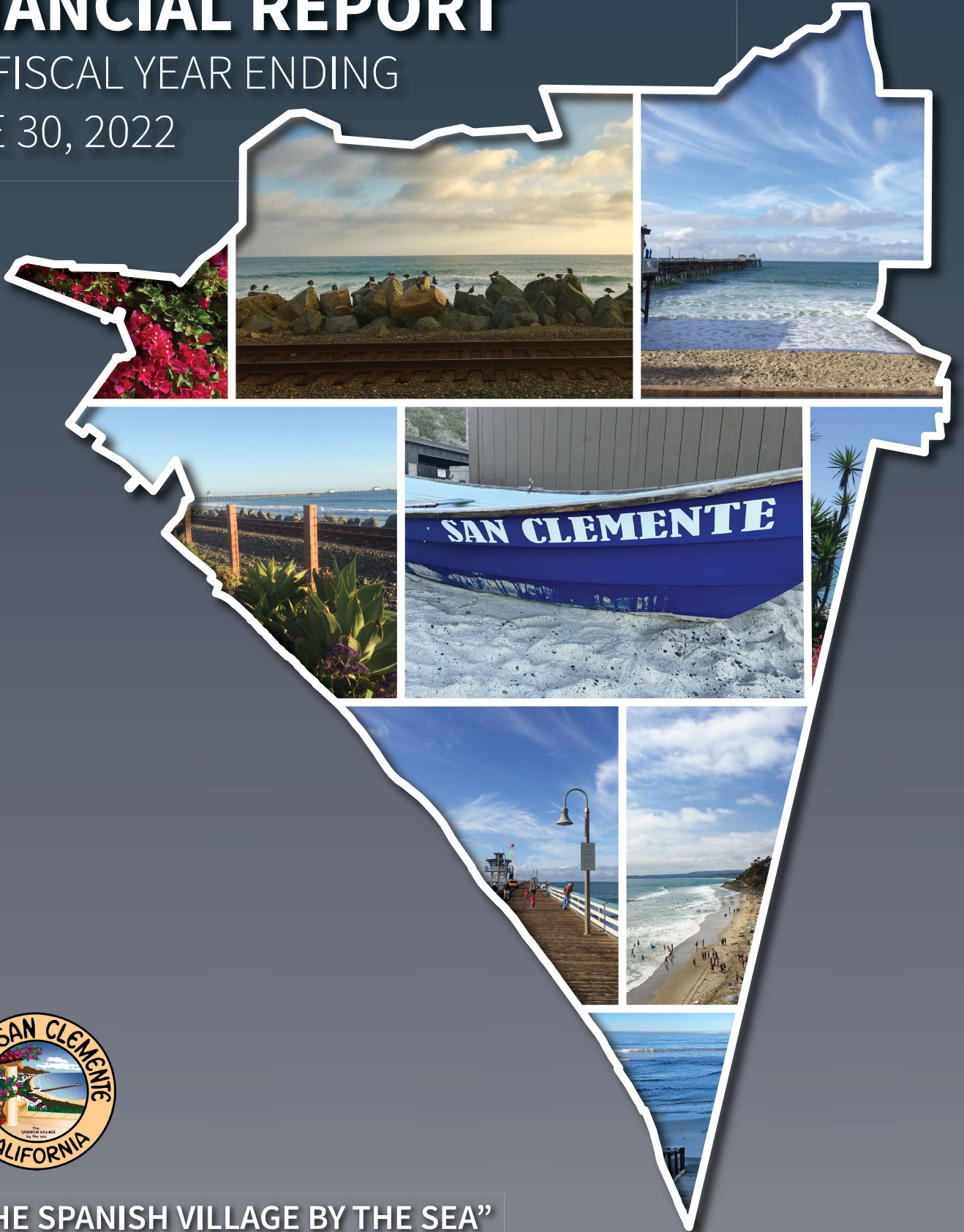


CITY OF SAN CLEMENTE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDING
JUNE 30, 2022



“THE SPANISH VILLAGE BY THE SEA”

CITY OF SAN CLEMENTE, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Prepared By:
Finance and Administrative Services

INTRODUCTORY SECTION

CITY OF SAN CLEMENTE
Annual Comprehensive Financial Report
June 30, 2022

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City of San Clemente

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

December 9, 2022

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

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of San Clemente (the City) for the fiscal year ended June 30, 2022.

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, 2022. 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 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 for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, City Clerk, and City Treasurer. The City Manager is responsible for 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 that 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 population of 63,380, is located at the southern tip of Orange County, and borders the County of San Diego. Its mild, temperate climate and unsurpassed beaches attract more than 2 million visitors annually.

Property taxes and sales taxes are the main sources of revenue for the General Fund. The City experienced a period of rapid growth during the development of Talega, a planned community annexed into the City from the County of Orange, which reached build-out in FY 2015. The City's last undeveloped area, Marblehead Coastal, is mostly developed. The residential portion of the development is complete with more than 300 housing units. The retail portion (Outlets at San Clemente) is open, however additional future phases and construction are planned. Both these developments increased property taxes significantly during the last ten years. This revenue growth allows the City to maintain a sound financial base and contributes to a strong housing market. The retail and residential development, with its trail system, attracts visitors and is anticipated to grow 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 improved over the last year. During the last year property taxes and sales taxes grew and remained a strong contributor to the General Fund. The City maintains its focus on the future through the following processes:



Long-term financial planning. The City prepares a annual financial plan, 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 projects revenues and expenditures based on key economic indicators, local growth patterns, and the existing level of services provided by the City.

The LTFP guidelines and other applicable policies are incorporated in the budget process. Policy changes with fiscal impacts are incorporated into the budget based on the final LTFP and through decision packages presented with the budget. Financial policy requires the City adopt a balanced operating position with budgeted revenues sufficient to support operating expenditures. Any one-time revenues received are reviewed and used to fund one-time costs or build reserves.

The City of San Clemente received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2021-22 and is anticipated to earn this budget award for the FY 2022-23 budget. To qualify for the Distinguished Budget Presentation Award, the government’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

The City has worked over the past two years to consolidate certain City operations at a single location. Consolidation of operations at one location required a redesign and construction of an entire floor at City Hall. This consolidation now includes the police substation and the construction of Council chambers on the second floor of the same main facility. Council chambers construction was mostly complete in calendar year 2022, but a few outstanding items continue to be addressed. Once completed, the administrative functions of the City, including Administration (City Manager, City Clerk, and the Finance and Administrative Services), Engineering, and Community Development (Building/Planning) will operate from this City Hall, along with Police operations and the meetings for City Council.

The most notable projects completed in FY 2022 are street projects, City Hall police substation, pier concession rehabilitation, and utilities capital projects. The street projects include multiple streets with the largest projects related to arterial streets, including Calle De Los Molinos and Camino De Los Mares projects. The utilities projects completed feature water lines, a well rehabilitation project, a well filter rehabilitation, and sewer and storm drain lines.

Capital projects underway at the end of the fiscal year include a variety of street related projects, the Council chambers project, and other utilities projects.

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

- **General Plan** – The City continues the implementation of various elements of the General Plan which sets comprehensive, long-term goals and policies for achieving San Clemente’s vision. Upcoming General Plan implementation includes: updating zoning ordinances; working on the

Implementation Plan for the City's Local Coastal Program; and updating five specific plans. In addition, the City will work on implementation of the 6th Cycle Housing Element Update.

- **Utilities Cost-of-Service Study** – The City initiated a sewer cost-of-service study to review and fully recover the cost to operate the City's sewer system. The sewer cost of service study has been started, but delayed as a result of the pandemic with it anticipated to be completed in early 2023. Sewer rates may change based on the completed study results.
- **Environmental Stewardship** – The City is a community that cares for the environment. The City is addressing the environment through pursuing a renewal of the Clean Ocean Fee. The Clean Ocean fee has been in place since 2003 and has been renewed three times. The fee expired and remaining funding from this fee is continuing to prevent runoff contaminants, fund inspections, perform education outreach, and complete water quality monitoring. The fee is being reviewed analyzing the needs of the community before a new fee is requested to be approved by the citizens.



Additionally, the Orange County Transportation Authority, the County of Orange, and the City of San Clemente approved a cooperative agreement preventing a Toll Road through the City of San Clemente. The City will continue to ensure a Toll Road does not destroy open space or cause deteriorating air quality within the City.

- **Coastal Resiliency** – The loss of coastal shorelines and the effects of climate change continue to make sand replenishment a priority for the City. The City is working with Federal and State agencies to fund nourishment of the beach between Linda Lane and T Street on an approximate 6-year average nourishment cycles over a 50-year period. Phase I is coming to fruition and approximately 250,000 cubic yards of sand will be placed onto city beaches creating a beach area of roughly 3,700 feet long by 50 feet wide. This beach quality sand is from offshore Oceanside Harbor and facilitated by a hopper dredge with a transport of the sand to San Clemente. This project is expected to be advertised in January 2023 and a contract award in March 2023. The work is expected to occur between September 2023 and March 2024.

Although this project is specific to the beach between Linda Lane and T Street, sand replenishment and nourishment is a critical concern for all beaches and the city will continue to pursue additional sand and nourishment opportunities. These opportunities consist of participating in the regional Strategic Coastal Resiliency Committee, seeking grant funding to reinstate beach monitoring, additional sand replenishment, and pursuing other Beaches Parks and Recreation Commission recommendations.

- **Quality of Life** – The City, like most other cities, is affected by decisions at the State, County and other levels. Increases to the homeless population and other law changes impact the City's environment. Affordability of housing has worsened with the cost of housing increasing due to cost increases and the real estate market exceeding expectations and recent changes to interest rate. These factors necessitated changes to outreach efforts, code compliance, and enforcement efforts to provide resources and assistance to individuals. The City is working to provide

resources, contacts and assistance and working with other County and State resources to allocate funds to address some of these concerns with the goal to improve the quality of life for all citizens.

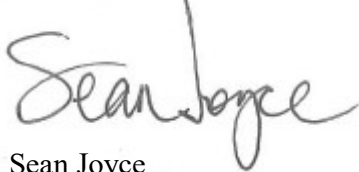
- **COVID 19** – The City created the Disaster Relief fund to accounts for costs to prevent and address COVID-19 related issues. Additionally, the City received American Rescue Plan Act amounts in this fund and has developed a plan to utilize these funds based on revenue replacement criteria.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Clemente for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the seventeenth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements. This award is valid for a period of one year only. We believe that our current ACFR continues to meet the GFOA requirements. The City will submit the ACFR to GFOA again this year.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Sean Joyce". The signature is written in black ink and is positioned above the printed name and title.

Sean Joyce
Interim City Manager

CITY OF SAN CLEMENTE

PRINCIPAL OFFICIALS

CITY COUNCIL

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

PLANNING COMMISSION

Brent Davis
M. Steven Camp
Cameron Cosgrove
Barton Crandell
Gary McCaughan
Scott McKhann
Karen Prescott-Loeffler

PARKS AND RECREATION COMMISSION

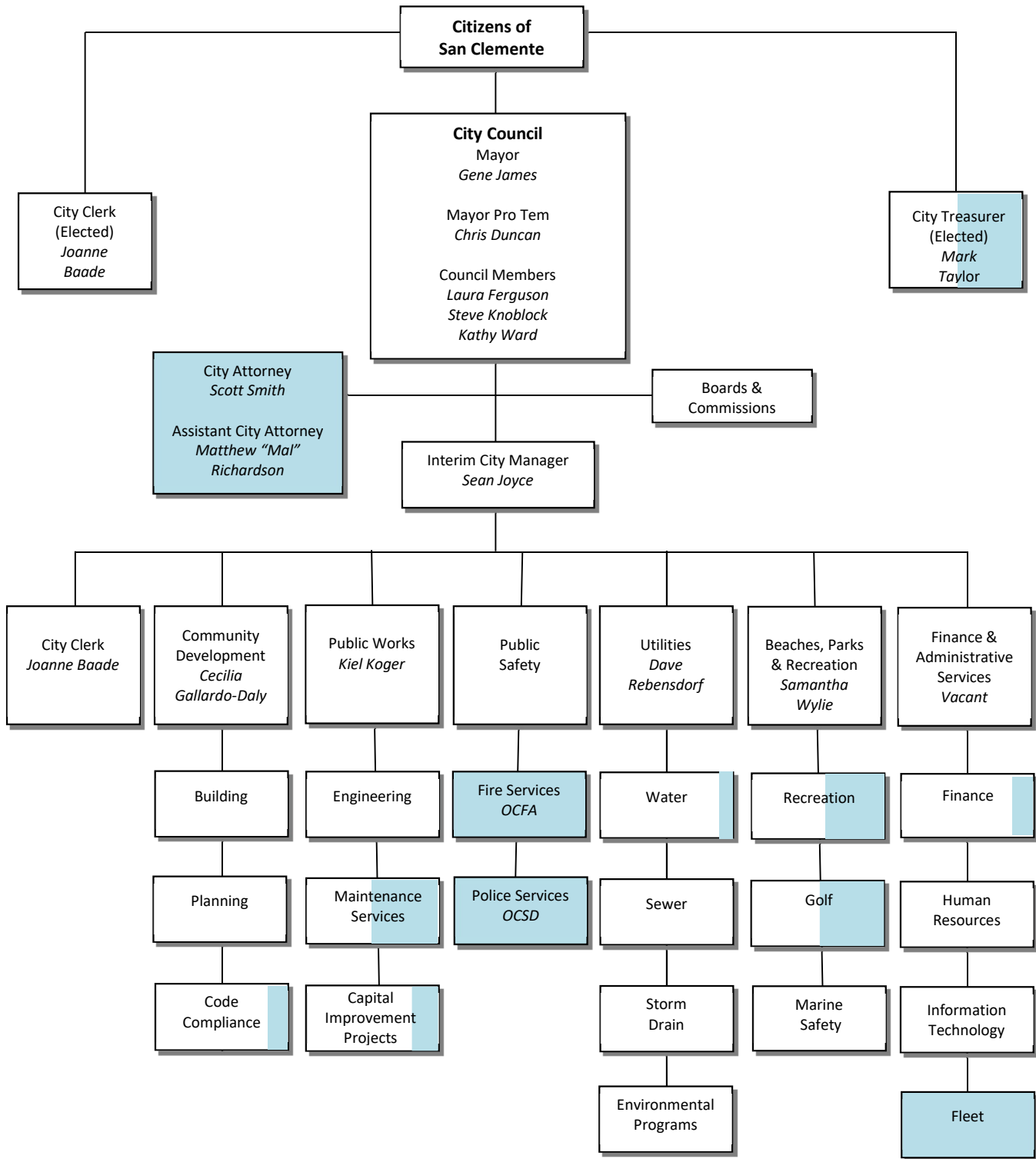
Susan Ambrose
Jorine Campopiano
Jennifer Elliott
Teri Rousseau
Robert Feuerstein
Errol Foremaster
Amelia Mae-Weinstein


CITY STAFF

Sean Joyce, Interim City Manager

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

San Clemente Organization Chart



 Shading indicates contracted services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Clemente
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente, California, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and major special revenue funds, and required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We



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

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections of the Annual Comprehensive Financial Report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Brea, California
December 9, 2022



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, 2022 and June 30, 2021. 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 increased \$1.3 million or 0.3% to \$492.1 million as a result of operations
- Net position totals \$288.8 million for governmental and \$203.5 for business-type funds.
- The total program revenues and general revenues were \$122.8 million.
- The net expense of all governmental activities was \$59,481,274. The net revenue of all business activities was \$1,782,830.
- During the year, the City's governmental fund expenditures exceeded revenues by \$0.2 million.
- The General Fund reported a net change in fund balance of \$3.0 million.
- For the General Fund, actual resources were higher than the final budget by \$4.5 million and actual expenditures were \$8.7 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, 2022 and June 30, 2021.

Table 1
Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 121.6	\$ 118.3	\$ 66.7	\$ 65.9	\$ 188.3	\$ 184.2
Capital assets, net	<u>217.2</u>	<u>218.7</u>	<u>159.4</u>	<u>161.7</u>	<u>376.6</u>	<u>380.4</u>
Total assets	338.8	337.0	226.1	227.6	564.9	564.6
Deferred outflows of resources	12.5	10.2	2.5	1.9	15.0	12.1
Current liabilities	16.4	14.6	4.9	6.3	21.3	20.9
Long-term liabilities	<u>31.6</u>	<u>42.1</u>	<u>18.3</u>	<u>19.3</u>	<u>49.9</u>	<u>61.4</u>
Total liabilities	48.0	56.7	23.2	25.6	71.2	82.3
Deferred inflow of resources	14.5	3.1	2.0	0.9	16.5	4.0
Net position:						
Net investment in capital assets	217.2	218.7	149.3	151.0	366.5	369.7
Restricted	39.8	42.6	11.2	11.5	51.0	54.1
Unrestricted	<u>31.7</u>	<u>26.0</u>	<u>42.9</u>	<u>40.6</u>	<u>74.6</u>	<u>66.6</u>
Total Net Position	<u>\$ 288.8</u>	<u>\$ 287.3</u>	<u>\$ 203.4</u>	<u>\$ 203.1</u>	<u>\$ 492.1</u>	<u>\$ 490.4</u>

City asset's and deferred outflows exceeded liabilities and deferred inflows by \$492.1 million at June 30, 2022 as compared to \$490.4 million at June 30, 2021. The City's net position increased by \$1.7 million from the prior fiscal year.

The largest portion of the City's net position (75 percent) is its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to citizens: consequently, these assets are not available for future spending. The City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets decreased \$3.8 million, while the total investment in capital assets (net position) decreased \$3.2 million.

The restricted portion of the City’s net position (10 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position decreased \$3.1 million due to amounts restricted for public facilities construction, and streets/roadway/traffic. This reduction was due primarily to capital projects, which included the police substation and various street and traffic infrastructure project costs during FY 2021-22.

The unrestricted net position balance of \$74.6 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$42.9 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$31.7 million by the governmental activities. This amount increased by \$2.3 million from the prior year related to business-type activities and increased by \$5.7 million for governmental activities as a result of property tax and sales tax growth.

A condensed summary of activities follows that total net position decreased by \$1.3 million during the year, excluding the restatement of \$0.4 million.

Table 2
Summary of Activities
(in millions)

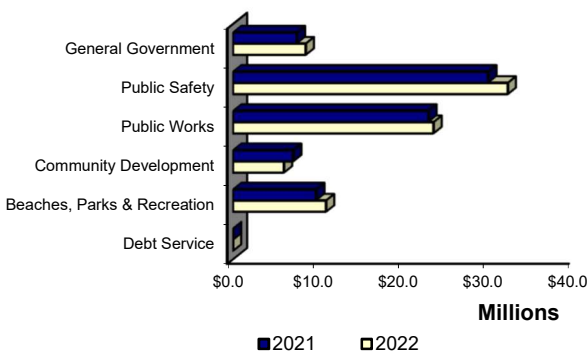
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 12.3	\$ 9.5	\$ 41.6	\$ 39.9	\$ 53.9	\$ 49.4
Operating grants/contrib.	8.5	6.7	0.5	-	9.0	6.7
Capital grants/contrib.	0.4	0.3	0.4	-	0.8	0.3
General revenues:						
Property taxes	39.9	38.0	-	-	39.9	38.0
Sales taxes	13.4	12.1	-	-	13.4	12.1
Other taxes and fees	7.4	6.2	-	-	7.4	6.2
Other, including investment	<u>(0.2)</u>	<u>0.6</u>	<u>(1.5)</u>	<u>0.2</u>	<u>(1.7)</u>	<u>0.8</u>
Total revenues	81.8	73.4	41.0	40.1	122.8	113.5
Expenses:						
General government	8.5	7.5	-	-	8.5	7.5
Public safety	32.1	29.8	-	-	32.1	29.8
Public works	23.4	22.8	-	-	23.4	22.8
Community development	5.9	7.0	-	-	5.9	7.0
Beaches, parks & recreation	10.9	9.7	-	-	10.9	9.7
Water	-	-	21.9	23.4	21.9	23.4
Sewer	-	-	14.3	14.0	14.3	14.0
Golf	-	-	2.5	2.3	2.5	2.3
Clean Ocean	-	-	1.7	2.1	1.7	2.1
Solid Waste	<u>-</u>	<u>-</u>	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>	<u>0.2</u>
Total expenses	80.8	76.8	40.7	42.0	121.5	118.8
Net position change						
before transfers	1.0	(3.4)	0.3	(1.9)	1.3	(5.3)
Transfers	<u>0.1</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>-</u>	<u>-</u>
Change in net position	1.1	(3.3)	0.2	(2.0)	1.3	(5.3)
Net position–July 1, original	287.3	290.6	203.1	205.1	490.4	495.7
Restatement	<u>0.4</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>0.4</u>	<u>-</u>
Net position–July 1, as restated	<u>287.7</u>	<u>290.6</u>	<u>203.2</u>	<u>205.1</u>	<u>490.8</u>	<u>495.7</u>
Net position–June 30	<u>\$ 288.8</u>	<u>\$ 287.3</u>	<u>\$ 203.4</u>	<u>\$ 203.1</u>	<u>\$ 492.1</u>	<u>\$ 490.4</u>

Governmental activities

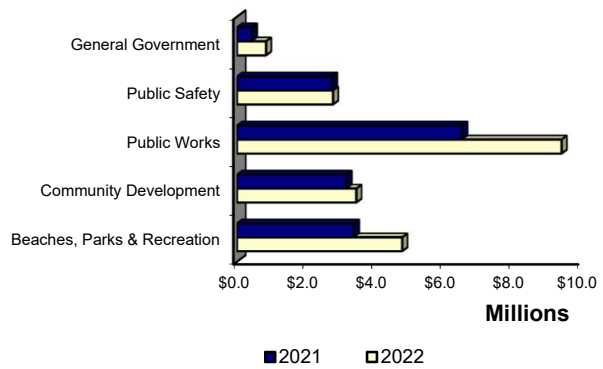
The City’s governmental activities net position increased by \$1.1 million as compared to a decrease of \$3.3 million in the prior year as revenue growth outpaced expense growth as pandemic restrictions were eased. FY 2022 revenues increases to \$81.8 million compared to \$73.4 million in FY 2021. Revenue increases from the prior year is mostly due to higher activity levels after the pandemic. Revenues increased from service charges and sales taxes due activity levels increases, while property taxes increased due to higher property values. Property taxes increased \$1.9 million from the prior year driven by higher values and property sales resulting in property transfer taxes. Sales taxes increased \$1.3 million increase in sales taxes revenue based on the *Wayfair* decision and higher sales activity for consumer goods and restaurant sales. Transient occupancy taxes also increased from the prior year.

Expenses increased by \$4.0 million from FY 2021 and were \$1.0 million less than revenues in the current year. The expense change is the result of 1) \$2.3 million increase to public safety with a fire increase of \$0.5 million and higher police cost of \$1.8 million due to overtime and other staffing needs based on activity, 2) public works increase of \$0.6 million for street activity and maintenance related activity, and 3) beaches, parks and recreation increases for \$1.2 million related costs increased with activity levels.

Expenses – Governmental Activities



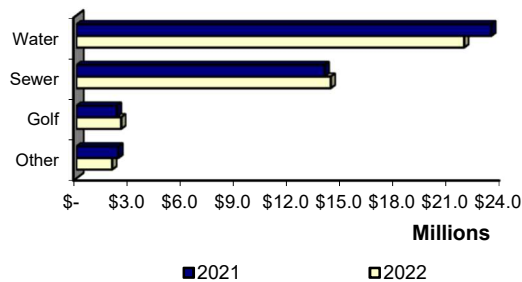
Program Revenues – Governmental Activities



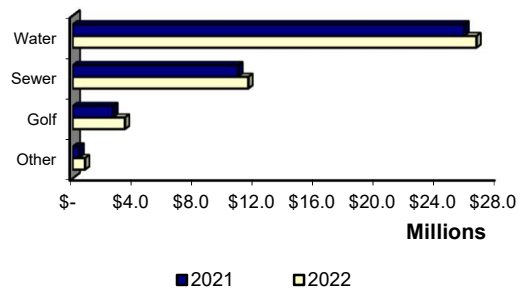
Business-type activities

Business-type activities net position increased by \$0.2 million as compared to a decrease of \$2.0 million in the previous year. The overall revenue change is attributed to water, sewer and golf service charges, with capital and operating grants in total being greater than the investment market value adjustments. Total expenses decrease by \$1.3 million from the prior year due to lower Clean Ocean related costs, including street sweeping and other water fund costs.

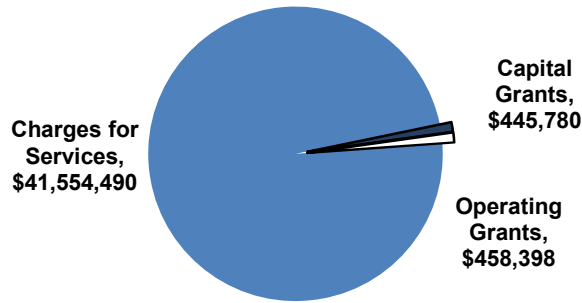
Expenses – Business-type activities



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.

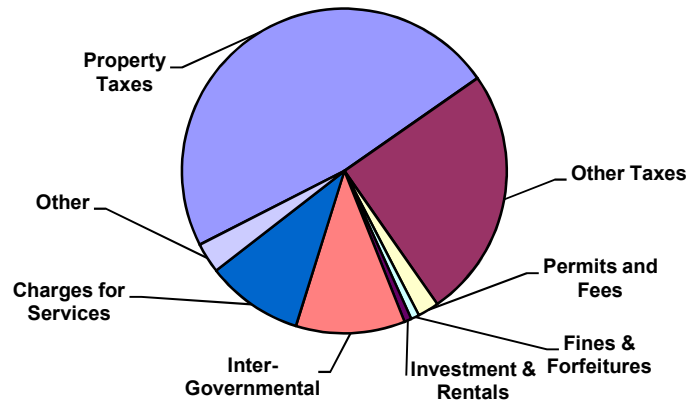
The City's governmental funds reported combined ending fund balances of \$86.1 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$4.5 million. The remainder of fund balance is not available for new spending because it has already been either: 1) in a non-spendable form such as loans receivable (\$1.3 million), 2) restricted based on legislation or under agreements with external parties (\$39.3 million), 3) committed based on City Council action (\$16.0 million), or 4) assigned by a Council appointed designee for specific purposes (\$25.1 million). Governmental fund balances, in total, decreased by \$0.1 million during the fiscal year.

Governmental funds, in total, had \$82.7 million of revenues and taxes represented 73% 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, taxes from the new residential development sales, and reassessments due to ownership changes, 2) higher sales taxes, 3) intergovernmental revenues from American Rescue Plan grant funds, 4) service charge revenue increases based on building charges, ambulance service charges and recreation class revenues and 5) lower revenues due to market value adjustments related to investments held which offset increases in rental revenues.

Total governmental fund expenditures were \$82.9 million this year. When compared to last year's amount of \$75.6 million there was an increase of \$7.3 million. Police expenditures increased \$2.8 million from the prior year due to staffing increases, contract increases, and one-time payments on pension. Fire increases were the next largest increase (\$1.3 million) due to contract increases and one-time pension payments. Other departments experienced increases as activity levels increased from the previous year and staffing was addressed to meet the needs of the citizens. General government increased \$0.8 million, public works increased by \$0.7 million, beaches, parks and recreation increased \$1.2 million, capital outlay increased \$1.0 million. The largest dollar increase was in Beaches, Parks and Recreation due to opening of facilities and the associated costs for operation. The only department that experienced a decrease was community development, which was lower by \$0.4 million which was do to one time projects and salary savings in the code compliance program.

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

**Revenues by Source – Governmental Funds
Fiscal Year 2022**



<u>Function</u>	<u>2022 Amounts</u>	<u>% of Total</u>	<u>2021 Amounts</u>	<u>% of Total</u>
Property Taxes	\$ 39.6	48 %	\$ 38.0	51 %
Other Taxes	20.7	25 %	18.2	24 %
Permits & Fees	1.7	2 %	1.4	2 %
Fines & Forfeitures	0.7	1 %	0.4	1 %
Investment & Rentals	0.6	1 %	2.4	3 %
Intergovernmental	9.0	11 %	6.4	9 %
Charges for Services	8.0	9 %	6.5	9 %
Other	2.4	3 %	0.5	1 %
	<u>\$ 82.7</u>	<u>100 %</u>	<u>\$ 73.8</u>	<u>100 %</u>

Business Type Funds and Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total Business Type Net Position increased from \$203.1 million to \$203.4 million or by 0.1%, with a change in net position of \$0.2 million

For the Proprietary Enterprise funds, unrestricted net position of the Water, Sewer and Golf operations at the end of the year amounted to \$24.6 million, \$12.1 million and \$3.5 million, respectively. In total, unrestricted net position for proprietary funds increased from the previous year. Approximately \$38.1 million of the unrestricted net position are set aside for infrastructure asset replacement.

Last year’s change in net position was a decrease of \$2.2 million and this year has an increase of \$0.6 million. Total operating revenues increased by \$2.7 million with increases in all areas as water and sewer revenues increased based on higher activity and golf showing a large increase of \$0.8 million due to more rounds and concession revenues. Costs decreased in Water fund due to less maintenance and staff vacancies and in the Clean Ocean fund as the fee was sunset in the prior year. However, Sewer and Golf fund activity levels increased costs from the prior year. In total, operating expenses decreased from \$41.7 million to \$40.1 million. A decrease in the market value of investments contributed caused non-operating revenues to go from (\$0.3 million) in the prior year to (\$1.3 million) this year.

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 \$31.6 million. Unassigned fund balance is \$4.9 million or 15.4% of the total fund balance. In total, the General Fund balance increased by \$3.0 million over the prior year and represents 37% of all governmental fund balances.

The original revenue budget for General Fund revenues was \$67.8 million. When this amount is compared to the final budgeted amount of \$69.8 million there was a \$2.0 million increase. The General Fund budget increase was from mid-year adjustments based on property values and activity levels. These activity level changes provided for budget increases to property taxes, sales taxes, grants received and charges for service levels. These increases were based on reductions to pandemic restrictions and higher activity levels. Activity levels continued to increase through the year and at the end of the year resulted in a positive variance of \$4.5 million from the General Fund final revenue budget.

Tax revenues totaled \$60.1 million and were over the final budget amount by \$3.4 million. Strong property sales caused property taxes to exceed budget by \$0.9, transient occupancy taxes exceeded budget by \$1.2 million, and sales taxes were also \$1.2 million higher than budget. Property tax revenues exceeded expectations as a strong housing market continued and house sales were higher than the previous year at higher market values. Transient occupancy taxes exceeded expectations due to more tourist activity, and sales taxes exceeded budget due to demand. In total, taxes increased from \$56.0 million in the prior year. License and permits increase as development activity was restored increasing from \$1.4 million in FY 2021 to \$1.8 in FY 2022, exceeding budget by \$389,035. Fines and forfeits exceeded budget and increased from the prior year due to higher parking violations, vehicle code fines and other citations, which was based on activity levels. Charges for services, similar to license and permits, recovered from the prior year amount of \$5.9 million and totaled \$7.3 million, exceeding budget by \$1.2 million. Activity levels increased in multiple areas including recreation service charges, such as pool admissions, class revenues, and sports fees. Increases in this area was also experienced in ambulance service charges and parking meter charges. Lower than expected budget revenues were experienced in investment and rentals and intergovernmental due to downward investment market value adjustment of \$1.4 million and delays in receiving funds on some grant revenues.

General Fund budgeted expenditures increased from the original \$74.0 million to final budget amount of \$78.7 million. Mid-year budget adjustments were made to address pension unfunded liability payments in the amount of \$2.0 million with addition adjustments address service levels changes for various departments due to higher activity levels, including energy costs, contract assistance, and other maintenance costs. These cost increases were offset by related revenue increases. At the end of the year, most departments had lower actual costs than budget, with the largest budget variances in community development and capital outlay.

General Fund actual expenditures ended the year \$8.7 million lower than the final budget with \$6.8 million of this amount reappropriated to FY 2023 Budget. FY 2022 actual costs increased to \$70.0 million, which is \$6.3 million higher than last years \$63.7 million. A brief summary by department follows:

- General government is \$1.9 million lower than budget due to lower legal costs, staff vacancies, and a \$1.0 million pension payment approved but not completed in FY 2022.
- Public safety costs show police costs lower by \$0.2 million as police contract with the County came in slightly below budget, while fire costs slightly exceeded the budget due to facility costs. Total public safety costs increased from \$29.2 million to \$33.6 million to this year, due to contract increases, higher levels of staffing and one-time pension payments.
- Public Works came in \$0.6 million lower than budget due to lower salary costs. However, total costs increased by \$0.6 million from the prior year due to maintenance and other costs for city facilities and parks.
- Community development actual costs came in lower than budget by \$1.7 million as a result of the delays to implementation of the City's permitting and licensing system and various other one-time General Plan related updates.
- Beaches, parks and recreation costs were lower by \$0.5 million, however costs increased by \$1.2 million from the prior year as classes increased, facilities opened, and special events restarted.
- Capital outlay was lower by \$3.9 million due to multi-year projects and continue to be worked on next fiscal year, including sidewalk, road and other capital projects.

General Fund financing sources (uses) include transfers in of \$0.6 million and transfers out of \$1.9 million.

OTHER NON-MAJOR FUND HIGHLIGHTS

Other significant fund changes include 1) most funds having lower investment and rental income due to a negative market value adjustment on investments, 2) Gas Tax and Street Improvement Fund costs increased from prior years as staff was added and street related capital projects were initiated during FY 2022, 3) the In Lieu Housing Fund was initiated through a \$10.8 million transfer of loans receivable and affordable housing funds previously maintained in the Developers Improvement fund to better identify assets available for housing. Budget variances in the non-governmental fund were due to capital outlay that are multi-year projects, some of these projects include a beach trail pedestrian bridge replacement, storm drain improvements, the police substation project, Del Mar street and electrical rehabilitation and multiple other street projects in the Gas and Street Improvement funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$376.6 million (net of accumulated depreciation) as compared to the June 30, 2021 total of \$380.4 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The net decrease in the City’s capital assets (net of depreciation) for the current fiscal year was \$3.8 million, with a decrease of \$1.5 million in governmental activities and a \$2.3 million decrease in business-type activities.

Major capital improvements during the fiscal year included Camino De Los Mares, Calle Los Molinos, and Camino Vera Cruz street projects. Other governmental capital projects included a Pier Concession building renovation, police Negocio City Hall rehabilitation. Business type capital projects included water well filter rehabilitation, pump station projects and storm drain improvements. Governmental activities amounts capitalized totaled \$10.4 million. This \$10.4 million includes \$6.5 million of road network improvements, which include pavement, sidewalks, and curb improvements, \$3.5 million in buildings, and \$0.4 million in improvements and equipment. The business type activities capitalized amount totals \$2.7 million, with \$0.5 million in infrastructure lines and \$2.2 million in utility plant assets.

Depreciation expense during the fiscal year was \$10.1 million for governmental activities and \$6.2 million for business-type activities as compared to \$9.8 million and \$6.2 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 51.5	\$ 51.5	\$ 4.3	\$ 4.3	\$ 55.8	\$ 55.8
Infrastructure	103.7	102.8	75.3	76.5	179.0	179.3
Buildings & Improvements	54.5	55.1	71.1	73.0	125.6	128.1
Equipment	2.1	2.4	4.5	4.8	6.6	7.2
Construction-in-progress	5.4	6.9	4.2	3.1	9.6	10.0
Totals	<u>\$ 217.2</u>	<u>\$ 218.7</u>	<u>\$ 159.4</u>	<u>\$ 161.7</u>	<u>\$ 376.6</u>	<u>\$ 380.4</u>

Long-term Liabilities. At the end of the current fiscal year, the City’s governmental activities had no bonded debt outstanding. Business-type activities had an outstanding loan from the State of California related to the construction and expansion of recycled water treatment facilities in the amount of \$10.1 million. During the year, a principal payment was made on the loan in the amount of \$664,080.

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 2022 and 2021 Fiscal Years.

	Outstanding Loans and Leases (in millions)			
	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>	Business-type Activities <u>2022</u>	Business-type Activities <u>2021</u>
State Revolving Fund Loan	-	-	\$ 10.1	\$ 10.8
Lease Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10.1</u>	<u>\$ 10.8</u>

SIGNIFICANT MATTERS

As of June 30, 2022, the City has outstanding commitments in the amount of \$11.9 million relating to construction and other contractual arrangements. In addition, the City is involved as a defendant in various legal proceedings. These legal proceedings include a variety of issues. While it is not feasible to predict or determine the outcome in these cases, it is the City’s opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

Further significant matters and information is 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, 2022

<u>ASSETS</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Cash and investments	\$ 99,273,453	\$ 46,467,783	\$ 145,741,236
Taxes receivable	4,433,568	-	4,433,568
Accounts receivable	1,862,538	6,358,204	8,220,742
Lease receivable	3,241,917	27,488	3,269,405
Interest receivable	285,546	167,080	452,626
Due from other governments	1,312,886	434,381	1,747,267
Internal balances	(1,468,807)	1,468,807	-
Inventories	-	342,938	342,938
Loans receivable	12,662,573	-	12,662,573
Restricted cash and investments	-	11,484,327	11,484,327
Capital assets, non-depreciable	56,893,052	8,535,964	65,429,016
Capital assets, net of accumulated depreciation	160,301,314	150,830,961	311,132,275
Total Assets	<u>338,798,040</u>	<u>226,117,933</u>	<u>564,915,973</u>
Deferred Outflows of Resources:			
OPEB deferral	1,894,656	-	1,894,656
Pension deferral	10,612,641	2,451,551	13,064,192
Total Deferred Outflows of Resources	<u>12,507,297</u>	<u>2,451,551</u>	<u>14,958,848</u>
<u>LIABILITIES</u>			
Accounts payable	5,536,197	4,360,048	9,896,245
Accrued wages	1,002,058	171,044	1,173,102
Accrued liability	-	110,956	110,956
Unearned revenue	5,953,675	-	5,953,675
Deposits payable	3,229,256	278,736	3,507,992
Long term liabilities:			
Portion due in one year:			
Compensated absences	281,138	126,070	407,208
Loan payable	-	678,690	678,690
Claims payable	387,662	-	387,662
Portion due in more than one year:			
Compensated absences	843,410	378,211	1,221,621
Loan payable	-	9,408,238	9,408,238
Claims payable	317,177	-	317,177
Net OPEB liability	2,878,795	-	2,878,795
Net pension liability	27,604,058	7,697,017	35,301,075
Total Liabilities	<u>48,033,426</u>	<u>23,209,010</u>	<u>71,242,436</u>
Deferred Inflows of Resources:			
Lease deferral	3,014,695	25,932	3,040,627
OPEB deferral	435,036	-	435,036
Pension deferral	11,066,840	1,982,993	13,049,833
Total Deferred Inflows of Resources	<u>14,516,571</u>	<u>2,008,925</u>	<u>16,525,496</u>
<u>NET POSITION</u>			
Net investment in capital assets	217,194,366	149,279,997	366,474,363
Restricted for:			
Public facilities construction	2,180,624	-	2,180,624
Local drainage facilities	4,030,033	-	4,030,033
Streets/roadway/traffic	11,148,286	-	11,148,286
Affordable housing	13,588,054	-	13,588,054
Other capital	6,091,227	10,304,989	16,396,216
Other purposes	2,776,348	900,602	3,676,950
Unrestricted	31,746,402	42,865,961	74,612,363
Total Net Position	<u>\$ 288,755,340</u>	<u>\$ 203,351,549</u>	<u>\$ 492,106,889</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,484,672	\$ 519,316	\$ 323,723	\$ -
Police	19,352,760	561,380	161,538	-
Fire	12,730,215	2,061,839	-	-
Public works	23,416,298	1,633,471	7,365,734	415,570
Community development	5,928,432	2,772,417	686,160	-
Beaches, parks & recreation	10,856,180	4,759,314	-	26,911
Interest and fiscal charges	90	-	-	-
Total governmental activities	80,768,647	12,307,737	8,537,155	442,481
Business-type activities:				
Water	21,838,911	26,409,506	155,705	48,720
Sewer	14,303,104	11,120,923	66,550	397,060
Golf	2,520,693	3,446,198	-	-
Clean Ocean	1,707,985	227,498	220,000	-
Solid Waste	305,145	350,365	16,143	-
Total business-type activities	40,675,838	41,554,490	458,398	445,780
Total	\$ 121,444,485	\$ 53,862,227	\$ 8,995,553	\$ 888,261

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, as restated

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
\$ (7,641,633)	\$ -	\$ (7,641,633)
(18,629,842)	-	(18,629,842)
(10,668,376)	-	(10,668,376)
(14,001,523)	-	(14,001,523)
(2,469,855)	-	(2,469,855)
(6,069,955)	-	(6,069,955)
(90)	-	(90)
<u>(59,481,274)</u>	<u>-</u>	<u>(59,481,274)</u>
-	4,775,020	4,775,020
-	(2,718,571)	(2,718,571)
-	925,505	925,505
-	(1,260,487)	(1,260,487)
-	61,363	61,363
<u>-</u>	<u>1,782,830</u>	<u>1,782,830</u>
<u>(59,481,274)</u>	<u>1,782,830</u>	<u>(57,698,444)</u>
39,881,644	-	39,881,644
13,373,313	-	13,373,313
3,491,826	-	3,491,826
2,611,778	-	2,611,778
1,340,037	-	1,340,037
(1,921,743)	(1,495,491)	(3,417,234)
1,717,989	-	1,717,989
67,637	(67,637)	-
<u>60,562,481</u>	<u>(1,563,128)</u>	<u>58,999,353</u>
1,081,207	219,702	1,300,909
<u>287,674,133</u>	<u>203,131,847</u>	<u>490,805,980</u>
<u>\$ 288,755,340</u>	<u>\$ 203,351,549</u>	<u>\$ 492,106,889</u>

CITY OF SAN CLEMENTE
Balance Sheet
Governmental Funds
June 30, 2022

	General	Special Revenue Disaster Relief
<u>ASSETS</u>		
Cash and investments	\$ 32,866,828	\$ 5,608,615
Taxes receivable	4,433,568	-
Accounts receivable	1,350,197	-
Interest receivable	111,624	-
Lease receivable	3,241,917	-
Due from other funds	215,409	-
Due from other governments	335,013	-
Loans receivable	1,266,678	-
Total assets	\$ 43,821,234	\$ 5,608,615
 <u>LIABILITIES</u>		
Accounts payable	\$ 3,886,217	\$ 308,880
Accrued wages	498,829	117,745
Unearned revenue	773,738	4,879,937
Deposits payable	3,044,977	-
Due to other funds	-	-
Total liabilities	8,203,761	5,306,562
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	1,036,187	-
Unavailable revenue - lease	3,014,695	-
Total deferred inflows of resources	4,050,882	-
 <u>FUND BALANCES</u>		
Nonspendable	1,266,678	-
Restricted	-	302,053
Committed	15,743,300	-
Assigned	9,696,530	-
Unassigned (deficit)	4,860,083	-
Total fund balance (deficit)	31,566,591	302,053
Total liabilities, deferred inflows of resources and fund balances	\$ 43,821,234	\$ 5,608,615

See Accompanying Notes to the Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 43,611,960	\$ 82,087,403
-	4,433,568
491,221	1,841,418
125,520	237,144
-	3,241,917
-	215,409
977,873	1,312,886
11,395,895	12,662,573
<u>\$ 56,602,469</u>	<u>\$ 106,032,318</u>
\$ 864,653	\$ 5,059,750
2,808	619,382
300,000	5,953,675
184,279	3,229,256
215,409	215,409
<u>1,567,149</u>	<u>15,077,472</u>
772,583	1,808,770
-	3,014,695
<u>772,583</u>	<u>4,823,465</u>
-	1,266,678
39,007,279	39,309,332
227,354	15,970,654
15,391,248	25,087,778
(363,144)	4,496,939
<u>54,262,737</u>	<u>86,131,381</u>
<u>\$ 56,602,469</u>	<u>\$ 106,032,318</u>



CITY OF SAN CLEMENTE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2022

Fund balances for governmental funds	\$	86,131,381
<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 \$1,951,431.</p>		
Governmental capital assets	359,197,737	
Less: accumulated depreciation	<u>(143,954,802)</u>	215,242,935
<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 \$117,062.</p>		
Compensated absences	(1,007,486)	
Net pension liability	<u>(27,604,058)</u>	(28,611,544)
<p>Effect of deferred inflows and outflows on the statement of net position:</p>		
Deferred inflows of resources - pension related	(11,066,840)	
Deferred outflows of resources - pension related	<u>10,612,641</u>	(454,199)
<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	1,951,431	
Deferred inflows of resources - OPEB related	(435,036)	
Deferred outflows of resources - OPEB related	1,894,656	
Long term liabilities, current and noncurrent portion	(3,700,696)	
Other internal service assets (liabilities)	<u>14,927,642</u>	14,637,997
<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>1,808,770</u>
Net position of governmental activities	\$	<u><u>288,755,340</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, 2022

	General	Special Revenue Disaster Relief
Revenues:		
Taxes	\$ 60,060,552	\$ -
Permits and fees	1,750,205	-
Fines and forfeits	676,470	-
Investment and rentals	1,486,757	39,955
Intergovernmental	1,233,063	2,490,135
Charges for services	7,331,201	-
Developers fees	-	-
Other	1,757,136	-
Total Revenues	<u>74,295,384</u>	<u>2,530,090</u>
Expenditures:		
Current:		
General government	7,091,113	717,400
Police	20,257,213	-
Fire	13,380,161	-
Public works	14,236,487	-
Community development	5,807,396	-
Beaches, parks and recreation	7,209,811	-
Capital outlay	1,986,300	1,390,568
Total Expenditures	<u>69,968,481</u>	<u>2,107,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,326,903</u>	<u>422,122</u>
Other Financing Sources (Uses):		
Transfers in	576,817	-
Transfers out	(1,864,532)	(382,167)
Total Other Financing Sources (Uses)	<u>(1,287,715)</u>	<u>(382,167)</u>
Net Change in Fund Balances	3,039,188	39,955
Fund Balances - Beginning of Year, as restated	<u>28,527,403</u>	<u>262,098</u>
Fund Balances - End of Year	<u>\$ 31,566,591</u>	<u>\$ 302,053</u>

See Accompanying Notes to the Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 190,922	\$ 60,251,474
-	1,750,205
-	676,470
(962,519)	564,193
5,280,132	9,003,330
663,120	7,994,321
691,606	691,606
57,703	1,814,839
<u>5,920,964</u>	<u>82,746,438</u>
267,131	8,075,644
171,917	20,429,130
-	13,380,161
1,686,926	15,923,413
223,567	6,030,963
9,660	7,219,471
8,490,490	11,867,358
<u>10,849,691</u>	<u>82,926,140</u>
<u>(4,928,727)</u>	<u>(179,702)</u>
12,910,166	13,486,983
(11,172,647)	(13,419,346)
<u>1,737,519</u>	<u>67,637</u>
(3,191,208)	(112,065)
<u>57,453,945</u>	<u>86,243,446</u>
<u>\$ 54,262,737</u>	<u>\$ 86,131,381</u>



CITY OF SAN CLEMENTE
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds: \$ (112,065)

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	11,867,358	
Other maintenance activities included in capital outlay above	(3,145,914)	
Gain (loss) on capital assets	(269,308)	
Depreciation expense (net of Internal Service Funds of \$435,001)	<u>(9,690,966)</u>	(1,238,830)

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. (1,161,888)

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)	221,078	
Pension actuarial amounts - outflows	2,373,587	
Pension actuarial amounts - inflows	(7,998,706)	
Change in net pension liability	<u>8,849,415</u>	3,445,374

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	(1,660,154)	
Current year deferral	<u>1,808,770</u>	<u>148,616</u>

Change in net position of governmental activities \$ 1,081,207

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE

Statement of Net Position

Proprietary Funds

June 30, 2022

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 26,196,091	\$ 14,375,775	\$ 4,610,388
Accounts receivable	4,327,676	1,708,787	43,275
Accrued interest	88,198	61,786	13,392
Due from other governments	433,410	971	-
Lease receivable	-	-	27,488
Inventory, at cost	288,326	-	54,612
Cash and investments - restricted	4,415,674	7,068,653	-
Total Current Assets	<u>35,749,375</u>	<u>23,215,972</u>	<u>4,749,155</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,912,097	410,298	2,011
Water, sewer and storm lines	43,725,343	78,808,306	-
Utility assets	40,136,504	103,228,113	-
Buildings	205,662	379,371	6,423,954
Improvements other than buildings	-	-	3,490,928
Machinery and equipment	3,278,529	4,035,245	1,212,005
Construction in progress	878,904	3,332,654	-
Total Capital assets	<u>92,137,039</u>	<u>190,193,987</u>	<u>11,128,898</u>
Less accumulated depreciation	<u>(33,611,855)</u>	<u>(94,247,977)</u>	<u>(6,233,167)</u>
Net Capital Assets	<u>58,525,184</u>	<u>95,946,010</u>	<u>4,895,731</u>
Total Noncurrent Assets	<u>58,525,184</u>	<u>95,946,010</u>	<u>4,895,731</u>
Total Assets	<u>94,274,559</u>	<u>119,161,982</u>	<u>9,644,886</u>
Deferred Outflows of Resources:			
OPEB deferral	-	-	-
Pension deferral	1,144,911	1,002,143	304,497
Total Deferred Outflows	<u>1,144,911</u>	<u>1,002,143</u>	<u>304,497</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 1,285,529	\$ 46,467,783	\$ 17,186,050
278,466	6,358,204	21,120
3,704	167,080	48,402
-	434,381	-
-	27,488	-
-	342,938	-
-	11,484,327	-
<u>1,567,699</u>	<u>65,282,201</u>	<u>17,255,572</u>
-	4,324,406	-
-	122,533,649	-
-	143,364,617	-
-	7,008,987	443,134
-	3,490,928	1,204,810
15,000	8,540,779	7,371,152
-	4,211,558	-
<u>15,000</u>	<u>293,474,924</u>	<u>9,019,096</u>
<u>(15,000)</u>	<u>(134,107,999)</u>	<u>(7,067,665)</u>
-	<u>159,366,925</u>	<u>1,951,431</u>
-	<u>159,366,925</u>	<u>1,951,431</u>
<u>1,567,699</u>	<u>224,649,126</u>	<u>19,207,003</u>
-	-	1,894,656
-	<u>2,451,551</u>	-
-	<u>2,451,551</u>	<u>1,894,656</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 2,922,148	\$ 866,151	\$ 218,801
Accrued wages	77,937	71,956	18,487
Compensated absences payable	52,370	50,886	20,025
Interest payable	110,956	-	-
Loan payable	678,690	-	-
Claims and judgements payable	-	-	-
Deposits payable - restricted assets	278,736	-	-
Total Current Liabilities	<u>4,120,837</u>	<u>988,993</u>	<u>257,313</u>
Noncurrent Liabilities:			
Compensated absences payable	157,111	152,656	60,076
Claims and judgments payable	-	-	-
Loan payable	9,408,238	-	-
Net OPEB liability	-	-	-
Net pension liability	3,606,349	3,105,285	985,383
Total Noncurrent Liabilities	<u>13,171,698</u>	<u>3,257,941</u>	<u>1,045,459</u>
Total Liabilities	<u>17,292,535</u>	<u>4,246,934</u>	<u>1,302,772</u>
Deferred Inflow of Resources:			
Lease	-	-	25,932
Pension deferral	925,397	813,027	244,569
	<u>925,397</u>	<u>813,027</u>	<u>270,501</u>
<u>NET POSITION</u>			
Net investment in capital assets	48,438,256	95,946,010	4,895,731
Restricted for debt service	900,602	-	-
Restricted for capital projects	3,236,336	7,068,653	-
Unrestricted	24,626,344	12,089,501	3,480,379
Total Net Position	<u>\$ 77,201,538</u>	<u>\$ 115,104,164</u>	<u>\$ 8,376,110</u>

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
\$ 352,948	\$ 4,360,048	\$ 476,447
2,664	171,044	382,676
2,789	126,070	29,266
-	110,956	-
-	678,690	-
-	-	387,662
-	278,736	-
<u>358,401</u>	<u>5,725,544</u>	<u>1,276,051</u>
8,368	378,211	87,796
-	-	317,177
-	9,408,238	-
-	-	2,878,795
-	7,697,017	-
<u>8,368</u>	<u>17,483,466</u>	<u>3,283,768</u>
<u>366,769</u>	<u>23,209,010</u>	<u>4,559,819</u>
-	25,932	-
-	1,982,993	435,036
-	<u>2,008,925</u>	<u>435,036</u>
-	149,279,997	1,951,431
-	900,602	-
-	10,304,989	-
1,200,930	41,397,154	14,155,373
<u>\$ 1,200,930</u>	201,882,742	<u>\$ 16,106,804</u>
	<u>1,468,807</u>	
	<u>\$ 203,351,549</u>	

(Concluded)

CITY OF SAN CLEMENTE
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 25,105,596	\$ 11,120,374	\$ 2,562,260
Concessions	-	-	880,332
Other	1,303,910	549	3,606
Total Operating Revenues	<u>26,409,506</u>	<u>11,120,923</u>	<u>3,446,198</u>
Operating Expenses:			
Salaries and benefits	3,625,339	3,203,939	775,826
Cost of purchased water	9,429,706	-	-
Cost of materials and supplies	469,362	699,196	170,246
Depreciation	1,784,208	4,112,178	318,734
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	6,078,361	6,133,930	1,218,686
Total Operating Expenses	<u>21,386,976</u>	<u>14,149,243</u>	<u>2,483,492</u>
Operating Income (Loss)	<u>5,022,530</u>	<u>(3,028,320)</u>	<u>962,706</u>
Non-Operating Revenues (Expenses):			
Investment income	(774,680)	(565,690)	(109,995)
Grant income	155,705	66,550	-
Interest and fiscal charges	(229,217)	-	-
Gain (Loss) on sale of capital assets	-	(823)	-
Total Non-Operating Revenues (Expenses)	<u>(848,192)</u>	<u>(499,963)</u>	<u>(109,995)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>4,174,338</u>	<u>(3,528,283)</u>	<u>852,711</u>
Capital contributions	48,720	397,060	-
Total Capital Contributions	<u>48,720</u>	<u>397,060</u>	<u>-</u>
Transfers in	-	-	-
Transfers out	(40,000)	(86,027)	-
Total Transfers	<u>(40,000)</u>	<u>(86,027)</u>	<u>-</u>
Change in Net Position	4,183,058	(3,217,250)	852,711
Net Position - Beginning of Year, as restated	<u>73,018,480</u>	<u>118,321,414</u>	<u>7,523,399</u>
Net Position - End of Year	<u>\$ 77,201,538</u>	<u>\$ 115,104,164</u>	<u>\$ 8,376,110</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
\$ 266,378	\$ 39,054,608	\$ 10,274,835
-	880,332	-
311,485	1,619,550	36,187
<u>577,863</u>	<u>41,554,490</u>	<u>10,311,022</u>
268,332	7,873,436	1,019,100
24,157	9,453,863	-
-	1,338,804	517,132
-	6,215,120	425,468
-	-	5,524,664
-	-	1,062,263
1,709,364	15,140,341	2,898,709
<u>2,001,853</u>	<u>40,021,564</u>	<u>11,447,336</u>
<u>(1,423,990)</u>	<u>1,532,926</u>	<u>(1,136,314)</u>
(45,126)	(1,495,491)	(449,718)
236,143	458,398	-
-	(229,217)	(90)
-	(823)	-
<u>191,017</u>	<u>(1,267,133)</u>	<u>(449,808)</u>
<u>(1,232,973)</u>	<u>265,793</u>	<u>(1,586,122)</u>
-	445,780	-
-	445,780	-
58,390	58,390	300,000
-	(126,027)	(300,000)
<u>58,390</u>	<u>(67,637)</u>	<u>-</u>
(1,174,583)	643,936	(1,586,122)
<u>2,375,513</u>		<u>17,692,926</u>
<u>\$ 1,200,930</u>		<u>\$ 16,106,804</u>
	(424,234)	
	<u>\$ 219,702</u>	

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 24,886,233	\$ 11,251,706	\$ 2,560,550
Receipts from interfund charges	-	-	-
Cash paid to other suppliers for goods or services	(16,783,505)	(6,845,538)	(1,304,889)
Cash payment to employees	(3,895,910)	(3,424,974)	(836,733)
Cash from rents and concessions	-	-	880,332
Cash from other operating revenues	1,303,910	549	3,606
Net Cash Provided by (Used for) Operating Activities	<u>5,510,728</u>	<u>981,743</u>	<u>1,302,866</u>
Cash Flows from Noncapital Financing Activities:			
Grant income	155,705	66,550	-
Cash received from other funds	-	-	-
Cash paid to other funds	(40,000)	(86,027)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>115,705</u>	<u>(19,477)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	48,720	397,060	-
Purchase and construction of capital assets	(1,054,770)	(2,790,944)	-
Payment on capital lease payable	-	-	-
Payment on capital loan	(664,080)	-	-
Interest and fiscal charges	(229,217)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,899,347)</u>	<u>(2,393,884)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Investment cost	-	-	-
Investment income received	(787,900)	(557,801)	(113,203)
Net Cash Provided by (Used for) Investing Activities	<u>(787,900)</u>	<u>(557,801)</u>	<u>(113,203)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,939,186	(1,989,419)	1,189,663
Cash and Cash Equivalents at Beginning of Year (as restated)	<u>27,672,579</u>	<u>23,433,847</u>	<u>3,420,725</u>
Cash and Cash Equivalents at End of Year	<u>\$ 30,611,765</u>	<u>\$ 21,444,428</u>	<u>\$ 4,610,388</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 379,002	\$ 39,077,491	\$ -
-	-	10,317,674
(1,540,521)	(26,474,453)	(11,158,783)
(282,474)	(8,440,091)	(1,121,765)
-	880,332	-
-	1,308,065	-
<u>(1,443,993)</u>	<u>6,351,344</u>	<u>(1,962,874)</u>
236,143	458,398	-
58,390	58,390	300,000
-	(126,027)	(300,000)
<u>294,533</u>	<u>390,761</u>	<u>-</u>
-	445,780	-
-	(3,845,714)	(180,476)
-	-	(12,040)
-	(664,080)	-
-	(229,217)	(90)
<u>-</u>	<u>(4,293,231)</u>	<u>(192,606)</u>
-	-	-
(41,467)	(1,500,371)	(440,759)
<u>(41,467)</u>	<u>(1,500,371)</u>	<u>(440,759)</u>
(1,190,927)	948,503	(2,596,239)
2,476,456	57,003,607	19,782,289
<u>\$ 1,285,529</u>	<u>\$ 57,952,110</u>	<u>\$ 17,186,050</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2022

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 5,022,530	\$ (3,028,320)	\$ 962,706
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,784,208	4,112,178	318,734
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(219,363)	131,332	(154)
(Increase) decrease in net lease receivable	-	-	(1,556)
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(20,849)	-	(3,149)
Increase (decrease) in accounts payable	(794,531)	(12,412)	87,192
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in accrued wages	5,763	(893)	4,742
Increase (decrease) in deposits payable	9,304	-	-
Increase (decrease) in pension/OPEB liabilities	(227,391)	(206,914)	(65,028)
Increase (decrease) in compensated absences	(48,943)	(13,228)	(621)
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	488,198	4,010,063	340,160
Net Cash Provided by (Used for) Operating Activities	\$ 5,510,728	\$ 981,743	\$ 1,302,866
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ (1,091,526)	\$ (723,602)	\$ (157,202)

See Accompanying Notes to the Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ (1,423,990)	\$ 1,532,926	\$ (1,136,314)
-	6,215,120	425,468
(198,861)	(287,046)	6,652
-	(1,556)	-
-	-	-
-	(23,998)	-
193,000	(526,751)	160,294
-	-	-
(6,977)	2,635	(94,896)
-	9,304	-
-	(499,333)	390,448
(7,165)	(69,957)	(7,769)
-	-	(1,706,757)
(20,003)	4,818,418	(826,560)
\$ (1,443,993)	\$ 6,351,344	\$ (1,962,874)

\$ (58,563) \$ (2,030,893) \$ (637,958)

(Concluded)

CITY OF SAN CLEMENTE
Statement of Net Position
Fiduciary Funds
June 30, 2022

	Pension and Other Post Employment Benefits Trust	Private Purpose Trust Fund RDA Successor Agency Trust
Assets:		
Cash and investments	\$ -	\$ 184,653
Cash and investments with fiscal agents	-	-
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	-	533
Investments, at fair value:		
Group annuity contract	4,596,724	-
PIMCO Total Return Bond mutual fund	1,149,181	-
U.S. Government Treasury Inflation Bond mutual fund	689,509	-
Dodge & Cox International mutual fund	3,447,543	-
PIMCO All Asset Authority mutual fund	4,607,467	-
Russell 1000 Index mutual fund	7,354,758	-
Russell 2000 Index mutual fund	1,149,181	-
Total Assets	22,994,363	185,186
Liabilities:		
Accounts payable	-	-
Accrued wages	-	-
Loan from the City of San Clemente	-	976,273
Total Liabilities	-	976,273
Total Net Position:		
Net position restricted for pensions	22,994,363	-
Net position held for others	-	-
Net position held in trust for Redevelopment Agency	-	(791,087)
Total Net Position	\$ 22,994,363	\$ (791,087)

See Accompanying Notes to the Financial Statements.

Custodial
Funds

\$ 3,806,149
8,655,415
68,566
32,988
9,646

-
-
-
-
-
-
-

12,572,764

41,228
36,155

-

77,383

-

12,495,381

-

\$ 12,495,381

CITY OF SAN CLEMENTE
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Pension and Other Post Employment Benefits Trust	Private Purpose Trust Fund RDA Successor Agency Trust
Additions:		
Contributions:		
Employer pension contributions	\$ 1,918,243	\$ -
Employee pension contributions	34,419	-
Total Contributions	1,952,662	-
Property tax	-	341,989
Contributions from other agencies	-	-
License and fees collected	-	-
Donations and miscellaneous revenues	-	-
Other Additions	-	341,989
Investment Income:		
Net appreciation (depreciation) in fair value of investments	(2,529,273)	(6,789)
Investment income	-	642
Total Investment Income (Loss)	(2,529,273)	(6,147)
Total Additions	(576,611)	335,842
Deductions:		
Benefit payments	2,384,565	-
Payment to bondholders	-	-
Program expenses	-	1,325
Administrative expenses	53,601	-
Total Deductions	2,438,166	1,325
Change in net position	(3,014,777)	334,517
Net position - Beginning of Year, as Restated	26,009,140	(1,125,604)
Net position - End of Year	\$ 22,994,363	\$ (791,087)

See Accompanying Notes to the Financial Statements.

Custodial
Funds

\$	-
	-
	-
	4,357,867
	1,351,720
	238,364
	496,704
	<u>6,444,655</u>
	-
	(93,412)
	<u>(93,412)</u>
	<u>6,351,243</u>
	-
	4,957,330
	1,520,801
	313,660
	<u>6,791,791</u>
	(440,548)
	<u>12,935,929</u>
\$	<u><u>12,495,381</u></u>



Notes to the Financial Statements

CITY OF SAN CLEMENTE
Notes to the Financial Statements
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity:

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

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

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

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

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

The City of San Clemente and the City of Dana Point are members of the Coastal Animal Services Authority, these activities are reported as a fiduciary fund. For more information on this Joint Exercise of Powers Agreement see Note 12 A.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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.

Disaster Relief Fund – This Special Revenue Fund is used to account for grant funds received (primarily American Rescue Plan) associated with pandemic related activities and related costs.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

E. Measurement Focus and Basis of Accounting:

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

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

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

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

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

F. Implementation of New GASB Pronouncements

In FY 2022, the City adopted and implemented the following new accounting standards:

Statement No. 87 "Leases" – This statement addresses the accounting and recognition of certain lease assets and liabilities for leases.

Statement No. 92 "Omnibus 2020" - This statement enhances comparability in accounting and financial reporting.

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

a) Cash and investments:

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

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

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

b) Inventories and prepaids:

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

c) Capital assets:

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

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

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

d) Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation, sick time for eligible employees, and compensatory time at June 30, 2022 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the plan administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

f) Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

j) Fund balance policies

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

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

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

H. Revenues and expenditures/expenses

1. Program Revenues:

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

2. Property taxes:

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

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

3. Proprietary funds operating and nonoperating revenues and expenses:

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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

4. Claims and Judgments:

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

5. Use of Estimates:

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting:

The City adopts budgets for the governmental funds on an annual basis substantially consistent with generally accepted accounting principles. Budgeted amounts reported are as originally adopted and as further amended by the City Council. The general fund, special revenue funds, and capital project funds have legally adopted budgets. The capital project funds adopt project length budgets. The City made supplemental budgetary appropriations during the fiscal year of \$18.8 million.

B. Deficit Fund Balance:

The deficit fund balance of \$363,144 in the Local Transit Special Revenue Fund will be funded through future grant revenues that did not meet the measurable and available criteria.

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of position:

Cash and investments	\$ 145,741,236
Cash and investments – restricted	11,484,327
Fiduciary funds:	
Cash and investments – private purpose trust funds	184,653
Cash and investments – custodial funds	3,806,149
Cash and investments held by bond trustee	8,655,415
Pension trust investments	<u>22,994,363</u>
Total cash and investments	<u>\$ 192,866,143</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 5,950
Deposits with financial institutions	4,173,040
Investments held by City and bond trustee	165,692,790
Pension trust investments	<u>22,994,363</u>
Total cash and investments	<u>\$ 192,866,143</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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%	5%
Medium-Term Notes	5 years	20%	3%
Money Market Mutual Funds	N/A	20%	None
Local Agency Investment Fund (LAIF)	N/A	50%	\$ 65 Million
Commercial Paper	270 days	15%	5%
Repurchase Agreements	1 year	30%	5%
Asset Backed Securities	5 years	10%	5%
Orange County Investment Pool	N/A	10%	\$15 million
Insured Certificates of Deposit	5 years	30%	5%
Negotiable Certificates of Deposit (NCD)	3 years	20%	3%
Demand Deposits	N/A	30%	5%

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

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

Investments Authorized by Debt Agreements:

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

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

Disclosures Relating to Interest Rate Risk:

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

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Notes to the Financial Statements (Continued)
June 30, 2022

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 44,358,304	\$ 10,233,192	\$ 8,790,253	\$ 25,334,859
Federal Agency securities:				
Federal Farm Credit Bank	9,303,216	3,499,170	4,812,043	992,003
Federal Home Loan Bank	17,783,019	1,963,958	8,110,097	7,708,964
Federal Home Loan Mortgage Corp.	10,767,821	2,543,555	5,857,797	2,366,469
Federal National Mortgage Assoc.	11,055,991	999,306	2,760,784	7,295,901
Negotiable Certificates of Deposit	2,669,890	1,000,356	1,197,565	471,969
LAIF	43,663,745	43,663,745	-	-
Medium Term Note	12,848,768	2,347,825	5,188,554	5,312,389
Commercial Paper (Asset backed)	4,586,621	-	107,618	4,479,003
Held by bond trustee:				
Money market funds	8,655,415	8,655,415	-	-
Total	\$ 165,692,790	\$ 74,906,522	\$ 36,824,711	\$ 53,961,557

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	\$ 44,358,304	N/A	\$ 44,358,304	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	9,303,216	N/A	9,303,216	-	-	-
FHLB	17,783,019	N/A	17,783,019	-	-	-
FHLMC	10,767,821	N/A	10,767,821	-	-	-
FNMA	11,055,991	N/A	11,055,991	-	-	-
Negotiable Certificate of Deposits	2,669,890		2,669,890	-	-	-
LAIF	43,663,745	N/A	43,663,745	-	-	-
Medium Term Notes	12,848,768	A	-	-	4,816,269	8,032,499
Commercial paper	4,586,621	A	-	4,586,621	-	-
Held by Bond trustee:						
Money market funds	8,655,415	N/A	-	8,655,415	-	-
Total	\$ 165,692,790		\$ 139,601,986	\$ 13,242,036	\$ 4,816,269	\$ 8,032,499

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:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of City Investments</u>
Federal Farm Credit Bank	Federal agency securities	\$ 9,303,216	5%
Federal Home Loan Bank	Federal agency securities	17,783,019	10%
Federal Home Loan Mortgage Corp.	Federal agency securities	10,767,821	6%
Federal National Mortgage Association	Federal agency securities	11,055,991	6%

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: \$3,393,660 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2022, 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	\$ 44,358,303
Federal agency securities:	
Federal Farm Credit Bank	9,303,216
Federal Home Loan Bank	17,783,019
Federal Home Loan Mortgage Corp	10,767,821
Federal National Mortgage Association	11,055,991
Negotiable Certificate of Deposits	2,669,890
Medium Term Notes	12,848,768
Commercial Paper (Asset Backed)	4,586,621

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, 2022, the City had \$43,663,745 invested in LAIF. LAIF's fair value factor of 0.987125414 was used to calculate the fair value of LAIF investments. The City's investment with LAIF at June 30, 2022, includes

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Notes to the Financial Statements (Continued)
June 30, 2022

a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. LAIF invested 1.88% 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.
- *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	\$ 44,358,304	\$ -	\$ 44,358,304	\$ -	\$ -
Federal Agency securities:					
Federal Farm Credit Bank	9,303,216	-	-	9,303,216	-
Federal Home Loan Bank	17,783,019	-	-	17,783,019	-
Federal Home Loan Mortgage Corp.	10,767,821	-	-	10,767,821	-
Federal National Mortgage Assoc.	11,055,991	-	-	11,055,991	-
Negotiable Certificates of Deposit	2,669,890	-	-	2,669,890	-
LAIF	43,663,745	43,663,745	-	-	-
Medium Term Note	12,848,768	-	-	12,848,768	-
Commercial Paper	4,586,621	-	-	4,586,621	-
Held by bond trustee:					
Money market funds	8,655,415	-	8,655,415	-	-
Total	<u>\$ 165,692,790</u>	<u>\$ 43,663,745</u>	<u>\$ 53,013,719</u>	<u>\$ 69,015,326</u>	<u>\$ -</u>

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

asset fund. An investment advisory firm is used to assist with the management and oversight of pension fund investments. The expected rate of return on these pension investments is 5.50%.

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was a -9.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension investments held and the percentage of the pension investment portfolio at June 30, 2022 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	\$ 3,447,543	15%
Russell 1000 Index mutual fund	7,354,758	32%
Russell 2000 Index mutual fund	1,149,181	5%
<i>Fixed Income Investments</i>		
Group annuity contract	4,596,724	20%
PIMCO Total Return Bond mutual fund	1,149,181	5%
US Government Treasury Inflation Bond mutual fund	689,509	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	4,607,467	20%
Total pension trust investments (fair value)	<u>\$ 22,994,363</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 \$12,662,573 consists of a loan receivable due from the Redevelopment Agency Successor Agency for \$976,273, a non-profit capital assistance loan of \$290,404, and housing loans receivable of \$11,395,896.

On July 1, 2002, the Agency and the City entered into an agreement to loan the Agency \$3,420,690 at a rate of 2.9% per annum. However, on February 1, 2012 the Redevelopment Agency was dissolved with an outstanding loan due to the City approved by the State of California under the dissolution process. The current outstanding loan amount is \$976,273. This loan is paid from available property taxes.

The capital assistance loan receivable of \$290,404 is due over a period of 10 years, with annual payments of \$29,025 at 0% interest. The housing loans receivable of \$11,395,896 were made for affordable housing purposes and are comprised of multiple low or no interest loans given to various developers, non-profits, and individuals to finance multi-family and single family construction and rehabilitation projects. The funding sources for these loans are Community Development Block Grants, Affordable Housing In-Lieu fees, and former low and moderate redevelopment agency resources and are generally long term in nature (20-55 year terms).

5. LEASE RECEIVABLES:

Lease receivables total \$3,269,405, with \$3,241,917 in governmental and \$27,488 in business type. The governmental amount of \$3,241,917 consists of cell site leases for \$1.2 million and facilities leases for \$2.0 million which include building, concessions, and other structures. The City has 22 cell site leases which are non-exclusive with multiple providers often located on the same tower at various locations throughout the City.

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Notes to the Financial Statements (Continued)
June 30, 2022

Monthly payments range from \$10 to \$4,265 and renewal terms are generally every 5 years. The City has 13 facilities leases with monthly payments from \$47 to \$18,000. These renew on various schedules with renewal periods of 5 to 10 years depending on the lease. Some of these facilities leases have a base rent amount, but are based on a percentage of sales.

The business type amount of \$27,488 is in the Golf fund and is for a building lease with a concessionaire. This lease has a term through October 2022, with terms for renewals every 5 years. The base monthly payment is currently \$8,000.

The lease deferred inflows total \$3,040,627 with the governmental fund of \$3,014,695 and \$25,932 for business type. Deferred inflows of resources related to these lease receivables will be recognized as follows:

Fiscal Year Ending June 30	Total Deferred Inflows of Resources
2023	\$ 923,802
2024	698,573
2025	505,368
2026	356,655
2027	156,522
2028-2032	328,797
Thereafter	70,910
Total	\$ 3,040,627

6. CAPITAL ASSETS:

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

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

A summary of governmental type capital assets activity for the year ending June 30, 2022 is as follows:

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Notes to the Financial Statements (Continued)
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<u>Governmental activities</u>	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, non-depreciable:				
Land	\$ 51,458,778	\$ -	\$ -	\$ 51,458,778
Construction in progress	6,887,219	10,566,804	(12,019,749)	5,434,274
Total capital assets, non-depreciable	<u>58,345,997</u>	<u>10,566,804</u>	<u>(12,019,749)</u>	<u>56,893,052</u>
Capital assets, depreciable:				
Buildings	42,131,425	3,498,435	-	45,629,860
Improvements other than buildings	64,358,302	27,117	-	64,385,419
General equipment	10,695,208	305,424	(26,852)	10,973,780
Infrastructure	184,986,766	6,533,422	(1,185,467)	190,334,721
Total capital assets, depreciable	<u>302,171,701</u>	<u>10,364,398</u>	<u>(1,212,319)</u>	<u>311,323,780</u>
Less accumulated depreciation:				
Buildings	(16,372,675)	(1,122,454)	-	(17,495,129)
Improvements other than buildings	(34,994,727)	(3,011,528)	-	(38,006,255)
General equipment	(8,285,871)	(608,630)	17,319	(8,877,182)
Infrastructure	(82,186,237)	(5,373,822)	916,159	(86,643,900)
Total accumulated depreciation	<u>(141,839,510)</u>	<u>(10,116,434)</u>	<u>933,478</u>	<u>(151,022,466)</u>
Net capital assets, depreciable	<u>160,332,191</u>	<u>247,964</u>	<u>(278,841)</u>	<u>160,301,314</u>
Capital assets - governmental	<u>\$ 218,678,188</u>	<u>\$ 10,814,768</u>	<u>\$ (12,298,590)</u>	<u>\$ 217,194,366</u>

A summary of business-type capital assets activity for the year ending June 30, 2022 for the City's is as follows:

<u>Business-type activities</u>	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, non-depreciable:				
Land	\$ 4,324,406	\$ -	\$ -	\$ 4,324,406
Construction in progress	3,089,722	5,287,245	(4,165,409)	4,211,558
Total capital assets, non-depreciable	<u>7,414,128</u>	<u>5,287,245</u>	<u>(4,165,409)</u>	<u>8,535,964</u>
Capital Assets, Being Depreciated:				
Buildings	7,008,987	-	-	7,008,987
Water, sewer, storm lines	121,965,760	570,264	(2,375)	122,533,649
Utility assets	141,211,004	2,153,613	-	143,364,617
Improvements other than buildings	3,490,928	-	-	3,490,928
Machinery and equipment	8,540,779	-	-	8,540,779
Total capital assets, depreciable	<u>282,217,458</u>	<u>2,723,877</u>	<u>(2,375)</u>	<u>284,938,960</u>
Less Accumulated Depreciation For:				
Buildings	(2,358,992)	(146,208)	-	(2,505,200)
Water, sewer, storm lines	(45,439,591)	(1,780,402)	1,553	(47,218,440)
Utility assets	(73,484,337)	(3,769,507)	-	(77,253,844)
Improvements other than buildings	(2,948,031)	(116,017)	-	(3,064,048)
Machinery and equipment	(3,663,481)	(402,986)	-	(4,066,467)
Total accumulated depreciation	<u>(127,894,432)</u>	<u>(6,215,120)</u>	<u>1,553</u>	<u>(134,107,999)</u>
Net capital assets, depreciable	<u>154,323,026</u>	<u>(3,491,243)</u>	<u>(822)</u>	<u>150,830,961</u>
Capital assets, business-type	<u>\$ 161,737,154</u>	<u>\$ 1,796,002</u>	<u>\$ (4,166,231)</u>	<u>\$ 159,366,925</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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

Function/program:	<u>Governmental</u>	<u>Business-Type</u>
General government	\$ 213,559	\$ -
Police	2,718	
Fire	233,278	-
Public works	5,179,438	-
Community development	219,085	-
Beaches, parks and recreation	3,842,888	-
Internal service	425,468	-
Water	-	1,784,208
Sewer	-	4,112,178
Golf	-	318,734
Total depreciation expense	<u>\$ 10,116,434</u>	<u>\$ 6,215,120</u>

7. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 215,409</u>

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.

	<u>Transfers Out</u>						<u>Total</u>
	<u>General Fund</u>	<u>Disaster Relief</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Internal Service Funds</u>	
<u>Transfers In</u>							
General Fund	\$ -	\$ 132,167	\$ 394,650	\$ 25,000	\$ 25,000	\$ -	\$ 576,817
Nonmajor							
Governmental Funds	1,806,142	250,000	10,777,997	15,000	61,027	-	12,910,166
Nonmajor Proprietary Funds	58,390	-	-	-	-	-	58,390
Internal Service Fund	-	-	-	-	-	300,000	300,000
Total	<u>\$ 1,864,532</u>	<u>\$ 382,167</u>	<u>\$ 11,172,647</u>	<u>\$ 40,000</u>	<u>\$ 86,027</u>	<u>\$ 300,000</u>	<u>\$ 13,845,373</u>

During the year ended June 30, 2022, the General Fund significant transfers included transfers of \$1.1 million to the Capital Reserve fund to provide funds for future capital projects, \$500,000 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation, and \$128,832 to support transit activities. Other significant transfers include \$10.7 million between non-major governmental funds to move costs related to housing loans to a new In-Lieu Housing fund; and \$300,000 from the Workers Compensation fund to the Employee Benefits fund to support the pay down of pension unfunded liability.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

8. 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, 2022:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Direct Borrowing:</u>					
State Revolving Fund loan	\$ 10,751,008	\$ -	\$ 664,080	\$ 10,086,928	\$ 678,690
Business-type Activities					
Long-term Debt	<u>\$ 10,751,008</u>	<u>\$ -</u>	<u>\$ 664,080</u>	<u>\$ 10,086,928</u>	<u>\$ 678,690</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 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, 2022 is \$220,000.

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 \$74,011 from the State of California and \$7,888,359 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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 \$6.0 million for the year ended June 30, 2022. The total pledged revenue amount cannot be estimated over the life of the loan. The loan amount outstanding at June 30, 2022 is \$10,086,928.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	678,690	221,912	900,602
2024	693,621	206,981	900,602
2025	708,881	191,721	900,602
2026	724,477	176,125	900,602
2027	740,415	160,187	900,602
2028-2032	3,953,697	549,313	4,503,010
2033-2035	2,587,147	114,659	2,701,806
Totals	<u>\$ 10,086,928</u>	<u>\$ 1,620,898</u>	<u>\$ 11,707,826</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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Lease liability	\$ 12,040	\$ -	\$ 12,040	\$ -	\$ -
Compensated absences	1,353,395	224,408	453,255	1,124,548	281,138
Claims and judgments payable (Note 8)	2,199,498	562,316	2,056,975	704,839	387,662
Governmental Activities Long-term Liabilities	<u>\$ 3,564,933</u>	<u>\$ 786,724</u>	<u>\$ 2,522,270</u>	<u>\$ 1,829,387</u>	<u>\$ 668,800</u>
<u>Business-type Activities</u>					
Compensated absences	\$ 574,238	\$ 357,323	\$ 427,280	\$ 504,281	\$ 126,070
Business-type Activities Long-term Liabilities	<u>\$ 574,238</u>	<u>\$ 357,323</u>	<u>\$ 427,280</u>	<u>\$ 504,281</u>	<u>\$ 126,070</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. Lease Liability:

Central Service Fund – Two lease purchase agreements exist for the leasing of office equipment. The equipment is recorded at the original cost of \$176,668. The lease terms include 60 monthly payments including interest. The last lease matures in June 2022. Monthly lease payments are \$3,033. The lease amount is on the statement of net position applicable to governmental-type activities. The amount was fully paid at June 30, 2022.

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Notes to the Financial Statements (Continued)
June 30, 2022

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, 2022 is \$1,124,548.

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, 2022 is \$504,281, which are obligations of the following funds:

Water Utility Fund	\$ 209,481
Sewer Utility Fund	203,542
Golf Course Fund	80,101
Non-major Enterprise Funds	11,157

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

B. Self-Insurance Programs of the Authority

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

Purchased Insurance

Pollution Legal Liability Insurance – The City participates in the pollution legal liability and remediation legal liability insurance available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. San Clemente’s property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City’s property currently has all-risk property insurance protection in the amount of \$263,743,195. 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 \$135,531,213. 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.

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 2021-22. The following claims schedule includes workers’ compensation and general liability claims for the past two fiscal years.

	Beginning Balance	Incurred & Changes in Estimates	Less Claim Payments	Ending Balance
2020-2021	\$ 2,252,116	\$ 93,532	\$ (146,150)	\$ 2,199,498
2021-2022	2,199,498	562,316	(2,056,975)	704,839

At June 30, 2022, 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:

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Notes to the Financial Statements (Continued)
June 30, 2022

<u>Pension Plan</u>	<u>Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension expense /expenditure</u>
CalPERS Miscellaneous Plan	\$ 7,516,451	\$ 7,096,381	\$ 6,609,978	\$ 1,607,351
CalPERS Cost Sharing Plan (Risk Pool)	8,943,624	4,850,811	6,439,855	1,336,980
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>18,841,000</u>	<u>1,117,000</u>	-	<u>2,440,000</u>
Total	<u>\$ 35,301,075</u>	<u>\$ 13,064,192</u>	<u>\$ 13,049,833</u>	<u>\$ 5,384,331</u>

1. CalPERS Pension Plan – Miscellaneous Employees

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

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

The CalPERS Miscellaneous Plans' provisions and benefits in effect at June 30, 2022 follow:

	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 – 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.1%	9.1%

Employees Covered - As of June 30, 2022, 313 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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, 2020 actuarial valuation used the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Mortality ⁽²⁾	Derived from CalPERS Membership Data
Post Retirement Benefit Increase	The lesser of a contract COLA or 2.5%

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the CalPERS 2017 Experience study.

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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

⁽¹⁾ An expected inflation of 2.0% used for this period.

⁽²⁾ An expected inflation of 2.92% used for this period.

Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 70,359,155	\$ 54,656,702	\$ 15,702,453
Changes in the year:			
Service cost	2,439,336	-	2,439,336
Interest on the total pension liability	5,042,559	-	5,042,559
Changes of assumptions	-	-	-
Differences between expected and actual experience	200,451	-	200,451
Contribution – employer	-	2,403,086	(2,403,086)
Contribution - employee	-	1,018,322	(1,018,322)
Net investment income	-	12,501,539	(12,501,539)
Benefit payments	(2,507,951)	(2,507,951)	-
Administrative Expense	-	(54,599)	54,599
Other miscellaneous income (expense)	-	-	-
Net changes	5,174,395	13,360,397	(8,186,002)
Balance at June 30, 2021 (<i>measurement date</i>)	<u>\$ 75,533,550</u>	<u>\$ 68,017,099</u>	<u>\$ 7,516,451</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the city's net pension liability for the CalPERS Miscellaneous Plan, calculated using the plan's current discount rate, as well as what the City's net pension liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher:

Miscellaneous Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability (Asset)	\$ 18,522,595	\$ 7,516,451	\$ (1,546,046)

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, 2022, the City recognized pension expense of \$1,607,351. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 1,695,793	\$ -
Changes of assumptions	1,050,238	(439,231)
Net difference between projected and actual earnings	-	(6,170,747)
Contributions after the measurement date	4,350,350	-
Total	\$ 7,096,381	(\$ 6,609,978)

Contributions after the measurement date of \$4,350,350 represent contributions for the fiscal year ended June 30, 2022 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:

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ (676,384)
2023	(566,176)
2024	(1,106,250)
2025	(1,557,949)
2026	42,812
Thereafter	-
Total	\$ (3,863,947)

Payable to this Pension Plan - The City had contributions payable of \$37,367 at June 30, 2022.

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

The rate plan provisions and benefits in effect at June 30, 2022 are summarized in the following table.

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	23.62%	23.62%

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, 2022 the employer contributions to the safety risk pool plan were \$3,295,608.

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

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the CalPERS cost sharing plan of \$8,943,624. 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, 2020, 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, 2020. 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, 2021, the measurement date, was calculated as follows: Each risk pool's total pension liability was computed at

CITY OF SAN CLEMENTE
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June 30, 2022

the measurement date, June 30, 2021, 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, 2021, 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, 2021, 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, 2020, to obtain the total pension liability and fiduciary net position as of June 30, 2021. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

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

Proportion at measurement date - June 30, 2021	0.13982%
Proportion at measurement date - June 30, 2022	0.16537%
Change - Increase (Decrease)	0.02555%

For the year ended June 30, 2022, the recognized pension expense was \$1,336,980 related to Plan. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 1,528,011	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	5,323,176
Difference between employer contribution and proportionate share	27,192	159,099
Change in employer's proportions	-	957,581
Contributions after measurement date	3,295,608	-
	\$ 4,850,811	\$ 6,439,855

Contributions after the measurement date of \$3,295,608 represent contributions for the fiscal year ended June 30, 2022 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
2023	\$ (1,071,770)
2024	(1,117,179)
2025	(1,230,841)
2026	(1,464,863)
2027	-
Thereafter	-
Total	\$ (4,884,653)

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

Actuarial Assumptions - The total plan pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Mortality ⁽²⁾	Based on CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽³⁾ Depending on age, service and type of employment

⁽⁴⁾ Mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the 2017 Experience study.

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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

⁽¹⁾ An expected inflation of 2.0% used for this period.

⁽²⁾ An expected inflation of 2.92% used for this period.

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

CalPERS Cost Sharing Multiple-Employer Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 15,848,898	\$ 8,943,624	\$ 3,271,795

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 \$2,806 at June 30, 2022.

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, 2022, are summarized in the following table.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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

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

The CSCERP proportionate share and the contributions allocated to each employer in FY 2022 are:

Employer	Proportion	Covered Payroll	Contributions
City of San Clemente	95.9%	\$ N/A	\$ 1,741,000
Coastal Animal Services Authority (CASA)	4.1%	476,851	177,000
Total	100.0%	\$ 476,851	\$ 1,918,000

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A City contribution of \$1,681,000 to finance past unfunded accrued liability costs and a one-time additional discretionary payment of \$60,000 was paid during the year ended June 30, 2022. During the year ended June 30, 2022 CASA contribution amounts totaled \$211,662. This contribution includes the unfunded accrued liability payment of \$103,808, \$34,419 of employee contributions, and \$73,435 of employer contributions.

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

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees entitled to but not yet receiving benefits	68
Active employees (2 PEPRAs members)	7
Total	205

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

As of June 30, 2022, the City reported a net pension liability on the CSCERP for \$18,841,000. The City’s net pension liability for the CSCERP is the net pension liability as of June 30, 2022. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the recognized CSCERP plan pension expense was \$2,440,000, with the City of San Clemente’s being \$2,727,000. At June 30, 2022, the City reported Deferred Outflows of resources of \$1,165,000, as reported in the following table. There were no Deferred Inflow of Resources.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

Description	Deferred Outflows of Resources		Total
	City of San Clemente	CASA	
Net difference between projected and actual earnings	\$ 1,117,000	\$ 48,000	\$ 1,165,000
Total	\$ 1,117,000	\$ 48,000	\$ 1,165,000

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
2023	\$ 184,000	\$ 8,000
2024	148,000	6,000
2025	28,000	2,000
2026	757,000	32,000
Total	\$ 1,117,000	\$ 48,000

Actuarial Assumptions – The total pension liability at June 30, 2022 is based on the June 30, 2021 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 – June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate ⁽¹⁾	5.50%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	2.75% per year, plus CalPERS 1997-2015 CalPERS Study
Investment Rate of Return ⁽²⁾	5.50%
Mortality	1997-2015 CalPERS Study

⁽¹⁾ Based on crossover test results.

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

In 2022, actuarial assumptions changed to lower the discount rate and long-term rate of return on plan investments from 5.75% to 5.50%.

Discount Rate – The discount rate used to measure the total pension liability was 5.50% for the CSCERP. This is based on crossover test results with future administrative expenses increasing to 2.5% per year and future contributions based on the current funding policy. The crossover test results are presented in a detailed report available at the City of San Clemente.

The long-term expected rate of return on pension plan investments is 5.50% is based on an investment advisor study of 10-year 2021 capital market assumptions adjusted to reflect anticipated long term results (expected returns, net of pension plan investment expense and inflation) developed for each major asset class for the plan assets. The long-term expected real rate of return and investment policy for the CSCERP assets are discussed in Note 3. These pension assets are in a trust fund reported as a fiduciary fund (Pension Trust Fund) of the City of San Clemente.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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, 2021	\$ 41,396,000	\$ 26,009,000	\$ 15,387,000
Changes in the year:			
Service cost	142,000	-	142,000
Interest on the total pension liability	2,285,000	-	2,285,000
Differences between actual and expected experience	276,000	-	276,000
Change in assumptions	935,000	-	935,000
Contribution – employer	-	1,918,000	(1,918,000)
Contribution - employee	-	34,000	(34,000)
Net investment income	-	(2,528,000)	2,528,000
Benefit payments	(2,385,000)	(2,385,000)	-
Administrative expenses	-	(54,000)	54,000
Net changes	1,253,000	(3,015,000)	4,268,000
Balance at June 30, 2022	\$ 42,649,000	\$ 22,994,000	\$ 19,655,000

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

CSCERP Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.5%)
City of San Clemente	\$ 23,620,000	\$ 18,841,000	\$ 14,863,000
CASA	1,010,000	814,000	635,000
Net Pension Liability	\$ 24,630,000	\$ 19,655,000	\$ 15,498,000

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

Net Pension Liability as of June 30, 2022		
(\$ amounts in thousands)		
	June 30, 2021	June 30, 2022
Total Pension Liability	\$ 41,396	\$ 42,649
Fiduciary Net Position	(26,009)	(22,994)
Net Pension Liability	15,387	19,655
Funded Status	62.8%	53.9%

Payable to this Pension Plan - At June 30, 2022, 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 \$149 a month) for eligible retirees and surviving spouses. In addition, dental

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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, 2021, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	174
Inactive employees receiving benefits	41
Inactive employees entitled to, but not yet receiving benefits	-
Total	215

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, 2022, the Authority’s cash contributions were \$70,000 to the trust and the payment of medical costs for retirees of \$99,456 resulting in total payments of \$169,456. On June 21, 2016 the City adopted a Resolution to enter into an agreement with CalPERS to participate in the California Employer’s Retiree Benefit Trust Program (CERBT) for the purpose of prefunding obligations for past services. The CERBT is an agent multiple-employer plan used to prefund postemployment medical insurance benefits. CERBT amounts are held in an irrevocable trust and are restricted for the provision of these benefits. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. Contribution requirements are established by the City, with no statutory requirement to prefund OPEB liabilities. The City prefunds the plan through CERBT through measure of pay.

- C. Net OPEB Liability: The City’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was used to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 – June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Payroll Growth	2.75%, per annum
Investment Rate of Return	6.25%
Mortality Rate ⁽¹⁾	2017 CalPERS Active Mortality
Pre-Retirement Turnover ⁽¹⁾	2017 CalPERS Experience Studies
Healthcare Trend Rate	4% per annum

⁽¹⁾ CalPERS Information is available at www.calpers.ca.gov under Forms and Publication.

Investment Rate of Return - The investment rate of return was 6.25% which is based on assumed long-term return on plan assets assuming 100% funding through CERBT which is lower than the 6.50% in the 2019 valuation. The long-term expected rate of return on OPEB plan investments was determined using the “Building Block Method”. Rolling periods of time was used for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don’t necessarily reflect the average over time individually, but reflect the return for the asset class for the portfolio average using geometric means. The target allocation and the assumed rate of return are summarized in the following table:

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Notes to the Financial Statements (Continued)
June 30, 2022

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	40.0 %	7.545 %
All Fixed Income	43.0 %	4.250 %
Treasury Inflation Protected Securities	5.0 %	3.000 %
Real Estate Investment Trusts	8.0 %	7.250 %
All Commodities	4.0 %	7.545 %

Discount Rate - The discount rate used to measure the total OPEB liability was 6.25%, which assumed that contributions would be sufficient to fully fund the obligation of a period not to exceed 30 years. Using historic 28 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.

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, 2020	\$ 4,240,056	\$ 1,149,163	\$ 3,090,893
Changes in the year:			
Service cost	188,770	-	188,770
Interest on the total OPEB liability	281,739	-	281,739
Experience (gains)/losses	-	-	-
Differences between expected and actual experience	(281,508)	-	(281,508)
Change in assumption	131,331	-	131,331
Contribution – employer	-	303,578	(303,578)
Net investment income	-	229,275	(229,275)
Benefit payments	(238,578)	(238,578)	-
Administrative Expense	-	(423)	423
Net changes	81,754	293,852	(212,098)
Balance at June 30, 2021 (<i>measurement date</i>)	\$ 4,321,810	\$ 1,443,015	\$ 2,878,795

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

Sensitivity of Net Pension OPEB to Discount Rate			
	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 3,364,790	\$ 2,878,795	\$ 2,467,840

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

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Notes to the Financial Statements (Continued)
June 30, 2022

Sensitivity of Net Pension OPEB to Health Care Cost Trend Rates			
	1% Lower Trend	Valuation Trend	1% Higher Trend
Net OPEB Liability	\$ 2,363,027	\$ 2,878,795	\$ 3,510,239

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, 2022, the Authority recognized OPEB expense of \$505,743. As of fiscal year ended June 30, 2022, the Authority reported deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Experience (Gains)/Losses	\$ -	\$ (311,422)
Assumption Changes	1,721,414	-
Investment (Gains)/Losses	3,786	(123,614)
Contributions after measurement date	169,456	-
	\$ 1,894,656	\$ (435,036)

Contributions after the measurement date of \$169,456 represent contributions for the fiscal year ended June 30, 2022. The \$169,456 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. 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
2022	\$ 111,604
2023	110,780
2024	111,595
2025	110,612
2026	141,105
Thereafter	704,468
Total	\$ 1,290,164

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.

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

Governmental Fund Balances	General Fund	Disaster Relief	Non-major Funds	Total
<i>Nonspendable:</i>				
Loans	\$ 1,266,678	\$ -	\$ -	\$ 1,266,678
<i>Restricted for:</i>				
Affordable housing	-	-	13,588,054	13,588,054
Park development	-	-	2,355,710	2,355,710
Highways/streets	-	-	11,148,286	11,148,286
Drainage	-	-	4,030,033	4,030,033
Other capital projects	-	-	7,199,661	7,199,661
Other purposes	-	302,053	685,535	987,588
<i>Committed to:</i>				
Sustainability/Emergency	14,074,000	-	-	14,074,000
Capital projects	699,940	-	227,354	927,294
Other purposes	969,360	-	-	969,360
<i>Assigned to:</i>				
Capital projects	2,991,860	-	14,527,346	17,519,206
Other purposes	2,138,600	-	863,902	3,002,502
Future budget	4,566,070	-	-	4,566,070
<i>Unassigned (deficit)</i>	4,860,083	-	(363,144)	4,496,939
TOTAL FUND BALANCE	\$ 31,566,591	\$ 302,053	\$ 54,262,737	\$ 86,131,381

Minimum Fund Balance Policy: The governing body (City Council) passed a minimum fund balance policy for the General Fund. This minimum fund balance committed by the Council is called an Emergency Reserve and is 20% of General Fund operating expenditures. In order to access the committed fund balance a formal action (resolution) of the City Council must be adopted, this action would be non-routine in nature and result from unforeseen disasters, an economic downturn with more than a 10% revenue reduction, or to offset a one-time state subvention reduction. The total committed amount for the Emergency Reserve is \$14.1 million.

12. OTHER NOTE DISCLOSURES:

A. Joint Powers Agreements:

Coastal Animal Services Authority (CASA):

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

agencies pay for unfunded costs, which are allocated to the City of San Clemente and the City of Dana Point through the annual budget process. The assets and liabilities are reflected on the separate financial statements prepared for the Coastal Animal Services Authority. CASA's pension plan is part of the CSCERP retirement plan (see Note 9), this pension liability is reflected on the separate financial statements and is a contingent liability to the member agencies.

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

Orange County Fire Authority (OCFA):

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

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

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

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

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

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

The only outstanding 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.

C. Commitments and Contingencies

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2022

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

The City has outstanding commitments in the amount of \$11.9 million as of June 30, 2022 related to construction and other contractual arrangements.

D. Future Accounting Pronouncements

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

- Statement No. 94 *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements."* The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- Statement No 96 *"Subscription-Based Information Technology Arrangements."* The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

13. RESTATEMENT OF BEGINNING BALANCES:

A. Restatement of Beginning Balances

At July 1, 2021, the General Fund beginning fund balance and the Golf Course Enterprise Fund beginning net position were restated to reflect the implementation of GASB 87. The restatement is summarized below:

	General Fund	Golf Course Fund
Net position at July 1, 2021, previously reported	\$ 28,132,474	\$ 7,517,964
Prior Period Adjustment	394,929	5,435
Net position at July 1, 2021, as restated	\$ 28,527,403	\$ 7,523,399

The Net position on the Government wide statements at July 1, 2021 were also restated to reflect the implementation of GASB 87. The restatement is summarized below:

	Governmental	Business-type
Net position at July 1, 2021, previously reported	\$ 287,279,204	\$ 203,126,412
Prior Period Adjustment	394,929	5,435
Net position at July 1, 2021, as restated	\$ 287,674,133	\$ 203,131,847

B. Prior Period Adjustment

The beginning net position for the Custodial Funds were adjusted from (\$49,899,071) to \$12,935,929 to remove the Bonds payable of \$62,835,000 outstanding related to Community Facilities District and Assessment District debt obligations.



Required Supplementary Information

CITY OF SAN CLEMENTE
Required Supplementary Information
June 30, 2022

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 \$2,858,970 and the department budgets were reduced by \$2,858,970 as a result of these program reimbursements. Budgeted amounts are as originally adopted and as further amended by the City Council.

The General Fund and the Disaster Relief Special Revenue Fund, both major funds, have legally adopted budgets. The original budget, final budget and actual amounts are presented on the following pages for General Fund and Disaster Relief Special Revenue Fund. In the General Fund, expenditures exceeded appropriations in the Fire department (the legal level of budgetary control) by \$11,481 as a result of maintenance charges for facilities.

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 55,766,220	\$ 56,622,220	\$ 60,060,552	\$ 3,438,332
Permits and fees	1,342,310	1,361,170	1,750,205	389,035
Fines and forfeits	569,750	569,750	676,470	106,720
Investment and rentals	3,014,390	3,374,390	1,486,757	(1,887,633)
Intergovernmental	1,141,840	1,601,840	1,233,063	(368,777)
Charges for services	5,834,570	6,140,570	7,331,201	1,190,631
Other	91,600	91,600	1,757,136	1,665,536
Total Revenues	67,760,680	69,761,540	74,295,384	4,533,844
Expenditures:				
General government:				
Administration				
City council	58,199	58,199	53,383	4,816
City manager	579,217	677,337	663,672	13,665
City clerk	708,018	765,488	538,967	226,521
Finance and administrative services	2,165,653	2,205,653	1,965,935	239,718
City general	3,897,654	5,250,654	3,869,156	1,381,498
Police	19,902,510	20,477,510	20,257,213	220,297
Fire	12,918,680	13,368,680	13,380,161	(11,481)
Public works	14,053,816	14,829,991	14,236,487	593,504
Community development	6,652,220	7,515,180	5,807,396	1,707,784
Beaches, parks and recreation	7,162,813	7,638,703	7,209,811	428,892
Capital outlay	5,885,300	5,885,300	1,986,300	3,899,000
Total Expenditures	73,984,080	78,672,695	69,968,481	8,704,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,223,400)	(8,911,155)	4,326,903	13,238,058
Other Financing Sources (Uses):				
Transfers in	683,860	1,478,860	576,817	(902,043)
Transfers out	(1,080,460)	(1,738,850)	(1,864,532)	(125,682)
Total Other Financing Sources (Uses)	(396,600)	(259,990)	(1,287,715)	(1,027,725)
Net Change in Fund Balance	(6,620,000)	(9,171,145)	3,039,188	12,210,333
Fund Balance, Beginning of Year, as restated	28,527,403	28,527,403	28,527,403	-
Fund Balance, End of Year	\$ 21,907,403	\$ 19,356,258	\$ 31,566,591	\$ 12,210,333

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Investment and rentals	\$ 2,000	\$ 2,000	\$ 39,955	\$ 37,955
Intergovernmental	-	7,491,800	2,490,135	(5,001,665)
Total Revenues	2,000	7,493,800	2,530,090	(4,963,710)
Expenditures:				
Current:				
General government	-	811,020	717,400	93,620
Capital outlay	-	4,600,000	1,390,568	3,209,432
Total Expenditures	-	5,411,020	2,107,968	3,303,052
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,082,780	422,122	(1,660,658)
Other Financing Sources (Uses):				
Transfers out	-	(1,045,000)	(382,167)	662,833
Total Other Financing Sources (Uses)	-	(1,045,000)	(382,167)	662,833
Net Change in Fund Balance	2,000	1,037,780	39,955	(997,825)
Fund Balance, Beginning of Year	262,098	262,098	262,098	-
Fund Balance, End of Year	\$ 264,098	\$ 1,299,878	\$ 302,053	\$ (997,825)

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

Last Ten Fiscal Years*

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

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

Notes to schedule:

Benefit changes: None

Changes in assumptions:

In 2020, inflation was adjusted from 2.75% to 2.5%. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017). There were no discount rate changes. In 2017, the discount rate was reduced from 7.65% to 7.15%.

In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expenses to 7.65% (without administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

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

	2019	2020	2021	2022
	06/30/2017- 06/30/2018	06/30/2018- 06/30/2019	06/30/2019- 06/30/2020	06/30/2020- 06/30/2021
\$	2,204,909	\$ 2,292,115	\$ 2,361,018	\$ 2,439,336
	3,931,102	4,331,482	4,681,555	5,042,559
	(513,727)	-	-	-
	103,318	1,080,111	150,532	200,451
	(1,453,535)	(1,866,474)	(1,958,421)	(2,507,951)
	4,272,067	5,837,234	5,234,684	5,174,395
	55,015,170	59,287,237	65,124,471	70,359,155
\$	<u>59,287,237</u>	<u>\$ 65,124,471</u>	<u>\$ 70,359,155</u>	<u>\$ 75,533,550</u>
\$	1,327,549	\$ 1,695,757	\$ 1,966,209	\$ 2,403,086
	959,224	1,046,219	1,038,407	1,018,322
	3,635,909	3,111,663	2,558,760	12,501,539
	5,922,682	5,853,639	5,563,376	15,922,947
	(1,453,535)	(1,866,474)	(1,958,421)	(2,507,951)
	(127,043)	109	-	-
	(66,842)	(33,662)	(72,072)	(54,599)
	(1,647,420)	(1,900,027)	(2,030,493)	(2,562,550)
	4,275,262	3,953,612	3,532,883	13,360,397
	42,894,945	47,170,207	51,123,819	54,656,702
\$	<u>47,170,207</u>	<u>\$ 51,123,819</u>	<u>\$ 54,656,702</u>	<u>\$ 68,017,099</u>
\$	<u>12,117,030</u>	<u>\$ 14,000,652</u>	<u>\$ 15,702,453</u>	<u>\$ 7,516,451</u>
	79.56%	78.50%	77.68%	90.05%
\$	14,023,462	\$ 14,498,796	\$ 15,311,404	\$ 15,727,505
	86.41%	96.56%	102.55%	47.79%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,655,757	\$ 1,937,126	\$ 2,218,086	\$ 2,270,350
<u>(1,695,757)</u>	<u>(1,966,283)</u>	<u>(2,403,086)</u>	<u>(4,350,350)</u>
<u>\$ (40,000)</u>	<u>\$ (29,157)</u>	<u>\$ (185,000)</u>	<u>\$ (2,080,000)</u>
\$ 14,498,796	\$ 15,311,404	\$ 15,727,505	\$ 15,137,995
11.70%	12.84%	15.28%	28.74%

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

Last Ten Fiscal Years*

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

SCHEDULE OF CONTRIBUTIONS

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

Notes:

Benefit changes. None

Changes in assumptions:

In 2020, inflation was adjusted from 2.75% to 2.5%. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017). There were no discount rate changes. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expenses to 7.65% (without administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

Funding Valuation date: June 30, 2019

Measurement date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate 7.150%

Inflation 2.500%

Salary increases Varies by Entry age and Service

Investment rate of return (net of administrative) 7.000%

Mortality rate table CalPERS experience study

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

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

2018	2019	2020	2021	2022
<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>
0.14739%	0.15244%	0.14760%	0.13982%	0.16537%
\$ 14,617,389	\$ 14,689,566	\$ 15,124,475	\$ 15,213,067	\$ 8,943,624
\$ 461,718	\$ 490,163	\$ 500,521	\$ 435,303	\$ 437,563
3165.87%	2996.87%	3021.75%	3494.82%	2043.96%
71.66%	71.17%	70.43%	70.10%	82.57%

2018	2019	2020	2021	2022
<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
\$ 1,171,264	\$ 1,354,976	\$ 1,332,926	\$ 1,466,600	\$ 1,466,845
(1,171,264)	(1,489,979)	(1,903,221)	(2,070,779)	(3,295,608)
\$ -	\$ (135,003)	\$ (570,295)	\$ (604,179)	\$ (1,828,763)
\$ 490,163	\$ 500,521	\$ 435,303	\$ 437,563	\$ 476,851
238.95%	297.69%	437.22%	473.25%	691.12%

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)

	2013	2014	2015	2016
Total Pension Liability (2)				
Discount Rate	7.25%	7.25%	7.25%	7.25%
Service Costs	\$ N/A	\$ N/A	\$ 78	\$ 73
Interest	N/A	N/A	2,071	2,173
Experience Losses (Gains)	N/A	N/A	-	48
Assumption Changes	N/A	N/A	-	836
Benefit Payments	N/A	N/A	(1,606)	(1,640)
Net Change	N/A	N/A	543	1,490
Total Pension Liability at Beginning of Year	N/A	N/A	29,289	29,832
Total Pension Liability at End of Year	N/A	N/A	29,832	31,322
Plan Fiduciary Net Position (4)				
Additions:				
Employer Contributions	\$ 2,267	\$ 2,482	\$ 995	\$ 1,001
Employee Contributions	1,214	1,019	32	33
Net Investment Income (Loss)	4,666	6,598	413	(235)
Total Additions	8,147	10,099	1,440	799
Deductions:				
Benefit Payments	(1,039)	(1,378)	(1,606)	(1,640)
Administration Expenses	(49)	(38)	(53)	(65)
Transfer to CalPERS (1)	-	(32,550)	-	-
Total Deductions	(1,088)	(33,966)	(1,659)	(1,705)
Net Change	7,059	(23,867)	(219)	(906)
Fiduciary Net Position - Beginning of Year	36,402	43,461	19,594	19,375
Fiduciary Net Position - End of Year	\$ 43,461	\$ 19,594	\$ 19,375	\$ 18,469
Total Pension Liability (2), (4)	\$ 58,125	\$ 29,284	\$ 29,832	\$ 31,322
Fiduciary Net Position - End of Year	43,461	19,594	19,375	18,469
Net Pension Liability	14,664	9,690	10,457	12,853
Funded Status	74.8%	66.9%	64.9%	59.0%
Covered Payroll (3)	13,446	425	451	467
Net Pension Liability % Payroll	109%	2280%	2319%	2752%

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 95.9%, the Coastal Animal Services Authority proportion represents 4.1%.

N/A - Not Available

2017	2018	2019	2020	2021	2022
7.25%	6.25%	6.25%	6.25%	5.75%	5.50%
\$ 75	\$ 107	\$ 110	\$ 123	\$ 127	\$ 142
2,214	2,148	2,159	2,382	2,392	2,285
-	611	-	3,390	-	276
-	2,774	-	161	1,917	935
(1,723)	(2,028)	(2,131)	(2,385)	(2,349)	(2,385)
566	3,612	138	3,671	2,087	1,253
31,322	31,888	35,500	35,638	39,309	41,396
31,888	35,500	35,638	39,309	41,396	42,649
\$ 1,188	\$ 1,206	\$ 1,507	\$ 1,512	\$ 2,418	\$ 1,918
35	37	39	40	41	34
2,278	1,203	1,088	656	5,104	(2,528)
3,501	2,446	2,634	2,208	7,563	(576)
(1,723)	(2,028)	(2,131)	(2,385)	(2,349)	(2,385)
(34)	(26)	(44)	(40)	(52)	(54)
-	-	-	-	-	-
(1,757)	(2,054)	(2,175)	(2,425)	(2,401)	(2,439)
1,744	392	459	(217)	5,162	(3,015)
18,469	20,213	20,605	21,064	20,847	26,009
\$ 20,213	\$ 20,605	\$ 21,064	\$ 20,847	\$ 26,009	\$ 22,994
\$ 31,888	\$ 35,500	\$ 35,638	\$ 39,309	\$ 41,396	\$ 42,649
20,213	20,605	21,064	20,847	26,009	22,994
11,675	14,895	14,574	18,462	15,387	19,655
63.4%	58.0%	59.1%	53.0%	62.8%	53.9%
488	520	530	546	549	477
2392%	2864%	2750%	3381%	2803%	4121%

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

Last Ten Fiscal Years
 (dollar amount in thousands)

	2013	2014	2015	2016
Contributions				
City of San Clemente			\$ 915	\$ 937
Coastal Animal Services Authority			80	64
Actuarially determined contribution	N/A	\$ 2,482	\$ 995	\$ 1,001
Contributions in relation the actuarially determined contribution	N/A	\$ 2,482	\$ 995	\$ 1,001
Contribution deficiency (excess)	N/A	-	-	-
Covered Payroll	N/A	13,446	451	467
Contributions as a % of covered employee payroll	N/A	18%	221%	214%
Investment Returns				
Annual money-weighted rate of return, net of investment expense	7.50%	13.50%	2.80%	-1.60%

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 15 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 July 1, 2021 actuarial valuation changed the discount rate to 5.5%, general inflation to 2.5%, and payroll increases to 2.75%. The July 1, 2019 actuarial valuation discount rate was changed from 7.25% to 6.25% and the inflation rate was changed from 3.0% to 2.75%.

2017	2018	2019	2020	2021	2022
\$ 1,099	\$ 1,101	\$ 1,360	\$ 1,361	\$ 1,639	\$ 1,681
89	105	147	151	270	177
<u>\$ 1,188</u>	<u>\$ 1,206</u>	<u>\$ 1,507</u>	<u>\$ 1,512</u>	<u>\$ 1,909</u>	<u>\$ 1,858</u>
<u>\$ 1,188</u>	<u>\$ 1,206</u>	<u>\$ 1,507</u>	<u>\$ 1,512</u>	<u>\$ 2,459</u>	<u>\$ 1,918</u>
-	-	-	-	(550)	(60)
488	520	530	546	549	477
243%	232%	284%	277%	448%	402%
12.55%	5.94%	5.30%	3.13%	24.21%	-9.68%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years*

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

Notes to schedule:

Benefit changes. None

Changes in assumptions. In FY 2020, the addition of the implicit subsidy was included as an assumption change. There was no change in assumptions in FY 2021. In FY 2022, assumptions changed related to the the discount rate/invest rate (6.5% to 6.25%), inflation rate (2.75% to 2.5%) and the payroll growth rate (2.5% to 2.75%).

* 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.

2022

06/30/2020-
06/30/2021

\$ 188,770
281,739
-
131,331

(281,508)
(238,578)

81,754
4,240,056

\$ 4,321,810

\$ 303,578

229,275

532,853

(238,578)
(423)

(239,001)

293,852
1,149,163

\$ 1,443,015

\$ 2,878,795

33.39%

\$ 15,592,146

18.46%

2022

\$ 169,456

(169,456)

\$ -

\$ 15,575,558

1.09%



Supplementary Information

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Gas Tax Fund - This fund is used to account for revenues and expenditures apportioned under the Street and Highways Code of the State of California. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

Air Quality Improvement Fund – This fund is used to account for revenues and expenditures relating to the reduction of vehicle pollution.

Street Improvement Fund – This fund is used to account for revenues and expenditures related to the rehabilitation of City streets.

Police Grants Fund – This fund is used to account for federal and state police grants, donations to Police Services and narcotic forfeiture monies.

Miscellaneous Grants Fund – This fund is used to account for various grants, including federal grants received from the Department of Housing and Urban Development (HUD). The HUD Grants are to be used for the development of a viable community by providing decent housing, a suitable living environment and expanding economic opportunities, principally for low and moderate income individuals.

Local Cable Infrastructure Fund – This fund is used to account for funds received from Local Cable Companies (video service franchises) used for equipment and infrastructure needs for public, educational, and government programing.

Local Transit Fund – This fund is used to account for funds received by Measure M and other grants for the San Clemente Rides and Trolley transit program 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.

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

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

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

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

In-Lieu Housing Fund – This fund is used to account for receipts from developers who pay in-lieu fees in place of constructing affordable housing unit. These receipts are used to fund development agreements, including capital assistance loans for low to moderate income development.

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

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

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



CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds		
	Gas Tax	Air Quality Improvement	Street Improvement
<u>ASSETS:</u>			
Cash and investments	\$ 4,853,377	\$ 63,546	\$ 5,218,049
Receivables (net of allowances for uncollectibles):			
Accounts receivable	-	267,343	223,878
Interest receivable	13,983	183	15,034
Due from other governments	344,590	22,840	-
Loans receivable	-	-	-
Total assets	\$ 5,211,950	\$ 353,912	\$ 5,456,961
<u>LIABILITIES:</u>			
Accounts payable	\$ 174,870	\$ -	\$ 271,387
Accrued wages	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	174,870	-	271,387
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - receivables	-	267,343	-
Total deferred inflows of resources	-	267,343	-
<u>FUND BALANCES:</u>			
Restricted			
Capital projects	5,037,080	-	5,185,574
Other purposes	-	86,569	-
Committed			
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	-	-	-
Total fund balances	5,037,080	86,569	5,185,574
Total liabilities, deferred inflows of resources and fund balances	\$ 5,211,950	\$ 353,912	\$ 5,456,961

Special Revenue Funds

Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Local Transit
\$ 264,383	\$ -	\$ 1,246,195	\$ -
-	-	-	-
762	-	3,458	-
-	58,226	46,977	505,240
-	351,667	-	-
<u>\$ 265,145</u>	<u>\$ 409,893</u>	<u>\$ 1,296,630</u>	<u>\$ 505,240</u>
\$ 13,308	\$ 17,420	\$ 13,110	\$ 190,271
-	2,808	-	-
-	-	-	-
-	-	-	-
-	42,536	-	172,873
<u>13,308</u>	<u>62,764</u>	<u>13,110</u>	<u>363,144</u>
-	-	-	505,240
-	-	-	505,240
-	-	1,283,520	-
251,837	347,129	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(363,144)
<u>251,837</u>	<u>347,129</u>	<u>1,283,520</u>	<u>(363,144)</u>
<u>\$ 265,145</u>	<u>\$ 409,893</u>	<u>\$ 1,296,630</u>	<u>\$ 505,240</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2022

	Capital Projects Funds		
	Developers Improvement	Public Facilities Construction	Reserve
<u>ASSETS:</u>			
Cash and investments	\$ 4,821,454	\$ 2,536,596	\$ 15,690,193
Receivables (net of allowances for uncollectibles):			
Accounts receivable	-	-	-
Interest receivable	19,254	7,309	45,206
Due from other governments	-	-	-
Loans receivable	-	-	-
Total assets	<u>\$ 4,840,708</u>	<u>\$ 2,543,905</u>	<u>\$ 15,735,399</u>
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ 63,281	\$ 116,797
Accrued wages	-	-	-
Unearned revenue	-	300,000	-
Deposits payable	184,279	-	-
Due to other funds	-	-	-
Total liabilities	<u>184,279</u>	<u>363,281</u>	<u>116,797</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - receivables	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Restricted			
Capital projects	4,656,429	2,180,624	-
Other purposes	-	-	-
Committed			
Capital projects	-	-	227,354
Assigned			
Capital projects	-	-	14,527,346
Other purposes	-	-	863,902
Unassigned	-	-	-
Total fund balances	<u>4,656,429</u>	<u>2,180,624</u>	<u>15,618,602</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,840,708</u>	<u>\$ 2,543,905</u>	<u>\$ 15,735,399</u>

Capital Projects Funds

Low/Moderate Income Housing	In Lieu Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 680,639	\$ 1,861,226	\$ 3,104,386	\$ 922,973	\$ 2,348,943	\$ 43,611,960
-	-	-	-	-	491,221
1,961	-	8,944	2,659	6,767	125,520
-	-	-	-	-	977,873
2,153,348	8,890,880	-	-	-	11,395,895
<u>\$ 2,835,948</u>	<u>\$ 10,752,106</u>	<u>\$ 3,113,330</u>	<u>\$ 925,632</u>	<u>\$ 2,355,710</u>	<u>\$ 56,602,469</u>
\$ -	\$ -	\$ 4,209	\$ -	\$ -	\$ 864,653
-	-	-	-	-	2,808
-	-	-	-	-	300,000
-	-	-	-	-	184,279
-	-	-	-	-	215,409
<u>-</u>	<u>-</u>	<u>4,209</u>	<u>-</u>	<u>-</u>	<u>1,567,149</u>
-	-	-	-	-	772,583
-	-	-	-	-	772,583
-	-	3,109,121	925,632	2,355,710	24,733,690
2,835,948	10,752,106	-	-	-	14,273,589
-	-	-	-	-	227,354
-	-	-	-	-	14,527,346
-	-	-	-	-	863,902
-	-	-	-	-	(363,144)
<u>2,835,948</u>	<u>10,752,106</u>	<u>3,109,121</u>	<u>925,632</u>	<u>2,355,710</u>	<u>54,262,737</u>
<u>\$ 2,835,948</u>	<u>\$ 10,752,106</u>	<u>\$ 3,113,330</u>	<u>\$ 925,632</u>	<u>\$ 2,355,710</u>	<u>\$ 56,602,469</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, 2022

	Special Revenue Funds		
	Gas Tax	Air Quality Improvement	Street Improvement
Revenues:			
Taxes	\$ -	\$ -	\$ 15
Investment and rentals	(147,164)	(1,647)	(151,387)
Intergovernmental	2,912,038	84,264	1,282,606
Charges for services	-	-	-
Developer fees	-	-	-
Other	-	-	-
Total Revenues	<u>2,764,874</u>	<u>82,617</u>	<u>1,131,234</u>
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Public works	80,100	94,060	721,703
Community development	-	-	-
Beaches, parks and recreation	-	-	-
Capital outlay	3,508,536	-	2,287,696
Total Expenditures	<u>3,588,636</u>	<u>94,060</u>	<u>3,009,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(823,762)</u>	<u>(11,443)</u>	<u>(1,878,165)</u>
Other Financing Sources (Uses):			
Transfers in	40,480	-	576,027
Transfers out	(386,077)	-	-
Total Other Financing Sources (Uses)	<u>(345,597)</u>	<u>-</u>	<u>576,027</u>
Net Change in Fund Balances	(1,169,359)	(11,443)	(1,302,138)
Fund Balance (Deficit) at Beginning of Year	<u>6,206,439</u>	<u>98,012</u>	<u>6,487,712</u>
Fund Balance (Deficit) at End of Year	<u>\$ 5,037,080</u>	<u>\$ 86,569</u>	<u>\$ 5,185,574</u>

Special Revenue Funds

Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Local Transit
\$ -	\$ -	\$ 190,907	\$ -
(6,747)	-	(30,814)	(1,038)
161,285	497,144	-	-
-	-	-	-
-	-	-	-
7,000	-	-	-
<u>161,538</u>	<u>497,144</u>	<u>160,093</u>	<u>(1,038)</u>
-	-	6,160	-
171,917	-	-	-
-	-	-	740,938
-	195,857	-	-
-	-	-	-
-	302,189	127,622	-
<u>171,917</u>	<u>498,046</u>	<u>133,782</u>	<u>740,938</u>
<u>(10,379)</u>	<u>(902)</u>	<u>26,311</u>	<u>(741,976)</u>
-	-	-	378,832
-	(8,574)	-	-
-	(8,574)	-	378,832
(10,379)	(9,476)	26,311	(363,144)
<u>262,216</u>	<u>356,605</u>	<u>1,257,209</u>	<u>-</u>
<u>\$ 251,837</u>	<u>\$ 347,129</u>	<u>\$ 1,283,520</u>	<u>\$ (363,144)</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, 2022

	Capital Projects Funds		
	Developers Improvement	Public Facilities Construction	Reserve
Revenues:			
Taxes	\$ -	\$ -	\$ -
Investment and rentals	8,600	(83,176)	(400,326)
Intergovernmental	342,795	-	-
Charges for services	-	-	663,120
Developer fees	124,007	389,109	-
Other	-	-	50,703
Total Revenues	<u>475,402</u>	<u>305,933</u>	<u>313,497</u>
Expenditures:			
Current:			
General government	-	-	260,971
Police	-	-	-
Public works	14,790	-	-
Community development	-	17,580	-
Beaches, parks and recreation	-	-	-
Capital outlay	<u>33,694</u>	<u>1,419,481</u>	<u>309,983</u>
Total Expenditures	<u>48,484</u>	<u>1,437,061</u>	<u>570,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>426,918</u>	<u>(1,131,128)</u>	<u>(257,457)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	495,000
Transfers out	<u>(10,752,106)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,752,106)</u>	<u>-</u>	<u>495,000</u>
Net Change in Fund Balances	(10,325,188)	(1,131,128)	237,543
Fund Balance (Deficit) at Beginning of Year	<u>14,981,617</u>	<u>3,311,752</u>	<u>15,381,059</u>
Fund Balance (Deficit) at End of Year	<u>\$ 4,656,429</u>	<u>\$ 2,180,624</u>	<u>\$ 15,618,602</u>

Capital Projects Funds

Low/Moderate Income Housing	In Lieu Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,922
17,144	-	(83,217)	(24,250)	(58,497)	(962,519)
-	-	-	-	-	5,280,132
-	-	-	-	-	663,120
-	-	1,186	91,896	85,408	691,606
-	-	-	-	-	57,703
<u>17,144</u>	<u>-</u>	<u>(82,031)</u>	<u>67,646</u>	<u>26,911</u>	<u>5,920,964</u>
-	-	-	-	-	267,131
-	-	-	-	-	171,917
-	-	30,825	4,510	-	1,686,926
10,130	-	-	-	-	223,567
-	-	-	-	9,660	9,660
-	-	385,445	31,292	84,552	8,490,490
<u>10,130</u>	<u>-</u>	<u>416,270</u>	<u>35,802</u>	<u>94,212</u>	<u>10,849,691</u>
7,014	-	(498,301)	31,844	(67,301)	(4,928,727)
67,721	10,752,106	-	-	600,000	12,910,166
-	-	-	(25,890)	-	(11,172,647)
<u>67,721</u>	<u>10,752,106</u>	<u>-</u>	<u>(25,890)</u>	<u>600,000</u>	<u>1,737,519</u>
74,735	10,752,106	(498,301)	5,954	532,699	(3,191,208)
<u>2,761,213</u>	<u>-</u>	<u>3,607,422</u>	<u>919,678</u>	<u>1,823,011</u>	<u>57,453,945</u>
<u>\$ 2,835,948</u>	<u>\$ 10,752,106</u>	<u>\$ 3,109,121</u>	<u>\$ 925,632</u>	<u>\$ 2,355,710</u>	<u>\$ 54,262,737</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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 115,800	\$ (147,164)	\$ (262,964)
Intergovernmental	4,104,120	2,912,038	(1,192,082)
Total Revenues	4,219,920	2,764,874	(1,455,046)
Expenditures:			
Current:			
Public works	141,480	80,100	61,380
Capital outlay	8,314,700	3,508,536	4,806,164
Total Expenditures	8,456,180	3,588,636	4,867,544
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,236,260)	(823,762)	3,412,498
Other Financing Sources (Uses):			
Transfers in	109,590	40,480	(69,110)
Transfers out	(451,350)	(386,077)	65,273
Total Other Financing Sources (Uses)	(341,760)	(345,597)	(3,837)
Net Change in Fund Balance	(4,578,020)	(1,169,359)	3,408,661
Fund Balance, Beginning of Year	6,206,439	6,206,439	-
Fund Balance, End of Year	\$ 1,628,419	\$ 5,037,080	\$ 3,408,661

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 1,000	\$ (1,647)	\$ (2,647)
Intergovernmental	598,580	84,264	(514,316)
 Total Revenues	 599,580	 82,617	 (516,963)
Expenditures:			
Current:			
Public works	156,290	94,060	62,230
 Total Expenditures	 156,290	 94,060	 62,230
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 443,290	 (11,443)	 (454,733)
Other Financing Sources (Uses):			
Transfers in	-	-	-
 Total Other Financing Sources (Uses)	 -	 -	 -
 Net Change in Fund Balance	 443,290	 (11,443)	 (454,733)
 Fund Balance, Beginning of Year	 98,012	 98,012	 -
 Fund Balance, End of Year	 \$ 541,302	 \$ 86,569	 \$ (454,733)

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 15	\$ 15
Investment and rentals	135,000	(151,387)	(286,387)
Intergovernmental	964,670	1,282,606	317,936
Total Revenues	<u>1,099,670</u>	<u>1,131,234</u>	<u>31,564</u>
Expenditures:			
Current:			
Public works	1,050,950	721,703	329,247
Capital outlay	6,144,480	2,287,696	3,856,784
Total Expenditures	<u>7,195,430</u>	<u>3,009,399</u>	<u>4,186,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,095,760)</u>	<u>(1,878,165)</u>	<u>4,217,595</u>
Other Financing Sources (Uses):			
Transfers in	700,000	576,027	(123,973)
Total Other Financing Sources (Uses)	<u>700,000</u>	<u>576,027</u>	<u>(123,973)</u>
Net Change in Fund Balance	(5,395,760)	(1,302,138)	4,093,622
Fund Balance, Beginning of Year	<u>6,487,712</u>	<u>6,487,712</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,091,952</u>	<u>\$ 5,185,574</u>	<u>\$ 4,093,622</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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 5,000	\$ (6,747)	\$ (11,747)
Intergovernmental	156,700	161,285	4,585
Other	-	7,000	7,000
Total Revenues	161,700	161,538	(162)
Expenditures:			
Current:			
Police	197,730	171,917	25,813
Net Change in Fund Balance	(36,030)	(10,379)	25,651
Fund Balance, Beginning of Year	262,216	262,216	-
Fund Balance, End of Year	\$ 226,186	\$ 251,837	\$ 25,651

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,201,200	\$ 497,144	(704,056)
Total Revenues	<u>1,201,200</u>	<u>497,144</u>	<u>(704,056)</u>
Expenditures:			
Current:			
Community development	422,420	195,857	226,563
Capital outlay	<u>770,010</u>	<u>302,189</u>	<u>467,821</u>
Total Expenditures	<u>1,192,430</u>	<u>498,046</u>	<u>694,384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,770</u>	<u>(902)</u>	<u>(9,672)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(9,400)</u>	<u>(8,574)</u>	<u>826</u>
Total Other Financing Sources (Uses)	<u>(9,400)</u>	<u>(8,574)</u>	<u>826</u>
Net Change in Fund Balance	(630)	(9,476)	(8,846)
Fund Balance, Beginning of Year	<u>356,605</u>	<u>356,605</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 355,975</u>	<u>\$ 347,129</u>	<u>\$ (8,846)</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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 210,000	\$ 190,907	\$ (19,093)
Investment and rentals	17,000	(30,814)	(47,814)
Total Revenues	<u>227,000</u>	<u>160,093</u>	<u>(66,907)</u>
Expenditures:			
Current:			
General government	6,160	6,160	-
Capital outlay	<u>702,206</u>	<u>127,622</u>	<u>574,584</u>
Total Expenditures	<u>708,366</u>	<u>133,782</u>	<u>574,584</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(481,366)	26,311	507,677
Fund Balance, Beginning of Year	<u>1,257,209</u>	<u>1,257,209</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 775,843</u></u>	<u><u>\$ 1,283,520</u></u>	<u><u>\$ 507,677</u></u>

CITY OF SAN CLEMENTE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Local Transit Special Revenue Fund
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ -	\$ (1,038)	\$ (1,038)
Intergovernmental	544,250	-	(544,250)
Total Revenues	544,250	(1,038)	(545,288)
Expenditures:			
Current:			
Public works	787,952	740,938	47,014
Total Expenditures	787,952	740,938	47,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	(243,702)	(741,976)	(498,274)
Other Financing Sources (Uses):			
Transfers in	320,870	378,832	57,962
Net Change in Fund Balance	77,168	(363,144)	(440,312)
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ 77,168	\$ (363,144)	\$ (440,312)

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 100,000	\$ 8,600	\$ (91,400)
Intergovernmental	151,000	342,795	191,795
Developer fees	122,880	124,007	1,127
Total Revenues	<u>373,880</u>	<u>475,402</u>	<u>101,522</u>
Expenditures:			
Current:			
Public works	126,610	14,790	111,820
Capital outlay	76,340	33,694	42,646
Total Expenditures	<u>202,950</u>	<u>48,484</u>	<u>154,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,930	426,918	255,988
Other Financing Sources (Uses):			
Transfers out	<u>(10,497,620)</u>	<u>(10,752,106)</u>	<u>(254,486)</u>
Total Other Financing Sources (Uses)	<u>(10,497,620)</u>	<u>(10,752,106)</u>	<u>(254,486)</u>
Over (Under) Expenditures	<u>(10,326,690)</u>	<u>(10,325,188)</u>	<u>1,502</u>
Net Change in Fund Balance	(10,326,690)	(10,325,188)	1,502
Fund Balance, Beginning of Year	<u>14,981,617</u>	<u>14,981,617</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,654,927</u></u>	<u><u>\$ 4,656,429</u></u>	<u><u>\$ 1,502</u></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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 100,000	\$ (83,176)	\$ (183,176)
Developer fees	54,940	389,109	334,169
Total Revenues	<u>154,940</u>	<u>305,933</u>	<u>150,993</u>
Expenditures:			
Current:			
Community development	17,580	17,580	-
Capital outlay	2,097,800	1,419,481	678,319
Total Expenditures	<u>2,115,380</u>	<u>1,437,061</u>	<u>678,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,960,440)	(1,131,128)	829,312
Other Financing Sources:			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,960,440)	(1,131,128)	829,312
Fund Balance, Beginning of Year	<u>3,311,752</u>	<u>3,311,752</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,351,312</u></u>	<u><u>\$ 2,180,624</u></u>	<u><u>\$ 829,312</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Reserve Capital Project Fund
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 200,000	\$ (400,326)	\$ (600,326)
Charges for services	673,120	663,120	(10,000)
Other	24,790	50,703	25,913
Total Revenues	<u>897,910</u>	<u>313,497</u>	<u>(584,413)</u>
Expenditures:			
Current:			
General government	260,000	260,971	(971)
Capital outlay	6,457,100	309,983	6,147,117
Total Expenditures	<u>6,717,100</u>	<u>570,954</u>	<u>6,146,146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,819,190)	(257,457)	5,561,733
Other Financing Sources (Uses):			
Transfers in	495,000	495,000	-
Net Change in Fund Balance	(5,324,190)	237,543	5,561,733
Fund Balance, Beginning of Year	<u>15,381,059</u>	<u>15,381,059</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,056,869</u>	<u>\$ 15,618,602</u>	<u>\$ 5,561,733</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Low/Moderate Income Housing Capital Project Fund
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 9,000	\$ 17,144	\$ 8,144
Total Revenues	<u>9,000</u>	<u>17,144</u>	<u>8,144</u>
Expenditures:			
Current:			
Community development	260,130	10,130	250,000
Total Expenditures	<u>260,130</u>	<u>10,130</u>	<u>250,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(251,130)</u>	<u>7,014</u>	<u>258,144</u>
Other Financing Sources (Uses):			
Transfers in	-	67,721	67,721
Total Other Financing Sources (Uses)	<u>-</u>	<u>67,721</u>	<u>67,721</u>
Net Change in Fund Balance	(251,130)	74,735	325,865
Fund Balance, Beginning of Year	<u>2,761,213</u>	<u>2,761,213</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,510,083</u>	<u>\$ 2,835,948</u>	<u>\$ 325,865</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
In Lieu Housing Capital Project Fund
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures:			
Current:			
Community development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Transfers in	10,497,620	10,752,106	254,486
Total Other Financing Sources (Uses)	10,497,620	10,752,106	254,486
Net Change in Fund Balance	10,497,620	10,752,106	254,486
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ 10,497,620	\$ 10,752,106	\$ 254,486

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 60,000	\$ (83,217)	\$ (143,217)
Developer fees	500	1,186	686
 Total Revenues	 60,500	 (82,031)	 (142,531)
Expenditures:			
Current:			
Public works	75,080	30,825	44,255
Capital outlay	1,917,890	385,445	1,532,445
 Total Expenditures	 1,992,970	 416,270	 1,576,700
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (1,932,470)	 (498,301)	 1,434,169
 Fund Balance, Beginning of Year	 3,607,422	 3,607,422	 -
 Fund Balance, End of Year	 \$ 1,674,952	 \$ 3,109,121	 \$ 1,434,169

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 19,000	\$ (24,250)	\$ (43,250)
Developer fees	-	91,896	91,896
Total Revenues	19,000	67,646	48,646
Expenditures:			
Current:			
Public works	4,510	4,510	-
Capital outlay	421,400	31,292	390,108
Total Expenditures	425,910	35,802	390,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(406,910)	31,844	438,754
Other Financing Sources (Uses):			
Transfers out	(95,000)	(25,890)	69,110
Net Change in Fund Balance	(501,910)	5,954	507,864
Fund Balance, Beginning of Year	919,678	919,678	-
Fund Balance, End of Year	\$ 417,768	\$ 925,632	\$ 507,864

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, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 30,000	\$ (58,497)	\$ (88,497)
Developer fees	40,000	85,408	45,408
 Total Revenues	 70,000	 26,911	 (43,089)
Expenditures:			
Current:			
Beaches, parks, and recreation	9,660	9,660	-
Capital outlay	888,350	84,552	803,798
 Total Expenditures	 898,010	 94,212	 803,798
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (828,010)	 (67,301)	 760,709
Other Financing Sources (Uses):			
Transfers in	600,000	600,000	-
 Total Other Financing (Uses)	 600,000	 600,000	 -
 Net Change in Fund Balance	 (228,010)	 532,699	 760,709
 Fund Balance, Beginning of Year	 1,823,011	 1,823,011	 -
 Fund Balance, End of Year	 \$ 1,595,001	 \$ 2,355,710	 \$ 760,709

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, 2022

	Clean Ocean	Solid Waste Management	Totals
ASSETS:			
Current Assets:			
Cash and investments	\$ 691,192	\$ 594,337	\$ 1,285,529
Receivables (net of allowances for uncollectible accounts)	238,085	40,381	278,466
Accrued interest	1,992	1,712	3,704
Total Current Assets	<u>931,269</u>	<u>636,430</u>	<u>1,567,699</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>931,269</u>	<u>636,430</u>	<u>1,567,699</u>
LIABILITIES:			
Current Liabilities			
Accounts payable	352,533	415	352,948
Accrued wages	-	2,664	2,664
Compensated absences payable	-	2,789	2,789
Total Current Liabilities	<u>352,533</u>	<u>5,868</u>	<u>358,401</u>
Noncurrent Liabilities:			
Compensated absences payable	-	8,368	8,368
Total Liabilities	<u>352,533</u>	<u>14,236</u>	<u>366,769</u>
Net Position:			
Unrestricted	578,736	622,194	1,200,930
Total Net Position	<u>\$ 578,736</u>	<u>\$ 622,194</u>	<u>\$ 1,200,930</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2022

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ -	\$ 266,378	\$ 266,378
Other	227,498	83,987	311,485
Total Operating Revenues	<u>227,498</u>	<u>350,365</u>	<u>577,863</u>
Operating Expenses:			
Salaries and benefits	149,158	119,174	268,332
Cost of materials and supplies	16,405	7,752	24,157
Maintenance and other operating expenses	1,536,784	172,580	1,709,364
Total Operating Expenses	<u>1,702,347</u>	<u>299,506</u>	<u>2,001,853</u>
Operating Income (Loss)	<u>(1,474,849)</u>	<u>50,859</u>	<u>(1,423,990)</u>
Non-Operating Revenues (Expenses):			
Investment income	(29,222)	(15,904)	(45,126)
Grant income	220,000	16,143	236,143
Total Non-Operating Revenues	<u>190,778</u>	<u>239</u>	<u>191,017</u>
Income (Loss) Before Transfers	<u>(1,284,071)</u>	<u>51,098</u>	<u>(1,232,973)</u>
Transfers:			
Transfers in	58,390	-	58,390
Total Transfers	<u>58,390</u>	<u>-</u>	<u>58,390</u>
Change in Net Position	<u>(1,225,681)</u>	<u>51,098</u>	<u>(1,174,583)</u>
Net Position - Beginning of Year	<u>1,804,417</u>	<u>571,096</u>	<u>2,375,513</u>
Net Position - End of Year	<u>\$ 578,736</u>	<u>\$ 622,194</u>	<u>\$ 1,200,930</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2022

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 43,390	\$ 335,612	\$ 379,002
Cash paid to other suppliers for goods or services	(1,335,775)	(204,746)	(1,540,521)
Cash payment to employees	(165,775)	(116,699)	(282,474)
Net Cash Provided by (Used for) Operating Activities	(1,458,160)	14,167	(1,443,993)
Cash Flows from Noncapital Financing Activities:			
Grant receipts	220,000	16,143	236,143
Cash received from other funds	58,390	-	58,390
Cash paid to other funds	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	278,390	16,143	294,533
Cash Flows from Investing Activities:			
Maturity of investments	-	-	-
Investment income received	(25,575)	(15,892)	(41,467)
Net Cash Provided by (Used for) Investing Activities	(25,575)	(15,892)	(41,467)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,205,345)	14,418	(1,190,927)
Cash and Cash Equivalents at Beginning of Year	1,896,537	579,919	2,476,456
Cash and Cash Equivalents at End of Year	\$ 691,192	\$ 594,337	\$ 1,285,529
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (1,474,849)	\$ 50,859	\$ (1,423,990)
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(184,108)	(14,753)	(198,861)
Increase (decrease) in accounts payable	217,414	(24,414)	193,000
Increase (decrease) in accrued wages	(7,208)	231	(6,977)
Increase (decrease) in compensated absences	(9,409)	2,244	(7,165)
Total Adjustments	16,689	(36,692)	(20,003)
Net Cash Provided by (Used for) Operating Activities	\$ (1,458,160)	\$ 14,167	\$ (1,443,993)
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ (36,958)	\$ (21,605)	\$ (58,563)

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, 2022

	Employee Benefits	Central Services
ASSETS:		
Current Assets:		
Cash and investments	\$ 416,326	\$ 379,737
Receivables (net of uncollectible allowance):		
Accounts	8,220	-
Accrued interest	-	1,094
Total Current Assets	424,546	380,831
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	304,015
Total Capital Assets	-	304,015
Less accumulated depreciation	-	(304,015)
Net Capital Assets	-	-
Total Noncurrent Assets	-	-
Total Assets	424,546	380,831
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB Pension deferral	-	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	-	33,617
Accrued wages	362,297	15
Compensated absences payable	-	-
Claims and judgements payable	-	-
Total Current Liabilities	362,297	33,632
Noncurrent Liabilities:		
Compensated absences payable	-	-
Claims and judgments payable	-	-
Net OPEB liability	-	-
Total Noncurrent Liabilities	-	-
Total Liabilities	362,297	33,632
DEFERRED INFLOWS OF RESOURCES:		
OPEB Pension deferral	-	-
Net Position:		
Net investment in capital assets	-	-
Unrestricted	62,249	347,199
Total Net Position	\$ 62,249	\$ 347,199

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,351,733	\$ 7,024,518	\$ 176,195	\$ 1,894,446	\$ 5,943,095	\$ 17,186,050
-	-	6,090	-	6,810	21,120
3,895	20,239	508	5,543	17,123	48,402
<u>1,355,628</u>	<u>7,044,757</u>	<u>182,793</u>	<u>1,899,989</u>	<u>5,967,028</u>	<u>17,255,572</u>
-	443,134	-	-	-	443,134
635,550	569,260	-	-	-	1,204,810
600,681	6,466,456	-	-	-	7,371,152
1,236,231	7,478,850	-	-	-	9,019,096
(645,292)	(6,118,358)	-	-	-	(7,067,665)
590,939	1,360,492	-	-	-	1,951,431
590,939	1,360,492	-	-	-	1,951,431
<u>1,946,567</u>	<u>8,405,249</u>	<u>182,793</u>	<u>1,899,989</u>	<u>5,967,028</u>	<u>19,207,003</u>
-	-	1,894,656	-	-	1,894,656
60,348	120,767	19,849	2,120	239,746	476,447
17,214	-	-	-	3,150	382,676
29,266	-	-	-	-	29,266
-	-	-	340,010	47,652	387,662
<u>106,828</u>	<u>120,767</u>	<u>19,849</u>	<u>342,130</u>	<u>290,548</u>	<u>1,276,051</u>
87,796	-	-	-	-	87,796
-	-	-	278,190	38,987	317,177
-	-	2,878,795	-	-	2,878,795
87,796	-	2,878,795	278,190	38,987	3,283,768
<u>194,624</u>	<u>120,767</u>	<u>2,898,644</u>	<u>620,320</u>	<u>329,535</u>	<u>4,559,819</u>
-	-	435,036	-	-	435,036
590,939	1,360,492	-	-	-	1,951,431
1,161,004	6,923,990	(1,256,231)	1,279,669	5,637,493	14,155,373
<u>\$ 1,751,943</u>	<u>\$ 8,284,482</u>	<u>\$ (1,256,231)</u>	<u>\$ 1,279,669</u>	<u>\$ 5,637,493</u>	<u>\$ 16,106,804</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 488,300
Other	238	-
Total Operating Revenues	238	488,300
Operating Expenses:		
Salaries and benefits	-	52,745
Cost of materials and supplies	-	44,668
Depreciation	-	8,315
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	296,206	-
Maintenance and other operating expenses	-	311,145
Total Operating Expenses	296,206	416,873
Operating Income (Loss)	(295,968)	71,427
Nonoperating Revenues (Expenses):		
Investment income	5,246	(9,289)
Interest and fiscal charges	-	(90)
Total Nonoperating Revenues (Expenses)	5,246	(9,379)
Income (Loss) Before Transfers	(290,722)	62,048
Transfers:		
Transfers in	300,000	-
Transfers out	-	-
Total Transfers	300,000	-
Change in Net Position	9,278	62,048
Net Position - Beginning of Year	52,971	285,151
Net Position - End of Year	\$ 62,249	\$ 347,199

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,014,660	\$ 1,556,840	\$ 3,107,393	\$ 443,642	\$ 2,664,000	\$ 10,274,835
183	506	4,964	3,018	27,278	36,187
<u>2,014,843</u>	<u>1,557,346</u>	<u>3,112,357</u>	<u>446,660</u>	<u>2,691,278</u>	<u>10,311,022</u>
831,169	-	-	-	135,186	1,019,100
9,404	463,060	-	-	-	517,132
68,382	348,771	-	-	-	425,468
-	-	-	157,106	-	157,106
-	-	2,985,014	-	-	2,985,014
-	-	-	-	2,382,544	2,382,544
-	-	203,741	401,151	161,165	1,062,263
1,010,161	737,864	106,429	68,568	664,542	2,898,709
<u>1,919,116</u>	<u>1,549,695</u>	<u>3,295,184</u>	<u>626,825</u>	<u>3,343,437</u>	<u>11,447,336</u>
<u>95,727</u>	<u>7,651</u>	<u>(182,827)</u>	<u>(180,165)</u>	<u>(652,159)</u>	<u>(1,136,314)</u>
(34,349)	(181,055)	(5,379)	(52,974)	(171,918)	(449,718)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90)</u>
<u>(34,349)</u>	<u>(181,055)</u>	<u>(5,379)</u>	<u>(52,974)</u>	<u>(171,918)</u>	<u>(449,808)</u>
61,378	(173,404)	(188,206)	(233,139)	(824,077)	(1,586,122)
-	-	-	-	-	300,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>
61,378	(173,404)	(188,206)	(533,139)	(824,077)	(1,586,122)
1,690,565	8,457,886	(1,068,025)	1,812,808	6,461,570	17,692,926
<u>\$ 1,751,943</u>	<u>\$ 8,284,482</u>	<u>\$ (1,256,231)</u>	<u>\$ 1,279,669</u>	<u>\$ 5,637,493</u>	<u>\$ 16,106,804</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Receipts from interfund charges	\$ 10,051	\$ 488,300
Cash paid to other suppliers of goods or services	(296,206)	(341,867)
Cash payment to employees	(93,862)	(57,844)
Cash from other operating revenues	-	-
Net Cash Provided by (Used for) Operating Activities	(380,017)	88,589
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	300,000	-
Cash paid to other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	300,000	-
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Payment on capital lease payable	-	(12,040)
Interest and fiscal charges	-	(90)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(12,130)
Cash Flows from Investing Activities:		
Maturity of investments	-	-
Investment income received (paid)	5,246	(9,453)
Net Cash Provided by (Used for) Investing Activities:	5,246	(9,453)
Net Increase (Decrease) in Cash and Cash Equivalents	(74,771)	67,006
Cash and Cash Equivalents at Beginning of Year	491,097	312,731
Cash and Cash Equivalents at End of Year	\$ 416,326	\$ 379,737

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,014,843	\$ 1,557,346	\$ 3,110,813	\$ 446,660	\$ 2,689,661	\$ 10,317,674
(994,332)	(1,216,690)	(3,109,886)	(501,951)	(4,697,851)	(11,158,783)
(838,023)	-	-	-	(132,036)	(1,121,765)
-	-	-	-	-	-
182,488	340,656	927	(55,291)	(2,140,226)	(1,962,874)
-	-	-	-	-	300,000
-	-	-	(300,000)	-	(300,000)
-	-	-	(300,000)	-	-
(22,656)	(157,820)	-	-	-	(180,476)
-	-	-	-	-	(12,040)
-	-	-	-	-	(90)
(22,656)	(157,820)	-	-	-	(192,606)
-	-	-	-	-	-
(34,597)	(180,415)	(5,348)	(51,674)	(164,518)	(440,759)
(34,597)	(180,415)	(5,348)	(51,674)	(164,518)	(440,759)
125,235	2,421	(4,421)	(406,965)	(2,304,744)	(2,596,239)
1,226,498	7,022,097	180,616	2,301,411	8,247,839	19,782,289
<u>\$ 1,351,733</u>	<u>\$ 7,024,518</u>	<u>\$ 176,195</u>	<u>\$ 1,894,446</u>	<u>\$ 5,943,095</u>	<u>\$ 17,186,050</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2022

	Employee Benefits	Central Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (295,968)	\$ 71,427
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	8,315
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	9,813	-
Increase (decrease) in accounts payable	-	13,946
Increase (decrease) in accrued wages	(93,862)	(1,004)
Increase (decrease) in Net OPEB liability	-	-
Increase (decrease) in compensated absences	-	(4,095)
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	(84,049)	17,162
Net Cash Provided by (Used for) Operating Activities	\$ (380,017)	\$ 88,589
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ (13,244)

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 95,727	\$ 7,651	\$ (182,827)	\$ (180,165)	\$ (652,159)	\$ (1,136,314)
68,382	348,771	-	-	-	425,468
-	-	(1,544)	-	(1,617)	6,652
25,233	(15,766)	6,948	(5,144)	135,077	160,294
(3,180)	-	-	-	3,150	(94,896)
-	-	390,448	-	-	390,448
(3,674)	-	-	-	-	(7,769)
-	-	(212,098)	130,018	(1,624,677)	(1,706,757)
86,761	333,005	183,754	124,874	(1,488,067)	(826,560)
<u>\$ 182,488</u>	<u>\$ 340,656</u>	<u>\$ 927</u>	<u>\$ (55,291)</u>	<u>\$ (2,140,226)</u>	<u>\$ (1,962,874)</u>

\$ (48,242) \$ (256,977) \$ (6,495) \$ (73,251) \$ (239,749) \$ (637,958)

(Concluded)



CUSTODIAL FUNDS

The Custodial funds are custodial in nature (assets equal liabilities) and report resources, not in a trust, that are held for other parties outside of the City of San Clemente. The Custodial funds are used to account for taxes received for special assessment debt for which the City is not obligated and monies that are held as part of a joint powers authority agreement.

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

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

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

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

CITY OF SAN CLEMENTE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Other Custodial Funds
June 30, 2022

	99-1 CFD Collection	2006-1 CFD Marblehead Collection	Reassessment District 2016-1 Collection
Assets:			
Cash and investments	\$ 279,636	\$ 2,098,934	\$ 902,430
Cash and investments with fiscal agents	294,349	7,881,559	479,507
Taxes receivable	-	60,401	8,165
Accounts receivable	-	-	-
Accrued interest receivable	806	6,217	2,623
	<u>574,791</u>	<u>10,047,111</u>	<u>1,392,725</u>
Liabilities:			
Accounts payable	453	908	593
Accrued wages	-	-	-
	<u>453</u>	<u>908</u>	<u>593</u>
Net Position			
Restricted - others	<u>574,338</u>	<u>10,046,203</u>	<u>1,392,132</u>
	<u>\$ 574,338</u>	<u>\$ 10,046,203</u>	<u>\$ 1,392,132</u>

Coastal Animal Services Authority	Totals
\$ 525,149	\$ 3,806,149
-	8,655,415
-	68,566
32,988	32,988
-	9,646
<u>558,137</u>	<u>\$ 12,572,764</u>
39,274	41,228
<u>36,155</u>	<u>36,155</u>
<u>75,429</u>	<u>77,383</u>
<u>482,708</u>	<u>12,495,381</u>
<u>\$ 482,708</u>	<u>\$ 12,495,381</u>

CITY OF SAN CLEMENTE
Combining Statement of Activities
Fiduciary Funds - Other Custodial Funds
June 30, 2022

	99-1 CFD Collection	2006-1 CFD Marblehead Collection	Reassessment District 2016-1 Collection
Additions:			
Property tax collections	\$ 339,945	\$ 3,092,594	\$ 925,328
Investment income	(5,484)	(60,210)	(27,718)
Contribution from governments	-	-	-
License and fees collected	-	-	-
Donations	-	-	-
Miscellaneous	257,082	-	-
Total Additions	<u>591,543</u>	<u>3,032,384</u>	<u>897,610</u>
Deductions:			
Payments to bondholders	782,580	3,268,975	905,775
Salaries and benefits	-	-	-
Materials and supplies	-	-	-
Other contractual costs	145,675	43,470	13,813
Payments to other entities	-	-	-
Total Deductions	<u>928,255</u>	<u>3,312,445</u>	<u>919,588</u>
Change in net position	(336,712)	(280,061)	(21,978)
Net Position - July 1	<u>(2,248,950)</u>	<u>(42,663,736)</u>	<u>(5,270,890)</u>
Change in accounting principle	3,160,000	52,990,000	6,685,000
Net Position - July 1, as restated	<u>911,050</u>	<u>10,326,264</u>	<u>1,414,110</u>
Net Position - June 30	<u><u>\$ 574,338</u></u>	<u><u>\$ 10,046,203</u></u>	<u><u>\$ 1,392,132</u></u>

Coastal Animal Services Authority	Totals
\$ -	\$ 4,357,867
-	(93,412)
1,351,720	1,351,720
238,364	238,364
193,139	193,139
46,483	303,565
<u>1,829,706</u>	<u>6,351,243</u>
-	4,957,330
1,039,523	1,039,523
27,860	27,860
250,460	453,418
313,660	313,660
<u>1,631,503</u>	<u>6,791,791</u>
198,203	(440,548)
284,505	(49,899,071)
-	<u>62,835,000</u>
<u>284,505</u>	<u>12,935,929</u>
<u>\$ 482,708</u>	<u>\$ 12,495,381</u>



STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	170
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	182
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>	188
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>	194
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>	196

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 186,634,872	\$ 184,058,187	\$ 201,351,891	\$ 205,339,450
Restricted	56,226,561	57,569,626	44,901,878	47,600,483
Unrestricted	37,714,193	37,285,652	18,847,703	21,772,655
Total governmental activities net position	<u>\$ 280,575,626</u>	<u>\$ 278,913,465</u>	<u>\$ 265,101,472</u>	<u>\$ 274,712,588</u>
Business-type activities				
Net investment in capital assets	\$ 152,088,828	\$ 159,890,481	\$ 154,510,084	\$ 153,436,537
Restricted	10,969,269	6,738,924	10,732,930	10,180,595
Unrestricted	35,940,828	38,291,531	37,944,233	41,377,385
Total business-type activities net position	<u>\$ 198,998,925</u>	<u>\$ 204,920,936</u>	<u>\$ 203,187,247</u>	<u>\$ 204,994,517</u>
Primary Government				
Net investment in capital assets	\$ 338,723,700	\$ 343,948,668	\$ 355,988,336	\$ 358,775,987
Restricted	67,195,830	64,308,550	55,634,808	57,781,078
Unrestricted	73,655,021	75,577,183	56,665,575	63,150,040
Total primary government net position	<u>\$ 479,574,551</u>	<u>\$ 483,834,401</u>	<u>\$ 468,288,719</u>	<u>\$ 479,707,105</u>

Source: City of San Clemente

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 223,978,174	\$ 222,799,987	\$ 219,771,204	\$ 220,087,709	\$ 218,669,873	\$ 217,194,366
47,171,145	47,048,005	47,294,020	47,685,507	42,602,327	39,814,572
23,088,837	23,633,735	29,391,740	22,812,106	26,007,004	31,746,402
<u>\$ 294,238,156</u>	<u>\$ 293,481,727</u>	<u>\$ 296,456,964</u>	<u>\$ 290,585,322</u>	<u>\$ 287,279,204</u>	<u>\$ 288,755,340</u>
\$ 156,462,970	\$ 156,608,320	\$ 154,657,313	\$ 152,775,813	\$ 150,986,146	\$ 149,279,997
9,762,504	10,177,637	10,439,505	11,841,484	11,577,417	11,205,591
35,642,252	34,219,326	37,427,488	40,500,331	40,562,849	42,865,961
<u>\$ 201,867,726</u>	<u>\$ 201,005,283</u>	<u>\$ 202,524,306</u>	<u>\$ 205,117,628</u>	<u>\$ 203,126,412</u>	<u>\$ 203,351,549</u>
\$ 380,441,144	\$ 379,408,307	\$ 374,428,517	\$ 372,863,522	\$ 369,656,019	\$ 366,474,363
56,933,649	57,225,642	57,733,525	59,526,991	54,179,744	51,020,163
58,731,089	57,853,061	66,819,228	63,312,437	66,569,853	74,612,363
<u>\$ 496,105,882</u>	<u>\$ 494,487,010</u>	<u>\$ 498,981,270</u>	<u>\$ 495,702,950</u>	<u>\$ 490,405,616</u>	<u>\$ 492,106,889</u>

CITY OF SAN CLEMENTE

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2013	2014	2015
Expenses			
Governmental activities:			
General government	\$ 6,194,743	\$ 5,949,601	\$ 6,368,117
Police	12,141,456	12,838,046	12,743,914
Fire	7,723,477	7,885,566	8,148,750
Public works	10,729,698	17,118,629	10,529,453
Community development	8,027,685	6,258,785	16,481,854
Beaches, parks & recreation	13,092,862	14,159,882	14,026,927
Interest and fiscal charges	147,897	137,661	127,508
Total governmental activities expenses	<u>58,057,818</u>	<u>64,348,170</u>	<u>68,426,523</u>
Business-type activities:			
Water	17,583,799	18,199,173	19,582,215
Sewer	10,956,256	10,754,071	11,379,835
Golf	2,274,584	2,169,419	2,123,894
Non-major activities	1,839,962	1,785,248	1,926,412
Total business-type activities expenses	<u>32,654,601</u>	<u>32,907,911</u>	<u>35,012,356</u>
Total primary government expenses	<u>90,712,419</u>	<u>97,256,081</u>	<u>103,438,879</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	398,141	408,238	750,760
Police	887,830	777,499	772,733
Fire	834,182	697,683	1,096,348
Public works	998,914	1,514,742	1,714,658
Community development	1,669,416	2,256,562	2,589,286
Beaches, parks & recreation	3,472,211	3,481,050	3,446,630
Operating grants and contributions	4,773,534	4,213,191	3,355,485
Capital grants and contributions	1,221,842	7,579,481	19,527,260
Total governmental activities program revenues	<u>14,256,070</u>	<u>20,928,446</u>	<u>33,253,160</u>
Business-type activities:			
Charges for services:			
Water	18,479,553	21,338,919	20,564,951
Sewer	10,071,581	10,284,887	10,308,250
Golf	2,179,625	2,292,262	2,319,582
Other	2,306,379	2,296,222	2,765,093
Operating grants and contributions	56,500	17,121	-
Capital grants and contributions	3,439,735	2,478,027	787,143
Total business-type activities program revenues	<u>36,533,373</u>	<u>38,707,438</u>	<u>36,745,019</u>
Total primary government program revenues	<u>50,789,443</u>	<u>59,635,884</u>	<u>69,998,179</u>
Net (expense)/revenue:			
Governmental activities	(43,801,748)	(43,419,724)	(35,173,363)
Business-type activities	3,878,772	5,799,527	1,732,663
Total primary government net expense	<u>\$ (39,922,976)</u>	<u>\$ (37,620,197)</u>	<u>\$ (33,440,700)</u>

		Fiscal Year											
		2016	2017	2018	2019	2020	2021	2022					
\$	6,121,431	\$	7,158,985	\$	8,602,034	\$	8,638,794	\$	7,831,304	\$	7,451,563	\$	8,484,672
	12,366,392		14,722,453		15,026,061		15,816,595		17,882,872		17,593,540		19,352,760
	8,914,593		10,098,953		9,385,402		10,294,194		11,658,767		12,195,715		12,730,215
	16,568,456		18,795,135		20,680,433		21,390,909		24,715,042		22,810,969		23,416,298
	5,802,124		6,120,224		6,247,084		5,891,062		6,951,570		7,018,388		5,928,432
	9,295,623		9,299,173		10,708,326		10,179,695		10,641,892		9,710,744		10,856,180
	118,421		392,285		4,959		3,663		2,371		1,125		90
	<u>59,187,040</u>		<u>66,587,208</u>		<u>70,654,299</u>		<u>72,214,912</u>		<u>79,683,818</u>		<u>76,782,044</u>		<u>80,768,647</u>
	18,092,980		17,944,864		20,571,400		19,430,379		20,193,508		23,374,090		21,838,911
	11,727,190		16,124,175		13,297,015		14,070,190		13,915,885		13,963,910		14,303,104
	2,113,187		2,058,702		2,407,448		2,104,304		2,357,453		2,278,475		2,520,693
	1,797,162		1,787,867		2,395,488		2,061,718		1,993,488		2,364,013		2,013,130
	<u>33,730,519</u>		<u>37,915,608</u>		<u>38,671,351</u>		<u>37,666,591</u>		<u>38,460,334</u>		<u>41,980,488</u>		<u>40,675,838</u>
	<u>92,917,559</u>		<u>104,502,816</u>		<u>109,325,650</u>		<u>109,881,503</u>		<u>118,144,152</u>		<u>118,762,532</u>		<u>121,444,485</u>
	944,933		430,676		459,817		459,192		452,257		422,410		519,316
	641,074		601,355		492,692		531,818		431,382		373,917		561,380
	1,266,510		1,467,867		1,339,525		1,462,039		1,296,731		1,779,627		2,061,839
	1,067,956		1,261,103		1,379,539		1,498,848		1,296,930		1,512,410		1,633,471
	2,891,114		2,426,953		3,203,357		2,785,652		2,441,996		2,311,433		2,772,417
	3,832,390		4,205,277		5,057,789		4,749,332		3,571,226		3,082,213		4,759,314
	5,058,133		3,187,026		2,115,847		4,257,867		7,442,928		6,684,937		8,537,155
	7,119,635		23,318,080		6,611,844		4,121,736		2,082,076		301,329		442,481
	<u>22,821,745</u>		<u>36,898,337</u>		<u>20,660,410</u>		<u>19,866,484</u>		<u>19,015,526</u>		<u>16,468,276</u>		<u>21,287,373</u>
	18,231,654		18,207,039		21,333,272		21,257,248		23,472,031		25,827,905		26,409,506
	10,686,769		9,976,298		10,333,756		10,984,033		10,823,688		10,923,878		11,120,923
	2,236,018		2,162,780		2,325,817		2,300,476		1,962,160		2,682,490		3,446,198
	2,821,254		2,767,285		2,849,666		2,814,852		2,766,477		433,446		577,863
	17,298		16,798		16,777		32,973		16,296		16,145		458,398
	1,156,583		1,677,633		702,674		283,230		464,594		307		445,780
	<u>35,149,576</u>		<u>34,807,833</u>		<u>37,561,962</u>		<u>37,672,812</u>		<u>39,505,246</u>		<u>39,884,171</u>		<u>42,458,668</u>
	<u>57,971,321</u>		<u>71,706,170</u>		<u>58,222,372</u>		<u>57,539,296</u>		<u>58,520,772</u>		<u>56,352,447</u>		<u>63,746,041</u>
	(36,365,295)		(29,688,871)		(49,993,889)		(52,348,428)		(60,668,292)		(60,313,768)		(59,481,274)
	1,419,057		(3,107,775)		(1,109,389)		6,221		1,044,912		(2,096,317)		1,782,830
\$	<u>(34,946,238)</u>	\$	<u>(32,796,646)</u>	\$	<u>(51,103,278)</u>	\$	<u>(52,342,207)</u>	\$	<u>(59,623,380)</u>	\$	<u>(62,410,085)</u>	\$	<u>(57,698,444)</u>

(Continued)

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

	Fiscal Year		
	2013	2014	2015
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 25,613,417	\$ 25,938,562	\$ 27,574,540
Sales taxes	5,837,066	5,907,313	6,161,540
Sales taxes - in lieu	1,743,745	2,130,322	2,108,680
Transient occupancy taxes	1,587,576	1,781,354	2,220,437
Franchise taxes	2,203,002	2,280,321	2,402,021
Other taxes	1,103,570	1,066,122	1,109,944
Investment earnings	3,950,829	2,533,185	1,019,290
Miscellaneous	76,641	26,662	156,497
Dissolution of the redevelopment agency	-	-	-
Transfers	175,375	93,722	346,834
Total governmental activities	<u>42,291,221</u>	<u>41,757,563</u>	<u>43,099,783</u>
Business-type activities:			
Investment earnings	131,675	216,206	289,571
Gain (Loss) on sale of capital assets	-	-	-
Miscellaneous	-	-	-
Transfers	(175,375)	(93,722)	(346,834)
Total business-type activities	<u>(43,700)</u>	<u>122,484</u>	<u>(57,263)</u>
Total primary government	<u>\$ 42,247,521</u>	<u>\$ 41,880,047</u>	<u>\$ 43,042,520</u>
Change in Net Position			
Governmental activities	(1,510,527)	(1,662,161)	7,926,420
Business-type activities	3,835,072	5,922,011	1,675,400
Total primary government	<u>\$ 2,324,545</u>	<u>\$ 4,259,850</u>	<u>\$ 9,601,820</u>

Source: City of San Clemente

	Fiscal Year						
	2016	2017	2018	2019	2020	2021	2022
\$	29,588,442	\$ 31,038,475	\$ 32,766,143	\$ 34,522,402	\$ 35,975,019	\$ 38,043,798	\$ 39,881,644
	8,471,708	9,526,134	9,637,366	10,582,298	9,951,359	12,101,085	13,373,313
	593,774	-	-	-	-	-	-
	2,332,712	2,798,585	2,805,716	2,630,519	2,162,560	2,306,752	3,491,826
	2,420,553	2,559,189	2,612,101	2,675,367	2,666,585	2,595,173	2,611,778
	1,297,956	1,284,469	1,356,260	1,450,353	1,365,759	1,314,230	1,340,037
	915,646	1,119,283	292,346	1,915,078	2,231,220	460,119	(1,921,743)
	132,510	709,834	37,584	127,908	33,030	130,733	1,717,989
	-	-	-	-	-	-	-
	223,110	178,470	307,893	266,740	411,118	55,760	67,637
	<u>45,976,411</u>	<u>49,214,439</u>	<u>49,815,409</u>	<u>54,170,665</u>	<u>54,796,650</u>	<u>57,007,650</u>	<u>60,562,481</u>
	611,323	159,454	296,909	1,779,542	1,959,528	156,245	(1,495,491)
	-	-	546,558	-	-	-	-
	-	-	-	-	-	4,616	-
	<u>(223,110)</u>	<u>(178,470)</u>	<u>(307,893)</u>	<u>(266,740)</u>	<u>(411,118)</u>	<u>(55,760)</u>	<u>(67,637)</u>
	<u>388,213</u>	<u>(19,016)</u>	<u>535,574</u>	<u>1,512,802</u>	<u>1,548,410</u>	<u>105,101</u>	<u>(1,563,128)</u>
\$	<u>46,364,624</u>	<u>\$ 49,195,423</u>	<u>\$ 50,350,983</u>	<u>\$ 55,683,467</u>	<u>\$ 56,345,060</u>	<u>\$ 57,112,751</u>	<u>\$ 58,999,353</u>
	9,611,116	19,525,568	(178,480)	1,822,237	(5,871,642)	(3,306,118)	1,081,207
	1,807,270	(3,126,791)	(573,815)	1,519,023	2,593,322	(1,991,216)	219,702
\$	<u>11,418,386</u>	<u>\$ 16,398,777</u>	<u>\$ (752,295)</u>	<u>\$ 3,341,260</u>	<u>\$ (3,278,320)</u>	<u>\$ (5,297,334)</u>	<u>\$ 1,300,909</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>
2012-2013	\$ 27,849,666	\$ 7,452,871	\$ 1,587,576	\$ 2,264,288	\$ 863,703	\$ 40,018,104
2013-2014	25,943,613	7,932,300	1,781,354	2,341,247	829,504	38,828,018
2014-2015	27,578,425	8,032,575	2,220,437	2,471,224	866,760	41,169,421
2015-2016	29,305,520	8,987,220	2,332,712	2,420,553	1,125,711	44,171,716
2016-2017	31,098,009	9,931,846	2,798,585	2,611,748	1,059,264	47,499,452
2017-2018	32,830,754	9,735,366	2,805,716	2,442,737	1,351,480	49,166,053
2018-2019	34,520,615	10,604,298	2,630,519	2,722,550	1,234,427	51,712,409
2019-2020	35,957,404	10,041,359	2,162,559	2,666,585	1,179,282	52,007,189
2020-2021	38,051,465	12,101,085	2,306,752	2,595,173	1,134,657	56,189,132
2021-2022	39,830,557	13,373,313	3,491,826	2,420,871	1,134,907	60,251,474

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 of property taxes, which was paid back by the State of California in FY 2012-2013.

Source: City of San Clemente

CITY OF SAN CLEMENTE

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Motor Vehicle Tax	Total
2012-2013	\$ 25,613,417	\$ 7,580,811	\$ 1,587,576	\$ 2,203,002	\$ 1,068,321	\$ 35,249	\$ 38,088,376
2013-2014	25,938,562	8,037,635	1,781,354	2,280,321	1,036,949	29,173	39,103,994
2014-2015	27,574,540	8,270,220	2,220,437	2,402,021	1,081,764	28,180	41,577,162
2015-2016	29,588,442	9,065,482	2,332,712	2,420,553	1,271,569	26,387	44,705,145
2016-2017	31,038,475	9,526,134	2,798,585	2,559,189	1,254,792	29,677	47,206,852
2017-2018	32,766,143	9,637,366	2,805,716	2,612,101	1,321,532	34,728	49,177,586
2018-2019	34,522,402	10,582,298	2,630,519	2,675,367	1,418,892	31,461	51,860,939
2019-2020	35,975,019	9,951,359	2,162,560	2,666,585	1,313,994	51,765	52,121,282
2020-2021	38,043,798	12,101,085	2,306,752	2,595,173	1,266,864	47,366	56,361,038
2021-2022	39,881,644	13,373,313	3,491,826	2,611,778	1,266,026	74,011	60,698,598

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			
	2013	2014	2015	2016
General fund				
Nonspendable	\$ 2,001,530	\$ 2,006,484	\$ 1,915,086	\$ 1,653,502
Committed	17,450,954	16,751,483	19,081,173	16,263,527
Assigned	7,060,897	7,225,178	4,015,657	9,070,803
Unassigned	3,592,488	3,850,648	4,673,038	1,648,449
Total general fund	<u>\$ 30,105,869</u>	<u>\$ 29,833,793</u>	<u>\$ 29,684,954</u>	<u>\$ 28,636,281</u>
All other governmental funds				
Nonspendable	\$ 2,120,653	\$ 1,671,798	\$ 9,933,254	\$ -
Restricted	47,664,547	41,112,201	34,945,212	49,053,639
Committed	77,643	59,265	48,563	23,705
Assigned	4,356,356	4,438,029	4,337,695	4,374,003
Unassigned	-	5,956,604	(32,142)	-
Total all other governmental funds	<u>\$ 54,219,199</u>	<u>\$ 53,237,897</u>	<u>\$ 49,232,582</u>	<u>\$ 53,451,347</u>

Source: City of San Clemente

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 2,509,597	\$ 2,233,368	\$ 1,957,463	\$ 1,652,286	\$ 1,603,801	\$ 1,266,678
14,016,387	14,420,443	14,752,106	15,120,471	14,352,782	15,743,300
9,418,192	10,083,367	7,453,364	5,070,539	5,425,208	9,696,530
4,421,779	3,189,426	6,342,563	4,347,631	6,750,683	4,860,083
<u>\$ 30,365,955</u>	<u>\$ 29,926,604</u>	<u>\$ 30,505,496</u>	<u>\$ 26,190,927</u>	<u>\$ 28,132,474</u>	<u>\$ 31,566,591</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47,062,622	46,893,147	47,087,058	47,502,901	42,334,984	39,309,332
96,053	91,580	26,751	99,190	291,272	227,354
7,214,689	10,149,083	13,797,271	13,809,566	15,089,787	15,391,248
-	-	(162,402)	(44,100)	-	(363,144)
<u>\$ 54,373,364</u>	<u>\$ 57,133,810</u>	<u>\$ 60,748,678</u>	<u>\$ 61,367,557</u>	<u>\$ 57,716,043</u>	<u>\$ 54,564,790</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 40,018,104	\$ 38,828,018	\$ 41,169,421	\$ 44,171,716
Licenses and permits	1,042,511	1,534,484	1,787,045	1,945,118
Fines and forfeits	776,634	690,083	673,346	596,246
Interest and rentals	2,441,657	2,778,297	2,267,203	3,091,081
Intergovernmental	3,800,465	4,116,782	4,595,852	4,436,712
Charges for services	5,090,503	5,722,098	7,384,801	7,434,014
Developers fees	1,607,964	6,571,642	920,591	1,150,197
Other	552,873	451,993	346,524	1,495,784
Total revenues	<u>55,330,711</u>	<u>60,693,397</u>	<u>59,144,783</u>	<u>64,320,868</u>
Expenditures				
General government	4,962,425	5,366,069	6,116,994	7,400,704
Police	12,111,439	12,820,497	13,139,840	12,282,853
Fire	7,478,736	7,658,531	8,170,808	8,687,558
Public works	6,553,374	11,986,832	6,401,382	10,761,232
Community development	7,757,417	6,203,011	16,327,068	5,390,017
Beaches, parks and recreation	10,209,081	10,695,841	11,658,520	6,214,570
Capital outlay	3,059,286	6,622,108	8,951,082	9,411,552
Debt service:				
Property tax shift	-	-	-	-
Principal retirements	95,000	105,000	115,000	125,000
Interest and fiscal charges	140,683	132,608	123,678	116,400
Total expenditures	<u>52,367,441</u>	<u>61,590,497</u>	<u>71,004,372</u>	<u>60,389,886</u>
Excess of revenues over (under) expenditures	2,963,270	(897,100)	(11,859,589)	3,930,982
Other financing sources (uses)				
Transfers in	3,617,669	1,763,604	2,591,784	3,841,952
Transfers out	(3,845,294)	(2,119,882)	(3,033,950)	(4,602,842)
Total other financing sources (uses)	<u>(227,625)</u>	<u>(356,278)</u>	<u>(442,166)</u>	<u>(760,890)</u>
Redevelopment agency dissolution	-	-	-	-
Net change in fund balances	<u>\$ 2,735,645</u>	<u>\$ (1,253,378)</u>	<u>\$ (12,301,755)</u>	<u>\$ 3,170,092</u>
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%

Source: City of San Clemente

Fiscal Year						
	2017	2018	2019	2020	2021	2022
\$	47,499,452	\$ 49,166,053	\$ 51,712,409	\$ 52,007,189	\$ 56,189,132	\$ 60,251,474
	1,679,051	2,050,638	1,838,700	1,490,050	1,424,420	1,750,205
	533,413	537,137	499,151	368,221	347,142	676,470
	3,083,044	3,583,220	5,625,317	5,247,225	2,440,552	564,193
	4,312,721	4,996,307	6,253,060	6,385,292	6,439,583	9,003,330
	6,812,143	7,302,530	7,113,418	6,042,013	6,514,812	7,994,321
	917,738	1,292,719	533,088	765,529	232,525	691,606
	1,903,481	177,870	232,310	531,784	244,429	1,814,839
	<u>66,741,043</u>	<u>69,106,474</u>	<u>73,807,453</u>	<u>72,837,303</u>	<u>73,832,595</u>	<u>82,746,438</u>
	7,390,332	8,568,506	9,169,504	7,692,317	7,315,232	8,075,644
	13,969,172	14,820,377	15,819,412	17,730,311	17,702,785	20,429,130
	8,974,200	9,293,075	10,094,718	11,338,546	12,052,309	13,380,161
	11,137,408	12,571,097	13,926,621	15,851,923	15,173,258	15,923,413
	5,745,947	5,169,651	5,623,819	5,943,889	6,508,849	6,030,963
	6,093,381	6,606,598	6,682,913	6,773,454	6,006,094	7,219,471
	8,767,026	9,763,968	8,563,446	11,863,671	10,839,795	11,867,358
	-	-	-	-	-	-
	1,215,000	-	-	-	-	-
	388,028	-	-	-	-	-
	<u>63,680,494</u>	<u>66,793,272</u>	<u>69,880,433</u>	<u>77,194,111</u>	<u>75,598,322</u>	<u>82,926,140</u>
	3,060,549	2,313,202	3,927,020	(4,356,808)	(1,765,727)	(179,702)
	6,277,187	5,881,091	6,728,848	3,912,936	3,159,678	13,486,983
	<u>(6,686,045)</u>	<u>(5,873,198)</u>	<u>(6,462,108)</u>	<u>(3,251,818)</u>	<u>(3,103,918)</u>	<u>(13,419,346)</u>
	<u>(408,858)</u>	<u>7,893</u>	<u>266,740</u>	<u>661,118</u>	<u>55,760</u>	<u>67,637</u>
	-	-	-	-	-	-
\$	<u>2,651,691</u>	<u>\$ 2,321,095</u>	<u>\$ 4,193,760</u>	<u>\$ (3,695,690)</u>	<u>\$ (1,709,967)</u>	<u>\$ (112,065)</u>
	3%	0%	0%	0%	0%	0%

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
2012 - 2013	\$ 12,218,790,644	\$ 206,465,908	\$ 12,425,256,552	1.00%
2013 - 2014	12,547,787,645	200,734,451	12,748,522,096	1.00%
2014 - 2015	13,371,545,438	211,419,301	13,582,964,739	1.00%
2015 - 2016	14,245,614,867	201,818,644	14,447,433,511	1.00%
2016 - 2017	15,045,607,490	224,270,282	15,269,877,772	1.00%
2017 - 2018	15,857,802,031	221,162,837	16,078,964,868	1.00%
2018 - 2019	16,674,273,500	230,062,545	16,904,336,045	1.00%
2019 - 2020	17,548,953,258	234,956,652	17,783,909,910	1.00%
2020 - 2021	18,317,760,382	242,138,009	18,559,898,391	1.00%
2021 - 2022	19,086,061,309	245,213,111	19,331,274,420	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
\$ 15,313,474,511	123%
18,175,939,699	143%
19,988,958,962	147%
21,671,150,267	150%
23,362,912,991	153%
25,243,974,843	157%
26,370,764,230	156%
27,742,899,460	156%
28,953,441,490	156%
30,156,788,095	156%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Metropolitan Water District	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
Capistrano Unified School District (various issues)	0.0117	0.0097	0.0090	0.0085
Total Basic Tax Levy per Article 13A of California State Constitution	1.0000	1.0000	1.0000	1.0000
	<u>\$ 1.0152</u>	<u>\$ 1.0132</u>	<u>\$ 1.0125</u>	<u>\$ 1.0120</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

	2017	2018	2019	2020	2021	2022
\$	0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
	0.0084	0.0080	0.0079	0.0075	0.0076	0.0073
	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
\$	1.0119	\$ 1.0115	\$ 1.0114	\$ 1.0110	\$ 1.0111	\$ 1.0108

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

Taxpayer	Type of Business	2022			2013		
		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	\$ 165,018,232	1	0.85%	\$ 24,632,994	9	0.20%
TA Seacrest Apartments LLC	Real Estate	142,375,154	2	0.74%	-		
Trea Calle Del Cerro	Real Estate	95,327,466	3	0.49%	-		
Bre-FMCA LLC	Real Estate	67,838,908	4	0.35%	62,635,339	3	0.50%
Centro Watt Operating Owner I LLC	Real Estate	54,603,098	5	0.28%	49,674,000	4	0.40%
Talega Village Center LLC	Retail	47,612,715	6	0.25%	27,986,038	7	0.22%
BEX Portfolio Inc.	Real Estate	34,768,010	7	0.18%	-		
Target Corporation	Retail	29,386,991	8	0.15%	28,793,548	6	0.23%
CBC 3187 LLC	Retail	23,785,738	9	0.12%			
Cox Communications Inc. Orange	Retail	23,571,128	10	0.12%	24,857,970	8	0.20%
Won and Jay Inc.	Retail	-			22,447,401	10	0.18%
LV Marblehead LLC	Real Estate	-			128,995,507	1	1.03%
WNG San Clemente 368 LLC	Real Estate	-			95,207,663	2	0.76%
GS Whispering Winds LLC	Real Estate	-			35,515,437	5	0.28%
		<u>\$ 684,287,440</u>		<u>3.54%</u>	<u>\$ 500,745,897</u>		<u>4.00%</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
2012 - 2013	\$ 30,608,681	\$ 29,905,604	97.70%	\$ 444,271	\$ 30,349,875	99.15%	\$ 451,927	1.48%
2013 - 2014	29,183,272	28,631,594	98.11%	400,661	29,032,255	99.48%	449,978	1.54%
2014 - 2015	30,636,198	30,084,737	98.20%	433,010	30,517,747	99.61%	419,422	1.37%
2015 - 2016	31,126,117	30,379,271	97.60%	355,377	30,734,648	98.74%	1,194,948	3.84%
2016 - 2017	34,980,713	34,922,313	99.83%	294,822	35,217,135	100.68%	257,450	0.74%
2017 - 2018	36,877,029	36,576,103	99.18%	288,426	36,864,529	99.97%	301,131	0.82%
2018 - 2019	38,515,421	38,156,750	99.07%	311,954	38,468,704	99.88%	334,561	0.87%
2019 - 2020	40,117,929	39,827,990	99.28%	236,753	40,064,743	99.87%	380,204	0.95%
2020 - 2021	41,731,668	41,429,957	99.28%	254,386	41,684,343	99.89%	431,635	1.03%
2021 - 2022	43,704,651	43,068,658	98.54%	325,105	43,393,763	99.29%	207,626	0.48%

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	Leases	State Revolving Fund Loan			
2012 - 2013	\$ 1,560,000	\$ 127,026	\$ -	\$ 1,687,026	0.05%	26
2013 - 2014	1,455,000	88,094	-	1,543,094	0.05%	24
2014 - 2015	1,340,000	57,273	14,494,395	15,891,668	0.52%	243
2015 - 2016	1,215,000	17,703	13,863,037	15,095,740	0.47%	228
2016 - 2017	-	148,979	13,267,421	13,416,400	0.40%	203
2017 - 2018	-	115,826	12,658,702	12,774,528	0.36%	195
2018 - 2019	-	81,377	12,036,591	12,117,968	0.32%	185
2019 - 2020	-	47,306	11,400,794	11,448,100	0.30%	177
2020 - 2021	-	12,040	10,751,008	10,763,048	0.26%	168
2021 - 2022	-	-	10,086,928	10,086,928	0.22%	159

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

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

CITY OF SAN CLEMENTE
PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operations and Maintenance, Exclusive of Depreciation (2)	Net Revenue Available for Debt Service (1)	State Revolving Fund Loan			
				Debt Service Requirements		Totals	Coverage (3)
				Principal	Interest		
2012 - 2013	Not applicable			-	-	-	-
2013 - 2014	Not applicable			-	-	-	-
2014 - 2015	\$ 20,727,188	\$ 18,172,216	\$ 2,554,972	\$ -	\$ -	\$ -	-
2015 - 2016	18,505,017	16,637,346	1,867,671	631,358	269,244	900,602	2.1
2016 - 2017	18,982,260	16,274,681	2,707,579	595,616	304,987	900,603	3.0
2017 - 2018	20,931,603	18,414,487	2,517,116	608,719	291,883	900,602	2.8
2018 - 2019	22,167,721	17,799,427	4,368,294	622,111	278,491	900,602	4.9
2019 - 2020	22,356,425	18,422,372	3,934,053	635,797	264,805	900,602	4.4
2020 - 2021	25,957,903	21,435,840	4,522,063	649,785	250,817	900,602	5.0
2021 - 2022	25,683,546	19,602,768	6,080,778	664,080	236,522	900,602	6.8

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, 2022

Assessed valuation was \$19,331,274,420 in FY 2021-22

	%	Debt
	<u>Applicable</u>	<u>June 30, 2022</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	0.570%	\$ 114,998
Capistrano Unified School District School Facilities Improvement District No. 1	22.43%	2,919,449
Santa Margarita Water District CFD No. 99-1	100%	51,955,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	56,715,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	2,520,000
City of San Clemente Communtiy Facilities District No. 2006-1	100%	52,290,000
City of San Clemente 1915 Act Bonds	100%	5,895,000
TOTAL OVERLAPPING TAX AND ASSESSED DEBT		\$ 172,409,447
OVERLAPPING GENERAL FUND DEBT:		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.836%	10,685,481
Orange County Pension Obligations	2.836%	14,797,794
Orange County Board of Education Certificates of Participation	2.836%	329,543
Capistrano Unified School District Certificates of Participation	18.876%	4,397,164
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	-
City of San Clemente Capital Leases	100%	-
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 30,209,982
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 202,619,429
TOTAL CITY DIRECT DEBT (1)		\$ -
TOTAL OVERLAPPING DEBT		\$ 202,619,429
COMBINED DIRECT AND OVERLAPPING DEBT		\$ 202,619,429

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 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.89%
Total Direct Debt	0.00%
Combined Total Debt	1.05%

Source: California Municipal Statistics



CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Assessed valuation	\$ 12,425,256,552	\$ 12,748,522,096	\$ 13,582,964,739	\$ 13,666,850,501
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	3,106,314,138	3,187,130,524	3,395,741,185	3,416,712,625
Debt limit percentage	15%	15%	15%	15%
Debt limit	465,947,121	478,069,579	509,361,178	512,506,894
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 465,947,121</u>	<u>\$ 478,069,579</u>	<u>\$ 509,361,178</u>	<u>\$ 512,506,894</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					
2017	2018	2019	2020	2021	2022
\$ 14,447,433,531	\$ 14,761,937,790	\$ 15,269,877,772	\$ 17,247,120,887	\$ 18,150,006,382	\$ 18,559,898,391
25%	25%	25%	25%	25%	25%
3,611,858,383	3,690,484,448	3,817,469,443	4,311,780,222	4,537,501,596	4,639,974,598
15%	15%	15%	15%	15%	15%
541,778,757	553,572,667	572,620,416	646,767,033	680,625,239	695,996,190
<u>\$ 541,778,757</u>	<u>\$ 553,572,667</u>	<u>\$ 572,620,416</u>	<u>\$ 646,767,033</u>	<u>\$ 680,625,239</u>	<u>\$ 695,996,190</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)
2012 - 2013	64,542	\$ 3,091,175	47,894	40	94%	9,244	5.30%
2013 - 2014	64,874	3,068,865	47,305	40	96%	9,799	4.70%
2014 - 2015	65,399	3,051,648	46,662	40	96%	9,674	3.60%
2015 - 2016	66,245	3,241,792	48,936	41	95%	9,433	3.70%
2016 - 2017	65,975	3,383,938	51,291	38	95%	9,392	3.30%
2017 - 2018	65,543	3,575,647	54,554	42	95%	9,407	2.80%
2018 - 2019	65,405	3,762,909	57,532	43	95%	9,372	2.30%
2019 - 2020	64,581	3,844,665	59,532	44	94%	9,196	13.30%
2020 - 2021	64,065	4,116,713	64,258	44	95%	8,408	7.90%
2021 - 2022	63,380	4,677,958	73,808	44	95%	8,284	2.40%

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

CITY OF SAN CLEMENTE

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2022			2013		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	635	1	2.04%	573	1	1.94%
Ralphs	239	2	0.77%			
Target Retail Store	226	3	0.72%	130	9	0.44%
ICU Medical	224	4	0.72%	146	8	0.49%
Albertsons	209	5	0.67%	181	6	0.61%
Walmart Superstore	195	6	0.63%	204	4	0.69%
City of San Clemente	192	7	0.62%	215	3	0.73%
Glaukos Corp	181	8	0.58%			
Fisherman's Restaurants	172	9	0.55%	187	5	0.63%
Lowe's	160	10	0.51%	150	7	0.51%
Saddleback Memorial Medical Center				299	2	1.01%
Quest Diagnostics				116	10	0.39%

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

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

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Function										
General government	32	32	32	31	26	26	34	33	34	34
Public safety										
Police (contract)	55	54	52	50	50	50	52	53	53	54
Fire (contract)	42	42	50	50	42	45	39	39	39	39
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	20	20	20	21	21	19	17	16	15	15
Building	11	11	14	13	13	13	13	11	11	11
Code Compliance	5	5	5	5	5	6	6	6	7	9
Planning	11	11	10	10	9	10	10	11	11	11
Administration	2	2	2	3	4	4	4	3	3	3
Public Works	3	3	3	3	2	3	6	6	7	6
Maintenance	18	18	26	25	25	25	25	23	23	23
Beaches, Parks, and Recreation	27	27	19	18	18	19	19	19	18	18
Water	25	25	25	26	26	27	27	25	25	25
Sewer	19	19	19	19	20	21	21	20	19	20
Clean Ocean	3	3	3	3	3	3	3	3	3	1
Storm Drain Utility	3	3	3	3	3	3	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	9	9	9	9	10	9	9	9	9	10
Total	<u>293</u>	<u>292</u>	<u>300</u>	<u>297</u>	<u>286</u>	<u>291</u>	<u>294</u>	<u>288</u>	<u>288</u>	<u>289</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				
	2013	2014	2015	2016	2017
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	136.00	136.00	137.00	137.00	138.00
Streetlights	3,428	3,433	3,503	3,615	3,654
Traffic signals	74	76	80	80	81
Beaches, parks and recreation					
Parks	20	20	21	25	22
Swimming pools	3	3	4	4	4
Libraries	1	-	-	-	-
Community centers	1	1	1	1	1
Municipal golf courses	1	1	1	1	1
Water					
Water mains (miles)	206.40	213.10	213.10	213.10	212.80
Fire hydrants	2,281	2,281	2,281	2,302	2,362
Maximum daily capacity (Acre Feet)*	263.92	263.92	263.92	263.92	263.92
Sewer					
Sanitary sewers (miles)	174.60	154.00	154.00	163.70	171.80
Storm sewers (miles)	62.50	62.50	62.50	62.50	77.00
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976

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

One acre foot equals 325851.43188913 gallons.

Source: City of San Clemente

Fiscal Year					
2018	2019	2020	2021	2022	
1	1	1	1	1	1
3	3	3	3	3	3
138.00	138.00	138.00	138.00	138.00	138.00
3,705	3,712	3,712	3,712	3,712	3,712
81	81	81	81	81	81
23	23	23	23	23	23
4	4	4	4	4	4
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
230.00	230.00	230.00	230.00	230.00	230.00
2,376	2,391	2,397	2,419	2,419	2,419
263.92	263.92	263.92	263.92	263.92	263.92
180.00	180.00	180.00	180.00	180.00	180.00
77.00	78.00	77.00	77.00	81.00	81.00
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				
	2013	2014	2015	2016	2017
Police					
Number of calls for service	24,082	23,729	26,217	28,089	31,632
Number of traffic collision reports	487	371	377	354	321
Parking citations issued	13,713	13,698	15,231	14,012	7,735
Fire					
Number of fire calls	55	44	71	83	69
Number of emergency medical calls	2,137	2,175	3,317	3,559	3,846
Inspections	917	899	1,256	1,702	1,332
Highways and streets					
Street resurfacing (miles)	0.69	4.29	5.31	3.87	3.48
Beaches, parks and recreation					
Number of recreation classes, activities, and clinics	507	482	493	522	609
Total experiences in classes, activities, and clinics	106,497	111,219	173,175	146,196	144,206
Total number of facility rentals	916	1,068	1,087	1,051	1,159
Golf rounds played	88,177	84,838	80,091	78,768	77,974
Water					
New customers	8	11	33	206	82
Average daily consumption (Acre Feet) ***	21.60	28.52	25.51	21.08	22.59
Sewer					
New customers	6	9	26	179	81
Average daily sewage treatment (thousands of gallons)	3,859	3,787	3,441	3,192	3,063

*** 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				
2018	2019	2020	2021	2022
30,515	31,081	28,207	11,003	23,844
472	809	243	123	324
12,250	11,384	8,854	6,944	9,586
78	53	78	153	168
3,825	3,246	3,559	4,446	4,921
1,782	1,386	842	1,610	1,459
9.02	7.20	17.49	10.81	31.16
2,320	3,446	6,110	4,145	3,289
17,259	25,553	21,913	23,566	30,441
7,971	11,246	19,219	7,959	15,977 ****
82,514	80,567	70,410	44,286	97,847
107	38	37	22	7
24.59	19.37	19.67	20.40	20.36
104	37	37	17	7
3,284	3,693	3,785	3,780	3,550

