



# San Clemente

THE SPANISH VILLAGE BY THE SEA

# Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2020



**CITY OF SAN CLEMENTE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



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



CITY OF SAN CLEMENTE  
 Comprehensive Annual Financial Report  
 June 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
TABLE OF CONTENTS	5
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal .....	11
Principal Officials .....	16
Organization Chart.....	17
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	18
 <u>FINANCIAL SECTION</u>	
Independent Auditors’ Report.....	21
Management’s Discussion and Analysis (unaudited).....	25
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	35
Statement of Activities .....	36
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	41
Statement of Net Position – Proprietary Funds .....	42
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	46
Statement of Cash Flows – Proprietary Funds.....	48
Statement of Net Position – Fiduciary Funds .....	52
Statement of Changes in Fiduciary Net Position – Pension Trust Fund and Successor Agency to the San Clemente Redevelopment Agency Private Purpose Trust Fund ..	54
Notes to the Financial Statements.....	57
Required Supplementary Information (unaudited):	
Notes to the Required Supplementary Information .....	97
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund .....	98
CalPERS Miscellaneous Plan - Schedule of Changes in the Net Pension Liability and Related Ratios.....	100
CalPERS Miscellaneous Plan - Schedule of Contributions .....	102
CalPERS Cost Sharing Plan - Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions .....	104
CSCERP - Schedule of Changes in the Net Pension Liability and Related Ratios .....	106
CSCERP - Schedule of Contributions and Investment Returns.....	108
OPEB - Schedule of Changes in the Net OPEB Liability and Related Ratios .....	110
OPEB - Schedule of Contributions.....	111

CITY OF SAN CLEMENTE  
 Comprehensive Annual Financial Report (Continued)  
 June 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Supplementary Information:	
Nonmajor Governmental Funds:	
Descriptions of Nonmajor Governmental Funds.....	115
Combining Balance Sheet – Nonmajor Governmental Funds .....	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	122
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Gas Tax Special Revenue Fund .....	126
Air Quality Improvement Special Revenue Fund.....	127
Street Improvement Special Revenue Fund.....	128
Police Grants Special Revenue Fund.....	129
Miscellaneous Grants Special Revenue Fund.....	130
Local Cable Infrastructure Special Revenue Fund .....	131
Disaster Relief Special Revenue Fund.....	132
Reserve Capital Project Fund.....	133
Developers Improvement Capital Project Fund.....	134
Public Facilities Construction Capital Project Fund.....	135
Low/Moderate Income Housing Fund Capital Project Fund .....	136
Local Drainage Facilities Capital Project Fund .....	137
RCFPP Capital Project Fund.....	138
Parks Acquisition and Development Capital Project Fund .....	139
Nonmajor Proprietary Funds:	
Description of Nonmajor Proprietary Funds.....	141
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	142
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds .....	143
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	144
Internal Service Funds:	
Description of Internal Services Funds .....	145
Combining Statement of Net Position – Internal Service Funds.....	146
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds .....	148
Combining Statement of Cash Flows – Internal Service Funds.....	150
Agency Funds:	
Description of Agency Funds.....	155
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	156

CITY OF SAN CLEMENTE  
 Comprehensive Annual Financial Report (Continued)  
 June 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
<u>STATISTICAL SECTION (unaudited)</u>	
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years.....	162
Changes in Net Position – Last Ten Fiscal Years.....	164
Governmental Fund Tax Revenues by Source – Last Ten Fiscal Years.....	168
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years.....	169
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	170
Changes in Fund Balances of Governmental Funds– Last Ten Fiscal Years .....	172
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .....	174
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years .....	176
Principal Property Taxpayers – Current and Nine Years Ago .....	178
Property Tax Levies and Collections – Last Ten Fiscal Years.....	179
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	180
Pledged-Revenue Coverage .....	181
Computation of Direct and Overlapping Debt.....	182
Legal Debt Margin – Last Ten Fiscal Years .....	184
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years.....	186
Principal Employers – Current and Nine Years Ago .....	187
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years .....	188
Capital Asset Statistics by Function – Last Ten Fiscal Years .....	190
Operating Indicators by Function – Last Ten Fiscal Years .....	192



# INTRODUCTORY SECTION

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# City of San Clemente

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

December 21, 2020

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, 2020.

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

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2020. 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 65,543, is located at the southern tip of Orange County, and borders the County of San Diego. Its mild, temperate climate and unsurpassed beaches attract more than 2 million visitors annually.

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



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

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

Policy changes with fiscal impacts are incorporated into the budget through the LTFP process. Financial policy requires that the City adopt a balanced operating position. This means that budgeted revenues are sufficient to support current operating expenditures while maintaining a positive operating position. Any one-time revenues that are received are to be used for one-time costs. The LTFP was prepared, but not presented as a result of the pandemic FY 2020. However, the papers, guidelines, and other applicable policies were incorporated into the budget planning process.

The City of San Clemente received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2019-20 and is anticipated to earn this budget award for the FY 2020-21 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 has worked during FY 2020 to consolidate certain City operations at a single location. Consolidation of operations at one location required a redesign and construction of an entire floor, this project is being done in three phases. The first phase was completed in FY 2019 and the other phases were completed just after the completion of FY 2020. Once completed, the administrative functions of the City, including Administration (City Manager, City Clerk, and the Finance and Administrative Services), Engineering, and Community Development (Building/Planning) will operate from this City Hall.

The most notable projects completed in FY 2020 are street projects, park restroom and facility buildings, and utilities capital projects. The street projects include multiple streets with the largest project being Avenida Vista Hermosa, restrooms include Bonito Canyon and Bahia parks, and facilities include items at Bahia, Vista Hermosa and other city facilities. The utilities projects completed include water lines, and sewer treatment plant rehabilitation projects.

Capital projects in process at the end of year include a variety of street related projects, the city hall remodel, and other utilities projects to meet the citizen’s needs.

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

- **General Plan** – The City continues the process of implementing various elements of the General Plan which sets comprehensive, long-term goals and policies for achieving San Clemente’s vision. The City is updating zoning ordinances, continues to adoption of a new Local Coastal Program, is working on preparing a Sea Level Rise assessment, and working on specific plans including the North Beach Area.

- **Utilities Cost-of-Service Study** – The City initiated a sewer cost-of-service study to review and fully recover the cost to operate the City’s sewer system. The sewer cost of service study has been started and is anticipated to be completed in FY 2021. Once completed, the sewer rate structure will change based on the study results.
- **Environmental Stewardship** – The City is a community that cares about and for the environment. The City is fighting for the environment in two major ways, through the renewal of the Clean Ocean Fee and opposing a local Toll Road. The Clean Ocean fee has been in place since 2003 and has been renewed three times. The fee expired on June 30, 2020 and resources from this fee have been used to prevent runoff contaminates, fund inspections, build capital projects, perform education outreach, and complete water quality monitoring.



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

- **Quality of Life** – The City, like most other cities, has been affected by decisions at the State, County and other levels. Increases to the homeless population, sober living housings, and other law changes have started to change the City’s environment. These factors have necessitated an increase to outreach efforts, code compliance, and enforcement efforts. The City is working to provide resources, contacts and assistance through contract resources. The City realizes this is only a temporary solution but is hopeful these additional efforts will improve the quality of life for all citizens, while longer term solutions are being sought at the County and State levels.
- **COVID 19** – The City, like most other cities, is addressing the pandemic. The Disaster Relief fund was created and accounts for costs to prevent and address COVID-19 related issues. This fund has received funding through the CARES act from the State and County. In addition, the City has transferred funds to fund pandemic related activities.

### **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, 2019. This was the fifteenth 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,

A handwritten signature in blue ink, appearing to read 'Erik Sund', with a large, sweeping flourish at the end.

Erik Sund  
Interim City Manager

# **CITY OF SAN CLEMENTE**

## **PRINCIPAL OFFICIALS**

### **CITY COUNCIL**

Laura Ferguson, Mayor Pro Tem  
Chris Hamm  
Gene James  
Kathleen Ward  
*Vacant*

### **PLANNING COMMISSION**

Michael Blackwell  
Don Brown  
Barton Crandell  
Jim Ruehlin  
Chris Kuczynski  
*Vacant*  
Zhen Wu

### **PARKS AND RECREATION COMMISSION**

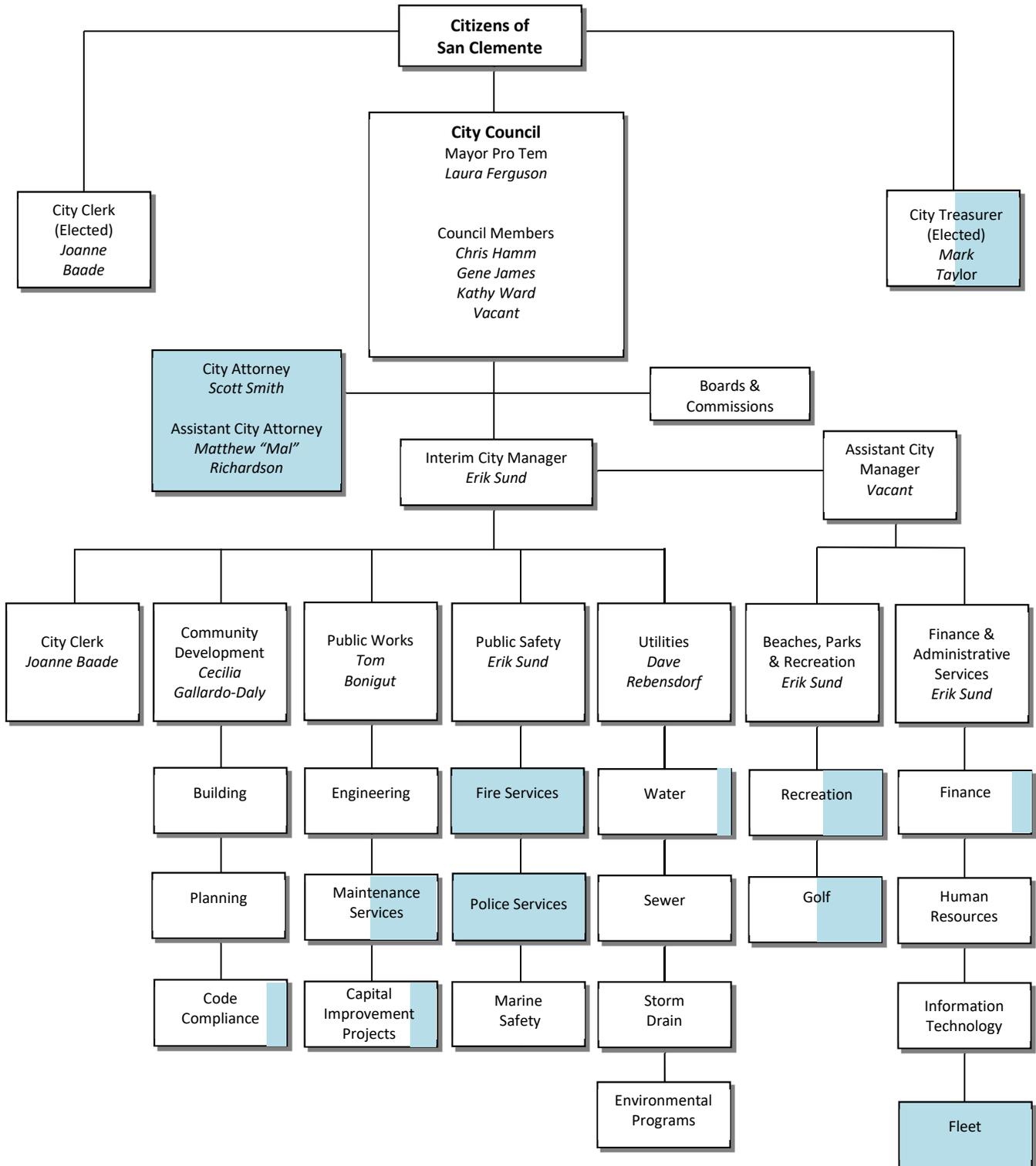
Richard Ayer  
John Bandaruk  
John Dorey  
*Vacant*  
Charlie Smith  
Steven Streger  
Bernie Wohlforth

### **CITY STAFF**

Erik Sund, Interim City Manager  
Assistant City Manager/Parks & Recreation Director

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

# San Clemente Organization Chart



 Shading indicates contracted services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of San Clemente  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of San Clemente, California, (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente, California, as of June 30, 2020, 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 management's discussion and analysis, the budgetary comparison schedule for the general fund, the schedules of changes in the net pension liability and related ratios, the schedule of the proportionate share of the net pension liability, the schedule of changes in the net other post-employment benefits (OPEB) liability and related ratios, the schedules of contributions, and the schedule of investment returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 21, 2020



# 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, 2020 and June 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page 11 and the City's financial statements, which begin on page 35.

## FINANCIAL HIGHLIGHTS

- The City's net position decreased \$3.3 million or 0.6% to \$495.7 million as a result of operations
- Net position totals \$290.6 million for governmental and \$205.1 for business-type funds.
- The total program revenues and general revenues were \$114.9 million.
- The net expense of all governmental activities was \$60,668,292. The net revenue of all business activities was \$1,044,912.
- During the year, the City's governmental fund expenditures exceeded revenues by \$4.4 million.
- The General Fund reported a net change in fund balance of \$4.3 million.
- For the General Fund, actual resources were lower than the final budget by \$2.0 million and actual expenditures were \$7.7 million less than final budget.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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

public works, community development, and beaches, parks and recreation. Business-type activities include water, sewer and storm drain, the clean ocean, solid waste management, and golf course funds.

The government-wide financial statements include not only the City of San Clemente itself (known as the primary government), but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the Successor Agency of the San Clemente Redevelopment Agency (RDA) and the San Clemente Public Financing Authority, which is currently inactive, are included as an integral part of the City's financial statements and reported as blended component units.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

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

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

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

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

## Notes to the Financial Statements

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

### Other Information

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following summaries of net position and of changes in net position are presented for the fiscal years ended June 30, 2020 and June 30, 2019.

Table 1  
Net Position  
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 113.9	\$ 116.2	\$ 64.1	\$ 57.8	\$ 178.0	\$174.0
Capital assets, net	<u>220.1</u>	<u>219.9</u>	<u>164.2</u>	<u>166.7</u>	<u>384.3</u>	<u>386.6</u>
Total assets	334.0	336.1	228.3	224.5	562.3	560.6
Deferred outflows of resources	10.4	7.9	2.0	1.8	12.4	9.7
Current liabilities	9.6	9.8	4.7	4.4	14.3	14.2
Long-term liabilities	<u>42.3</u>	<u>35.9</u>	<u>20.2</u>	<u>19.1</u>	<u>62.5</u>	<u>55.0</u>
Total liabilities	51.9	45.7	24.9	23.5	76.8	69.2
Deferred inflow of resources	1.9	1.8	0.3	0.3	2.2	2.1
Net position:						
Net investment in capital assets	220.1	219.8	152.8	154.7	372.9	374.5
Restricted	47.7	47.3	11.8	10.4	59.5	57.7
Unrestricted	<u>22.8</u>	<u>29.4</u>	<u>40.5</u>	<u>37.4</u>	<u>63.3</u>	<u>66.8</u>
Total Net Position	<u>\$ 290.6</u>	<u>\$ 296.5</u>	<u>\$ 205.1</u>	<u>\$ 202.5</u>	<u>\$ 495.7</u>	<u>\$ 499.0</u>

City asset's and deferred outflows exceeded liabilities and deferred inflows by \$495.7 million at June 30, 2020 as compared to \$499.0 million at June 30, 2019. The City's net position decreased by \$3.3 million from the prior fiscal year.

The largest portion of the City's net position (76 percent) is its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to citizens: consequently, these assets are not available for future spending. The City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets decreased \$2.3 million, while the total investment in capital assets (net position) decreased \$1.6 million.

The restricted portion of the City’s net position (12 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position increased \$1.8 million due to amounts restricted for other purposes, which includes disaster relief, cable infrastructure, general development, and police costs.

The unrestricted net position balance of \$63.3 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$40.5 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$22.8 million by the governmental activities. This amount increased by \$3.1 million from the prior year related to business-type activities and decreased by \$6.6 million for governmental activities.

A condensed summary of activities follows that net position decreased by \$3.3 million during the year.

Table 2  
Summary of Activities  
(in millions)

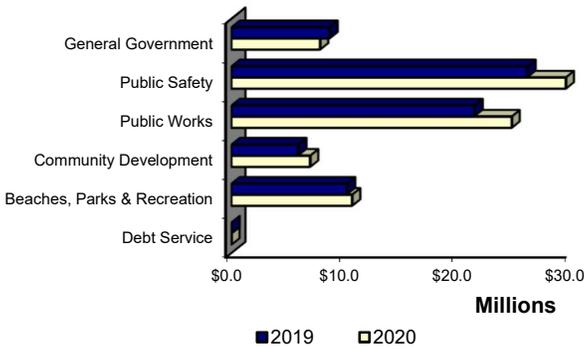
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues:						
Charges for services	\$ 9.5	\$ 11.5	\$ 39.0	\$ 37.4	\$ 48.5	\$ 48.9
Operating grants/contrib.	7.4	4.3	-	-	7.4	4.3
Capital grants/contrib.	2.1	4.1	0.5	0.3	2.6	4.4
General revenues:						
Property taxes	36.0	34.5	-	-	36.0	34.5
Sales taxes	10.0	10.6	-	-	10.0	10.6
Other taxes and fees	6.2	6.8	-	-	6.2	6.8
Other	<u>2.2</u>	<u>2.0</u>	<u>2.0</u>	<u>1.8</u>	<u>4.2</u>	<u>3.8</u>
Total revenues	73.4	73.8	41.5	39.5	114.9	113.3
Expenses:						
General government	7.8	8.6	-	-	7.8	8.6
Public safety	29.6	26.1	-	-	29.6	26.1
Public works	24.7	21.4	-	-	24.7	21.4
Community development	7.0	5.9	-	-	7.0	5.9
Beaches, parks & recreation	10.6	10.2	-	-	10.6	10.2
Interest and fiscal charges	-	-	-	-	-	-
Water	-	-	20.2	19.4	20.2	19.4
Sewer	-	-	13.9	14.1	13.9	14.1
Golf	-	-	2.4	2.1	2.4	2.1
Clean Ocean	-	-	1.8	1.9	1.8	1.9
Solid Waste	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total expenses	79.7	72.2	38.5	37.7	118.2	109.9
Net position change						
before transfers	(6.3)	1.6	3.0	1.8	(3.3)	3.4
Transfers	<u>0.4</u>	<u>0.3</u>	<u>(0.4)</u>	<u>(0.3)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(5.9)</u>	<u>1.9</u>	<u>2.6</u>	<u>1.5</u>	<u>(3.3)</u>	<u>3.4</u>
Net position–July 1	296.5	293.5	202.5	201.0	499.0	494.5
Restatement ( <i>see Note 12</i> )	<u>-</u>	<u>1.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.1</u>
Net position–July 1, as restated	<u>296.5</u>	<u>294.6</u>	<u>202.5</u>	<u>201.0</u>	<u>499.0</u>	<u>495.6</u>
Net position–June 30	<u>\$ 290.6</u>	<u>\$ 296.5</u>	<u>\$ 205.1</u>	<u>\$ 202.5</u>	<u>\$ 495.7</u>	<u>\$ 499.0</u>

**Governmental activities**

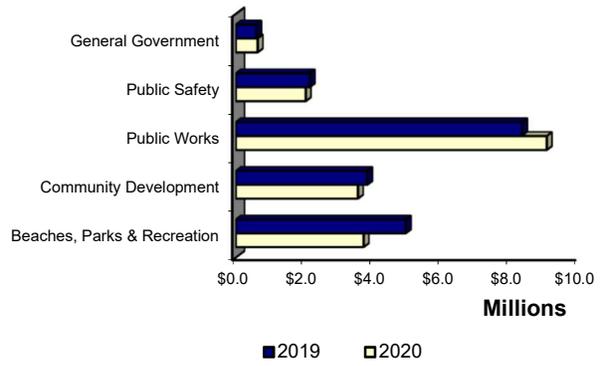
The City’s governmental activities net position decreased by \$5.9 million as compared to an increase of \$1.9 million in the prior year. This decrease is mostly the result of lower revenues as a result of the pandemic and the near completion of an area under development. Revenues were \$73.4 million in FY 2020 as compared to \$73.8 million in FY 2019. Program revenues decreased \$0.9 million in total, with charges for services decreasing from \$11.5 million to \$9.5 million in the prior year, while grants and contributions increased from the prior year. Taxes increased from the prior year, mostly driven by increased property tax revenues of approximately \$1.5 million.

Expenses increased by \$7.5 million from FY 2019 and were \$6.3 million more than revenues in the current year. The expense increases are the result of 1) increases to public safety – a police increase of \$2.1 million and fire increase of \$1.4 million, 2) increases to public works for both street activity and other capital related activity, 3) community development increases for legal and one-time studies and costs; and 4) pension cost increases as a result of prior year assumption changes and changes to the liability.

**Expenses – Governmental Activities**



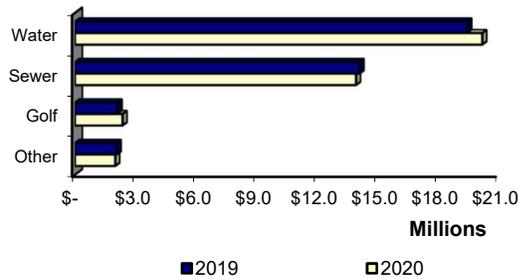
**Program Revenues – Governmental Activities**



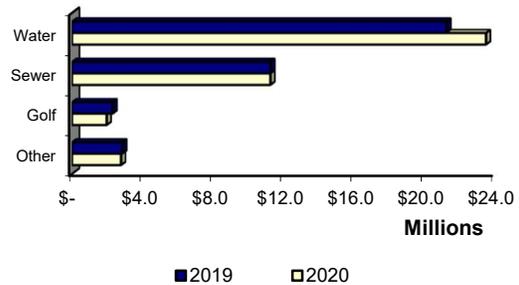
**Business-type activities**

Business-type activities net position increased by \$2.6 million as compared to an increase of \$1.5 million in the previous year. The overall change is attributed to higher charges for services in water and investment earnings, and lower costs in the Sewer and Clean Ocean funds. Expenses were generally flat when compared to FY 2019.

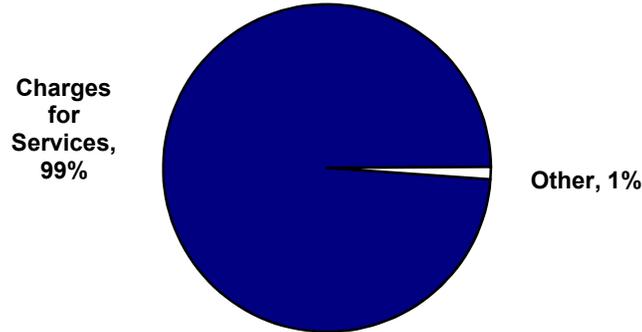
**Expenses – Business-type activities**



**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.

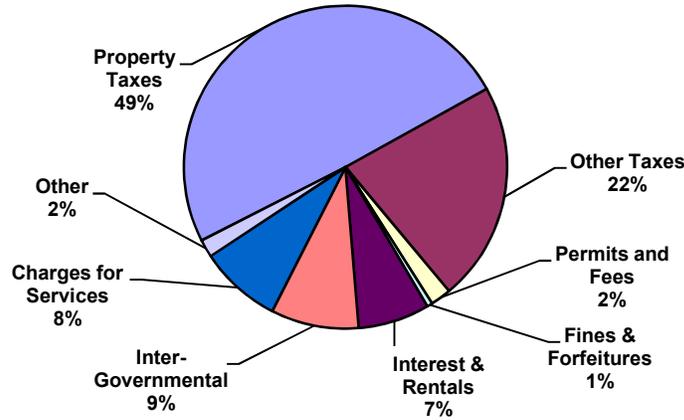
The City's governmental funds reported combined ending fund balances of \$87.6 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$4.3 million. The remainder of fund balance is not available for new spending because it has already been either: 1) in a non-spendable form such as loans receivable (\$1.7 million), 2) restricted based on legislation or under agreements with external parties (\$47.5 million), 3) committed based on City Council action (\$15.2 million), or 4) assigned by a Council appointed designee for specific purposes (\$18.9 million). Governmental fund balances, in total, decreased by \$3.7 million during the fiscal year due to lower permits and fees, fines and service charges.

Governmental funds, in total, had \$72.8 million of revenues and taxes represented 71% of the revenues. The change from the prior year amount of \$73.8 million was due primarily to the following factors: 1) an increase in property taxes due to higher valuations and addition taxes from the new residential development sales (Sea Summit), 2) lower sales taxes, 3) impacts from the pandemic which slowed activity which impacted fines, service charges (including ambulance, planning/building service charges, parking charges, recreation service charges, and various other service charges).

Total governmental fund expenditures were \$77.2 million this year. When compared to last year's amount of \$69.9 million there was an increase of \$7.3 million. Overall, police, fire, public works, community development and beaches, parks and recreation expenditures all increased from FY 2019. Police and fire increases are based on public safety contract costs; public works increased due to contract services and maintenance costs for parks and facilities; community development increased due to increases in long term planning considerations, legal services, and grant related costs; and beaches, parks and recreation increase was less than \$100,000 from the prior year. Capital Outlay's increase from FY 2019 was \$3.3 million related to long term projects being complete, including the remodel of the City Hall as part of a consolidation of city operations.

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

**Revenues by Source – Governmental Funds  
Fiscal Year 2020**



<u>Function</u>	<u>2020</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>	<u>2019</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>
Property Taxes	\$ 36.0	49 %	\$ 34.7	47 %
Other Taxes	16.0	22 %	17.0	23 %
Permits & Fees	1.5	2 %	1.8	2 %
Fines & Forfeitures	0.4	1 %	0.5	1 %
Investment & Rentals	5.2	7 %	5.6	8 %
Intergovernmental	6.4	9 %	6.3	8 %
Charges for Services	6.0	8 %	7.1	10 %
Other	1.3	2 %	0.8	1 %
	<u>\$ 72.8</u>	<u>100 %</u>	<u>\$ 73.8</u>	<u>100 %</u>

**Proprietary Funds**

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

Unrestricted net position of the Water, Sewer and Golf operations at the end of the year amounted to \$18.9 million, \$13.7 million and \$1.7 million, respectively. In total, unrestricted net position for proprietary funds increased from the previous year. Approximately \$37.5 million of these unrestricted net position are set aside for infrastructure asset replacement. The total Enterprise Fund’s Net Position increased from \$201.4 million to \$203.4 million or by 1.0%.

Last year’s change in net position was an increase of \$1.0 million and this year has an increase of \$2.0 million. Total operating revenues increased by \$1.7 million. Total operating expenses increased from \$37.9 million to \$38.8 million, which was the result of increases in salary and benefits, depreciation, and maintenance costs.

**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 \$26.2 million. Unassigned fund balance is \$4.3 million or 17% of the total fund balance. In total, the General Fund balance decreased by \$4.3 million over the prior year and represents 30% of all governmental fund balances.

The original revenue budget for General Fund revenues was \$63.8 million. When this amount is compared to the final budgeted amount of \$65.5 million there was a \$1.7 million increase. The budget increase is primarily due to a \$1.5 million increase in intergovernmental as a result of grants budgeted to be received.

Actual fiscal year revenues were lower than the final budget amounts in taxes, licenses and permits, fines and forfeits, intergovernmental, charges for services and other revenues. Investment and rentals slightly exceeded the final budget.

Tax revenues were under the final budget amount by \$149,797, this is due to weakness in transient occupancy taxes (TOT) as a result of the pandemic lowering travel and occupancy, the TOT was below budget by \$487,000, however most of this variance was offset by higher property taxes than budgeted and business license taxes. Other revenues that were impacted by the pandemic and slower activity were license and permits, fines and forfeitures, and charges for services. License and permits slowed as new development slowed. Fines and forfeits was under budget due to lower parking violations, vehicle code fines and admin citations. Charges for services areas that were impacted by the pandemic were ambulance charges and parking meter revenue, due to less travel, and recreation service charges, such as pool admissions, class revenues, sports fees due to the stay at home order and limitations mandated by the State of California. Intergovernmental revenues are under budget due to certain grants not being completed and revenues not received or recognized.

The budgeted expenditures increased from the original \$72.5 million to final budget amount of \$74.0 million in the General Fund. Capital outlay, community development and police had the largest budget changes. Capital outlay increased by \$0.4 million due in part to budgeted increases for the Negocio City Hall, a restroom project and various other small projects. Community development increased by \$0.5 million due to additional costs for legal services and consultant services to update a fee program, the housing element, and initiate General Plan amendments. Police increased by \$0.4 million due to higher costs under the agreement with the Orange County Sheriff's Department.

Actual expenditures in the General Fund ended the year \$7.7 million lower than the final budget, \$5.1 million of this amount will be reappropriated in FY 2021 Budget. A summary by department follows:

- General government is lower \$1.0 million lower than budget due to staff vacancies.
- Public safety costs show police costs lower than budget due to savings from staff vacancies while fire costs exceeded budget as a result of unanticipated costs to reimburse the State of California.
- Community development came in lower by \$1.0 million as a result of the delays to implementation of General Plan items, such as the Local Coastal Plan, temporary contract assistance, and the upgrade of the City's permitting and licensing system.
- Public Works came in \$0.9 million lower salary costs, lower anticipated costs for a pilot program called SC Rides that subsidized transit activities, and various other contract services.
- Beaches, parks and recreation costs were lower due to a slowdown in operations as a result of the pandemic, which facilitated the temporary closure of some facilities, activities, and special events.
- Capital outlay was lower by \$3.7 million as a result of capital projects which are multi-year projects and continue to be worked on next fiscal year, including sidewalk, road and other capital projects.

General Fund financing sources (uses) include transfers in of \$0.9 million and transfers out of \$2.3 million.

#### **OTHER NON-MAJOR FUND HIGHLIGHTS**

Other significant fund changes include 1) an increase in capital outlay due to more street projects in the Gas Tax and Street Improvement funds and a capital project related to the Marine Safety building, 2) intergovernmental revenues in the Disaster Relief fund related to CARES Act funding received to offset costs related to the pandemic.

**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, 2020, amounts to \$384.3 million (net of accumulated depreciation) as compared to the June 30, 2019 total of \$386.6 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The net decrease in the City’s capital assets (net of depreciation) for the current fiscal year was \$2.3 million, with an increase of \$0.2 million in governmental activities and a \$2.5 million decrease in business-type activities.

Major capital improvements during the fiscal year included street projects, park restrooms and other park facilities for the governmental type activities and water line capital projects, sewer plant assets, storm drains, and golf cart path rehabilitation for business type activities. Governmental activities infrastructure amounts capitalized totaled \$10.5 million. This \$10.5 million includes \$2.9 million of road network improvements, which include pavement, sidewalks, and curb improvements, \$1.9 million in buildings, and \$1.1 million in equipment. The business type activities capitalized amount totals \$3.5 million, with \$3.0 million in water and storm drain lines.

Depreciation expense during the fiscal year was \$8.9 million for governmental activities and \$6.1 million for business-type activities as compared to \$9.5 million and \$5.9 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 51.5	\$ 51.4	\$ 4.3	\$ 4.3	\$ 55.8	\$ 55.7
Infrastructure	105.1	108.0	77.6	76.3	182.7	184.3
Buildings & Improvements	52.9	54.3	75.3	77.8	128.2	132.1
Equipment	2.8	2.5	5.2	5.5	8.0	8.0
Construction-in-progress	<u>7.8</u>	<u>3.7</u>	<u>1.8</u>	<u>2.8</u>	<u>9.6</u>	<u>6.5</u>
Totals	<u>\$ 220.1</u>	<u>\$ 219.9</u>	<u>\$ 164.2</u>	<u>\$ 166.7</u>	<u>\$ 384.3</u>	<u>\$ 386.6</u>

**Long-term Liabilities.** At the end of the current fiscal year, the City’s governmental activities had no bonded debt outstanding and \$47,306 of capitalized lease obligations. Business-type activities had an outstanding loan from the State of California related to the construction and expansion of recycled water treatment facilities in the amount of \$11.4 million. During the year, a principal payment was made on the loan in the amount of \$635,797.

Further information on the Long Term Liabilities can be found in the Notes to the Financial Statements, Long Term Liabilities (Note 7). The following table summarizes the outstanding amounts related to loans and leases at the end of the 2020 and 2019 Fiscal Years.

Outstanding Loans and Leases  
(in millions)

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>	Business-type Activities <u>2020</u>	Business-type Activities <u>2019</u>
State Revolving Fund Loan	-	-	11.4	12.0
Capitalized Leases	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 0.1</u>	<u>\$ 11.4</u>	<u>\$ 12.0</u>

**SIGNIFICANT MATTERS**

As of June 30, 2020, the City has outstanding commitments in the amount of \$9.7 million relating to construction and other contractual arrangements. In addition, the City is involved as a defendant in various legal proceedings. These legal proceedings include a variety of issues. While it is not feasible to predict or determine the outcome in these cases, it is the City's opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

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

**REQUEST FOR INFORMATION**

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

## CITY OF SAN CLEMENTE

## Statement of Net Position

June 30, 2020

<u>ASSETS</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Cash and investments	\$ 96,451,944	\$ 43,102,064	\$ 139,554,008
Taxes receivable	3,318,440	-	3,318,440
Accounts receivable	1,602,160	5,392,498	6,994,658
Interest receivable	423,390	243,247	666,637
Due from other governments	1,092,249	1,218,377	2,310,626
Internal balances	(1,704,182)	1,704,182	-
Inventories and prepaid items	18,900	321,579	340,479
Loans receivable	12,654,576	-	12,654,576
Restricted cash and investments	-	12,113,121	12,113,121
Capital assets, non-depreciable	59,246,195	6,141,013	65,387,208
Capital assets, net of accumulated depreciation	160,888,820	158,035,594	318,924,414
Total Assets	<u>333,992,492</u>	<u>228,271,675</u>	<u>562,264,167</u>
Deferred Outflows of Resources:			
OPEB deferral	2,054,909	-	2,054,909
Pension deferral	8,362,078	1,988,836	10,350,914
Total Deferred Outflows of Resources	<u>10,416,987</u>	<u>1,988,836</u>	<u>12,405,823</u>
<u>LIABILITIES</u>			
Accounts payable	4,520,210	3,235,876	7,756,086
Accrued wages	921,330	164,041	1,085,371
Accrued liability	-	125,409	125,409
Unearned revenue	324,086	50,822	374,908
Deposits payable	2,706,364	271,637	2,978,001
Long term liabilities:			
Portion due in one year:			
Compensated absences	328,281	182,877	511,158
Capital lease obligation	35,266	-	35,266
Loan payable	-	649,785	649,785
Claims payable	765,719	-	765,719
Portion due in more than one year:			
Compensated absences	984,845	548,631	1,533,476
Capital lease obligation	12,040	-	12,040
Loan payable	-	10,751,009	10,751,009
Claims payable	1,486,397	-	1,486,397
Net OPEB liability	2,972,638	-	2,972,638
Net pension liability	36,871,351	8,887,776	45,759,127
Total Liabilities	<u>51,928,527</u>	<u>24,867,863</u>	<u>76,796,390</u>
Deferred Inflows of Resources:			
OPEB deferral	53,586	-	53,586
Pension deferral	1,842,044	275,020	2,117,064
Total Deferred Inflows of Resources	<u>1,895,630</u>	<u>275,020</u>	<u>2,170,650</u>
<u>NET POSITION</u>			
Net investment in capital assets	220,087,709	152,775,813	372,863,522
Restricted for:			
Public facilities construction	6,010,059	-	6,010,059
Local drainage facilities	4,701,238	-	4,701,238
Streets/roadway/traffic	16,140,776	-	16,140,776
Affordable housing	13,126,292	-	13,126,292
Other capital	5,570,433	10,940,882	16,511,315
Other purposes	2,136,709	900,602	3,037,311
Unrestricted	22,812,106	40,500,331	63,312,437
Total Net Position	<u>\$ 290,585,322</u>	<u>\$ 205,117,628</u>	<u>\$ 495,702,950</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE  
Statement of Activities  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 7,831,304	\$ 452,257	\$ 185,770	\$ -
Police	17,882,872	431,382	309,907	-
Fire	11,658,767	1,296,731	-	-
Public works	24,715,042	1,296,930	6,385,692	1,378,557
Community development	6,951,570	2,441,996	561,559	552,333
Beaches, parks & recreation	10,641,892	3,571,226	-	151,186
Interest and fiscal charges	2,371	-	-	-
<b>Total governmental activities</b>	<b>79,683,818</b>	<b>9,490,522</b>	<b>7,442,928</b>	<b>2,082,076</b>
<b>Business-type activities:</b>				
Water	20,193,508	23,472,031	-	24,873
Sewer	13,915,885	10,823,688	-	439,721
Golf	2,357,453	1,962,160	-	-
Clean Ocean	1,773,171	2,510,475	-	-
Solid Waste	220,317	256,002	16,296	-
<b>Total business-type activities</b>	<b>38,460,334</b>	<b>39,024,356</b>	<b>16,296</b>	<b>464,594</b>
<b>Total</b>	<b>\$ 118,144,152</b>	<b>\$ 48,514,878</b>	<b>\$ 7,459,224</b>	<b>\$ 2,546,670</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 Position

Governmental Activities	Business-type Activities	Total
\$ (7,193,277)	\$ -	\$ (7,193,277)
(17,141,583)	-	(17,141,583)
(10,362,036)	-	(10,362,036)
(15,653,863)	-	(15,653,863)
(3,395,682)	-	(3,395,682)
(6,919,480)	-	(6,919,480)
(2,371)	-	(2,371)
(60,668,292)	-	(60,668,292)
-	3,303,396	3,303,396
-	(2,652,476)	(2,652,476)
-	(395,293)	(395,293)
-	737,304	737,304
-	51,981	51,981
-	1,044,912	1,044,912
(60,668,292)	1,044,912	(59,623,380)
35,975,019	-	35,975,019
9,951,359	-	9,951,359
2,162,560	-	2,162,560
2,666,585	-	2,666,585
1,365,759	-	1,365,759
2,231,220	1,959,528	4,190,748
33,030	-	33,030
411,118	(411,118)	-
54,796,650	1,548,410	56,345,060
(5,871,642)	2,593,322	(3,278,320)
296,456,964	202,524,306	498,981,270
\$ 290,585,322	\$ 205,117,628	\$ 495,702,950

CITY OF SAN CLEMENTE  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 26,386,716	\$ 51,439,777	\$ 77,826,493
Taxes receivable	3,318,440	-	3,318,440
Accounts receivable	584,286	915,453	1,499,739
Interest receivable	119,467	223,387	342,854
Due from other funds	404,597	-	404,597
Due from other governments	783,232	309,017	1,092,249
Prepaid items	18,900	-	18,900
Loans receivable	1,633,386	11,021,190	12,654,576
Total assets	<u>\$ 33,249,024</u>	<u>\$ 63,908,824</u>	<u>\$ 97,157,848</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 2,772,871	\$ 1,504,060	\$ 4,276,931
Accrued wages	411,552	-	411,552
Unearned revenue	324,086	-	324,086
Deposits payable	2,523,703	182,661	2,706,364
Due to other funds	-	404,597	404,597
Total liabilities	<u>6,032,212</u>	<u>2,091,318</u>	<u>8,123,530</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue - receivables	1,025,885	449,949	1,475,834
Total deferred inflows of resources	<u>1,025,885</u>	<u>449,949</u>	<u>1,475,834</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	1,652,286	-	1,652,286
Restricted	-	47,502,901	47,502,901
Committed	15,120,471	99,190	15,219,661
Assigned	5,070,539	13,809,566	18,880,105
Unassigned	4,347,631	(44,100)	4,303,531
Total fund balance	<u>26,190,927</u>	<u>61,367,557</u>	<u>87,558,484</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,249,024</u>	<u>\$ 63,908,824</u>	<u>\$ 97,157,848</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, 2020

Fund balances for governmental funds	\$	87,558,484
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 \$2,462,684.</p>		
Governmental capital assets	343,513,556	
Less: accumulated depreciation	<u>(125,841,225)</u>	217,672,331
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The following is net of the Internal Service Funds compensated absences balance of \$163,309.</p>		
Compensated absences	(1,149,817)	
Net pension liability	<u>(36,871,351)</u>	(38,021,168)
<p>Effect of deferred inflows and outflows on the statement of net position:</p>		
Deferred inflows of resources - pension related	(1,842,044)	
Deferred outflows of resources - pension related	<u>8,362,078</u>	6,520,034
<p>Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net position.</p>		
Capital assets, net of depreciation	2,462,684	
Deferred inflows of resources - OPEB related	2,054,909	
Deferred outflows of resources - OPEB related	(53,586)	
Long term liabilities, current and noncurrent portion	(5,435,369)	
Other internal service assets (liabilities)	<u>16,351,169</u>	15,379,807
<p>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.</p>		<u>1,475,834</u>
Net position of governmental activities	\$	<u><u>290,585,322</u></u>

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, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 51,798,403	\$ 208,786	\$ 52,007,189
Permits and fees	1,490,050	-	1,490,050
Fines and forfeits	368,221	-	368,221
Investment and rentals	3,250,255	1,996,970	5,247,225
Intergovernmental	1,016,143	5,369,149	6,385,292
Charges for services	5,395,563	646,450	6,042,013
Developers fees	-	765,529	765,529
Other	167,966	363,818	531,784
Total Revenues	<u>63,486,601</u>	<u>9,350,702</u>	<u>72,837,303</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	7,584,415	107,902	7,692,317
Police	17,433,343	296,968	17,730,311
Fire	11,338,546	-	11,338,546
Public works	14,144,925	1,706,998	15,851,923
Community development	5,556,041	387,848	5,943,889
Beaches, parks and recreation	6,764,014	9,440	6,773,454
Capital outlay	3,563,202	8,300,469	11,863,671
Total Expenditures	<u>66,384,486</u>	<u>10,809,625</u>	<u>77,194,111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,897,885)</u>	<u>(1,458,923)</u>	<u>(4,356,808)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	904,122	3,008,814	3,912,936
Transfers out	(2,320,806)	(931,012)	(3,251,818)
Total Other Financing Sources (Uses)	<u>(1,416,684)</u>	<u>2,077,802</u>	<u>661,118</u>
Net Change in Fund Balances	(4,314,569)	618,879	(3,695,690)
Fund Balances - Beginning of Year	<u>30,505,496</u>	<u>60,748,678</u>	<u>91,254,174</u>
Fund Balances - End of Year	<u>\$ 26,190,927</u>	<u>\$ 61,367,557</u>	<u>\$ 87,558,484</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, 2020

Net change in fund balances - total governmental funds: \$ (3,695,690)

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	11,863,671	
Donated capital assets	849,447	
Other maintenance activities included in capital outlay above	(2,660,339)	
Gain (loss) on capital assets	(374,873)	
Depreciation expense (net of Internal Service Funds of \$528,528)	<u>(9,334,080)</u>	343,826

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. 1,441,648

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

Change in compensated absences liability (governmental)	(118,078)	
Pension actuarial amounts - outflows	549,965	
Pension actuarial amounts - inflows	39,161	
Change in net pension liability	<u>(4,164,121)</u>	(3,693,073)

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	(1,744,187)	
Current year deferral	<u>1,475,834</u>	<u>(268,353)</u>

Change in net position of governmental activities \$ (5,871,642)

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE

Statement of Net Position

Proprietary Funds

June 30, 2020

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 19,819,134	\$ 16,216,193	\$ 2,877,794
Accounts receivable	3,364,773	1,515,406	22,000
Accrued interest	107,015	105,104	12,677
Due from other governments	1,218,377	-	-
Inventory, at cost	288,166	-	33,413
Cash and investments - restricted	4,469,773	7,643,348	-
Total Current Assets	<u>29,267,238</u>	<u>25,480,051</u>	<u>2,945,884</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,912,097	410,298	2,011
Water, sewer and storm lines	43,019,836	78,240,417	-
Utility assets	37,982,892	102,066,402	-
Buildings	205,662	379,371	6,423,954
Improvements other than buildings	-	-	3,490,928
Machinery and equipment	3,278,529	4,035,245	1,116,265
Construction in progress	611,367	1,205,240	-
Total Capital assets	<u>89,010,383</u>	<u>186,336,973</u>	<u>11,033,158</u>
Less accumulated depreciation	<u>(30,043,415)</u>	<u>(86,553,450)</u>	<u>(5,607,042)</u>
Net Capital Assets	<u>58,966,968</u>	<u>99,783,523</u>	<u>5,426,116</u>
Total Noncurrent Assets	<u>58,966,968</u>	<u>99,783,523</u>	<u>5,426,116</u>
Total Assets	<u>88,234,206</u>	<u>125,263,574</u>	<u>8,372,000</u>
Deferred Outflows of Resources:			
OPEB deferral	-	-	-
Pension deferral	936,883	801,902	250,051
Total Deferred Outflows	<u>936,883</u>	<u>801,902</u>	<u>250,051</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 4,188,943	\$ 43,102,064	\$ 18,625,451
490,319	5,392,498	103,175
18,451	243,247	79,782
-	1,218,377	-
-	321,579	-
-	12,113,121	-
<u>4,697,713</u>	<u>62,390,886</u>	<u>18,808,408</u>
-	4,324,406	-
-	121,260,253	-
-	140,049,294	-
-	7,008,987	443,134
-	3,490,928	1,204,810
15,000	8,445,039	7,026,816
-	1,816,607	-
<u>15,000</u>	<u>286,395,514</u>	<u>8,674,760</u>
<u>(15,000)</u>	<u>(122,218,907)</u>	<u>(6,212,076)</u>
-	164,176,607	2,462,684
-	164,176,607	2,462,684
<u>4,697,713</u>	<u>226,567,493</u>	<u>21,271,092</u>
-	-	2,054,909
-	1,988,836	-
-	1,988,836	2,054,909

(Continued)

CITY OF SAN CLEMENTE  
Statement of Net Position (Continued)  
Proprietary Funds  
June 30, 2020

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 2,027,309	\$ 972,183	\$ 82,515
Accrued wages	67,219	67,644	21,539
Compensated absences payable	74,038	56,418	47,904
Interest payable	125,409	-	-
Loan payable	649,785	-	-
Capital lease obligation	-	-	-
Claims and judgements payable	-	-	-
Unearned revenue	-	-	50,822
Deposits payable - restricted assets	271,637	-	-
Total Current Liabilities	3,215,397	1,096,245	202,780
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
Compensated absences payable	222,115	169,253	143,712
Claims and judgments payable	-	-	-
Loan payable	10,751,009	-	-
Net OPEB liability	-	-	-
Net pension liability	4,178,112	3,569,480	1,140,184
Total Noncurrent Liabilities	15,151,236	3,738,733	1,283,896
Total Liabilities	18,366,633	4,834,978	1,486,676
Deferred Inflow of Resources:			
Pension deferral	129,586	110,940	34,494
<b><u>NET POSITION</u></b>			
Net investment in capital assets	47,566,174	99,783,523	5,426,116
Restricted for debt service	900,602	-	-
Restricted for capital projects	3,297,534	7,643,348	-
Unrestricted	18,910,560	13,692,687	1,674,765
Total Net Position	\$ 70,674,870	\$ 121,119,558	\$ 7,100,881

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
\$ 153,869	\$ 3,235,876	\$ 243,279
7,639	164,041	509,778
4,517	182,877	40,828
-	125,409	-
-	649,785	-
-	-	35,266
-	-	765,719
-	50,822	-
-	271,637	-
<u>166,025</u>	<u>4,680,447</u>	<u>1,594,870</u>
-	-	12,040
13,551	548,631	122,481
-	-	1,486,397
-	10,751,009	-
-	-	2,972,638
-	8,887,776	-
<u>13,551</u>	<u>20,187,416</u>	<u>4,593,556</u>
<u>179,576</u>	<u>24,867,863</u>	<u>6,188,426</u>
-	275,020	53,586
-	152,775,813	2,415,378
-	900,602	-
-	10,940,882	-
<u>4,518,137</u>	<u>38,796,149</u>	<u>14,668,611</u>
<u>\$ 4,518,137</u>	<u>203,413,446</u>	<u>\$ 17,083,989</u>
	<u>1,704,182</u>	
	<u>\$ 205,117,628</u>	

(Concluded)

CITY OF SAN CLEMENTE  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 22,243,584	\$ 10,767,996	\$ 1,574,252
Concessions	-	-	387,908
Other	1,228,447	55,692	-
Total Operating Revenues	<u>23,472,031</u>	<u>10,823,688</u>	<u>1,962,160</u>
Operating Expenses:			
Salaries and benefits	4,545,440	4,047,889	1,091,610
Cost of purchased water	7,995,352	-	-
Cost of materials and supplies	447,422	830,395	128,982
Depreciation	1,775,824	3,949,051	327,864
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	5,434,158	5,334,632	833,785
Total Operating Expenses	<u>20,198,196</u>	<u>14,161,967</u>	<u>2,382,241</u>
Operating Income (Loss)	<u>3,273,835</u>	<u>(3,338,279)</u>	<u>(420,081)</u>
Non-Operating Revenues (Expenses):			
Investment income	859,521	844,844	103,699
Grant income	-	-	-
Interest and fiscal charges	(257,811)	-	-
Gain (Loss) on sale of capital assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>601,710</u>	<u>844,844</u>	<u>103,699</u>
Income (Loss) Before Transfers and Capital Contributions	<u>3,875,545</u>	<u>(2,493,435)</u>	<u>(316,382)</u>
Capital contributions	24,873	439,721	-
Total Capital Contributions	<u>24,873</u>	<u>439,721</u>	<u>-</u>
Transfers in	-	389,170	-
Transfers out	(222,078)	(62,100)	-
Total Transfers	<u>(222,078)</u>	<u>327,070</u>	<u>-</u>
Change in Net Position	3,678,340	(1,726,644)	(316,382)
Net Position - Beginning of Year	66,996,530	122,846,202	7,417,263
Net Position - End of Year	<u>\$ 70,674,870</u>	<u>\$ 121,119,558</u>	<u>\$ 7,100,881</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
\$ 2,523,359	\$ 37,109,191	\$ 11,390,769	
-	387,908	-	
243,118	1,527,257	75,975	
<u>2,766,477</u>	<u>39,024,356</u>	<u>11,466,744</u>	
421,053	10,105,992	1,105,576	
-	7,995,352	-	
38,575	1,445,374	389,478	
-	6,052,739	528,528	
-	-	5,073,757	
-	-	517,549	
1,558,218	13,160,793	2,426,219	
<u>2,017,846</u>	<u>38,760,250</u>	<u>10,041,107</u>	
<u>748,631</u>	<u>264,106</u>	<u>1,425,637</u>	
151,464	1,959,528	629,110	
16,296	16,296	198,829	
-	(257,811)	(2,371)	
-	-	(1,830)	
<u>167,760</u>	<u>1,718,013</u>	<u>823,738</u>	
<u>916,391</u>	<u>1,982,119</u>	<u>2,249,375</u>	
-	464,594	-	
-	464,594	-	
-	389,170	113,000	
(554,110)	(838,288)	(325,000)	
<u>(554,110)</u>	<u>(449,118)</u>	<u>(212,000)</u>	
362,281	1,997,595	2,037,375	
<u>4,155,856</u>		<u>15,046,614</u>	
<u>\$ 4,518,137</u>		<u>\$ 17,083,989</u>	
	595,727		
	<u>\$ 2,593,322</u>		

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 20,913,456	\$ 10,826,309	\$ 1,628,275
Receipts from interfund charges	-	-	-
Cash paid to other suppliers for goods or services	(13,938,936)	(5,993,689)	(960,537)
Cash payment to employees	(3,785,675)	(3,413,345)	(912,130)
Cash from rents and concessions	-	-	387,908
Cash from other operating revenues	1,228,447	55,692	50,822
Net Cash Provided by (Used for) Operating Activities	<u>4,417,292</u>	<u>1,474,967</u>	<u>194,338</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Grant income	-	-	-
Cash received from other funds	-	389,170	-
Cash paid to other funds	(222,078)	(62,100)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(222,078)</u>	<u>327,070</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital contributions and grants	24,872	439,721	-
Purchase and construction of capital assets	(359,300)	(3,175,080)	(1,062)
Cash proceeds from sale of capital assets	-	-	-
Payment on capital lease payable	-	-	-
Payment on capital loan	(635,797)	-	-
Interest and fiscal charges	(264,803)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,235,028)</u>	<u>(2,735,359)</u>	<u>(1,062)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income received	854,688	859,188	103,901
Net Cash Provided by (Used for) Investing Activities	<u>854,688</u>	<u>859,188</u>	<u>103,901</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,814,874	(74,134)	297,177
Cash and Cash Equivalents at Beginning of Year	<u>20,474,033</u>	<u>23,933,675</u>	<u>2,580,617</u>
Cash and Cash Equivalents at End of Year	<u>\$ 24,288,907</u>	<u>\$ 23,859,541</u>	<u>\$ 2,877,794</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 2,542,127	\$ 35,910,167	\$ -	-
-	-	11,767,459	
(1,556,659)	(22,449,821)	(8,282,979)	
(415,948)	(8,527,098)	(1,074,869)	
-	387,908	-	
243,118	1,578,079	217,229	
<u>812,638</u>	<u>6,899,235</u>	<u>2,626,840</u>	
16,296	16,296	198,829	
-	389,170	113,000	
<u>(554,110)</u>	<u>(838,288)</u>	<u>(325,000)</u>	
<u>(537,814)</u>	<u>(432,822)</u>	<u>(13,171)</u>	
-	464,593	-	
-	(3,535,442)	(479,965)	
-	-	11,000	
-	-	(34,071)	
-	(635,797)	-	
-	(264,803)	(2,371)	
<u>-</u>	<u>(3,971,449)</u>	<u>(505,407)</u>	
151,790	1,969,567	627,832	
<u>151,790</u>	<u>1,969,567</u>	<u>627,832</u>	
426,614	4,464,531	2,736,094	
<u>3,762,329</u>	<u>50,750,654</u>	<u>15,889,357</u>	
<u>\$ 4,188,943</u>	<u>\$ 55,215,185</u>	<u>\$ 18,625,451</u>	

(Continued)

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended June 30, 2020

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 3,273,835	\$ (3,338,279)	\$ (420,081)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,775,824	3,949,051	327,864
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(1,330,128)	58,313	54,023
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(18,466)	-	1,237
Increase (decrease) in accounts payable	(56,584)	171,338	993
Increase (decrease) in unearned revenue	-	-	50,822
Increase (decrease) in accrued wages	7,971	8,646	7,067
Increase (decrease) in deposits payable	13,046	-	-
Increase (decrease) in pension/OPEB liabilities	696,186	568,509	158,997
Increase (decrease) in compensated absences	55,608	57,389	13,416
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	1,143,457	4,813,246	614,419
Net Cash Provided by (Used for) Operating Activities	\$ 4,417,292	\$ 1,474,967	\$ 194,338
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 421,002	\$ 393,635	\$ 49,066

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 748,631	\$ 264,106	\$ 1,425,637
-	6,052,739	528,527
18,768	(1,199,024)	375,307
-	-	-
-	(17,229)	-
40,134	155,881	31,024
-	50,822	-
710	24,394	145,103
-	13,046	-
-	1,423,692	126,440
4,395	130,808	26,858
-	-	(32,056)
64,007	6,635,129	1,201,203
\$ 812,638	\$ 6,899,235	\$ 2,626,840

\$ 71,382    \$ 935,085    \$ 312,304

(Concluded)

CITY OF SAN CLEMENTE  
Statement of Net Position  
Fiduciary Funds  
June 30, 2020

	Pension Trust	Private Purpose Trust Fund RDA Successor Agency Trust
<b>Assets:</b>		
Cash and investments	\$ -	\$ 166,312
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	-	733
Loan receivable	-	18,628
Restricted cash and investments	-	-
Restricted cash and investments with fiscal agents	-	-
Investments, at fair value:		
Group annuity contract	4,145,831	-
PIMCO Total Return Bond mutual fund	4,149,944	-
U.S. Government Treasury Inflation Bond mutual fund	621,021	-
Dodge & Cox International mutual fund	3,107,541	-
PIMCO All Asset Authority mutual fund	1,033,677	-
Russell 1000 Index mutual fund	6,737,601	-
Russell 2000 Index mutual fund	1,051,424	-
Total Assets	20,847,039	185,673
<b>Liabilities:</b>		
Accounts payable	-	-
Accrued wages	-	-
Deposits payable	-	-
Loan from the City of San Clemente	-	1,633,386
Payable to bondholders	-	-
Total Liabilities	-	1,633,386
<b>Total Net Position:</b>		
Net position restricted for pensions	20,847,039	-
Held in trust for the Former Redevelopment Agency dissolution	-	(1,447,713)
Total Net Position	\$ 20,847,039	\$ (1,447,713)

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2020

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Fund RDA Successor Agency Trust</u>
Additions:		
Contributions:		
Employer pension contributions	\$ 1,512,479	\$ -
Employee pension contributions	40,266	-
Total Contributions	<u>1,552,745</u>	<u>-</u>
Redevelopment Agency Property Tax	<u>-</u>	<u>309,719</u>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	655,648	-
Interest income	-	4,106
Total Investment Income (Loss)	<u>655,648</u>	<u>4,106</u>
Total Additions	<u>2,208,393</u>	<u>313,825</u>
Deductions:		
Benefit payments	2,384,867	-
Program expenses	-	25,278
Administrative expenses	40,011	-
Total Deductions	<u>2,424,878</u>	<u>25,278</u>
Change in net position	(216,485)	288,547
Net position - Beginning of Year	<u>21,063,524</u>	<u>(1,736,260)</u>
Net position - End of Year	<u>\$ 20,847,039</u>	<u>\$ (1,447,713)</u>

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity:

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

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

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

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

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

The City of San Clemente and the City of Dana Point are members of the Coastal Animal Services Authority. 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, 2020

B. Description of government-wide financial statements

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

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

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

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

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

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

D. Basis of presentation – fund financial statements:

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

E. Measurement Focus and Basis of Accounting:

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

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

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

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

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

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

a) Cash and investments:

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

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

b) Inventories and prepaids:

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

c) Capital assets:

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

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

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

d) Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation, sick time for eligible employees, and compensatory time at June 30, 2020 is recorded as a liability. Unpaid compensated absences in proprietary fund types are accrued as a liability in those funds as employees vest benefits.

e) Pensions:

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

f) Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

g) Deferred outflows/inflows of resources:

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

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

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

h) Net position flow assumption:

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

i) Fund balance flow assumptions:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

j) Fund balance policies

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

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

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

G. Revenues and expenditures/expenses

1. Program Revenues:

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

2. Property taxes:

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

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

3. Proprietary funds operating and nonoperating revenues and expenses:

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

4. Claims and Judgments:

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

5. Use of Estimates:

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting:

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

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of position:	
Cash and investments	\$ 139,554,008
Cash and investments – restricted	12,113,121
Fiduciary funds:	
Cash and investments	166,312
Cash and investments – restricted	4,054,615
Cash and investments held by bond trustee	9,537,640
Pension trust investments	<u>20,847,039</u>
Total cash and investments	<u>\$ 186,272,735</u>

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

Cash on hand	\$ 5,650
Deposits with financial institutions	3,608,023
Investments held by City and bond trustee	161,812,023
Pension trust investments	<u>20,847,039</u>
Total cash and investments	<u>\$ 186,272,735</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

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

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

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

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

Investments Authorized by Debt Agreements:

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

<u>Authorized Investment Type</u>	Maximum <u>Maturity</u>	Maximum <u>Percentage Allowed</u>	Maximum <u>Investment in One Issuer</u>
Repurchase Agreements	1 year	None	30%
Money Market Mutual Funds	N/A	20%	None
Investment Contracts	30 years	None	None
LAIF	N/A	None	None

Disclosures Relating to Interest Rate Risk:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 38,612,013	\$ 16,578,363	\$ 11,212,621	\$ 10,821,029
Federal Agency securities:				
Federal Farm Credit Bank	14,861,217	-	4,142,736	10,718,481
Federal Home Loan Bank	20,400,047	1,206,240	7,101,199	12,092,608
Federal Home Loan Mortgage Corp.	7,180,811	-	-	7,180,811
Federal National Mortgage Assoc.	9,535,082	-	1,797,955	7,737,127
Negotiable Certificates of Deposit	4,040,885	2,002,052	1,000,000	1,038,833
LAIF	39,057,783	39,057,783	-	-
Medium Term Note	16,351,962	9,442,796	2,665,294	4,243,872
Commercial Paper	2,234,583	-	571,133	1,663,450
Held by bond trustee:				
Money market funds	9,537,640	9,537,640	-	-
<b>Total</b>	<b>\$ 161,812,023</b>	<b>\$ 77,824,874</b>	<b>\$ 28,490,938</b>	<b>\$ 55,496,211</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	\$ 38,612,013	N/A	\$ 38,612,013	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	14,861,217	N/A	-	-	14,861,217	-
FHLB	20,400,047	N/A	-	-	20,400,047	-
FHLMC	7,180,811	N/A	-	-	7,180,811	-
FNMA	9,535,082	N/A	-	-	9,535,082	-
Negotiable Certificate of Deposits	4,040,885		4,040,885	-	-	-
LAIF	39,057,783	N/A	39,057,783	-	-	-
Medium Term Notes	16,351,962	A	-	2,431,950	3,573,704	10,346,308
Commercial paper	2,234,583	A	-	2,234,583	-	-
Held by Bond trustee:						
Money market funds	9,537,640	N/A	-	9,537,640	-	-
	<b>\$ 161,812,023</b>		<b>\$ 81,710,681</b>	<b>\$ 14,204,173</b>	<b>\$ 55,550,861</b>	<b>\$ 10,346,308</b>

**Concentration of Credit Risk:**

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

Issuer	Investment Type	Reported Amount	% of City Investments
Federal Farm Credit Bank	Federal agency securities	\$ 14,861,217	9%
Federal Home Loan Bank	Federal agency securities	20,400,047	13%
Federal Nation Mortgage Association	Federal agency securities	9,537,640	6%

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes with a value of 150% of secured public deposits. GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$3,108,023 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2020, the following City investments were held by the safekeeping department of Bank of the West and the City uses other broker-dealers to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury securities	\$ 38,612,013
Federal agency securities:	
Federal Farm Credit Bank	14,861,217
Federal Home Loan Bank	20,400,047
Federal Home Loan Mortgage Corp	7,180,811
Federal National Mortgage Association	9,535,082
Negotiable Certificate of Deposits	4,040,885
Medium Term Notes	16,351,962
Commercial Paper	2,234,583

Investment in State Investment Pool:

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

As of June 30, 2020, the City had \$39,057,783 invested in LAIF. LAIF's fair value factor of 1.004912795 was used to calculate the fair value of LAIF investments. The City's investment with LAIF at June 30, 2020, includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. LAIF invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities.

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

Fair Value of Investments

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

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

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

Investment Type	Investment		Fair Value Measurement Methodology		
	Amount	Uncategorized	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 38,612,013	\$ -	\$ 38,612,013	\$ -	\$ -
Federal Agency securities:					
Federal Farm Credit Bank	14,861,217	-	-	14,861,217	-
Federal Home Loan Bank	20,400,047	-	-	20,400,047	-
Federal Home Loan Mortgage Corp.	7,180,811	-	-	7,180,811	-
Federal National Mortgage Assoc.	9,535,082	-	-	9,535,082	-
Negotiable Certificates of Deposit	4,040,885	-	-	4,040,885	-
LAIF	39,057,783	39,057,783	-	-	-
Medium Term Note	16,351,962	-	-	16,351,962	-
Commercial Paper	2,234,583	-	-	2,234,583	-
Held by bond trustee:					
Money market funds	9,537,640	-	9,537,640	-	-
<b>Total</b>	<b>\$ 161,812,023</b>	<b>\$ 39,057,783</b>	<b>\$ 48,149,653</b>	<b>\$ 74,604,587</b>	<b>\$ -</b>

Pension Trust Fund Investments:

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

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

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 3.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Pension investments held and the percentage of the pension investment portfolio at June 30, 2020 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	\$ 3,107,541	15%
Russell 1000 Index mutual fund	6,737,601	32%
Russell 2000 Index mutual fund	1,051,424	5%
<i>Fixed Income Investments</i>		
Group annuity contract	4,145,831	20%
PIMCO Total Return Bond mutual fund	4,149,944	20%
US Government Treasury Inflation Bond mutual fund	621,021	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	1,033,677	5%
Total pension trust investments (fair value)	<u>\$ 20,847,039</u>	<u>100%</u>

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

4. LOAN RECEIVABLES:

Loans receivable of \$12,654,576 consist of a loan receivable due from the Redevelopment Agency Successor Agency for \$1,633,386 and housing loans receivable of \$11,021,190.

The \$1,633,386 loan receivable is approved by the State of California through the Redevelopment Agency dissolution process. The housing loans receivable of \$11,021,190 were made for affordable housing purposes and are comprised of multiple low or no interest loans given to various developers and individuals to finance multi-family and single family construction and rehabilitation projects. The funding sources for these loans are Community Development Block Grants, Affordable Housing In-Lieu fees, and former low and moderate redevelopment agency resources and are generally long term in nature (20-55 year terms).

5. CAPITAL ASSETS:

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

Construction in progress consists of various street improvement projects and the rehabilitation and remodel of the City Hall location. Construction in progress capitalized during the year consisted of multiple street projects, various restrooms and other buildings, and various other assets. In addition, some construction in progress amounts were not capitalized if the costs did not meet capital asset requirements.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

A summary of governmental type capital assets activity for the year ending June 30, 2020 is as follows:

<u>Governmental activities</u>	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, non-depreciable:				
Land	\$ 51,458,778	\$ -	\$ -	\$ 51,458,778
Construction in progress	3,659,008	12,356,671	(8,228,262)	7,787,417
Total capital assets, non-depreciable	<u>55,117,786</u>	<u>12,356,671</u>	<u>(8,228,262)</u>	<u>59,246,195</u>
Capital assets, depreciable:				
Buildings	34,724,542	1,862,329	(30,000)	36,556,871
Improvements other than buildings	63,479,043	567,415	(116,847)	63,929,611
General equipment	9,508,486	1,056,892	(69,936)	10,495,442
Infrastructure	179,717,550	2,917,701	(675,053)	181,960,198
Total capital assets, depreciable	<u>287,429,621</u>	<u>6,404,337</u>	<u>(891,836)</u>	<u>292,942,122</u>
Less accumulated depreciation:				
Buildings	(14,722,489)	(825,710)	30,000	(15,518,199)
Improvements other than buildings	(29,237,296)	(2,940,065)	116,847	(32,060,514)
General equipment	(7,019,302)	(700,352)	57,106	(7,662,548)
Infrastructure	(71,715,739)	(5,396,481)	300,179	(76,812,041)
Total accumulated depreciation	<u>(122,694,826)</u>	<u>(9,862,608)</u>	<u>504,132</u>	<u>(132,053,302)</u>
Net capital assets, depreciable	<u>164,734,795</u>	<u>(3,458,271)</u>	<u>(387,704)</u>	<u>160,888,820</u>
Capital assets - governmental	<u>\$ 219,852,581</u>	<u>\$ 8,898,400</u>	<u>\$ (8,615,966)</u>	<u>\$ 220,135,015</u>

A summary of business-type capital assets activity for the year ending June 30, 2020 for the City's is as follows:

<u>Business-type activities</u>	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, non-depreciable:				
Land	\$ 4,324,406	\$ -	\$ -	\$ 4,324,406
Construction in progress	2,775,506	3,792,249	(4,751,148)	1,816,607
Total capital assets, non-depreciable	<u>7,099,912</u>	<u>3,792,249</u>	<u>(4,751,148)</u>	<u>6,141,013</u>
Capital Assets, Being Depreciated:				
Buildings	6,863,986	145,001	-	7,008,987
Water, sewer, storm lines	118,219,335	3,040,918	-	121,260,253
Utility assets	138,965,178	1,084,116	-	140,049,294
Improvements other than buildings	3,266,622	224,306	-	3,490,928
Machinery and equipment	8,445,039	-	-	8,445,039
Total capital assets, depreciable	<u>275,760,160</u>	<u>4,494,341</u>	<u>-</u>	<u>280,254,501</u>
Less Accumulated Depreciation For:				
Buildings	(2,071,410)	(141,375)	-	(2,212,785)
Water, sewer, storm lines	(41,931,728)	(1,725,838)	-	(43,657,566)
Utility assets	(66,587,315)	(3,657,391)	-	(70,244,706)
Improvements other than buildings	(2,668,686)	(135,934)	-	(2,804,620)
Machinery and equipment	(2,907,029)	(392,201)	-	(3,299,230)
Total accumulated depreciation	<u>(116,166,168)</u>	<u>(6,052,739)</u>	<u>-</u>	<u>(122,218,907)</u>
Net capital assets, depreciable	<u>159,593,992</u>	<u>(1,558,398)</u>	<u>-</u>	<u>158,035,594</u>
Capital assets, business-type	<u>\$ 166,693,904</u>	<u>\$ 2,233,851</u>	<u>\$ (4,751,148)</u>	<u>\$ 164,176,607</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

	<u>Governmental</u>	<u>Business-Type</u>
Function/program:		
General government	\$ 80,227	\$ -
Police	2,718	
Fire	228,419	-
Public works	5,224,923	-
Community development	222,011	-
Beaches, parks and recreation	3,575,782	-
Internal service	528,528	-
Water	-	1,775,824
Sewer	-	3,949,051
Golf	-	327,864
Total depreciation expense	\$ 9,862,608	\$ 6,052,739

6. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 404,597

Loan from/to other funds:

<u>Advances to</u>	<u>Advances from</u>	<u>Amount</u>
RDA Successor Agency	General fund	\$ 1,633,386

On July 1, 2002, the Agency and the City entered into an agreement to loan the Agency \$3,420,690 at a rate of 2.9% per annum. However, on February 1, 2012 the Redevelopment Agency was dissolved with an outstanding loan due to the City that was authorized by the State of California under the dissolution process. The current outstanding loan amount is \$1,633,386. This loan plus accrued interest is to be paid from future available property taxes.

B. Interfund Transfers:

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

	Transfers Out						Total
	General Fund	Nonmajor Governmental Funds	Water Utility Fund	Sewer Utility Fund	Nonmajor Proprietary Funds	Internal Service Funds	
<u>Transfers In</u>							
General Fund	\$ -	\$ 641,012	\$ 65,000	\$ 25,000	\$ 173,110	\$ -	\$ 904,122
Nonmajor							
Governmental Funds	2,320,806	290,000	129,908	18,100	-	250,000	3,008,814
Sewer Utility Fund	-	-	8,170	-	381,000	-	389,170
Internal Service Funds	-	-	19,000	19,000	-	75,000	113,000
Total	<u>\$2,320,806</u>	<u>\$ 931,012</u>	<u>\$ 222,078</u>	<u>\$ 62,100</u>	<u>\$ 554,110</u>	<u>\$ 325,000</u>	<u>\$ 4,415,106</u>

During the year ended June 30, 2020, the General Fund significant transfers included transfers of \$1,221,675 to the Reserve fund to provide funds for future capital projects, \$756,290 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation, and \$250,000 to the Disaster Relief Special Revenue Fund to commit amounts to address emergency needs. Other significant transfers include \$250,000 from the General Liability fund to the Disaster Relief Special Revenue fund to commit amounts to address pandemic needs.

7. LONG TERM LIABILITIES:

A. Long Term Debt:

The following is a summary of the changes in the principal balance of long-term debt for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
State Revolving Fund loan	\$ 12,036,591	\$ -	\$ 635,797	\$ 11,400,794	\$ 649,785
Business-type Activities					
Long-term Debt	<u>\$ 12,036,591</u>	<u>\$ -</u>	<u>\$ 635,797</u>	<u>\$ 11,400,794</u>	<u>\$ 649,785</u>

Governmental:

1. Certificates of Participation:

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

In July 2016, an irrevocable trust was created and funded with \$1,603,028 of available cash resources from the City to defease the outstanding Negocio Certificates of Participation to eliminate future debt payments. The trust investments include United States Government and State and Local Government Series Securities ("SLGS") for the purpose of generating resources to fund all future debt service payments. The outstanding principal balance of the defeased debt at June 30, 2020 is \$605,000.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

The City, under the provisions in the Lease-leaseback agreement, guaranteed lease payments from annual appropriations of monies from the Motor Vehicle Fee Account held by the State of California to which the City is entitled. The revenue is pledged until final maturity of the debt on June 1, 2023. The City received Motor Vehicle Fee amounts of \$51,765 from the State of California and \$7,256,938 of property taxes in Lieu of the Motor Vehicle Fee during the fiscal year.

Business-type:

1. State Revolving Fund loan:

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

A loan amount of \$14,370,000 was approved, with an interest rate at 2.2% payable with the loan to be paid over a period of 20 years. Interest during the construction period was added to the loan principal amount. Principal and interest payments started in June 2015 upon project completion. The repayment of this loan is secured by the net revenues of the Water Fund with a revenue coverage level of 110% of the annual debt service and a reserve will be established equal to one year's debt service upon the construction completion date. The revenue pledged is the net revenues of the Water Utility Fund which totaled \$5.9 million for the year ended June 30, 2020. The total pledged revenue amount cannot be estimated over the life of the loan. The loan amount outstanding at June 30, 2020 is \$11,400,794.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2020 are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 649,785	\$ 250,817	\$ 900,602
2022	664,080	236,522	900,602
2023	678,690	221,912	900,602
2024	693,621	206,981	900,602
2025	708,881	191,721	900,602
2026-2030	3,785,312	717,698	4,503,010
2031-2035	4,220,425	282,585	4,503,010
Totals	<u>\$ 11,400,794</u>	<u>\$ 2,108,236</u>	<u>\$ 13,509,030</u>

B. Other Long-Term Liabilities:

The following is a summary of the changes in the principal balance of other long-term liabilities for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Capital lease obligations	\$ 81,377	\$ -	\$ 34,071	\$ 47,306	\$ 35,266
Compensated absences	1,168,190	972,914	827,978	1,313,126	328,281
Claims and judgments payable (Note 8)	2,292,256	332,268	372,408	2,252,116	765,719
Governmental Activities Long-term Liabilities	<u>\$ 3,541,823</u>	<u>\$ 1,305,182</u>	<u>\$ 1,234,457</u>	<u>\$ 3,612,548</u>	<u>\$ 1,129,266</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

<u>Business-type Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 600,700	\$ 431,261	\$ 300,453	\$ 731,508	\$ 182,877
Business-type Activities					
Long-term Liabilities	<u>\$ 600,700</u>	<u>\$ 431,261</u>	<u>\$ 300,453</u>	<u>\$ 731,508</u>	<u>\$ 182,877</u>

For claims payable, and the net OPEB liability governmental activities, internal service funds have been used in prior years to liquidate such amounts. Pension liabilities are discussed further in Note 9 (Pensions) and Note 10 (OPEB) and are considered long term in nature. Pension liabilities are liquidated from funds that have salaries, which include the General Fund, Enterprise, and Internal Service funds.

Governmental:

1. Capitalized Lease Obligations:

Central Service Fund – Two lease purchase agreements exist for the leasing of office equipment. These have been capitalized at the original cost of \$176,668. The terms of the leases include 60 monthly payments which include interest. The last lease matures in June 2022. Monthly lease payments are \$3,033. The lease payable amounts are recorded on the statement of net position with the amount applicable to governmental-type activities. The outstanding amount at June 30, 2020 is \$47,306.

Annual Amortization Requirements:

The annual requirements at June 30, 2020 to amortize the Capitalized Leases are as follows:

Year Ending June 30	Capital Lease Obligations	
	Principal	Interest
2021	\$ 35,266	\$ 1,126
2022	<u>12,040</u>	<u>90</u>
Totals	<u>\$ 47,306</u>	<u>\$ 1,216</u>

2. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. This liability will be paid in future years from future resources primarily from the general fund. The amount outstanding for governmental type compensated absences at June 30, 2020 is \$1,313,126.

Business-type:

1. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The amount outstanding for business type compensated absences at June 30, 2020 is \$731,508, which are obligations of the following funds:

Water Utility Fund	\$ 296,153
Sewer Utility Fund	225,671
Golf Course Fund	191,616
Non-major Enterprise Funds	18,068

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

**B. Self-Insurance Programs of the Authority**

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

Primary Liability Program

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

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

Purchased Insurance

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

**Property Insurance** – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. San Clemente's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$229,157,152. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

**Earthquake and Flood Insurance** – The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City's property currently has earthquake protection in the amount of \$111,543,850. There is a deductible of 5% of value with a minimum deductible of \$100,000.

**Crime Insurance** - The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

C. Workers' Compensation

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

D. Adequacy of Protection

During the past three fiscal years, none of the Authority programs of protection experiences settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20. The following claims schedule includes workers' compensation and general liability claims for the past two fiscal years.

	<u>Beginning Balance</u>	<u>Incurred &amp; Changes in Estimates</u>	<u>Less Claim Payments</u>	<u>Ending Balance</u>
2018-2019	\$ 811,354	1,660,199	(179,297)	2,292,256
2019-2020	2,292,256	332,268	(372,408)	2,252,116

At June 30, 2020, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City.

9. **PENSION AND RETIREMENT BENEFITS:**

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

<u>Pension Plan</u>	<u>Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension expense /expenditure</u>
CalPERS Miscellaneous Plan	\$ 14,000,652	\$ 6,358,850	\$ 932,272	\$ 3,531,987
CalPERS Cost Sharing Plan (Risk Pool)	15,124,475	3,597,064	1,184,792	2,160,279
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>16,634,000</u>	<u>395,000</u>	<u>-</u>	<u>4,538,000</u>
Total	<u>\$ 45,759,127</u>	<u>\$ 10,350,914</u>	<u>\$ 2,117,064</u>	<u>\$ 10,230,266</u>

1. **CalPERS Pension Plan – Miscellaneous Employees**

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

The CalPERS Miscellaneous Plans' provisions and benefits in effect at June 30, 2020 follow:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.925%	8.925%

*Employees Covered* - As of June 30, 2020, 307 employees were covered by the Miscellaneous Plan.

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

*Net Pension Liability*

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

*Actuarial Assumptions* - The total pension liability in the June 30, 2018 actuarial valuation used the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase <sup>(1)</sup>	3.3% - 14.2%
Mortality <sup>(2)</sup>	Derived from CalPERS Membership Data
Post Retirement Benefit Increase	The lesser of a contract COLA or 2.5%

<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 CalPERS 2017 Experience study.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

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

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

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

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

<sup>(1)</sup> An expected inflation of 2.0% used for this period.

<sup>(2)</sup> An expected inflation of 2.92% used for this period.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

*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, 2018	\$ 59,287,237	\$ 47,170,207	\$ 12,117,030
Changes in the year:			
Service cost	2,292,115	-	2,292,115
Interest on the total pension liability	4,331,482	-	4,331,482
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,080,111	-	1,080,111
Contribution – employer	-	1,695,757	(1,695,757)
Contribution - employee	-	1,046,219	(1,046,219)
Net investment income	-	3,111,663	(3,111,663)
Benefit payments	(1,866,474)	(1,866,474)	-
Administrative Expense	-	(33,662)	33,662
Other miscellaneous income (expense)	-	109	(109)
Net changes	5,837,234	3,953,612	1,883,622
Balance at June 30, 2019 ( <i>measurement date</i> )	\$ 65,124,471	\$ 51,123,819	\$ 14,000,652

*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 (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability (Asset)	\$ 23,693,526	\$ 14,000,652	\$ 6,032,804

*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, 2020, the City recognized pension expense of \$3,531,987. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 2,429,081	\$ -
Changes of assumptions	1,963,486	742,485
Net difference between projected and actual earnings	-	189,787
Contributions after the measurement date	1,966,283	-
Total	\$ 6,358,850	\$ 932,272

Contributions after the measurement date of \$1,966,283 represent contributions for the fiscal year ended June 30, 2020 and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal year. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 963,506
2021	455,873
2022	754,127
2023	864,335
2024	324,261
Thereafter	98,193
Total	\$ 3,460,295

*Payable to this Pension Plan* - The City had contributions payable of \$147,628 at June 30, 2020.

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

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

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

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

The rate plan provisions and benefits in effect at June 30, 2020 are summarized in the following table.

Hire date	Prior to January 1, 2013	On or after January 1, 2013*
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	21.748%	21.748%
* At June 30, 2019, the City had no employees hired on or after January 1, 2013.		

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

*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, 2020 the employer contributions to the safety risk pool plan were \$1,903,221.

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

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the CalPERS cost sharing plan of \$15,124,475. 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, 2018, 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, 2018. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The City of San Clemente's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the City of San Clemente's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The City of San Clemente's proportionate share of the net pension liability as of June 30, 2019, the measurement date, was calculated as follows: Each risk pool's total pension liability was computed at the measurement date, June 30, 2019, 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, 2019, 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, 2019, was calculated by applying City of San Clemente's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2019, to obtain the total pension liability and fiduciary net position as of June 30, 2019. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date. The City's proportionate share of the net pension liability for the safety plan follows:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Proportion at measurement date - June 30, 2018	0.15244%
Proportion at measurement date - June 30, 2019	0.14760%
Change - Increase (Decrease)	(0.00484%)

For the year ended June 30, 2020, the recognized pension expense was \$2,160,279 related to Plan. At June 30, 2020, 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	\$ 987,492	\$ -
Changes of assumptions	619,926	120,978
Net difference between projected and actual earnings	-	208,064
Difference between employer contribution and proportionate share	-	351,567
Change in employer's proportions	86,425	504,185
Contributions after measurement date	1,903,221	-
	\$ 3,597,064	\$ 1,184,792

Contributions after the measurement date of \$1,903,221 represent contributions for the fiscal year ended June 30, 2020 and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal year. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 612,401
2022	( 210,322)
2023	66,489
2024	40,483
2025	-
Thereafter	-
Total	\$ 509,051

*Actuarial Assumptions* - The total plan pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase <sup>(1)</sup>	3.3% - 14.2%
Mortality <sup>(2)</sup>	Based on CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<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 2017 Experience study.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

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

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

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

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

<sup>(1)</sup> An expected inflation of 2.0% used for this period.

<sup>(2)</sup> An expected inflation of 2.92% used for this period.

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

<b>CalPERS Cost Sharing Multiple-Employer Plan Sensitivity of Net Pension Liability to Discount Rate</b>			
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 22,134,384	\$ 15,124,475	\$ 9,377,447

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

*Payable to this Pension Plan* - The City had contributions payable of \$8,344 at June 30, 2020.

3. CSCERP Pension Plan – Miscellaneous Employees

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

*Benefits Provided* – CSCERP provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The CSCERP’s provisions and benefits at June 30, 2020, are summarized in the following table.

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	9.00%
Required employer contribution rates	14.70%	14.70%

*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 2020 are:

	Proportion	Covered Payroll	Contributions
City of San Clemente	90.1%	\$ N/A	\$ 1,361,000
Coastal Animal Services Authority (CASA)	9.9%	546,256	151,479
Total	100.0%	\$ 546,256	\$ 1,512,479

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A City contribution of \$1,361,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2020. During the year ended June 30, 2020 CASA contribution amounts, including the unfunded accrued liability cost, were \$191,745, with \$40,266 of employee contributions.

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

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees entitled to but not yet receiving benefits	74
Active employees (2 PEPRAs members)	7
Total	211

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

As of June 30, 2020, the City reported a net pension liability on the CSCERP for \$16,634,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2020. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2019. The City's net pension liability is based on the City's long-term share of contributions to the pension plan and the liability related to the joint venture employee's who are active under the plan. The net pension liability for CSCERP includes the City. The CASA liability amount is reported on the joint venture's financial statements.

For the year ended June 30, 2020, the recognized CSCERP plan pension expense was \$5,069,000, with the City of San Clemente's being \$4,538,000. At June 30, 2020, the City reported deferred outflows of resources of \$395,000, as reported in the following table. There were no Deferred Inflow of Resources.

Description	Deferred Outflows of Resources		Total
	City of San Clemente	CASA	
Net difference between projected and actual earnings	\$ 395,000	\$ 43,000	\$ 438,000
Total	\$ 395,000	\$ 43,000	\$ 438,000

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

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources	
	City of San Clemente	CASA
2021	\$ (18,000)	\$ (2,000)
2022	153,000	17,000
2023	147,000	16,000
2024	113,000	12,000
Total	\$ 395,000	\$ 43,000

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

*Actuarial Assumptions* – The total pension liability at June 30, 2020 is based on the June 30, 2019 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 – June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate <sup>(1)</sup>	6.25%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.0% per year, plus CalPERS 1997-2015 CalPERS Study
Investment Rate of Return <sup>(2)</sup>	6.25%
Mortality	1997-2015 CalPERS Study

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

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

In 2019, actuarial assumptions changed to incorporate the 1997-2015 CalPERS Experience Study for Projected Salary Increase and Mortality Assumptions and late retirement factors were incorporated.

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

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

*Changes in the Net Pension Liability:*

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 35,638,000	\$ 21,064,000	\$ 14,574,000
Changes in the year:			
Service cost	123,000	-	123,000
Interest on the total pension liability	2,382,000	-	2,382,000
Differences between actual and expected experience	3,390,000	-	3,390,000
Change in assumptions	161,000	-	161,000
Contribution – employer	-	1,512,000	(1,512,000)
Contribution - employee	-	40,000	(40,000)
Net investment income	-	656,000	(656,000)
Benefit payments	(2,385,000)	(2,385,000)	-
Administrative expenses	-	(40,000)	40,000
Net changes	3,671,000	(217,000)	3,888,000
Balance at June 30, 2020	\$39,309,000	\$20,847,000	\$ 18,462,000

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

<b>CSCERP Plan</b>			
<b>Sensitivity of Net Pension Liability to Discount Rate</b>			
	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
City of San Clemente	\$ 20,734,000	\$ 16,634,000	\$ 13,211,000
CASA	2,278,000	1,828,000	1,452,000
Net Pension Liability	\$ 23,012,000	\$ 18,462,000	\$ 14,663,000

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

<b>Net Pension Liability as of June 30, 2020 <sup>(1)</sup></b>		
(\$ amounts in thousands)		
	June 30, 2020	June 30, 2019
Total Pension Liability	\$ 39,309	\$ 35,638
Fiduciary Net Position	(20,847)	(21,064)
Net Pension Liability	18,462	14,574
Funded Status	53.0%	59.1%

<sup>(1)</sup> The City of San Clemente represents 90.1%. CASA represents 9.9%.

*Payable to this Pension Plan* - At June 30, 2020, the City did not have a payable.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. Plan Description: The City makes health care benefits available to retirees, has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan through which the employee may elect to continue their health care insurance benefits. This medical benefit coverage is mandated by the City’s participation in the Public Employees Medical and Health Coverage Agreement (“PEMHCA”) which is administered through CalPERS. The City contributes the PEMCHA minimum (currently \$139 a month) for eligible retirees and surviving spouses. In addition, dental and vision insurance coverage are offered with these costs paid by the retiree. In order to qualify for this coverage, eligible employees must complete five years of service and retire from the City.

B. Employees Covered: As of June 30, 2019, the following current and former employees were covered by the benefit terms under the HC Plan:

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

Contributions: The HC Plan and its contribution requirements are established and may be amended by the City. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the Authority’s cash contributions were \$58,950 to the trust and the payment of medical costs for retirees of \$73,529 resulting in total payments of \$132,479. On June 21, 2016 the City adopted a Resolution to enter into an agreement with CalPERS to participate in the California Employer’s Retiree Benefit Trust Program (CERBT) for the purpose of prefunding obligations for past services. The CERBT is an agent multiple-employer plan used to prefund postemployment medical insurance benefits. CERBT

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

amounts are held in an irrevocable trust and are restricted for the provision of these benefits. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. Contribution requirements are established by the City, with no statutory requirement to prefund OPEB liabilities. However, the City prefunds the plan through CERBT.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 – June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Payroll Growth	2.75%, per annum
Investment Rate of Return	6.50%
Mortality Rate <sup>(1)</sup>	2014 CalPERS Active Mortality
Pre-Retirement Turnover <sup>(1)</sup>	2009 CalPERS Experience Studies
Healthcare Trend Rate	4% per annum

<sup>(1)</sup> CalPERS Information is available at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publication.

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

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

Discount Rate - The discount rate used to measure the total OPEB liability was 6.50%, which assumed that contributions would be sufficient to fully fund the obligation of a period not to exceed 30 years. Using historic 32 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate, offset by investment expenses of 25 basis points the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

*Changes in the Net OPEB Liability*

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018	\$ 1,882,563	\$ 909,800	\$ 972,763
Changes in the year:			
Service cost	53,416	-	53,416
Interest on the total OPEB liability	121,715	-	121,715
Changes in assumptions	2,082,632	-	2,082,632
Experience (gains)/losses	(67,212)	-	(67,212)
Differences between expected and actual experience	10,012	-	10,012
Contribution – employer	-	135,972	(135,972)
Contribution - employee	-	-	-
Net investment income	-	64,912	(64,912)
Benefit payments	(83,472)	(83,472)	-
Administrative Expense	-	(196)	196
Net changes	2,117,091	117,216	1,999,875
Balance at June 30, 2019 ( <i>measurement date</i> )	\$ 3,999,654	\$ 1,027,016	\$ 2,972,638

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

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

<b>Sensitivity of Net Pension OPEB to Discount Rate</b>			
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 13,363,909	\$ 2,972,638	\$ 2,635,700

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

<b>Sensitivity of Net Pension OPEB to Health Care Cost Trend Rates</b>			
	1% Lower Trend	Valuation Trend	1% Higher Trend
Net OPEB Liability	\$ 2,632,256	\$ 2,972,638	\$ 3,358,250

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

F. Recognition of Deferred Outflows and Inflows of Resources:

For the fiscal year ended June 30, 2020, the Authority recognized OPEB expense of \$270,303. As of fiscal year ended June 30, 2019, the Authority reported deferred outflows of resources related to OPEB from the following sources:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Experience (Gains)/Losses	\$ -	\$ 52,800
Assumption Changes	1,922,429	-
Investment (Gains)/Losses	-	786
Contributions after measurement date	132,479	-
	\$ 2,054,908	\$ 53,586

Contributions after the measurement date of \$132,479 represent contributions for the fiscal year ended June 30, 2020. The \$132,479 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 155,813
2021	155,813
2022	155,812
2023	154,988
2024	155,803
Thereafter	1,090,614
Total	\$ 1,868,843

11. FUND BALANCE:

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

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

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

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

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

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Governmental Fund Balances	General Fund	Non-major Funds	Total
<b><i>Nonspendable:</i></b>			
Loans	\$ 1,633,386	\$ -	\$ 1,633,386
Prepays	18,900	-	18,900
<b><i>Restricted for:</i></b>			
Affordable housing	-	13,126,292	13,126,292
Park development	-	1,753,192	1,753,192
Highways/streets	-	15,958,170	15,958,170
Drainage	-	4,701,239	4,701,239
Other capital projects	-	10,883,498	10,883,498
Other purposes	-	1,080,510	1,080,510
<b><i>Committed to:</i></b>			
Sustainability/Emergency	13,388,000	-	13,388,000
Capital projects	1,000,581	99,190	1,099,771
Other purposes	731,890	-	731,890
<b><i>Assigned to:</i></b>			
Capital projects	2,210,719	12,711,914	14,922,633
Other purposes	1,108,050	1,097,652	2,205,702
Future budget	1,751,770	-	1,751,770
<b><i>Unassigned</i></b>	<b>4,347,631</b>	<b>(44,100)</b>	<b>4,303,531</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 26,190,927</b>	<b>\$ 61,367,557</b>	<b>\$ 87,558,484</b>

**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 \$13.4 million.

12. OTHER NOTE DISCLOSURES:

A. Lease

The City has an operating lease contract where the City leases a former fire station to a third party through April 2023 with current monthly payments of \$6,784.

B. Joint Powers Agreements:

**Coastal Animal Services Authority (CASA):**

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

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

Orange County Fire Authority (OCFA):

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

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

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

C. 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, 2020
City of San Clemente 99-1 Assessment District	\$ 1,150,000	\$ -0-
City of San Clemente 99-1 Community Facilities District	5,755,000	3,405,000
City of San Clemente Reassessment District 2016-1 Limited Obligation Refunding Bonds	9,615,000	7,450,000
Community Facilities District No. 2006-1 (Marblehead Coastal) of the City of San Clemente	55,490,000	54,010,000

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).

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2020

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

E. Commitments and Contingencies

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

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

The City has outstanding commitments in the amount of \$9.7 million as of June 30, 2020 related to construction and other contractual arrangements.

F. Future Accounting Pronouncements

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

- Statement No. 95 "*Postponement of the Effective Dates of Certain Authoritative Guidance*" is effective immediate and postpones the effective dates of certain provision in Statement and Implementation Guides.



## Required Supplementary Information



CITY OF SAN CLEMENTE  
Required Supplementary Information  
June 30, 2020

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 \$2,830,260 and the department budgets were reduced by \$2,830,260 as a result of these program reimbursements. Budgeted amounts are as originally adopted and as further amended by the City Council.

The General Fund has a legally adopted budget. The original budget, final budget and actual amounts are presented on the following page for General Fund. Expenditures exceeded appropriations in the Fire department (the legal level of budgetary control) by \$120,106 as a result of the State charging additional costs to prevent fraud.

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 51,948,200	\$ 51,948,200	\$ 51,798,403	\$ (149,797)
Licenses and permits	1,614,200	1,614,200	1,490,050	(124,150)
Fines and forfeits	730,230	730,230	368,221	(362,009)
Investment and rentals	3,213,540	3,213,540	3,250,255	36,715
Intergovernmental	396,100	1,884,500	1,016,143	(868,357)
Charges for services	5,447,810	5,662,100	5,395,563	(266,537)
Other	399,750	403,100	167,966	(235,134)
<b>Total Revenues</b>	<b>63,749,830</b>	<b>65,455,870</b>	<b>63,486,601</b>	<b>(1,969,269)</b>
<b>Expenditures:</b>				
General government:				
Administration				
City council	45,489	45,489	15,215	30,274
City manager	434,389	434,389	342,901	91,488
City clerk	880,866	880,866	549,975	330,891
Finance and administrative services	2,194,702	2,194,702	1,718,530	476,172
City general	4,716,416	4,983,346	4,957,794	25,552
Police	17,452,630	17,818,730	17,433,343	385,387
Fire	11,213,440	11,218,440	11,338,546	(120,106)
Public works	15,069,308	15,035,238	14,144,925	890,313
Community development	5,988,720	6,535,814	5,556,041	979,773
Beaches, parks and recreation	7,647,320	7,648,320	6,764,014	884,306
Capital outlay	6,818,680	7,247,005	3,563,202	3,683,803
<b>Total Expenditures</b>	<b>72,461,960</b>	<b>74,042,339</b>	<b>66,384,486</b>	<b>7,657,853</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,712,130)</b>	<b>(8,586,469)</b>	<b>(2,897,885)</b>	<b>5,688,584</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	814,410	1,034,410	904,122	(130,288)
Transfers out	(2,016,540)	(2,483,215)	(2,320,806)	162,409
<b>Total Other Financing Sources (Uses)</b>	<b>(1,202,130)</b>	<b>(1,448,805)</b>	<b>(1,416,684)</b>	<b>32,121</b>
<b>Net Change in Fund Balance</b>	<b>(9,914,260)</b>	<b>(10,035,274)</b>	<b>(4,314,569)</b>	<b>5,720,705</b>
Fund Balance, Beginning of Year	30,505,496	30,505,496	30,505,496	-
<b>Fund Balance, End of Year</b>	<b>\$ 20,591,236</b>	<b>\$ 20,470,222</b>	<b>\$ 26,190,927</b>	<b>\$ 5,720,705</b>



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

Last Ten Fiscal Years\*

<b>CalPERS Miscellaneous Plan</b>	2015	2016	2017
<b>Total Pension Liability</b>			
Measurement period	06/09/2014- 06/30/2014	06/30/2014- 06/30/2015	06/30/2015- 06/30/2016
Service costs	\$ 73,966	\$ 1,963,306	\$ 2,008,285
Interest	155,554	2,781,569	3,263,539
Assumption changes	-	(766,723)	-
Difference between expected and actual experience	-	-	2,030,812
Benefit payments	(269)	(191,979)	(803,833)
Net change	229,251	3,786,173	6,498,803
Total pension liability at beginning of year	36,012,184	36,241,435	40,027,608
Total 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)
Other miscellaneous income (expense)	-	-	-
Administration Expenses	-	(40,275)	(21,871)
Total deductions	(269)	(232,254)	(825,704)
Net change	96,939	3,237,733	1,941,740
Fiduciary net position - beginning of year (1)	32,550,000	32,646,939	35,884,672
Fiduciary net position - end of year	<u>\$ 32,646,939</u>	<u>\$ 35,884,672</u>	<u>\$ 37,826,412</u>
<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:

None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review 'of Actuarial Assumptions (December 2017). There were no discount rate changes. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net administrative expenses) to 7.65% (without administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

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

2018	2019	2020
06/30/2016- 06/30/2017	06/30/2017- 06/30/2018	06/30/2018- 06/30/2019
\$ 2,069,135	\$ 2,204,909	\$ 2,292,115
3,641,180	3,931,102	4,331,482
3,333,358	(513,727)	-
617,423	103,318	1,080,111
(1,172,337)	(1,453,535)	(1,866,474)
8,488,759	4,272,067	5,837,234
46,526,411	55,015,170	59,287,237
<u>\$ 55,015,170</u>	<u>\$ 59,287,237</u>	<u>\$ 65,124,471</u>
\$ 1,156,188	\$ 1,327,549	\$ 1,695,757
920,152	959,224	1,046,219
4,220,378	3,635,909	3,111,663
<u>6,296,718</u>	<u>5,922,682</u>	<u>5,853,639</u>
(1,172,337)	(1,453,535)	(1,866,474)
-	(127,043)	109
(55,848)	(66,842)	(33,662)
<u>(1,228,185)</u>	<u>(1,647,420)</u>	<u>(1,900,027)</u>
5,068,533	4,275,262	3,953,612
37,826,412	42,894,945	47,170,207
<u>\$ 42,894,945</u>	<u>\$ 47,170,207</u>	<u>\$ 51,123,819</u>
<u>\$ 12,120,225</u>	<u>\$ 12,117,030</u>	<u>\$ 14,000,652</u>
77.97%	79.56%	78.50%
\$ 13,078,411	\$ 14,023,462	\$ 14,498,796
92.67%	86.41%	96.56%



<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,327,549	\$ 1,655,757	\$ 1,937,126
<u>(1,327,549)</u>	<u>(1,695,757)</u>	<u>(1,966,283)</u>
<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ (29,157)</u>
\$ 14,023,462	\$ 14,498,796	\$ 15,215,397
9.47%	11.70%	12.92%

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

Last Ten Fiscal Years\*

**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

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

**SCHEDULE OF CONTRIBUTIONS**

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

**Notes:**

Benefit changes. None

Changes in assumptions:

None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017). There were no discount rate changes. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net administrative expenses) to 7.65% (without administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

Funding Valuation date: June 30, 2017

Measurement date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate 7.250%

Inflation 2.625%

Salary increases Varies by Entry age and Service

Investment rate of return 7.250%

Mortality rate table CalPERS experience study

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

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

2018	2019	2020
<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
0.14739%	0.15244%	0.14760%
\$ 14,617,389	\$ 14,689,566	\$ 15,124,475
\$ 461,718 3165.87%	\$ 490,163 2996.87%	\$ 500,521 3021.75%
71.66%	75.26%	75.26%

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

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

Last Ten Fiscal Years  
(dollar amount in thousands)

	2011	2012	2013	2014
<b>Total Pension Liability (2)</b>				
Discount Rate	7.25%	7.25%	7.25%	7.25%
Service Costs	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	N/A	N/A	N/A	N/A
Experience Losses (Gains)	N/A	N/A	N/A	N/A
Assumption Changes	N/A	N/A	N/A	N/A
Benefit Payments	N/A	N/A	N/A	N/A
Net Change	N/A	N/A	N/A	N/A
Total Pension Liability at Beginning of Year	N/A	N/A	N/A	N/A
Total Pension Liability at End of Year	N/A	N/A	N/A	N/A
<b>Plan Fiduciary Net Position (4)</b>				
Additions:				
Employer Contributions	\$ 1,638	\$ 2,243	\$ 2,267	\$ 2,482
Employee Contributions	889	952	1,214	1,019
Net Investment Income (Loss)	5,157	741	4,666	6,598
Total Additions	7,684	3,936	8,147	10,099
Deductions:				
Benefit Payments	(447)	(678)	(1,039)	(1,378)
Administration Expenses	(50)	(30)	(49)	(38)
Transfer to CalPERS (1)	-	-	-	(32,550)
Total Deductions	(497)	(708)	(1,088)	(33,966)
Net Change	7,187	3,228	7,059	(23,867)
Fiduciary Net Position - Beginning of Year	25,987	33,174	36,402	43,461
Fiduciary Net Position - End of Year	\$ 33,174	\$ 36,402	\$ 43,461	\$ 19,594
<b>Total Pension Liability (2), (4)</b>	\$ 46,678	\$ 52,775	\$ 58,125	\$ 29,284
Fiduciary Net Position - End of Year	33,174	36,402	43,461	19,594
Net Pension Liability	13,504	16,373	14,664	9,690
Funded Status	71.1%	69.0%	74.8%	66.9%
Covered Payroll (3)	13,799	13,542	13,446	425
Net Pension Liability % Payroll	98%	121%	109%	2280%

Notes:

- (1) - This payment to CalPERS was the result of a transfer of all active city employee's pension.
- (2) - Information prior to 2011 is not presented as a result of different actuarial methodology being used.
- (3) - Represents only Coastal Animal Services Authority, since City active employees are in CalPERS.
- (4) - The City's proportionate share of the contributions and the liability is 90.1%, the Coastal Animal Services Authority proportion represents 9.9%.

N/A - Not Available

2015	2016	2017	2018	2019	2020
7.25%	7.25%	7.25%	6.25%	6.25%	6.25%
\$ 78	\$ 73	\$ 75	\$ 107	\$ 110	\$ 123
2,071	2,173	2,214	2,148	2,159	2,382
-	48	-	611	-	3,390
-	836	-	2,774	-	161
(1,606)	(1,640)	(1,723)	(2,028)	(2,131)	(2,385)
543	1,490	566	3,612	138	3,671
29,289	29,832	31,322	31,888	35,500	35,638
29,832	31,322	31,888	35,500	35,638	39,309
\$ 995	\$ 1,001	\$ 1,188	\$ 1,206	\$ 1,507	\$ 1,512
32	33	35	37	39	40
413	(235)	2,278	1,203	1,088	656
1,440	799	3,501	2,446	2,634	2,208
(1,606)	(1,640)	(1,723)	(2,028)	(2,131)	(2,385)
(53)	(65)	(34)	(26)	(44)	(40)
-	-	-	-	-	-
(1,659)	(1,705)	(1,757)	(2,054)	(2,175)	(2,425)
(219)	(906)	1,744	392	459	(217)
19,594	19,375	18,469	20,213	20,605	21,064
\$ 19,375	\$ 18,469	\$ 20,213	\$ 20,605	\$ 21,064	\$ 20,847
\$ 29,832	\$ 31,322	\$ 31,888	\$ 35,500	\$ 35,638	\$ 39,309
19,375	18,469	20,213	20,605	21,064	20,847
10,457	12,853	11,675	14,895	14,574	18,462
64.9%	59.0%	63.4%	58.0%	59.1%	53.0%
451	467	488	520	530	546
2319%	2752%	2392%	2864%	2750%	3381%

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

Last Ten Fiscal Years  
 (dollar amount in thousands)

	2011	2012	2013	2014
<b>Contributions</b>				
City of San Clemente				
Coastal Animal Services Authority				
Actuarially determined contribution	N/A	N/A	N/A	\$ 2,482
Contributions in relation the				
actuarially determined contribution	N/A	N/A	N/A	<u>\$ 2,482</u>
Contribution deficiency (excess)	N/A	N/A	N/A	-
Covered Payroll	N/A	N/A	N/A	13,446
Contributions as a % of covered employee payroll	N/A	N/A	N/A	18%
<b>Investment Returns</b>				
Annual money-weighted rate of return,				
net of investment expense	N/A	N/A	7.50%	13.50%

CSCERP had no benefit changes during the year.

Significant Actuarial Methods and Assumptions are:

Valuation date	6/30/2019
Actuarial cost method	Entry Age Normal - Level % of Payroll
Amortization method	Level dollar amount
Amortization period	20 year closed period, on average 16 years remaining
Asset method	Market value of assets
Discount rate	6.25%
Inflation rate	2.75%
Payroll growth	3.00%
Salary increases	3.00%
Mortality	CalPERS Experience Study
Retirement	CalPERS Experience Study
Disability and turnover	CalPERS Experience Study

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

2015	2016	2017	2018	2019	2020
\$ 915	\$ 937	\$ 1,099	\$ 1,101	\$ 1,360	\$ 1,361
80	64	89	105	147	151
<u>\$ 995</u>	<u>\$ 1,001</u>	<u>\$ 1,188</u>	<u>\$ 1,206</u>	<u>\$ 1,507</u>	<u>\$ 1,512</u>
<u>\$ 995</u>	<u>\$ 1,001</u>	<u>\$ 1,188</u>	<u>\$ 1,206</u>	<u>\$ 1,507</u>	<u>\$ 1,512</u>
-	-	-	-	-	-
451	467	488	520	530	546
221%	214%	243%	232%	284%	277%
2.80%	-1.60%	12.55%	5.94%	5.30%	3.13%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years\*

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

**Notes to schedule:**

Benefit changes. None

Changes in assumptions. In FY 2020, the addition of the implicit subsidy was included as an assumption change.

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





## Supplementary Information

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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.

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

## CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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



CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<u>ASSETS:</u>		
Cash and investments	\$ 6,722,685	\$ -
Receivables (net of allowances for uncollectibles):		
Accounts receivable	183,281	609,241
Interest receivable	29,614	-
Due from other governments	182,394	20,469
Loans receivable	-	-
Total assets	\$ 7,117,974	\$ 629,710
<u>LIABILITIES:</u>		
Accounts payable	\$ 291,232	\$ 1,870
Deposits payable	-	-
Due to other funds	-	404,597
Total liabilities	291,232	406,467
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	182,606	267,343
Total deferred inflows of resources	182,606	267,343
<u>FUND BALANCES:</u>		
Restricted		
Capital projects	6,644,136	-
Other purposes	-	-
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Unassigned	-	(44,100)
Total fund balances	6,644,136	(44,100)
Total liabilities, deferred inflows of resources and fund balances	\$ 7,117,974	\$ 629,710

Special Revenue Funds					Capital Project Funds
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Disaster Relief	Reserve
\$ 8,733,388	\$ 280,364	\$ 34,658	\$ 1,001,369	\$ 694,499	\$ 14,040,798
122,923	-	8	-	-	-
38,472	1,235	-	4,411	-	61,852
-	-	55,735	50,419	-	-
-	-	346,727	-	-	-
<u>\$ 8,894,783</u>	<u>\$ 281,599</u>	<u>\$ 437,128</u>	<u>\$ 1,056,199</u>	<u>\$ 694,499</u>	<u>\$ 14,102,650</u>
\$ 641,287	\$ 21,667	\$ 76,676	\$ -	\$ 234,373	\$ 193,894
-	-	-	-	-	-
-	-	-	-	-	-
<u>641,287</u>	<u>21,667</u>	<u>76,676</u>	<u>-</u>	<u>234,373</u>	<u>193,894</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,253,496	-	-	1,056,199	-	-
-	259,932	360,452	-	460,126	-
-	-	-	-	-	99,190
-	-	-	-	-	12,711,914
-	-	-	-	-	1,097,652
-	-	-	-	-	-
<u>8,253,496</u>	<u>259,932</u>	<u>360,452</u>	<u>1,056,199</u>	<u>460,126</u>	<u>13,908,756</u>
<u>\$ 8,894,783</u>	<u>\$ 281,599</u>	<u>\$ 437,128</u>	<u>\$ 1,056,199</u>	<u>\$ 694,499</u>	<u>\$ 14,102,650</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2020

	Capital Projects Funds	
	Developers Improvement	Public Facilities Construction
<b><u>ASSETS:</u></b>		
Cash and investments	\$ 6,795,457	\$ 6,015,892
Receivables (net of allowances for uncollectibles):		
Accounts receivable	-	-
Interest receivable	29,935	26,501
Due from other governments	-	-
Loans receivable	8,579,365	-
Total assets	\$ 15,404,757	\$ 6,042,393
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 5,811	\$ 32,334
Deposits payable	182,661	-
Due to other funds	-	-
Total liabilities	188,472	32,334
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue - receivables	-	-
Total deferred inflows of resources	-	-
<b><u>FUND BALANCES:</u></b>		
Restricted		
Capital projects	4,763,139	6,010,059
Other purposes	10,453,146	-
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Unassigned	-	-
Total fund balances	15,216,285	6,010,059
Total liabilities, deferred inflows of resources and fund balances	\$ 15,404,757	\$ 6,042,393

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 575,512	\$ 3,738,870	\$ 1,055,887	\$ 1,750,398	\$ 51,439,777
-	-	-	-	915,453
2,536	16,470	4,651	7,710	223,387
-	-	-	-	309,017
2,095,098	-	-	-	11,021,190
<u>\$ 2,673,146</u>	<u>\$ 3,755,340</u>	<u>\$ 1,060,538</u>	<u>\$ 1,758,108</u>	<u>\$ 63,908,824</u>
\$ -	\$ -	\$ -	\$ 4,916	\$ 1,504,060
-	-	-	-	182,661
-	-	-	-	404,597
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,916</u>	<u>2,091,318</u>
-	-	-	-	449,949
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,949</u>
-	3,755,340	1,060,538	1,753,192	33,296,099
2,673,146	-	-	-	14,206,802
-	-	-	-	99,190
-	-	-	-	12,711,914
-	-	-	-	1,097,652
-	-	-	-	(44,100)
<u>2,673,146</u>	<u>3,755,340</u>	<u>1,060,538</u>	<u>1,753,192</u>	<u>61,367,557</u>
<u>\$ 2,673,146</u>	<u>\$ 3,755,340</u>	<u>\$ 1,060,538</u>	<u>\$ 1,758,108</u>	<u>\$ 63,908,824</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, 2020

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	238,497	(7,931)
Intergovernmental	2,709,660	424,713
Charges for services	-	-
Developer fees	-	-
Other	-	2,380
Total Revenues	<u>2,948,157</u>	<u>419,162</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	99,936	274,020
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	2,232,399	-
Total Expenditures	<u>2,332,335</u>	<u>274,020</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>615,822</u>	<u>145,142</u>
Other Financing Sources (Uses):		
Transfers in	282,690	13,160
Transfers out	<u>(348,260)</u>	<u>(40,000)</u>
Total Other Financing Sources (Uses)	<u>(65,570)</u>	<u>(26,840)</u>
Net Change in Fund Balances	550,252	118,302
Fund Balance (Deficit) at Beginning of Year	<u>6,093,884</u>	<u>(162,402)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 6,644,136</u>	<u>\$ (44,100)</u>

Special Revenue Funds					Capital Project Funds
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Disaster Relief	Reserve
\$ 6	\$ -	\$ -	\$ 208,780	\$ -	\$ -
306,781	10,314	-	35,544	-	501,064
1,031,793	156,006	476,205	-	570,772	-
-	-	-	-	-	646,450
336,346	-	-	-	-	-
-	-	6,634	-	-	27,282
<u>1,674,926</u>	<u>166,320</u>	<u>482,839</u>	<u>244,324</u>	<u>570,772</u>	<u>1,174,796</u>
-	-	-	2,870	-	105,032
-	153,381	-	-	143,587	-
368,372	-	-	-	467,059	-
-	-	136,151	-	-	-
-	-	-	-	-	-
<u>2,692,026</u>	<u>-</u>	<u>317,069</u>	<u>43,607</u>	<u>-</u>	<u>2,206,705</u>
<u>3,060,398</u>	<u>153,381</u>	<u>453,220</u>	<u>46,477</u>	<u>610,646</u>	<u>2,311,737</u>
<u>(1,385,472)</u>	<u>12,939</u>	<u>29,619</u>	<u>197,847</u>	<u>(39,874)</u>	<u>(1,136,941)</u>
926,198	-	-	-	500,000	1,221,675
-	-	(12,752)	-	-	-
<u>926,198</u>	<u>-</u>	<u>(12,752)</u>	<u>-</u>	<u>500,000</u>	<u>1,221,675</u>
(459,274)	12,939	16,867	197,847	460,126	84,734
<u>8,712,770</u>	<u>246,993</u>	<u>343,585</u>	<u>858,352</u>	<u>-</u>	<u>13,824,022</u>
<u>\$ 8,253,496</u>	<u>\$ 259,932</u>	<u>\$ 360,452</u>	<u>\$ 1,056,199</u>	<u>\$ 460,126</u>	<u>\$ 13,908,756</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, 2020

	Capital Projects Funds	
	Developers Improvement	Public Facilities Construction
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	418,526	215,234
Intergovernmental	-	-
Charges for services	-	-
Developer fees	121,985	158,249
Other	327,522	-
Total Revenues	<u>868,033</u>	<u>373,483</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	89,203	-
Community development	-	10,080
Beaches, parks and recreation	-	-
Capital outlay	21,034	63,838
Total Expenditures	<u>110,237</u>	<u>73,918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>757,796</u>	<u>299,565</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	-	(280,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(280,000)</u>
Net Change in Fund Balances	757,796	19,565
Fund Balance (Deficit) at Beginning of Year	<u>14,458,489</u>	<u>5,990,494</u>
Fund Balance (Deficit) at End of Year	<u>\$ 15,216,285</u>	<u>\$ 6,010,059</u>

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 208,786
49,323	132,340	34,869	62,409	1,996,970
-	-	-	-	5,369,149
-	-	-	-	646,450
-	2,171	58,001	88,777	765,529
-	-	-	-	363,818
<u>49,323</u>	<u>134,511</u>	<u>92,870</u>	<u>151,186</u>	<u>9,350,702</u>
-	-	-	-	107,902
-	-	-	-	296,968
-	30,526	377,882	-	1,706,998
241,617	-	-	-	387,848
-	-	-	9,440	9,440
-	53,317	418,418	252,056	8,300,469
<u>241,617</u>	<u>83,843</u>	<u>796,300</u>	<u>261,496</u>	<u>10,809,625</u>
<u>(192,294)</u>	<u>50,668</u>	<u>(703,430)</u>	<u>(110,310)</u>	<u>(1,458,923)</u>
65,091	-	-	-	3,008,814
-	-	(250,000)	-	(931,012)
<u>65,091</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>2,077,802</u>
(127,203)	50,668	(953,430)	(110,310)	618,879
<u>2,800,349</u>	<u>3,704,672</u>	<u>2,013,968</u>	<u>1,863,502</u>	<u>60,748,678</u>
<u>\$ 2,673,146</u>	<u>\$ 3,755,340</u>	<u>\$ 1,060,538</u>	<u>\$ 1,753,192</u>	<u>\$ 61,367,557</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 84,900	\$ 238,497	\$ 153,597
Intergovernmental	2,815,060	2,709,660	(105,400)
Total Revenues	<u>2,899,960</u>	<u>2,948,157</u>	<u>48,197</u>
Expenditures:			
Current:			
Public works	226,260	99,936	126,324
Capital outlay	7,968,410	2,232,399	5,736,011
Total Expenditures	<u>8,194,670</u>	<u>2,332,335</u>	<u>5,862,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,294,710)</u>	<u>615,822</u>	<u>5,910,532</u>
Other Financing Sources (Uses):			
Transfers in	782,690	282,690	(500,000)
Transfers out	(973,800)	(348,260)	625,540
Total Other Financing Sources (Uses)	<u>(191,110)</u>	<u>(65,570)</u>	<u>125,540</u>
Net Change in Fund Balance	(5,485,820)	550,252	6,036,072
Fund Balance, Beginning of Year	<u>6,093,884</u>	<u>6,093,884</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 608,064</u></u>	<u><u>\$ 6,644,136</u></u>	<u><u>\$ 6,036,072</u></u>

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 2,000	\$ (7,931)	\$ (9,931)
Intergovernmental	988,220	424,713	(563,507)
Other	-	2,380	2,380
	990,220	419,162	(571,058)
Expenditures:			
Current:			
Public works	667,800	274,020	393,780
	667,800	274,020	393,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	322,420	145,142	(177,278)
Other Financing Sources (Uses):			
Transfers in	13,160	13,160	-
Transfers out	(40,000)	(40,000)	-
	(26,840)	(26,840)	-
Total Other Financing Sources (Uses)	(26,840)	(26,840)	-
Net Change in Fund Balance	295,580	118,302	(177,278)
Fund Balance, Beginning of Year	(162,402)	(162,402)	-
Fund Balance, End of Year	\$ 133,178	\$ (44,100)	\$ (177,278)

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 6	\$ 6
Investment and rentals	150,000	306,781	156,781
Intergovernmental	1,027,330	1,031,793	4,463
Other	-	336,346	336,346
Total Revenues	<u>1,177,330</u>	<u>1,674,926</u>	<u>497,596</u>
Expenditures:			
Current:			
Public works	1,161,750	368,372	793,378
Capital outlay	7,644,090	2,692,026	4,952,064
Total Expenditures	<u>8,805,840</u>	<u>3,060,398</u>	<u>5,745,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,628,510)</u>	<u>(1,385,472)</u>	<u>6,243,038</u>
Other Financing Sources (Uses):			
Transfers in	996,290	926,198	(70,092)
Total Other Financing Sources (Uses)	<u>996,290</u>	<u>926,198</u>	<u>(70,092)</u>
Net Change in Fund Balance	(6,632,220)	(459,274)	6,172,946
Fund Balance, Beginning of Year	<u>8,712,770</u>	<u>8,712,770</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,080,550</u>	<u>\$ 8,253,496</u>	<u>\$ 6,172,946</u>

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment and rentals	\$ 4,000	\$ 10,314	\$ 6,314
Intergovernmental	<u>140,000</u>	<u>156,006</u>	<u>16,006</u>
Total Revenues	144,000	166,320	22,320
Expenditures:			
Police	<u>173,660</u>	<u>153,381</u>	<u>20,279</u>
Net Change in Fund Balance	(29,660)	12,939	42,599
Fund Balance, Beginning of Year	<u>246,993</u>	<u>246,993</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 217,333</u></u>	<u><u>\$ 259,932</u></u>	<u><u>\$ 42,599</u></u>

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 581,830	\$ 476,205	(105,625)
Other	10,000	6,634	(3,366)
Total Revenues	<u>591,830</u>	<u>482,839</u>	<u>(108,991)</u>
Expenditures:			
Current:			
Community development	227,760	136,151	91,609
Capital outlay	365,860	317,069	48,791
Total Expenditures	<u>593,620</u>	<u>453,220</u>	<u>140,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,790)</u>	<u>29,619</u>	<u>31,409</u>
Other Financing Sources (Uses):			
Transfers out	<u>(17,500)</u>	<u>(12,752)</u>	<u>4,748</u>
Total Other Financing Sources (Uses)	<u>(17,500)</u>	<u>(12,752)</u>	<u>4,748</u>
Net Change in Fund Balance	(19,290)	16,867	36,157
Fund Balance, Beginning of Year	<u>343,585</u>	<u>343,585</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 324,295</u>	<u>\$ 360,452</u>	<u>\$ 36,157</u>

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 220,000	\$ 208,780	\$ (11,220)
Investment and rentals	13,000	35,544	22,544
Total Revenues	<u>233,000</u>	<u>244,324</u>	<u>11,324</u>
Expenditures:			
Current:			
General government	2,870	2,870	-
Capital outlay	244,000	43,607	200,393
Total Expenditures	<u>246,870</u>	<u>46,477</u>	<u>200,393</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,870)	197,847	211,717
Fund Balance, Beginning of Year	<u>858,352</u>	<u>858,352</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 844,482</u></u>	<u><u>\$ 1,056,199</u></u>	<u><u>\$ 211,717</u></u>

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,368,160	\$ 570,772	(797,388)
Total Revenues	<u>1,368,160</u>	<u>570,772</u>	<u>(797,388)</u>
Expenditures:			
Current:			
Police	300,000	143,587	156,413
Public works	<u>1,568,160</u>	<u>467,059</u>	<u>1,101,101</u>
Total Expenditures	<u>1,868,160</u>	<u>610,646</u>	<u>1,257,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(500,000)</u>	<u>(39,874)</u>	<u>460,126</u>
Other Financing Sources (Uses):			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balance	-	460,126	460,126
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 460,126</u>	<u>\$ 460,126</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 160,000	\$ 501,064	\$ 341,064
Charges for services	601,200	646,450	45,250
Other	23,840	27,282	3,442
Total Revenues	<u>785,040</u>	<u>1,174,796</u>	<u>389,756</u>
Expenditures:			
Current:			
General government	260,000	105,032	154,968
Capital outlay	<u>4,008,575</u>	<u>2,206,705</u>	<u>1,801,870</u>
Total Expenditures	<u>4,268,575</u>	<u>2,311,737</u>	<u>1,956,838</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,483,535)	(1,136,941)	2,346,594
Other Financing Sources (Uses):			
Transfers in	<u>1,921,675</u>	<u>1,221,675</u>	<u>(700,000)</u>
Net Change in Fund Balance	(1,561,860)	84,734	1,646,594
Fund Balance, Beginning of Year	<u>13,824,022</u>	<u>13,824,022</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 12,262,162</u></u>	<u><u>\$ 13,908,756</u></u>	<u><u>\$ 1,646,594</u></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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 90,000	\$ 418,526	\$ 328,526
Charges for services	242,720	-	(242,720)
Developer fees	422,330	121,985	(300,345)
Other	300,000	327,522	27,522
	<u>1,055,050</u>	<u>868,033</u>	<u>(187,017)</u>
Total Revenues			
Expenditures:			
Current:			
Public Works	225,230	89,203	136,027
Capital outlay	45,000	21,034	23,966
	<u>270,230</u>	<u>110,237</u>	<u>159,993</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>784,820</u>	<u>757,796</u>	<u>(27,024)</u>
Net Change in Fund Balance	784,820	757,796	(27,024)
Fund Balance, Beginning of Year	<u>14,458,489</u>	<u>14,458,489</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 15,243,309</u>	<u>\$ 15,216,285</u>	<u>\$ (27,024)</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 120,000	\$ 215,234	\$ 95,234
Developer fees	144,240	158,249	14,009
Total Revenues	<u>264,240</u>	<u>373,483</u>	<u>109,243</u>
Expenditures:			
Current:			
Community development	44,780	10,080	34,700
Capital outlay	326,440	63,838	262,602
Total Expenditures	<u>371,220</u>	<u>73,918</u>	<u>297,302</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,980)	299,565	406,545
Other Financing Sources:			
Transfers out	<u>(980,000)</u>	<u>(280,000)</u>	<u>700,000</u>
Total Other Financing Sources (Uses)	<u>(980,000)</u>	<u>(280,000)</u>	<u>700,000</u>
Net Change in Fund Balance	(1,086,980)	19,565	1,106,545
Fund Balance, Beginning of Year	<u>5,990,494</u>	<u>5,990,494</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,903,514</u></u>	<u><u>\$ 6,010,059</u></u>	<u><u>\$ 1,106,545</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 4,500	\$ 49,323	\$ 44,823
Total Revenues	<u>4,500</u>	<u>49,323</u>	<u>44,823</u>
Expenditures:			
Current:			
Community development	306,030	241,617	64,413
Total Expenditures	<u>306,030</u>	<u>241,617</u>	<u>64,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(301,530)</u>	<u>(192,294)</u>	<u>109,236</u>
Other Financing Sources (Uses):			
Transfers in	-	65,091	65,091
Total Other Financing Sources (Uses)	<u>-</u>	<u>65,091</u>	<u>65,091</u>
Net Change in Fund Balance	(301,530)	(127,203)	174,327
Fund Balance, Beginning of Year	<u>2,800,349</u>	<u>2,800,349</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,498,819</u>	<u>\$ 2,673,146</u>	<u>\$ 174,327</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Local Drainage Facilities Capital Project Fund  
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 50,000	\$ 132,340	\$ 82,340
Developer fees	500	2,171	1,671
 Total Revenues	 50,500	 134,511	 84,011
Expenditures:			
Current:			
Public works	100,250	30,526	69,724
Capital outlay	1,249,950	53,317	1,196,633
 Total Expenditures	 1,350,200	 83,843	 1,266,357
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (1,299,700)	 50,668	 1,350,368
 Fund Balance, Beginning of Year	 3,704,672	 3,704,672	 -
 Fund Balance, End of Year	 \$ 2,404,972	 \$ 3,755,340	 \$ 1,350,368

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 30,000	\$ 34,869	\$ 4,869
Developer fees	19,660	58,001	38,341
Total Revenues	<u>49,660</u>	<u>92,870</u>	<u>43,210</u>
Expenditures:			
Current:			
Public works	377,882	377,882	-
Capital outlay	920,980	418,418	502,562
Total Expenditures	<u>1,298,862</u>	<u>796,300</u>	<u>502,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,249,202)	(703,430)	545,772
Other Financing Sources (Uses):			
Transfers out	(250,000)	(250,000)	-
Net Change in Fund Balance	(1,499,202)	(953,430)	545,772
Fund Balance, Beginning of Year	<u>2,013,968</u>	<u>2,013,968</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 514,766</u>	<u>\$ 1,060,538</u>	<u>\$ 545,772</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 30,500	\$ 62,409	\$ 31,909
Developer fees	23,600	88,777	65,177
<b>Total Revenues</b>	<b>54,100</b>	<b>151,186</b>	<b>97,086</b>
Expenditures:			
Current:			
Beaches, parks, and recreation	9,440	9,440	-
Capital outlay	488,050	252,056	235,994
<b>Total Expenditures</b>	<b>497,490</b>	<b>261,496</b>	<b>235,994</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(443,390)	(110,310)	333,080
Fund Balance, Beginning of Year	1,863,502	1,863,502	-
Fund Balance, End of Year	<u>\$ 1,420,112</u>	<u>\$ 1,753,192</u>	<u>\$ 333,080</u>



## NONMAJOR PROPRIETARY FUNDS

Proprietary funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent of the City in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Clean Ocean Fund – This fund is used to account for activities associated with managing ocean water runoff in compliance with the State of California clean ocean water quality program.

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

CITY OF SAN CLEMENTE  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2020

	Clean Ocean	Solid Waste Management	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS:</b>			
Current Assets:			
Cash and investments	\$ 3,673,757	\$ 515,186	\$ 4,188,943
Receivables (net of allowances for uncollectible accounts)	464,639	25,680	490,319
Accrued interest	16,182	2,269	18,451
Total Current Assets	<u>4,154,578</u>	<u>543,135</u>	<u>4,697,713</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and equipment	15,000	-	15,000
Total Capital Assets	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Less accumulated depreciation	(15,000)	-	(15,000)
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>4,154,578</u>	<u>543,135</u>	<u>4,697,713</u>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts payable	144,694	9,175	153,869
Accrued wages	5,416	2,223	7,639
Compensated absences payable	2,147	2,370	4,517
Total Current Liabilities	<u>152,257</u>	<u>13,768</u>	<u>166,025</u>
Noncurrent Liabilities:			
Compensated absences payable	<u>6,442</u>	<u>7,109</u>	<u>13,551</u>
Total Liabilities	<u>158,699</u>	<u>20,877</u>	<u>179,576</u>
Net Position:			
Unrestricted	<u>3,995,879</u>	<u>522,258</u>	<u>4,518,137</u>
Total Net Position	<u>\$ 3,995,879</u>	<u>\$ 522,258</u>	<u>\$ 4,518,137</u>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2020

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ 2,276,651	\$ 246,708	\$ 2,523,359
Other	233,824	9,294	243,118
Total Operating Revenues	<u>2,510,475</u>	<u>256,002</u>	<u>2,766,477</u>
Operating Expenses:			
Salaries and benefits	304,693	116,360	421,053
Cost of materials and supplies	30,105	8,470	38,575
Maintenance and other operating expenses	1,462,731	95,487	1,558,218
Total Operating Expenses	<u>1,797,529</u>	<u>220,317</u>	<u>2,017,846</u>
Operating Income (Loss)	<u>712,946</u>	<u>35,685</u>	<u>748,631</u>
Non-Operating Revenues (Expenses):			
Investment income	133,557	17,907	151,464
Grant income	-	16,296	16,296
Total Non-Operating Revenues	<u>133,557</u>	<u>34,203</u>	<u>167,760</u>
Income (Loss) Before Transfers	846,503	69,888	916,391
Transfers:			
Transfers out	<u>(554,110)</u>	<u>-</u>	<u>(554,110)</u>
Total Transfers	<u>(554,110)</u>	<u>-</u>	<u>(554,110)</u>
Change in Net Position	292,393	69,888	362,281
Net Position - Beginning of Year	<u>3,703,486</u>	<u>452,370</u>	<u>4,155,856</u>
Net Position - End of Year	<u>\$ 3,995,879</u>	<u>\$ 522,258</u>	<u>\$ 4,518,137</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2020

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,298,073	\$ 244,054	\$ 2,542,127
Cash paid to other suppliers for goods or services	(1,461,877)	(94,782)	(1,556,659)
Cash payment to employees	(300,606)	(115,342)	(415,948)
Cash from other operating revenues	233,824	9,294	243,118
Net Cash Provided by (Used for) Operating Activities	<u>769,414</u>	<u>43,224</u>	<u>812,638</u>
Cash Flows from Noncapital Financing Activities:			
Grant receipts	-	16,296	16,296
Cash paid to other funds	(554,110)	-	(554,110)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(554,110)</u>	<u>16,296</u>	<u>(537,814)</u>
Cash Flows from Investing Activities:			
Investment income received	133,967	17,823	151,790
Net Cash Provided by (Used for) Investing Activities	<u>133,967</u>	<u>17,823</u>	<u>151,790</u>
Net Increase (Decrease) in Cash and Cash Equivalents	349,271	77,343	426,614
Cash and Cash Equivalents at Beginning of Year	3,324,486	437,843	3,762,329
Cash and Cash Equivalents at End of Year	<u>\$ 3,673,757</u>	<u>\$ 515,186</u>	<u>\$ 4,188,943</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 712,946</u>	<u>\$ 35,685</u>	<u>\$ 748,631</u>
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	21,422	(2,654)	18,768
Increase (decrease) in accounts payable	30,959	9,175	40,134
Increase (decrease) in accrued wages	279	431	710
Increase (decrease) in compensated absences	3,808	587	4,395
Total Adjustments	<u>56,468</u>	<u>7,539</u>	<u>64,007</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 769,414</u>	<u>\$ 43,224</u>	<u>\$ 812,638</u>
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 62,472	\$ 8,909	\$ 71,382

## 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, 2020

	Employee Benefits	Central Services
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 514,185	\$ 257,568
Receivables (net of uncollectible allowance):		
Accounts	17,896	754
Accrued interest	-	1,135
Total Current Assets	532,081	259,457
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	321,333
Total Capital Assets	-	321,333
Less accumulated depreciation	-	(279,760)
Net Capital Assets	-	41,573
Total Noncurrent Assets	-	41,573
Total Assets	532,081	301,030
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
OPEB Pension deferral	-	-
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	-	28,311
Accrued wages	486,142	845
Capital lease obligations	-	35,266
Compensated absences payable	-	977
Claims and judgements payable	-	-
Total Current Liabilities	486,142	65,399
Noncurrent Liabilities:		
Capitalized lease obligations	-	12,040
Compensated absences payable	-	2,929
Claims and judgments payable	-	-
Net OPEB liability	-	-
Total Noncurrent Liabilities	-	14,969
Total Liabilities	486,142	80,368
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
OPEB Pension deferral	-	-
<b>Net Position:</b>		
Net investment in capital assets	-	-
Unrestricted	45,939	220,662
Total Net Position	\$ 45,939	\$ 220,662

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,141,896	\$ 6,525,386	\$ 172,811	\$ 2,061,118	\$ 7,952,487	\$ 18,625,451
5,532	73,343	5,650	-	-	103,175
5,030	28,745	761	9,079	35,032	79,782
<u>1,152,458</u>	<u>6,627,474</u>	<u>179,222</u>	<u>2,070,197</u>	<u>7,987,519</u>	<u>18,808,408</u>
-	443,134	-	-	-	443,134
635,550	569,260	-	-	-	1,204,810
595,108	6,110,375	-	-	-	7,026,816
<u>1,230,658</u>	<u>7,122,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,674,760</u>
<u>(518,760)</u>	<u>(5,413,556)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,212,076)</u>
<u>711,898</u>	<u>1,709,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,462,684</u>
<u>711,898</u>	<u>1,709,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,462,684</u>
<u>1,864,356</u>	<u>8,336,687</u>	<u>179,222</u>	<u>2,070,197</u>	<u>7,987,519</u>	<u>21,271,092</u>
-	-	2,054,909	-	-	2,054,909
69,350	79,977	21,258	3,885	40,498	243,279
19,009	-	-	-	3,782	509,778
-	-	-	-	-	35,266
28,691	-	-	-	11,160	40,828
-	-	-	164,133	601,586	765,719
<u>117,050</u>	<u>79,977</u>	<u>21,258</u>	<u>168,018</u>	<u>657,026</u>	<u>1,594,870</u>
-	-	-	-	-	12,040
86,071	-	-	-	33,481	122,481
-	-	-	318,610	1,167,787	1,486,397
-	-	2,972,638	-	-	2,972,638
<u>86,071</u>	<u>-</u>	<u>2,972,638</u>	<u>318,610</u>	<u>1,201,268</u>	<u>4,593,556</u>
<u>203,121</u>	<u>79,977</u>	<u>2,993,896</u>	<u>486,628</u>	<u>1,858,294</u>	<u>6,188,426</u>
-	-	53,586	-	-	53,586
711,898	1,709,213	-	-	-	2,421,111
<u>949,337</u>	<u>6,547,497</u>	<u>(813,351)</u>	<u>1,583,569</u>	<u>6,129,225</u>	<u>14,662,878</u>
<u>\$ 1,661,235</u>	<u>\$ 8,256,710</u>	<u>\$ (813,351)</u>	<u>\$ 1,583,569</u>	<u>\$ 6,129,225</u>	<u>\$ 17,083,989</u>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2020

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 503,575
Other	49,992	50
Total Operating Revenues	49,992	503,625
Operating Expenses:		
Salaries and benefits	-	51,695
Cost of materials and supplies	-	47,577
Depreciation	-	34,646
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	368,038
Total Operating Expenses	-	501,956
Operating Income (Loss)	49,992	1,669
Nonoperating Revenues (Expenses):		
Investment income	-	8,298
Interest and fiscal charges	-	(2,371)
Grant	-	-
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	-	5,927
Income (Loss) Before Transfers	49,992	7,596
Transfers:		
Transfers in	-	75,000
Transfers out	-	-
Total Transfers	-	75,000
Change in Net Position	49,992	82,596
Net Position - Beginning of Year	(4,053)	138,066
Net Position - End of Year	\$ 45,939	\$ 220,662

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,030,860	\$ 1,593,940	\$ 3,397,521	\$ 564,873	\$ 3,300,000	\$ 11,390,769
-	688	14,110	5,358	5,777	75,975
<u>2,030,860</u>	<u>1,594,628</u>	<u>3,411,631</u>	<u>570,231</u>	<u>3,305,777</u>	<u>11,466,744</u>
857,776	-	-	-	196,105	1,105,576
1,981	339,315	-	-	605	389,478
75,232	418,649	-	-	-	528,527
-	-	-	160,664	-	160,664
-	-	3,168,407	-	-	3,168,407
-	-	-	-	1,744,686	1,744,686
-	-	185,279	181,493	150,777	517,549
976,698	669,108	124,430	79,207	208,739	2,426,220
<u>1,911,687</u>	<u>1,427,072</u>	<u>3,478,116</u>	<u>421,364</u>	<u>2,300,912</u>	<u>10,041,107</u>
<u>119,173</u>	<u>167,556</u>	<u>(66,485)</u>	<u>148,867</u>	<u>1,004,865</u>	<u>1,425,637</u>
40,707	230,953	4,068	71,331	273,753	629,110
-	-	-	-	-	(2,371)
-	198,829	-	-	-	198,829
-	(1,830)	-	-	-	(1,830)
<u>40,707</u>	<u>427,952</u>	<u>4,068</u>	<u>71,331</u>	<u>273,753</u>	<u>823,738</u>
159,880	595,508	(62,417)	220,198	1,278,618	2,249,375
-	38,000	-	-	-	113,000
(75,000)	-	-	-	(250,000)	(325,000)
<u>(75,000)</u>	<u>38,000</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(212,000)</u>
84,880	633,508	(62,417)	220,198	1,028,618	2,037,375
<u>1,576,355</u>	<u>7,623,202</u>	<u>(750,934)</u>	<u>1,363,371</u>	<u>5,100,607</u>	<u>15,046,614</u>
<u>\$ 1,661,235</u>	<u>\$ 8,256,710</u>	<u>\$ (813,351)</u>	<u>\$ 1,583,569</u>	<u>\$ 6,129,225</u>	<u>\$ 17,083,989</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2020

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Receipts from interfund charges	\$ -	\$ 502,821
Cash paid to other suppliers of goods or services	(1,383)	(403,894)
Cash payment to employees	-	(50,603)
Cash from other operating revenues	191,246	50
Net Cash Provided by (Used for) Operating Activities	189,863	48,374
Cash Flows from Noncapital Financing Activities:		
Grant income	-	-
Cash received from other funds	-	75,000
Cash paid to other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	75,000
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Sale of capital assets	-	-
Payment on capital lease payable	-	(34,071)
Interest and fiscal charges	-	(2,371)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(36,442)
Cash Flows from Investing Activities:		
Investment income received (paid)	-	8,793
Net Cash Provided by (Used for) Investing Activities:	-	8,793
Net Increase (Decrease) in Cash and Cash Equivalents	189,863	95,725
Cash and Cash Equivalents at Beginning of Year	324,322	161,843
Cash and Cash Equivalents at End of Year	\$ 514,185	\$ 257,568

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,025,328	\$ 1,621,550	\$ 3,400,754	\$ 564,873	\$ 3,652,133	\$ 11,767,459
(944,218)	(984,758)	(3,337,199)	(419,936)	(2,191,591)	(8,282,979)
(832,534)	-	-	-	(191,732)	(1,074,869)
-	688	14,110	5,358	5,777	217,229
<u>248,576</u>	<u>637,480</u>	<u>77,665</u>	<u>150,295</u>	<u>1,274,587</u>	<u>2,626,840</u>
-	198,829	-	-	-	198,829
-	38,000	-	-	-	113,000
(75,000)	-	-	-	(250,000)	(325,000)
<u>(75,000)</u>	<u>236,829</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(13,171)</u>
-	(479,965)	-	-	-	(479,965)
-	11,000	-	-	-	11,000
-	-	-	-	-	(34,071)
-	-	-	-	-	(2,371)
<u>-</u>	<u>(468,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(505,407)</u>
<u>40,308</u>	<u>231,596</u>	<u>3,763</u>	<u>71,432</u>	<u>271,940</u>	<u>627,832</u>
<u>40,308</u>	<u>231,596</u>	<u>3,763</u>	<u>71,432</u>	<u>271,940</u>	<u>627,832</u>
213,884	636,940	81,428	221,727	1,296,527	2,736,094
<u>928,012</u>	<u>5,888,446</u>	<u>91,383</u>	<u>1,839,391</u>	<u>6,655,960</u>	<u>15,889,357</u>
<u>\$ 1,141,896</u>	<u>\$ 6,525,386</u>	<u>\$ 172,811</u>	<u>\$ 2,061,118</u>	<u>\$ 7,952,487</u>	<u>\$ 18,625,451</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds (Continued)  
For the Year Ended June 30, 2020

	Employee Benefits	Central Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 49,992	\$ 1,669
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	34,646
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(1,383)	(754)
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	-	11,721
Increase (decrease) in accrued wages	141,254	(146)
Increase (decrease) in Net OPEB liability	-	-
Increase (decrease) in compensated absences	-	1,238
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	139,871	46,705
Net Cash Provided by (Used for) Operating Activities	\$ 189,863	\$ 48,374
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ 4,750

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 119,173	\$ 167,556	\$ (66,485)	\$ 148,867	\$ 1,004,865	\$ 1,425,637
75,232	418,649	-	-	-	528,527
(5,532)	27,610	3,233	-	352,133	375,307
-	-	-	-	-	-
34,461	23,665	6,393	(213)	(45,003)	31,024
3,534	-	-	-	461	145,103
-	-	126,440	-	-	126,440
21,708	-	-	-	3,912	26,858
-	-	8,084	1,641	(41,781)	(32,056)
129,403	469,924	144,150	1,428	269,722	1,201,203
<u>\$ 248,576</u>	<u>\$ 637,480</u>	<u>\$ 77,665</u>	<u>\$ 150,295</u>	<u>\$ 1,274,587</u>	<u>\$ 2,626,840</u>
\$ 19,967	\$ 111,066	\$ 3,276	\$ 35,188	\$ 138,057	\$ 312,304

(Concluded)



## AGENCY FUNDS

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

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

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

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

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

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

CITY OF SAN CLEMENTE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<u>99-1 AD COLLECTION</u>				
Assets				
Cash and investments	\$ 69,617	\$ 29,493	\$ 99,110	\$ -
Accrued interest receivable	186	-	186	-
Total Assets	<u>\$ 69,803</u>	<u>\$ 29,493</u>	<u>\$ 99,296</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 24,562	\$ 19,360	\$ 43,922	\$ -
Payable to bondholders	45,241	10,133	55,374	-
Total Liabilities	<u>\$ 69,803</u>	<u>\$ 29,493</u>	<u>\$ 99,296</u>	<u>\$ -</u>
<u>99-1 CFD COLLECTION</u>				
Assets				
Cash and investments	\$ 913,693	\$ 853,428	\$ 845,930	\$ 921,191
Taxes receivable	15	4,261	15	4,261
Accrued interest receivable	2,182	-	254	1,928
Total Assets	<u>\$ 915,890</u>	<u>\$ 857,689</u>	<u>\$ 846,199</u>	<u>\$ 927,380</u>
Liabilities				
Accounts payable	\$ 438	\$ 422,531	\$ 422,531	\$ 438
Payable to bondholders	915,452	442,498	431,008	926,942
Total Liabilities	<u>\$ 915,890</u>	<u>\$ 865,029</u>	<u>\$ 853,539</u>	<u>\$ 927,380</u>
<u>2006-1 CFD MARBLEHEAD</u>				
Assets				
Cash and investments	\$ 21,990,065	\$ 7,530,188	\$ 18,965,517	\$ 10,554,736
Taxes receivable	38,788	68,243	38,788	68,243
Accounts receivable	24,187	-	24,187	-
Accrued interest receivable	8,911	-	189	8,722
Total Assets	<u>\$ 22,061,951</u>	<u>\$ 7,598,431</u>	<u>\$ 19,028,681</u>	<u>\$ 10,631,701</u>
Liabilities				
Accounts payable	\$ 798	\$ 3,597,760	\$ 3,597,727	\$ 831
Payable to bondholders	22,061,153	4,073,831	15,504,114	10,630,870
Total Liabilities	<u>\$ 22,061,951</u>	<u>\$ 7,671,591</u>	<u>\$ 19,101,841</u>	<u>\$ 10,631,701</u>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<u><b>RAD COLLECTION</b></u>				
Assets				
Cash and investments	\$ 1,348,844	\$ 1,852,777	\$ 1,817,961	\$ 1,383,660
Taxes receivable	6,875	12,710	6,875	12,710
Accrued interest receivable	4,375	-	391	3,984
Total Assets	<u>\$ 1,360,094</u>	<u>\$ 1,865,487</u>	<u>\$ 1,825,227</u>	<u>\$ 1,400,354</u>
Liabilities				
Accounts payable	\$ 750	\$ 905,327	\$ 905,686	\$ 391
Payable to bondholders	1,359,344	961,711	921,092	1,399,963
Total Liabilities	<u>\$ 1,360,094</u>	<u>\$ 1,867,038</u>	<u>\$ 1,826,778</u>	<u>\$ 1,400,354</u>
<u><b>COASTAL ANIMAL SERVICES AUTHORITY</b></u>				
Assets				
Cash and investments	\$ 722,333	\$ 1,520,576	\$ 1,510,241	\$ 732,668
Accounts receivable	31,191	114,685	30,970	114,906
Total Assets	<u>\$ 753,524</u>	<u>\$ 1,635,261</u>	<u>\$ 1,541,211</u>	<u>\$ 847,574</u>
Liabilities				
Accounts payable	\$ 41,692	\$ 1,118,974	\$ 1,096,722	\$ 63,944
Accrued wages	30,275	814,885	805,347	39,813
Deposits payable	681,557	1,617,357	1,555,097	743,817
Total Liabilities	<u>\$ 753,524</u>	<u>\$ 3,551,216</u>	<u>\$ 3,457,166</u>	<u>\$ 847,574</u>
<u><b>TOTAL ALL AGENCY FUNDS</b></u>				
Assets				
Cash and investments	\$ 25,044,552	\$ 11,786,462	\$ 23,238,759	\$ 13,592,255
Taxes receivable	45,678	85,214	45,678	85,214
Accounts receivable	55,378	114,685	55,157	114,906
Accrued interest receivable	15,654	-	1,020	14,634
Total Assets	<u>\$ 25,161,262</u>	<u>\$ 11,986,361</u>	<u>\$ 23,340,614</u>	<u>\$ 13,807,009</u>
Liabilities				
Accounts payable	\$ 68,240	\$ 6,063,952	\$ 6,066,588	\$ 65,604
Accrued wages	30,275	814,885	805,347	39,813
Deposits payable	681,557	1,617,357	1,555,097	743,817
Payable to bondholders	24,381,190	5,488,173	16,911,588	12,957,775
Total Liabilities	<u>\$ 25,161,262</u>	<u>\$ 13,984,367</u>	<u>\$ 25,338,620</u>	<u>\$ 13,807,009</u>

(Concluded)



# STATISTICAL SECTION

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# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	162
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	174
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>	180
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>	186
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>	188

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 184,880,908	\$ 191,342,737	\$ 186,634,872	\$ 184,058,187
Restricted	61,254,366	51,568,742	56,226,561	57,569,626
Unrestricted	38,223,976	39,174,674	37,714,193	37,285,652
<b>Total governmental activities net position</b>	<b>\$ 284,359,250</b>	<b>\$ 282,086,153</b>	<b>\$ 280,575,626</b>	<b>\$ 278,913,465</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 144,382,566	\$ 148,528,745	\$ 152,088,828	\$ 159,890,481
Restricted	49,019,121	11,604,636	10,969,269	6,738,924
Unrestricted	2,556,796	35,030,472	35,940,828	38,291,531
<b>Total business-type activities net position</b>	<b>\$ 195,958,483</b>	<b>\$ 195,163,853</b>	<b>\$ 198,998,925</b>	<b>\$ 204,920,936</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 329,263,474	\$ 339,871,482	\$ 338,723,700	\$ 343,948,668
Restricted	110,273,487	63,173,378	67,195,830	64,308,550
Unrestricted	40,780,772	74,205,146	73,655,021	75,577,183
<b>Total primary government net position</b>	<b>\$ 480,317,733</b>	<b>\$ 477,250,006</b>	<b>\$ 479,574,551</b>	<b>\$ 483,834,401</b>

Source: City of San Clemente

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 201,351,891	\$ 205,339,450	\$ 223,978,174	\$ 222,799,987	\$ 219,771,204	\$ 220,087,709
44,901,878	47,600,483	47,171,145	47,048,005	47,294,020	47,685,507
18,847,703	21,772,655	23,088,837	23,633,735	29,391,740	22,812,106
<u>\$ 265,101,472</u>	<u>\$ 274,712,588</u>	<u>\$ 294,238,156</u>	<u>\$ 293,481,727</u>	<u>\$ 296,456,964</u>	<u>\$ 290,585,322</u>
\$ 154,510,084	\$ 153,436,537	\$ 156,462,970	\$ 156,608,320	\$ 154,657,313	\$ 152,775,813
10,732,930	10,180,595	9,762,504	10,177,637	10,439,505	11,841,484
37,944,233	41,377,385	35,642,252	34,219,326	37,427,488	40,500,331
<u>\$ 203,187,247</u>	<u>\$ 204,994,517</u>	<u>\$ 201,867,726</u>	<u>\$ 201,005,283</u>	<u>\$ 202,524,306</u>	<u>\$ 205,117,628</u>
\$ 355,988,336	\$ 358,775,987	\$ 380,441,144	\$ 379,408,307	\$ 374,428,517	\$ 372,863,522
55,634,808	57,781,078	56,933,649	57,225,642	57,733,525	59,526,991
56,665,575	63,150,040	58,731,089	57,853,061	66,819,228	63,312,437
<u>\$ 468,288,719</u>	<u>\$ 479,707,105</u>	<u>\$ 496,105,882</u>	<u>\$ 494,487,010</u>	<u>\$ 498,981,270</u>	<u>\$ 495,702,950</u>

CITY OF SAN CLEMENTE  
CHANGES IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year		
	2011	2012	2013
<b>Expenses</b>			
Governmental activities:			
General government	\$ 8,453,237	\$ 7,446,115	\$ 6,194,743
Police	12,051,622	12,120,058	12,141,456
Fire	7,074,900	7,441,911	7,723,477
Public works	10,407,140	11,467,488	10,729,698
Community development	5,327,603	5,335,446	8,027,685
Beaches, parks & recreation	9,926,388	11,832,045	13,092,862
Interest and fiscal charges	307,354	232,635	147,897
Total governmental activities expenses	<u>53,548,244</u>	<u>55,875,698</u>	<u>58,057,818</u>
Business-type activities:			
Water	14,604,342	16,649,645	17,583,799
Sewer	10,706,741	10,560,807	10,956,256
Golf	2,135,370	2,191,026	2,274,584
Non-major activities	2,070,131	2,080,649	1,839,962
Total business-type activities expenses	<u>29,516,584</u>	<u>31,482,127</u>	<u>32,654,601</u>
Total primary government expenses	<u>83,064,828</u>	<u>87,357,825</u>	<u>90,712,419</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	2,742,791	2,899,751	398,141
Police	1,060,857	1,014,471	887,830
Fire	681,144	768,098	834,182
Public works	1,277,324	1,146,576	998,914
Community development	1,456,230	1,365,793	1,669,416
Beaches, parks & recreation	2,835,372	3,186,014	3,472,211
Operating grants and contributions	3,287,276	3,218,852	4,773,534
Capital grants and contributions	5,694,883	2,682,033	1,221,842
Total governmental activities program revenues	<u>19,035,877</u>	<u>16,281,588</u>	<u>14,256,070</u>
Business-type activities:			
Charges for services:			
Water	13,885,865	16,424,826	18,479,553
Sewer	8,977,702	9,270,705	10,071,581
Golf	2,137,694	2,222,932	2,179,625
Other	2,362,352	2,286,446	2,306,379
Operating grants and contributions	190,241	248,928	56,500
Capital grants and contributions	1,100,855	47,180	3,439,735
Total business-type activities program revenues	<u>28,654,709</u>	<u>30,501,017</u>	<u>36,533,373</u>
Total primary government program revenues	<u>51,484,743</u>	<u>46,782,605</u>	<u>50,789,443</u>
Net (expense)/revenue:			
Governmental activities	(34,512,367)	(39,594,110)	(43,801,748)
Business-type activities	(861,875)	(981,110)	3,878,772
Total primary government net expense	<u>\$ (35,374,242)</u>	<u>\$ (40,575,220)</u>	<u>\$ (39,922,976)</u>

		Fiscal Year											
		2014	2015	2016	2017	2018	2019	2020					
\$	5,949,601	\$	6,368,117	\$	6,121,431	\$	7,158,985	\$	8,602,034	\$	8,638,794	\$	7,831,304
	12,838,046		12,743,914		12,366,392		14,722,453		15,026,061		15,816,595		17,882,872
	7,885,566		8,148,750		8,914,593		10,098,953		9,385,402		10,294,194		11,658,767
	17,118,629		10,529,453		16,568,456		18,795,135		20,680,433		21,390,909		24,715,042
	6,258,785		16,481,854		5,802,124		6,120,224		6,247,084		5,891,062		6,951,570
	14,159,882		14,026,927		9,295,623		9,299,173		10,708,326		10,179,695		10,641,892
	137,661		127,508		118,421		392,285		4,959		3,663		2,371
	64,348,170		68,426,523		59,187,040		66,587,208		70,654,299		72,214,912		79,683,818
	18,199,173		19,582,215		18,092,980		17,944,864		20,571,400		19,430,379		20,193,508
	10,754,071		11,379,835		11,727,190		16,124,175		13,297,015		14,070,190		13,915,885
	2,169,419		2,123,894		2,113,187		2,058,702		2,407,448		2,104,304		2,357,453
	1,785,248		1,926,412		1,797,162		1,787,867		2,395,488		2,061,718		1,993,488
	32,907,911		35,012,356		33,730,519		37,915,608		38,671,351		37,666,591		38,460,334
	97,256,081		103,438,879		92,917,559		104,502,816		109,325,650		109,881,503		118,144,152
	408,238		750,760		944,933		430,676		459,817		459,192		452,257
	777,499		772,733		641,074		601,355		492,692		531,818		431,382
	697,683		1,096,348		1,266,510		1,467,867		1,339,525		1,462,039		1,296,731
	1,514,742		1,714,658		1,067,956		1,261,103		1,379,539		1,498,848		1,296,930
	2,256,562		2,589,286		2,891,114		2,426,953		3,203,357		2,785,652		2,441,996
	3,481,050		3,446,630		3,832,390		4,205,277		5,057,789		4,749,332		3,571,226
	4,213,191		3,355,485		5,058,133		3,187,026		2,115,847		4,257,867		7,442,928
	7,579,481		19,527,260		7,119,635		23,318,080		6,611,844		4,121,736		2,082,076
	20,928,446		33,253,160		22,821,745		36,898,337		20,660,410		19,866,484		19,015,526
	21,338,919		20,564,951		18,231,654		18,207,039		21,333,272		21,257,248		23,472,031
	10,284,887		10,308,250		10,686,769		9,976,298		10,333,756		10,984,033		10,823,688
	2,292,262		2,319,582		2,236,018		2,162,780		2,325,817		2,300,476		1,962,160
	2,296,222		2,765,093		2,821,254		2,767,285		2,849,666		2,814,852		2,766,477
	17,121		-		17,298		16,798		16,777		32,973		16,296
	2,478,027		787,143		1,156,583		1,677,633		702,674		283,230		464,594
	38,707,438		36,745,019		35,149,576		34,807,833		37,561,962		37,672,812		39,505,246
	59,635,884		69,998,179		57,971,321		71,706,170		58,222,372		57,539,296		58,520,772
	(43,419,724)		(35,173,363)		(36,365,295)		(29,688,871)		(49,993,889)		(52,348,428)		(60,668,292)
	5,799,527		1,732,663		1,419,057		(3,107,775)		(1,109,389)		6,221		1,044,912
\$	(37,620,197)	\$	(33,440,700)	\$	(34,946,238)	\$	(32,796,646)	\$	(51,103,278)	\$	(52,342,207)	\$	(59,623,380)

(Continued)

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

	Fiscal Year		
	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>			
Governmental activities:			
Taxes:			
Property taxes	\$ 26,543,254	\$ 25,704,056	\$ 25,613,417
Sales taxes	5,095,486	5,375,251	5,837,066
Sales taxes - in lieu	1,604,663	1,694,225	1,743,745
Transient occupancy taxes	1,460,880	1,541,248	1,587,576
Franchise taxes	2,199,894	2,229,194	2,203,002
Other taxes	1,411,471	1,073,325	1,103,570
Investment earnings	827,900	1,147,655	3,950,829
Miscellaneous	150,904	144,473	76,641
Gain (Loss) on sale of capital assets	13,403,427	-	-
Pension side fund payment	(4,754,163)	-	-
Dissolution of the redevelopment agency	-	(1,767,179)	-
Transfers	450,418	178,765	175,375
Total governmental activities	<u>48,394,134</u>	<u>37,321,013</u>	<u>42,291,221</u>
Business-type activities:			
Investment earnings	653,997	365,245	131,675
Gain (Loss) on sale of capital assets	-	-	-
Miscellaneous	-	-	-
Transfers	(450,418)	(178,765)	(175,375)
Total business-type activities	<u>203,579</u>	<u>186,480</u>	<u>(43,700)</u>
Total primary government	<u>\$ 48,597,713</u>	<u>\$ 37,507,493</u>	<u>\$ 42,247,521</u>
<b>Change in Net Position</b>			
Governmental activities	13,881,767	(2,273,097)	(1,510,527)
Business-type activities	(658,296)	(794,630)	3,835,072
Total primary government	<u>\$ 13,223,471</u>	<u>\$ (3,067,727)</u>	<u>\$ 2,324,545</u>

Source: City of San Clemente

		Fiscal Year											
		2014	2015	2016	2017	2018	2019	2020					
\$	25,938,562	\$	27,574,540	\$	29,588,442	\$	31,038,475	\$	32,766,143	\$	34,522,402	\$	35,975,019
	5,907,313		6,161,540		8,471,708		9,526,134		9,637,366		10,582,298		9,951,359
	2,130,322		2,108,680		593,774		-		-		-		-
	1,781,354		2,220,437		2,332,712		2,798,585		2,805,716		2,630,519		2,162,560
	2,280,321		2,402,021		2,420,553		2,559,189		2,612,101		2,675,367		2,666,585
	1,066,122		1,109,944		1,297,956		1,284,469		1,356,260		1,450,353		1,365,759
	2,533,185		1,019,290		915,646		1,119,283		292,346		1,915,078		2,231,220
	26,662		156,497		132,510		709,834		37,584		127,908		33,030
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	93,722		346,834		223,110		178,470		307,893		266,740		411,118
	<u>41,757,563</u>		<u>43,099,783</u>		<u>45,976,411</u>		<u>49,214,439</u>		<u>49,815,409</u>		<u>54,170,665</u>		<u>54,796,650</u>
	216,206		289,571		611,323		159,454		296,909		1,779,542		1,959,528
	-		-		-		-		546,558		-		-
	-		-		-		-		-		-		-
	<u>(93,722)</u>		<u>(346,834)</u>		<u>(223,110)</u>		<u>(178,470)</u>		<u>(307,893)</u>		<u>(266,740)</u>		<u>(411,118)</u>
	<u>122,484</u>		<u>(57,263)</u>		<u>388,213</u>		<u>(19,016)</u>		<u>535,574</u>		<u>1,512,802</u>		<u>1,548,410</u>
\$	<u>41,880,047</u>	\$	<u>43,042,520</u>	\$	<u>46,364,624</u>	\$	<u>49,195,423</u>	\$	<u>50,350,983</u>	\$	<u>55,683,467</u>	\$	<u>56,345,060</u>
	(1,662,161)		7,926,420		9,611,116		19,525,568		(178,480)		1,822,237		(5,871,642)
	5,922,011		1,675,400		1,807,270		(3,126,791)		(573,815)		1,519,023		2,593,322
\$	<u>4,259,850</u>	\$	<u>9,601,820</u>	\$	<u>11,418,386</u>	\$	<u>16,398,777</u>	\$	<u>(752,295)</u>	\$	<u>3,341,260</u>	\$	<u>(3,278,320)</u>

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Transient Occupancy Tax</u>	<u>Franchise Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2010-2011	\$ 26,677,176	\$ 6,979,049	\$ 1,460,880	\$ 2,199,894	\$ 781,700	\$ 38,098,699
2011-2012	25,812,484	7,074,047	1,541,248	2,288,084	858,626	37,574,489
2012-2013	27,849,666	7,452,871	1,587,576	2,264,288	863,703	40,018,104
2013-2014	25,943,613	7,932,300	1,781,354	2,341,247	829,504	38,828,018
2014-2015	27,578,425	8,032,575	2,220,437	2,471,224	866,760	41,169,421
2015-2016	29,305,520	8,987,220	2,332,712	2,420,553	1,125,711	44,171,716
2016-2017	31,098,009	9,931,846	2,798,585	2,611,748	1,059,264	47,499,452
2017-2018	32,830,754	9,735,366	2,805,716	2,442,737	1,351,480	49,166,053
2018-2019	34,520,615	10,604,298	2,630,519	2,722,550	1,234,427	51,712,409
2019-2020	35,957,404	10,041,359	2,162,559	2,666,585	1,179,282	52,007,189

**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>
2010-2011	\$ 26,543,254	\$ 6,700,149	\$ 1,460,880	\$ 2,199,894	\$ 1,098,104	\$ 313,367	\$ 38,315,648
2011-2012	25,704,056	7,069,476	1,541,248	2,229,194	1,038,871	34,454	37,617,299
2012-2013	25,613,417	7,580,811	1,587,576	2,203,002	1,068,321	35,249	38,088,376
2013-2014	25,938,562	8,037,635	1,781,354	2,280,321	1,036,949	29,173	39,103,994
2014-2015	27,574,540	8,270,220	2,220,437	2,402,021	1,081,764	28,180	41,577,162
2015-2016	29,588,442	9,065,482	2,332,712	2,420,553	1,271,569	26,387	44,705,145
2016-2017	31,038,475	9,526,134	2,798,585	2,559,189	1,254,792	29,677	47,206,852
2017-2018	32,766,143	9,637,366	2,805,716	2,612,101	1,321,532	34,728	49,177,586
2018-2019	34,522,402	10,582,298	2,630,519	2,675,367	1,418,892	31,461	51,860,939
2019-2020	35,975,019	9,951,359	2,162,560	2,666,585	1,313,994	51,765	52,121,282

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			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 2,169,291	\$ 1,800,743	\$ 2,001,530	\$ 2,006,484
Committed	18,923,274	17,754,373	17,450,954	16,751,483
Assigned	3,770,456	7,373,427	7,060,897	7,225,178
Unassigned	4,110,236	1,528,656	3,592,488	3,850,648
Total general fund	<u>\$ 28,973,257</u>	<u>\$ 28,457,199</u>	<u>\$ 30,105,869</u>	<u>\$ 29,833,793</u>
All other governmental funds				
Nonspendable	\$ 2,351,847	\$ 2,120,653	\$ 2,120,653	\$ 1,671,798
Restricted	31,352,050	46,333,348	47,664,547	41,112,201
Committed	11,792,319	442,650	77,643	59,265
Assigned	17,517,914	4,209,482	4,356,356	4,438,029
Unassigned	(2,001,968)	26,091	-	5,956,604
Total all other governmental funds	<u>\$ 61,012,162</u>	<u>\$ 53,132,224</u>	<u>\$ 54,219,199</u>	<u>\$ 53,237,897</u>

Source: City of San Clemente

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 1,915,086	\$ 1,653,502	\$ 2,509,597	\$ 2,233,368	\$ 1,957,463	\$ 1,652,286
19,081,173	16,263,527	14,016,387	14,420,443	14,752,106	15,120,471
4,015,657	9,070,803	9,418,192	10,083,367	7,453,364	5,070,539
4,673,038	1,648,449	4,421,779	3,189,426	6,342,563	4,347,631
<u>\$ 29,684,954</u>	<u>\$ 28,636,281</u>	<u>\$ 30,365,955</u>	<u>\$ 29,926,604</u>	<u>\$ 30,505,496</u>	<u>\$ 26,190,927</u>
\$ 9,933,254	\$ -	\$ -	\$ -	\$ -	\$ -
34,945,212	49,053,639	47,062,622	46,893,147	47,087,058	47,502,901
48,563	23,705	96,053	91,580	26,751	99,190
4,337,695	4,374,003	7,214,689	10,149,083	13,797,271	13,809,566
(32,142)	-	-	-	(162,402)	(44,100)
<u>\$ 49,232,582</u>	<u>\$ 53,451,347</u>	<u>\$ 54,373,364</u>	<u>\$ 57,133,810</u>	<u>\$ 60,748,678</u>	<u>\$ 61,367,557</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
Taxes	\$ 38,098,699	\$ 37,574,489	\$ 40,018,104	\$ 38,828,018
Licenses and permits	1,903,617	892,486	1,042,511	1,534,484
Fines and forfeits	931,685	879,981	776,634	690,083
Interest and rentals	2,780,497	2,615,105	2,441,657	2,778,297
Intergovernmental	5,767,169	4,830,480	3,800,465	4,116,782
Charges for services	7,150,212	7,527,717	5,090,503	5,722,098
Developers fees	700,150	170,071	1,607,964	6,571,642
Other	1,152,865	1,755,948	552,873	451,993
Total revenues	<u>58,484,894</u>	<u>56,246,277</u>	<u>55,330,711</u>	<u>60,693,397</u>
<b>Expenditures</b>				
General government	7,274,138	7,308,774	4,962,425	5,366,069
Police	12,046,529	12,111,299	12,111,439	12,820,497
Fire	6,913,198	7,280,209	7,478,736	7,658,531
Public works	6,863,269	7,124,688	6,553,374	11,986,832
Community development	4,723,758	5,159,664	7,757,417	6,203,011
Beaches, parks and recreation	8,378,274	9,421,326	10,209,081	10,695,841
Capital outlay	25,632,719	13,793,640	3,059,286	6,622,108
Debt service:				
Property tax shift	348,788	-	-	-
Principal retirements	125,000	830,000	95,000	105,000
Interest and fiscal charges	304,411	226,089	140,683	132,608
Total expenditures	<u>72,610,084</u>	<u>63,255,689</u>	<u>52,367,441</u>	<u>61,590,497</u>
Excess of revenues over (under) expenditures	(14,125,190)	(7,009,412)	2,963,270	(897,100)
<b>Other financing sources (uses)</b>				
Sale of capital assets	13,449,123	-	-	-
Transfers in	14,490,883	5,603,370	3,617,669	1,763,604
Transfers out	(14,838,805)	(5,222,775)	(3,845,294)	(2,119,882)
Total other financing sources (uses)	<u>13,101,201</u>	<u>380,595</u>	<u>(227,625)</u>	<u>(356,278)</u>
Pension side fund payment	(4,754,163)	-	-	-
Redevelopment agency dissolution	-	(1,767,179)	-	-
Net change in fund balances	<u>\$ (5,778,152)</u>	<u>\$ (8,395,996)</u>	<u>\$ 2,735,645</u>	<u>\$ (1,253,378)</u>
Debt service as a percentage of noncapital expenditures	1%	2%	0%	0%

Source: City of San Clemente

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 41,169,421	\$ 44,171,716	\$ 47,499,452	\$ 49,166,053	\$ 51,712,409	\$ 52,007,189	
1,787,045	1,945,118	1,679,051	2,050,638	1,838,700	1,490,050	
673,346	596,246	533,413	537,137	499,151	368,221	
2,267,203	3,091,081	3,083,044	3,583,220	5,625,317	5,247,225	
4,595,852	4,436,712	4,312,721	4,996,307	6,253,060	6,385,292	
7,384,801	7,434,014	6,812,143	7,302,530	7,113,418	6,042,013	
920,591	1,150,197	917,738	1,292,719	533,088	765,529	
346,524	1,495,784	1,903,481	177,870	232,310	531,784	
<u>59,144,783</u>	<u>64,320,868</u>	<u>66,741,043</u>	<u>69,106,474</u>	<u>73,807,453</u>	<u>72,837,303</u>	
6,116,994	7,400,704	7,390,332	8,568,506	9,169,504	7,692,317	
13,139,840	12,282,853	13,969,172	14,820,377	15,819,412	17,730,311	
8,170,808	8,687,558	8,974,200	9,293,075	10,094,718	11,338,546	
6,401,382	10,761,232	11,137,408	12,571,097	13,926,621	15,851,923	
16,327,068	5,390,017	5,745,947	5,169,651	5,623,819	5,943,889	
11,658,520	6,214,570	6,093,381	6,606,598	6,682,913	6,773,454	
8,951,082	9,411,552	8,767,026	9,763,968	8,563,446	11,863,671	
-	-	-	-	-	-	
115,000	125,000	1,215,000	-	-	-	
123,678	116,400	388,028	-	-	-	
<u>71,004,372</u>	<u>60,389,886</u>	<u>63,680,494</u>	<u>66,793,272</u>	<u>69,880,433</u>	<u>77,194,111</u>	
(11,859,589)	3,930,982	3,060,549	2,313,202	3,927,020	(4,356,808)	
-	-	-	-	-	-	
2,591,784	3,841,952	6,277,187	5,881,091	6,728,848	3,912,936	
<u>(3,033,950)</u>	<u>(4,602,842)</u>	<u>(6,686,045)</u>	<u>(5,873,198)</u>	<u>(6,462,108)</u>	<u>(3,251,818)</u>	
<u>(442,166)</u>	<u>(760,890)</u>	<u>(408,858)</u>	<u>7,893</u>	<u>266,740</u>	<u>661,118</u>	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ (12,301,755)</u>	<u>\$ 3,170,092</u>	<u>\$ 2,651,691</u>	<u>\$ 2,321,095</u>	<u>\$ 4,193,760</u>	<u>\$ (3,695,690)</u>	
0%	0%	3%	0%	0%	0%	

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL  
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
2010 - 2011	\$ 12,203,096,799	\$ 227,107,241	\$ 12,430,204,040	1.00%
2011 - 2012	12,125,854,115	230,055,391	12,355,909,506	1.00%
2012 - 2013	12,218,790,644	206,465,908	12,425,256,552	1.00%
2013 - 2014	12,547,787,645	200,734,451	12,748,522,096	1.00%
2014 - 2015	13,371,545,438	211,419,301	13,582,964,739	1.00%
2015 - 2016	14,245,614,867	201,818,644	14,447,433,511	1.00%
2016 - 2017	15,045,607,490	224,270,282	15,269,877,772	1.00%
2017 - 2018	15,857,802,031	221,162,837	16,078,964,868	1.00%
2018 - 2019	16,674,273,500	230,062,545	16,904,336,045	1.00%
2019 - 2020	17,548,953,258	234,956,652	17,783,909,910	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
\$ 12,430,204,040	100%
12,355,909,506	100%
15,313,474,511	123%
18,175,939,699	143%
19,988,958,962	147%
21,671,150,267	150%
23,362,912,991	153%
25,243,974,843	157%
26,370,764,230	156%
27,742,899,460	156%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Metropolitan Water District	\$ 0.0037	\$ 0.0037	\$ 0.0035	\$ 0.0035
Capistrano Unified School District (various issues)	0.0111	0.0110	0.0117	0.0097
Total Basic Tax Levy per Article 13A of California State Constitution	1.0000	1.0000	1.0000	1.0000
	<u>\$ 1.0148</u>	<u>\$ 1.0147</u>	<u>\$ 1.0152</u>	<u>\$ 1.0132</u>

Note:

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

Source: Orange County Auditor Controller's Office

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
0.0090	0.0085	0.0084	0.0080	0.0079	0.0075
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>\$ 1.0125</u>	<u>\$ 1.0120</u>	<u>\$ 1.0119</u>	<u>\$ 1.0115</u>	<u>\$ 1.0114</u>	<u>\$ 1.0110</u>

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

Taxpayer	Type of Business	2020			2011		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Villa San Clemente LLC	Real Estate	\$ 156,895,077	1	0.88%	\$ 62,784,937	2	0.51%
TA Seacrest Apartments LLC	Real Estate	138,000,000	2	0.78%	-		
Trea Calle Del Cerro	Real Estate	92,500,000	3	0.52%	-		
Bre-FMCA LLC	Real Estate	65,857,519	4	0.37%	42,664,997	4	0.34%
Centro Watt Operating Owner I LLC	Real Estate	52,951,544	5	0.30%	41,127,013	5	0.33%
Talega Village Center LLC	Retail	46,200,501	6	0.26%	21,238,389	9	0.17%
BEX Portfolio Inc.	Real Estate	33,736,772	7	0.19%	-		
NNN San Clemente	Real Estate	28,613,619	8	0.16%			
Olen Properties Corporation	Real Estate	27,471,079	9	0.15%	-		
Won and Jay Inc.	Retail	25,801,354	10	0.14%	21,899,091	8	0.18%
Suncal Marblehead LLC	Real Estate	-			125,521,328	1	1.01%
Seacrest San Clemente LP	Real Estate	-			62,200,000	3	0.50%
SAF Whispering Winds LLC	Real Estate	-			38,534,229	6	0.31%
Cox Communications Inc. Orange	Retail	-			25,745,772	7	0.21%
Raymond Taccolini Trust	Real Estate	-			20,635,990	10	0.17%
		<u>\$ 668,027,465</u>		<u>3.75%</u>	<u>\$ 462,351,746</u>		<u>3.72%</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
2010 - 2011	\$ 30,847,755	\$ 30,201,236	97.90%	\$ 239,066	\$ 30,440,302	98.68%	\$ 465,959	1.51%
2011 - 2012	30,356,687	29,507,606	97.20%	24,860	29,532,466	97.28%	531,576	1.75%
2012 - 2013	30,608,681	29,905,604	97.70%	444,271	30,349,875	99.15%	451,927	1.48%
2013 - 2014	29,183,272	28,631,594	98.11%	400,661	29,032,256	99.48%	449,978	1.54%
2014 - 2015	30,636,198	30,084,737	98.20%	433,010	30,517,747	99.61%	419,422	1.37%
2015 - 2016	31,126,117	30,379,271	97.60%	355,377	30,734,648	98.74%	1,194,948	3.84%
2016 - 2017	34,980,713	34,922,313	99.83%	294,822	35,217,135	100.68%	257,450	0.74%
2017 - 2018	36,877,029	36,576,103	99.18%	288,426	36,864,529	99.97%	301,131	0.82%
2018 - 2019	38,515,421	38,156,750	99.07%	311,954	38,468,704	99.88%	334,561	0.87%
2019 - 2020	40,117,929	39,827,990	99.28%	236,753	40,064,742	99.87%	380,204	0.95%

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			
2010 - 2011	\$ 2,485,000	\$ 17,929	\$ -	\$ 2,502,929	0.09%	39
2011 - 2012	1,655,000	164,691	-	1,819,691	0.07%	28
2012 - 2013	1,560,000	127,026	-	1,687,026	0.05%	26
2013 - 2014	1,455,000	88,094	-	1,543,094	0.05%	24
2014 - 2015	1,340,000	57,273	14,494,395	15,891,668	0.52%	243
2015 - 2016	1,215,000	17,703	13,863,037	15,095,740	0.47%	228
2016 - 2017	-	148,979	13,267,421	13,416,400	0.40%	203
2017 - 2018	-	115,826	12,658,702	12,774,528	0.36%	195
2018 - 2019	-	81,377	12,036,591	12,117,968	0.32%	185
2019 - 2020	-	47,306	11,400,794	11,448,100	0.30%	177

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

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

Source: City of San Clemente

CITY OF SAN CLEMENTE  
 PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	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		
2010 - 2011	Not applicable			-	-	-	-	
2011 - 2012	Not applicable			-	-	-	-	
2012 - 2013	Not applicable			-	-	-	-	
2013 - 2014	Not applicable			-	-	-	-	
2014 - 2015	\$ 20,727,188	\$ 18,172,216	\$ 2,554,972	\$ -	\$ -	\$ -	-	
2015 - 2016	18,505,017	16,637,346	1,867,671	631,358	269,244	900,602	2.1	
2016 - 2017	18,982,260	16,274,681	2,707,579	595,616	304,987	900,603	3.0	
2017 - 2018	20,931,603	18,414,487	2,517,116	608,719	291,883	900,602	2.8	
2018 - 2019	22,167,721	17,799,427	4,368,294	622,111	278,491	900,602	4.9	
2019 - 2020	22,356,425	18,422,372	3934053	635,797	264,805	900,602	4.4	

Notes:

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

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

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

Source: City of San Clemente

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2020

Assessed valuation was \$17,783,909,910 in FY 2019-20

	%	Debt
	<u>Applicable</u>	<u>June 30, 2020</u>
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		
Metropolitan Water District	0.575%	\$ 214,475
Capistrano Unified School District School Facilities Improvement District No. 1	22.29%	4,217,633
Santa Margarita Water District CFD No. 99-1	100%	59,380,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	63,675,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	3,405,000
City of San Clemente Communtiy Facilities District No. 2006-1	100%	54,010,000
City of San Clemente 1915 Act Bonds	100%	7,450,000
<b>TOTAL OVERLAPPING TAX AND ASSESSED DEBT</b>		<b><u>\$ 192,352,108</u></b>
<b>OVERLAPPING GENERAL FUND DEBT:</b>		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.842%	10,991,293
Orange County Pension Obligations	2.842%	13,268,268
Orange County Board of Education Certificates of Participation	2.842%	367,471
Capistrano Unified School District Certificates of Participation	18.759%	5,066,806
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	-
City of San Clemente Capital Leases	100%	47,307
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b><u>\$ 29,741,145</u></b>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b><u>\$ 222,093,253</u></b>
<b>TOTAL CITY DIRECT DEBT (1)</b>		<b>\$ 47,307</b>
<b>TOTAL OVERLAPPING DEBT</b>		<b>\$ 222,045,946</b>
<b>COMBINED DIRECT AND OVERLAPPING DEBT</b>		<b>\$ 222,093,253</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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.08%
Total Direct Debt	0.00%
Combined Total Debt	1.25%

Source: California Municipal Statistics



CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Assessed valuation	\$ 12,430,204,040	\$ 12,355,909,506	\$ 12,425,256,552	\$ 12,748,522,096
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	3,107,551,010	3,088,977,377	3,106,314,138	3,187,130,524
Debt limit percentage	15%	15%	15%	15%
Debt limit	466,132,652	463,346,606	465,947,121	478,069,579
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 466,132,652</u>	<u>\$ 463,346,606</u>	<u>\$ 465,947,121</u>	<u>\$ 478,069,579</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						
2015	2016	2017	2018	2019	2020	
\$ 13,582,964,739	\$ 13,666,850,501	\$ 14,447,433,531	\$ 14,761,937,790	\$ 15,269,877,772	\$ 17,247,120,887	
25%	25%	25%	25%	25%	25%	
3,395,741,185	3,416,712,625	3,611,858,383	3,690,484,448	3,817,469,443	4,311,780,222	
15%	15%	15%	15%	15%	15%	
509,361,178	512,506,894	541,778,757	553,572,667	572,620,416	646,767,033	
<u>\$ 509,361,178</u>	<u>\$ 512,506,894</u>	<u>\$ 541,778,757</u>	<u>\$ 553,572,667</u>	<u>\$ 572,620,416</u>	<u>\$ 646,767,033</u>	
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)
2010 - 2011	63,743	\$ 2,890,823	\$ 45,509	39	94%	9,743	7.40%
2011 - 2012	64,208	2,787,333	43,411	39	95%	9,757	6.50%
2012 - 2013	64,542	3,091,175	47,894	40	94%	9,244	5.30%
2013 - 2014	64,874	3,068,865	47,305	40	96%	9,799	4.70%
2014 - 2015	65,399	3,051,648	46,662	40	96%	9,674	3.60%
2015 - 2016	66,245	3,241,792	48,936	41	95%	9,433	3.70%
2016 - 2017	65,975	3,383,938	51,291	38	95%	9,392	3.30%
2017 - 2018	65,543	3,575,647	54,554	42	95%	9,407	2.80%
2018 - 2019	65,405	3,762,909	57,532	43	95%	9,372	2.30%
2019 - 2020	64,581	3,844,665	59,532	44	94%	9,196	13.30%

- 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	2020			2011		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	610	1	2.03%			
Glaukos Corp	278	2	0.92%			
ICU Medical	250	3	0.83%	2216	2	7.02%
Fisherman's Restaurants	225	4	0.75%	195	8	0.62%
Ralphs	223	5	0.74%			
Target Retail Store	205	6	0.68%			
City of San Clemente	196	7	0.65%	306	4	0.97%
Walmart	195	8	0.65%	190	9	0.60%
Albertsons	183	9	0.61%			
Metro One Development Inc.	155	10	0.51%			
First Team San Clemente Real Estate				4060	1	12.86%
Don Roberto Jewelers, Inc.				550	3	1.74%
Cross Section Ventures				300	5	0.95%
Saddleback Memorial Medical Center				200	6	0.63%
Quest Diagnostics				200	7	0.63%
Cameron Health, Inc.				150	10	0.48%

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

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

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY  
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Function</b>										
General government	33	32	32	32	32	31	26	26	34	33
Public safety										
Police (contract)	55	55	55	54	52	50	50	50	52	53
Fire (contract)	43	42	42	42	50	50	42	45	39	39
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	22	20	20	20	20	21	21	19	17	16
Building	14	11	11	11	14	13	13	13	13	11
Code Compliance	5	5	5	5	5	5	5	6	6	6
Planning	12	10	11	11	10	10	9	10	10	11
Administration	4	3	2	2	2	3	4	4	4	3
Public Works	3	3	3	3	3	3	2	3	6	6
Maintenance	19	18	18	18	26	25	25	25	25	23
Beaches, Parks, and Recreation	27	28	27	27	19	18	18	19	19	19
Water	25	25	25	25	25	26	26	27	27	25
Sewer	21	20	19	19	19	19	20	21	21	20
Clean Ocean	4	3	3	3	3	3	3	3	3	3
Storm Drain Utility	3	3	3	3	3	3	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	9	9	9	9	9	9	10	9	9	9
<b>Total</b>	<u>303</u>	<u>294</u>	<u>293</u>	<u>292</u>	<u>300</u>	<u>297</u>	<u>286</u>	<u>291</u>	<u>294</u>	<u>288</u>

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS  
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2011	2012	2013	2014	2015
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	134.00	136.00	136.00	136.00	137.00
Streetlights	3,404	3,419	3,428	3,433	3,503
Traffic signals	74	74	74	76	80
Beaches, parks and recreation					
Parks	19	20	20	20	21
Swimming pools	1	3	3	3	4
Libraries	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	213.10	213.10
Fire hydrants	2,281	2,281	2,281	2,281	2,281
Maximum daily capacity (Acre Feet)*	263.92	263.92	263.92	263.92	263.92
Sewer					
Sanitary sewers (miles)	174.60	174.60	174.60	154.00	154.00
Storm sewers (miles)	62.50	62.50	62.50	62.50	62.50
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976

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

One acre foot equals 325851.43188913 gallons.

Fiscal Year					
2016	2017	2018	2019	2020	
1	1	1	1	1	1
3	3	3	3	3	3
137.00	138.00	138.00	138.00	138.00	138.00
3,615	3,654	3,705	3,712	3,712	3,712
80	81	81	81	81	81
25	22	23	23	23	23
4	4	4	4	4	4
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
213.10	212.80	230.00	230.00	230.00	230.00
2,302	2,362	2,376	2,391	2,391	2,391
263.92	263.92	263.92	263.92	263.92	263.92
163.70	171.80	180.00	180.00	180.00	180.00
62.50	77.00	77.00	78.00	77.00	77.00
6,976	6,976	6,976	6,976	6,976	6,976

CITY OF SAN CLEMENTE

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Police</b>					
Number of calls for service	25,008	23,651	24,082	23,729	26,217
Number of traffic collision reports	426	257	487	371	377
Parking citations issued	18,591	17,851	13,713	13,698	15,231
<b>Fire</b>					
Number of fire calls	49	72	55	44	71
Number of emergency medical calls	2,084	2,540	2,137	2,175	3,317
Inspections	696	171	917	899	1,256
<b>Highways and streets</b>					
Street resurfacing (miles)	2.83	1.79	0.69	4.29	5.31
<b>Beaches, parks and recreation</b>					
Number of recreation classes, activities, and clinics	359	519	507	482	493
Total experiences in classes, activities, and clinics	106,809	129,682	106,497	111,219	173,175
Total number of facility rentals	664	825	916	1,068	1,087
Golf rounds played	89,117	90,118	88,177	84,838	80,091
<b>Water</b>					
New customers	34	27	8	11	33
Average daily consumption (Acre Feet) ***	24.30	27.77	21.60	28.52	25.51
<b>Sewer</b>					
New customers	5	4	6	9	26
Average daily sewage treatment (thousands of gallons)	4,060	3,883	3,859	3,787	3,441

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

One acre foot equals 325851.43188913 gallons.

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

Source: City of San Clemente

Fiscal Year					
2016	2017	2018	2019	2020	
28,089	31,632	30,515	31,081	28,207	
354	321	472	809	243	
14,012	7,735	12,250	11,384	8,854	
83	69	78	53	78	
3,559	3,846	3,825	3,246	3,559	
1,702	1,332	1,782	1,386	842	
3.87	3.48	9.02	7.20	17.49	
522	609	2,320	3,446	6,110	****
146,196	144,206	17,259	25,553	21,913	****
1,051	1,159	7,971	11,246	19,219	****
78,768	77,974	82,514	80,567	70,410	
206	82	107	38	37	
21.08	22.59	24.59	19.37	19.37	
179	81	104	37	37	
3,192	3,063	3,284	3,693	3,693	





