306,842	42,135	722,562
Gain (Loss) on sale of capital assets	(2,695,057)	-	-
Pension side fund payment	-	-	-
Dissolution of the redevelopment agency	-	-	-
Transfers	49,736	365,757	239,521
Total governmental activities	<u>39,139,363</u>	<u>41,591,671</u>	<u>41,395,673</u>
Business-type activities:			
Investment earnings	2,747,619	2,208,881	1,406,190
Gain (Loss) on sale of capital assets	(662,391)	-	-
Miscellaneous	1,376,100	1,418,489	1,381,183
Transfers	(49,736)	(365,757)	(239,521)
Total business-type activities	<u>3,411,592</u>	<u>3,261,613</u>	<u>2,547,852</u>
Total primary government	<u>\$ 42,550,955</u>	<u>\$ 44,853,284</u>	<u>\$ 43,943,525</u>
<b>Change in Net Assets</b>			
Governmental activities	12,126,415	10,176,560	2,700,278
Business-type activities	5,782,530	1,586,142	(844,175)
Total primary government	<u>\$ 17,908,945</u>	<u>\$ 11,762,702</u>	<u>\$ 1,856,103</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

	2011	2012	2013	2014	2015	2016	2017
\$	26,543,254	\$ 25,704,056	\$ 25,613,417	\$ 25,938,562	\$ 27,574,540	\$ 29,588,442	\$ 31,038,475
	5,095,486	5,375,251	5,837,066	5,907,313	6,161,540	8,471,708	9,526,134
	1,604,663	1,694,225	1,743,745	2,130,322	2,108,680	593,774	-
	1,460,880	1,541,248	1,587,576	1,781,354	2,220,437	2,332,712	2,798,585
	2,199,894	2,229,194	2,203,002	2,280,321	2,402,021	2,420,553	2,559,189
	1,411,471	1,073,325	1,103,570	1,066,122	1,109,944	1,297,956	1,284,469
	827,900	1,147,655	3,950,829	2,533,185	1,019,290	915,646	1,119,283
	150,904	144,473	76,641	26,662	156,497	132,510	709,834
	13,403,427	-	-	-	-	-	-
	(4,754,163)	-	-	-	-	-	-
	-	(1,767,179)	-	-	-	-	-
	450,418	178,765	175,375	93,722	346,834	223,110	178,470
	48,394,134	37,321,013	42,291,221	41,757,563	43,099,783	45,976,411	49,214,439
	653,997	365,245	131,675	216,206	289,571	611,323	159,454
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(450,418)	(178,765)	(175,375)	(93,722)	(346,834)	(223,110)	(178,470)
	203,579	186,480	(43,700)	122,484	(57,263)	388,213	(19,016)
\$	48,597,713	\$ 37,507,493	\$ 42,247,521	\$ 41,880,047	\$ 43,042,520	\$ 46,364,624	\$ 49,195,423
	13,881,767	(2,273,097)	(1,510,527)	(1,662,161)	7,926,420	9,611,116	19,525,568
	(658,296)	(794,630)	3,835,072	5,922,011	1,675,400	1,807,270	(3,126,791)
\$	13,223,471	\$ (3,067,727)	\$ 2,324,545	\$ 4,259,850	\$ 9,601,820	\$ 11,418,386	\$ 16,398,777

(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>
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
2016 - 2017	31,098,009	9,931,846	2,798,585	2,611,748	1,059,264	47,499,452

**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>
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
2016-2017	31,038,475	9,526,134	2,798,585	2,559,189	1,254,792	29,677	47,206,852

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			
	2008	2009	2010	2011*
General fund				
Reserved	\$ 5,144,358	\$ 5,023,665	\$ 4,649,496	\$ -
Unreserved	20,380,390	20,070,766	18,836,396	-
Total general fund	<u>\$ 25,524,748</u>	<u>\$ 25,094,431</u>	<u>\$ 23,485,892</u>	<u>\$ -</u>
All other governmental funds				
Reserved	\$ 81,250,042	\$ 79,749,708	\$ 69,850,312	\$ -
Unreserved, reported in:				-
Special revenue funds	654,026	4,370,589	6,190,722	-
Capital projects funds	(7,833,364)	(11,345,685)	(1,218,011)	-
Debt service funds	(719,835)	486,740	(2,545,344)	-
Total all other governmental funds	<u>\$ 73,350,869</u>	<u>\$ 73,261,352</u>	<u>\$ 72,277,679</u>	<u>\$ -</u>
General fund				2011
Nonspendable				\$ 2,169,291
Committed				18,923,274
Assigned				3,770,456
Unassigned				4,110,236
Total general fund				<u>\$ 28,973,257</u>
All other governmental funds				
Nonspendable				\$ 2,351,847
Restricted				31,352,050
Committed				11,792,319
Assigned				17,517,914
Unassigned				<u>(2,001,968)</u>
Total all other governmental funds				<u>\$ 61,012,162</u>

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

Source: City of San Clemente

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2012	2013	2014	2015	2016	2017
\$ 1,800,743	\$ 2,001,530	\$ 2,006,484	\$ 1,915,086	\$ 1,653,502	\$ 2,509,597
17,754,373	17,450,954	16,751,483	19,081,173	16,263,527	14,016,387
7,373,427	7,060,897	7,225,178	4,015,657	9,070,803	9,418,192
1,528,656	3,592,488	3,850,648	4,673,038	1,648,449	4,421,779
<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>	<u>\$ 30,365,955</u>
\$ 2,120,653	\$ 2,120,653	\$ 1,671,798	\$ 9,933,254	\$ -	\$ -
46,333,348	47,664,547	41,112,201	34,945,212	49,053,639	47,062,622
442,650	77,643	59,265	48,563	23,705	96,053
4,209,482	4,356,356	4,438,029	4,337,695	4,374,003	7,214,689
26,091	-	5,956,604	(32,142)	-	-
<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>	<u>\$ 54,373,364</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 39,381,570	\$ 38,642,481	\$ 35,436,230	\$ 38,098,699
Licenses and permits	2,095,709	1,714,112	2,083,840	1,903,617
Fines and forfeits	880,206	1,033,082	820,170	931,685
Interest and rentals	6,480,064	5,700,804	3,998,962	2,780,497
Intergovernmental	7,555,145	6,987,223	5,975,543	5,767,169
Charges for services	6,716,282	6,664,560	6,905,663	7,150,212
Developers fees	444,916	203,899	238,620	700,150
Other	473,262	168,956	892,015	1,152,865
Total revenues	<u>64,027,154</u>	<u>61,115,117</u>	<u>56,351,043</u>	<u>58,484,894</u>
<b>Expenditures</b>				
General government	7,169,531	7,311,045	7,740,422	7,274,138
Police	11,452,808	11,658,831	12,344,203	12,046,529
Fire	6,234,977	6,484,946	6,769,519	6,913,198
Public works	6,996,705	6,477,525	6,995,428	6,863,269
Community development	5,841,406	5,561,874	6,139,496	4,723,758
Beaches, parks and recreation	8,635,436	9,113,582	8,699,948	8,378,274
Capital outlay	16,702,514	13,515,137	9,353,222	25,632,719
Debt service:				
Property tax shift	24,463	504,204	1,052,656	348,788
Principal retirements	100,000	105,000	115,000	125,000
Interest and fiscal charges	308,786	291,444	279,293	304,411
Total expenditures	<u>63,466,626</u>	<u>61,023,588</u>	<u>59,489,187</u>	<u>72,610,084</u>
Excess of revenues over (under) expenditures	560,528	91,529	(3,138,144)	(14,125,190)
<b>Other financing sources (uses)</b>				
Sale of capital assets	33,617	35,000	70,952	13,449,123
Transfers in	12,485,771	5,154,595	5,967,593	14,490,883
Transfers out	(14,098,155)	(5,800,958)	(5,492,613)	(14,838,805)
Total other financing sources (uses)	<u>(1,578,767)</u>	<u>(611,363)</u>	<u>545,932</u>	<u>13,101,201</u>
Pension side fund payment	-	-	-	(4,754,163)
Redevelopment agency dissolution	-	-	-	-
Net change in fund balances	<u>\$ (1,018,239)</u>	<u>\$ (519,834)</u>	<u>\$ (2,592,212)</u>	<u>\$ (5,778,152)</u>
Debt service as a percentage of noncapital expenditures	1%	1%	1%	1%

Source: City of San Clemente

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	37,574,489	\$ 40,018,104	\$ 38,828,018	\$ 41,169,421	\$ 44,171,716	\$ 47,499,452
	892,486	1,042,511	1,534,484	1,787,045	1,945,118	1,679,051
	879,981	776,634	690,083	673,346	596,246	533,413
	2,615,105	2,441,657	2,778,297	2,267,203	3,091,081	3,083,044
	4,830,480	3,800,465	4,116,782	4,595,852	4,436,712	4,312,721
	7,527,717	5,090,503	5,722,098	7,384,801	7,434,014	6,812,143
	170,071	1,607,964	6,571,642	920,591	1,150,197	917,738
	1,755,948	552,873	451,993	346,524	1,495,784	1,903,481
	<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>	<u>66,741,043</u>
	7,308,774	4,962,425	5,366,069	6,116,994	7,400,704	7,390,332
	12,111,299	12,111,439	12,820,497	13,139,840	12,282,853	13,969,172
	7,280,209	7,478,736	7,658,531	8,170,808	8,687,558	8,974,200
	7,124,688	6,553,374	11,986,832	6,401,382	10,761,232	11,137,408
	5,159,664	7,757,417	6,203,011	16,327,068	5,390,017	5,745,947
	9,421,326	10,209,081	10,695,841	11,658,520	6,214,570	6,093,381
	13,793,640	3,059,286	6,622,108	8,951,082	9,411,552	8,767,026
	-	-	-	-	-	-
	830,000	95,000	105,000	115,000	125,000	1,215,000
	226,089	140,683	132,608	123,678	116,400	388,028
	<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>	<u>63,680,494</u>
	(7,009,412)	2,963,270	(897,100)	(11,859,589)	3,930,982	3,060,549
	-	-	-	-	-	-
	5,603,370	3,617,669	1,763,604	2,591,784	3,841,952	6,277,187
	(5,222,775)	(3,845,294)	(2,119,882)	(3,033,950)	(4,602,842)	(6,686,045)
	<u>380,595</u>	<u>(227,625)</u>	<u>(356,278)</u>	<u>(442,166)</u>	<u>(760,890)</u>	<u>(408,858)</u>
	-	-	-	-	-	-
	(1,767,179)	-	-	-	-	-
\$	<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>	<u>\$ 2,651,691</u>
	2%	0%	0%	0%	0%	3%

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		
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%
2016 - 2017	15,045,607,490	224,270,282	15,269,877,772	1.00%

NOTE:

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

Source: Orange County Auditor Controller's Office



Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Taxable Actual Value
12,486,975,516	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%
23,362,912,991	153%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Metropolitan Water District	\$ 0.0045	\$ 0.0043	\$ 0.0043	\$ 0.0037
Capistrano Unified School District (various issues)	0.0102	0.0097	0.0108	0.0111
Total Basic Tax Levy per Article 13A of California State Constitution	1.0000	1.0000	1.0000	1.0000
	<u>\$ 1.0147</u>	<u>\$ 1.0140</u>	<u>\$ 1.0151</u>	<u>\$ 1.0148</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					
2012	2013	2014	2015	2016	2017
\$ 0.0037	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
0.0110	0.0117	0.0097	0.0090	0.0085	0.0084
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>\$ 1.0147</u>	<u>\$ 1.0152</u>	<u>\$ 1.0132</u>	<u>\$ 1.0125</u>	<u>\$ 1.0120</u>	<u>\$ 1.0119</u>

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

Taxpayer	Type of Business	2017			2008		
		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	\$ 155,466,833	1	1.02%	\$ -		
Villa San Clemente LLC	Real Estate	103,648,133	2	0.68%	103,012,860	2	0.83%
WNG San Clemente 368 LLC	Real Estate	101,182,293	3	0.66%	-		
Bre Silver MF San Clemente CA	Real Estate	61,985,000	4	0.41%	-		
Bre Properties Inc	Real Estate	61,614,314	5	0.40%	59,134,013	4	0.47%
Centro Watt Operating Owner I LLC	Real Estate	50,474,290	6	0.33%	39,576,346	6	0.32%
BEX Portfolio Inc	Real Estate	31,790,915	7	0.21%	-		
Talega Village Center LLC	Retail	30,438,480	8	0.20%	-		
Target Corporation	Retail	29,434,782	9	0.19%	-		
Olen Properties Corporation	Real Estate	25,845,780	10	0.17%	-		
Suncal Marblehead LLC	Real Estate	-			120,257,643	1	0.96%
Seacrest Apartment Holding Co	Real Estate	-			87,500,000	3	0.70%
SAF Whispering Winds LLC	Real Estate	-			48,367,730	5	0.39%
Cox Communications Inc. Orange	Public Utilities	-			25,124,664	7	0.20%
Raymond Taccolini Trust	Real Estate	-			21,766,900	8	0.17%
CTF5-Talega LLC	Real Estate	-			20,735,802	9	0.17%
Nichols Institute Diagnostics	Medical	-			20,518,398	10	0.16%
		<u>\$ 651,880,820</u>		<u>4.27%</u>	<u>\$ 545,994,356</u>		<u>4.37%</u>

Source: Orange County Assessor's Office

CITY OF SAN CLEMENTE

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percent of Levy		Amount	Percent of Levy	Amount	Percent of Levy
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%
2016 - 2017	34,980,713	34,922,313	99.83%	294,822	35,217,135	100.68%	257,450	0.74%

Source: Orange County Auditor Controller's Office

CITY OF SAN CLEMENTE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Certificates of Participation	Capital Leases	State Revolving Fund Loan			
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
2016 - 2017	-	148,979	13,267,421	13,416,400	0.40%	203

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	State Revolving Fund Loan					
		Operations and Maintenance, Exclusive of Depreciation (2)	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage (3)
				Principal	Interest	Totals	
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
2016 - 2017	18,982,260	16,274,681	2,707,579	608,719	291,883	900,602	3.0

Notes:

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

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

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

Source: City Finance Department

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2017

Assessed valuation was \$15,269,877,772 in FY 2016-17

	%	Debt
	<u>Applicable</u>	<u>June 30, 2017</u>
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		
Metropolitan Water District	0.591%	\$ 442,689
Capistrano Unified School District School Facilities Improvement District No. 1	22.29%	6,065,226
Santa Margarita Water District CFD No. 99-1	100%	81,890,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	72,610,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	4,095,000
City of San Clemente Communtiy Facilities District No. 2006-1	100%	55,490,000
City of San Clemente 1915 Act Bonds	100%	9,750,000
<b>TOTAL OVERLAPPING TAX AND ASSESSED DEBT</b>		<b>\$ 230,342,915</b>
<b>OVERLAPPING GENERAL FUND DEBT:</b>		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.908%	6,616,165
Orange County Pension Obligations	2.908%	11,247,055
Orange County Board of Education Certificates of Participation	2.908%	419,915
Capistrano Unified School District Certificates of Participation	18.777%	2,592,165
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	1,080,000
City of San Clemente Capital Leases	100%	148,979
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 22,104,279</b>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 252,447,194</b>
<b>TOTAL CITY DIRECT DEBT (1)</b>		<b>\$ 1,228,979</b>
<b>TOTAL OVERLAPPING DEBT</b>		<b>\$ 251,218,215</b>
<b>COMBINED DIRECT AND OVERLAPPING DEBT</b>		<b>\$ 252,447,194</b>

Notes:

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

Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.51%
Total Direct Debt	0.01%
Combined Total Debt	1.65%

Source: California Municipal Statistics





CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Assessed valuation	\$ 12,486,975,516	\$ 12,855,038,349	\$ 12,631,336,846	\$ 12,430,204,040
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	3,121,743,879	3,213,759,587	3,157,834,212	3,107,551,010
Debt limit percentage	15%	15%	15%	15%
Debt limit	468,261,582	482,063,938	473,675,132	466,132,652
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 468,261,582</u>	<u>\$ 482,063,938</u>	<u>\$ 473,675,132</u>	<u>\$ 466,132,652</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						
2012	2013	2014	2015	2016	2017	
\$ 12,355,909,506	\$ 12,425,256,552	\$ 12,748,522,096	\$ 13,582,964,739	\$ 13,666,850,501	\$ 14,447,433,531	
25%	25%	25%	25%	25%	25%	25%
3,088,977,377	3,106,314,138	3,187,130,524	3,395,741,185	3,416,712,625	3,611,858,383	
15%	15%	15%	15%	15%	15%	15%
463,346,606	465,947,121	478,069,579	509,361,178	512,506,894	541,778,757	
-	-	-	-	-	-	-
<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>	<u>\$ 541,778,757</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)
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%
2016 - 2017	65,975	3,383,938	51,291	38	95%	9,392	3.30%

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

CITY OF SAN CLEMENTE

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2017			2008		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	972	1	3.06%			
Fisherman's Restaurants	265	2	0.83%	195	7	0.65%
Ralphs	233	3	0.73%			
City of San Clemente	203	4	0.64%	200	5	0.66%
Walmart	195	5	0.61%	190	8	0.63%
Target Retail Store	183	6	0.58%			
Metro One Development Inc.	175	7	0.55%			
Albertsons	164	8	0.52%			
US Post Office	150	9	0.47%			
Lowe's Home Improvement	146	10	0.46%			
ICU Medical				1696	1	5.63%
Don Roberto Jewelers				550	2	1.83%
Cross Section Jewelers				300	3	1.00%
San Juan Capistrano Fiesta				265	4	0.88%
Quest Diagnostics				200	6	0.66%
Inspirational Films				150	9	0.50%
Sears Essentials				150	10	0.50%

"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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	31	34	34	33	32	32	32	32	31	26
Public safety										
Police (contract)	56	57	57	55	55	55	54	52	50	50
Fire (contract)	43	43	43	43	42	42	42	50	50	42
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	24	24	22	22	20	20	20	20	21	21
Building	15	15	14	14	11	11	11	14	13	13
Code Compliance	7	5	5	5	5	5	5	5	5	5
Planning	12	12	12	12	10	11	11	10	10	9
Administration	3	3	3	4	3	2	2	2	3	4
Public Works	3	3	3	3	3	3	3	3	3	2
Maintenance	17	17	18	19	18	18	18	26	25	25
Beaches, Parks, and Recreation	28	27	27	27	28	27	27	19	18	18
Water	23	23	25	25	25	25	25	25	26	26
Sewer	24	23	20	21	20	19	19	19	19	20
Clean Ocean	7	4	4	4	3	3	3	3	3	3
Storm Drain Utility	2	2	3	3	3	3	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	10	10	9	9	9	9	9	9	9	10
<b>Total</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>	<b>286</b>

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	134.00	149.68	134.00	134.00	136.00
Streetlights	3,357	3,357	3,360	3,404	3,419
Traffic signals	72	74	74	74	74
Beaches, parks and recreation					
Parks	20	20	19	19	20
Swimming pools	1	1	1	1	3
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)	206.40	206.40	206.40	206.40	206.40
Fire hydrants	2,281	2,281	2,281	2,281	2,281
Maximum daily capacity (Acre Feet)*	263.92	263.92	263.92	263.92	263.92
Sewer					
Sanitary sewers (miles)	174.60	174.60	174.60	174.60	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

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

Source: City of San Clemente



Fiscal Year				
2013	2014	2015	2016	2017
1	1	1	1	1
3	3	3	3	3
136.00	136.00	137.00	137.00	138.00
3,428	3,433	3,503	3,615	3,654
74	76	80	80	81
20	20	21	25	22
3	3	4	4	4
1	-	-	-	-
1	1	1	1	1
1	1	1	1	1
206.40	213.10	213.10	213.10	212.80
2,281	2,281	2,281	2,302	2,362
263.92	263.92	263.92	263.92	263.92
174.60	154.00	154.00	163.70	171.80
62.50	62.50	62.50	62.50	77.00
6,976	6,976	6,976	6,976	6,976

CITY OF SAN CLEMENTE

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Police</b>					
Number of calls for service **	27,776	25,351	26,233	25,008	23,651
Number of traffic collision reports **	358	450	404	426	257
Parking citations issued	20,652	22,528	17,855	18,591	17,851
<b>Fire</b>					
Number of fire calls	84	70	72	49	72
Number of emergency medical calls	2,283	2,159	2,418	2,084	2,540
Inspections	1,203	968	1,361	696	171
<b>Highways and streets</b>					
Street resurfacing (miles)	6.06	4.24	3.50	2.83	1.79
<b>Beaches, parks and recreation</b>					
Number of recreation classes, activities, and clinics*	531	514	452	359	519
Total experiences in classes, activities, and clinics*	86,882	89,464	104,879	106,809	129,682
Total number of facility rentals*	1,238	1,169	694	664	825
Golf rounds played	95,898	95,190	91,834	89,117	90,118
<b>Water</b>					
New customers	24	27	7	34	27
Average daily consumption (Acre Feet) ***	32.78	30.88	27.41	24.30	27.77
<b>Sewer</b>					
New customers	33	19	3	5	4
Average daily sewage treatment (thousands of gallons)	4,120	4,050	3,971	4,060	3,883

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

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

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

One acre foot equals 325851.43188913 gallons.

Source: City of San Clemente

Fiscal Year				
2013	2014	2015	2016	2017
24,082	23,729	26,217	28,089	31,632
487	371	377	354	321
13,713	13,698	15,231	14,012	7,735
55	44	71	83	69
2,137	2,175	3,317	3,559	3,846
917	899	1,256	1,702	1,332
0.69	4.29	5.31	3.87	3.48
507	482	493	522	609
106,497	111,219	173,175	146,196	144,206
916	1,068	1,087	1,051	1,159
88,177	84,838	80,091	78,768	77,974
8	11	33	206	82
21.60	28.52	25.51	21.08	22.59
6	9	26	179	81
3,859	3,787	3,441	3,192	3,063

