

CLAREMONT CITY COUNCIL

MEETING AGENDA

City Council Chamber
225 Second Street
Claremont, CA 91711



Tuesday
February 26, 2019
6:30 PM

COUNCILMEMBERS

**COREY CALAYCAY
MAYOR**

LARRY SCHROEDER

ED REECE

JED LEANO

JENNIFER STARK

CALL TO ORDER THE MEETING OF THE CITY COUNCIL

PLEDGE OF ALLEGIANCE

MOMENT OF SILENCE

ROLL CALL

CLOSED SESSION REPORT

CEREMONIAL MATTERS, PRESENTATIONS, AND ANNOUNCEMENTS

Presentations:

- Jennifer Ward, Clean Power Alliance

- Girl Scout Troop #2634, Sidewalk CPR Program Results

CITY MANAGER REPORT

PUBLIC COMMENT

The Council has set aside this time for persons in the audience who wish to comment on items that ARE NOT LISTED ON THIS AGENDA, but are within the jurisdiction of the City Council. Members of the audience will later have the opportunity to address the City Council regarding ALL OTHER ITEMS ON THE AGENDA at the time the Council considers those items.

At this time the Council will take public comment for 30 minutes. Public Comment will resume later in the meeting if there are speakers who did not get an opportunity to speak because of the 30-minute time limit.

The Brown Act prohibits the City Council from taking action on oral requests relating to items that are not on the agenda. The Council may engage in a brief discussion, refer the matter to staff, and/or schedule requests for consideration at a subsequent meeting.

The Council requests, but does not require, speakers to identify themselves. When you come up to speak, please state your name unless you wish to remain anonymous. Each speaker will be allowed four (4) continuous minutes.

CONSENT CALENDAR

All matters listed on the consent calendar are considered to be routine. The City Council or one or more Commissions and/or Committees have previously considered most of the items on the consent calendar. The Council may act on these items by one motion following public comment.

Only Councilmembers may pull an item from the consent calendar for discussion.

The City Council will waive reading of resolutions and ordinances. Each resolution and ordinance will be numbered following Council approval.

Now is the time for those in the audience to comment on the consent calendar. Each speaker will be allowed four (4) continuous minutes to comment on items on the consent calendar.

1. ADOPTION OF A RESOLUTION APPROVING THE CITY WARRANT REGISTER

Recommendation: Staff recommends that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, dated February 21, 2019.

Attachment(s): Resolution Approving City Warrant Register Dated February 21, 2019

2. CITY COUNCIL MINUTES OF FEBRUARY 12, 2019 (SPECIAL AND REGULAR)

Recommendation: Staff recommends that the City Council approve and file the special and regular City Council meeting minutes of February 12, 2019.

Attachment(s): Draft Closed Session Meeting Minutes of February 12, 2019
Draft Regular Meeting Minutes of February 12, 2019

3. SECOND READING AND ADOPTION OF AN ORDINANCE AMENDING THE CLAREMONT MUNICIPAL CODE REGARDING THE RECREATIONAL, MEDICAL, AND COMMERCIAL USES OF MARIJUANA

Recommendation: Staff recommends that the City Council waive further reading and adopt AN ORDINANCE EXTENDING ORDINANCE NO. 2016-11 AND THE REGULATIONS SET FORTH IN CHAPTER 9.72 OF THE CLAREMONT MUNICIPAL CODE RELATING TO THE PERSONAL, MEDICAL, AND COMMERCIAL USE OF MARIJUANA.

Attachment(s): Ordinance Regulating Use

4. ADOPTION OF A RESOLUTION AUTHORIZING WILLDAN FINANCIAL SERVICES TO PREPARE THE 2019-20 LANDSCAPE AND LIGHTING DISTRICT ANNUAL REPORT

Recommendation: Staff recommends that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, DIRECTING WILDAN FINANCIAL SERVICES, AS ENGINEER OF RECORD, TO PREPARE AND FILE THE 2019-20 ANNUAL REPORT PERTAINING TO LANDSCAPE AND LIGHTING DISTRICT NO. LL001 (PURSUANT TO THE LANDSCAPE AND LIGHTING ACT OF 1972).

Attachment(s): Proposed Resolution

5. CITY OF CLAREMONT ANNUAL FINANCIAL REPORTS FOR THE YEAR ENDED JUNE 30, 2018

Recommendation: Staff recommends that the City Council receive and file the following letters and financial reports for the year ended June 30, 2018:

- A. Audit Communication Letter;
- B. Management Letter;
- C. Comprehensive Annual Financial Report (CAFR);
- D. Transportation Fund Financial Statements; and
- E. Area Agency on Aging (Senior Nutrition Program) Financial Statements.

Attachment(s): Audit Communication Letter
Management Letter
Comprehensive Annual Financial Report (CAFR)
Transportation Fund Financial Statements
Area Agency on Aging (Senior Nutrition Program) Financial Statements

6. ADOPTION OF A RESOLUTION FOR FUNDING FROM THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM

Recommendation: Staff recommends that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, FOR FUNDING FROM THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM AS PROVIDED THROUGH PROPOSITION 68 PARKS AND WATER BOND.

Attachment(s): Acceptance Letter from CAL FIRE
Resolution for Funding from the CAL FIRE Urban Forestry Grant Program

7. AUTHORIZATION TO AMEND THE EXISTING PROFESSIONAL SERVICES AGREEMENT WITH BLAIS & ASSOCIATES TO INCREASE COMPENSATION

Recommendation: Staff recommends that the City Council authorize the City Manager to execute an amendment to the existing professional services agreement with Blais & Associates to add an additional \$25,000 in compensation, increasing the total compensation to \$50,000.

8. UPDATE TO THE CRIME FREE MULTI-HOUSING PROGRAM

Recommendation: Staff recommends that the City Council receive and file the update to the Crime Free Multi-Housing Program.

Attachment(s): Crime Data 2018
Crime Data Charts Created by Jim Keith 2-26-19

PUBLIC HEARINGS - None**ORDINANCES - None****ADMINISTRATIVE ITEMS****9. 2018 PART 1 CRIME DATA**

Recommendation: Staff recommends that the City Council receive and file the 2018 Part I Crime Data Report.

10. SECOND READING AND ADOPTION OF AN ORDINANCE AMENDING THE CLAREMONT MUNICIPAL CODE TO ADD CHAPTER 2.10, ADOPTING, ESTABLISHING, AND IMPLEMENTING A BY-DISTRICT METHOD OF ELECTION, VOTING DISTRICT MAP AND ELECTION SEQUENCE

Recommendation: Staff recommends that the City Council waive further reading and adopt AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ESTABLISHING AND IMPLEMENTING BY-DISTRICT ELECTIONS, incorporating selection of District Voting Map 124a, and an election sequence commencing with Districts 1 and 5 at the November 2020 election.

Attachment(s): Ordinance Implenting By District Elections

11. 2018-19 MID-YEAR BUDGET REPORT

Recommendation: Staff recommends that the City Council receive and file the 2018-19 Mid-Year Budget Report.

CONTINUED PUBLIC COMMENT

This time is reserved for those persons who were unable to speak earlier in the agenda because of the 30-minute time restriction.

MAYOR AND COUNCIL**Council Items****Council Assignment Reports**

City Councilmembers may serve as representatives on regional organizations. This time is allocated for reports about their activities.

COMMISSIONS

Architectural Commission (One Vacancy)
Community and Human Services Commission (One Vacancy)
Police Commission (One Vacancy)
Sustainability Committee (Five Vacancies)
Traffic and Transportation Commission (One Vacancy)

ADJOURNMENT

THE NEXT REGULAR MEETING OF THE CLAREMONT CITY COUNCIL WILL BE HELD ON, MARCH 12, 2019, AT 6:30 P.M. IN THE CLAREMONT CITY COUNCIL CHAMBER, 225 SECOND STREET.

A LOOK AHEAD – Upcoming Meetings and Tentative Agenda Items

Accessory Dwelling Units Study Session - March 11, 2019, 6:30 p.m.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA, AND SUBMITTED TO THE CITY COUNCIL AFTER PUBLICATION OF THE AGENDA, ARE AVAILABLE TO THE PUBLIC IN THE CITY CLERK'S OFFICE AT 207 HARVARD AVENUE, CLAREMONT, MONDAY THROUGH THURSDAY, 7 AM – 6 PM. SUBJECT MATERIALS WILL BE MADE AVAILABLE ON THE CITY WEBSITE AS SOON AS POSSIBLE - www.ci.claremont.ca.us. For more information, please call the City Clerk's Office at 909-399-5461.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1990, THIS AGENDA WILL BE MADE AVAILABLE IN APPROPRIATE ALTERNATIVE FORMATS TO PERSONS WITH DISABILITIES. ANY PERSON WITH A DISABILITY WHO REQUIRES A MODIFICATION OR ACCOMMODATION IN ORDER TO PARTICIPATE IN A CITY MEETING SHOULD CONTACT THE CITY CLERK AT 909-399-5461 "VOICE" OR 1-800-735-2929 "TT/TTY" AT LEAST THREE (3) WORKING DAYS PRIOR TO THE MEETING, IF POSSIBLE.

I, SHELLEY DESAUTELS, CITY CLERK OF THE CITY OF CLAREMONT, CALIFORNIA, HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING AGENDA WAS POSTED AT CLAREMONT CITY HALL, 207 HARVARD AVENUE, ON FEBRUARY 21, 2019, PURSUANT TO GOVERNMENT CODE SECTION 54954.2.

POST THROUGH: FEBRUARY 27, 2019

*"We are a vibrant, livable, and inclusive community
dedicated to quality services, safety, financial
strength, sustainability, preservation, and progress."*



Claremont City Council

Agenda Report

File #: 2764

Item No: 1.

TO: TARA SCHULTZ, CITY MANAGER
FROM: SHELLEY DESAUTELS, CITY CLERK
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

ADOPTION OF A RESOLUTION APPROVING THE CITY WARRANT REGISTER

RECOMMENDATION

Staff recommends that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, dated February 21, 2019.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Shelley Desautels
City Clerk

Attachment:

Resolution Approving City Warrant Register Dated February 21, 2019

RESOLUTION NO. 2019-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID

NOW THEREFORE, THE CLAREMONT CITY COUNCIL DOES HEREBY RESOLVE:

SECTION 1. That the list of claims and demands dated February 21, 2019, totaling \$959,669.43 has been audited as required by law.

SECTION 2. That warrant numbers 3604 through 3611, 237196 through 237345, and 4859 inclusive, are hereby allowed in the amounts and ordered paid out of the respective funds.

SECTION 3. That the Mayor shall sign this Resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED, AND ADOPTED this 26th day of February, 2019.

Mayor, City of Claremont

ATTEST:

City Clerk, City of Claremont



Claremont City Council

Agenda Report

File #: 2765

Item No: 2.

TO: TARA SCHULTZ, CITY MANAGER
FROM: SHELLEY DESAUTELS, CITY CLERK
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

CITY COUNCIL MINUTES OF FEBRUARY 12, 2019 (SPECIAL AND REGULAR)

RECOMMENDATION

Staff recommends that the City Council approve and file the special and regular City Council meeting minutes of February 12, 2019.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Prepared by:

Shelley Desautels
City Clerk

Jamie Costanza
Deputy City Clerk

Attachments:

- A - Draft Closed Session Meeting Minutes of February 12, 2019
- B - Draft Regular Meeting Minutes of February 12, 2019

**CLAREMONT CITY COUNCIL
SPECIAL MEETING MINUTES**
Tuesday, February 12, 2019 – 5:15 p.m.
City Council Chamber
225 Second Street, Claremont, California

CALL TO ORDER

Mayor Calaycay called the meeting to order at 5:15 p.m.

ROLL CALL

PRESENT COUNCILMEMBER: CALAYCAY, LEANO, SCHROEDER, STARK

ABSENT COUNCILMEMBER: NONE

LATE ARRIVAL COUNCILMEMBER: REECE

ALSO PRESENT Tara Schultz, City Manager; Colin Tudor, Assistant City Manager; Joseph Larsen, Deputy City Attorney; Adam Pirrie, Finance Director; Shelley Desautels, City Clerk

Closed Session

Mayor Calaycay invited public comment.

There were no requests to speak.

At 5:16 p.m., the City Council recessed to closed session:

1. Pursuant to Government Code Section 54956.9(d)(2):

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Two Potential Cases**

2. Pursuant to Government Code Section 54957.6

CONFERENCE WITH LABOR NEGOTIATORS

Agency Designated Representatives:

Tara Schultz, City Manager

Colin Tudor, Assistant City Manager

Employee Organizations:

Claremont Employees' Association

Claremont Management Association

Claremont Police Management Association

Claremont Police Officers' Association

Claremont Professional Employees' Association

Claremont Administrative and Technical Support Employees' Association

The City Council reconvened at 6:30 p.m.

Closed Session Report

Mayor Calaycay stated there was no reportable action.

ADJOURNMENT

At 6:30 p.m., Mayor Calaycay adjourned the meeting.

Mayor

ATTEST:

Deputy City Clerk

**CLAREMONT CITY COUNCIL
MINUTES**

Tuesday, January 22, 2019 - 6:30 p.m.
City Council Chamber
225 Second Street, Claremont, California

CALL TO ORDER

Mayor Calaycay called the meeting to order at 6:30 p.m.

PLEDGE OF ALLEGIANCE – led by Chuck Farritor, American Legion Keith Powell Powell Post 78 Historian and WWII Veteran.

MOMENT OF SILENCE – In honor of Jean Louise Jackman, Julia Donahue, Kenton Dale Wood, and Ricardo J. Quinones

ROLL CALL

PRESENT COUNCILMEMBER: CALAYCAY, LEANO, REECE, SCHROEDER, STARK

ABSENT COUNCILMEMBER: NONE

ALSO PRESENT Tara Schultz, City Manager; Colin Tudor, Assistant City Manager; Joseph Larsen, Deputy City Attorney; Christopher Paulson, Director of Community Services; Brad Johnson, Director of Community Development; Shelly Vander Veen, Police Chief; Anne Turner, Director of Human Services; Shelley Desautels, City Clerk

CLOSED SESSION REPORT

Mayor Calaycay stated there was no reportable action.

CEREMONIAL MATTERS, PRESENTATIONS, AND ANNOUNCEMENTS

The City Council recognized the 100th anniversary of the American Legion Keith Powell Post 78, Allen Rodriguez, Commander, Robert Ainsworth, Vice Commander, and Chuck Farritor, Historian.

Mayor Calaycay announced that Administrative Item No. 8 will not be discussed at tonight's meeting. The appellants, Mr. and Mrs. Barbee, requested their hearing be continued to an upcoming City Council meeting.

CITY MANAGER REPORT

City Manager Schultz reported that Colin Tudor, Assistant City Manager, has accepted a position at the Claremont Colleges.

PUBLIC COMMENT

Mayor Calaycay invited public comment.

Joseph Lyons, Claremont resident, recognized Colin Tudor's contributions to the City. He asked the City Council to give specific instructions to the Future Financial Opportunities Committee to

not report back without solutions and suggested the Committee look at integrated ways to come to some solutions.

Amy Crow, Claremont Library Manager, highlighted events taking place at the Claremont Library.

There were no other requests to speak.

CONSENT CALENDAR

Councilmember Leano pulled Consent Calendar Item No. 4 for additional discussion.

Mayor Calaycay invited public comment on Consent Calendar Items No. 1-3.

There were no requests to speak.

Routine Administrative Items

1. Adoption of a Resolution Approving City Warrant Registers
Adopted Resolutions No. 2019-13, and 2019-14, RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, dated January 24, 2019, and February 7, 2019.
2. City Council Minutes of January 17, 2019 (Closed Session and Special), January 22, 2019 (Closed Session and Regular), January 29, 2019 (Priority Workshop), and February 4, 2019 (Closed Session and Special)
Approved and filed.
3. Authorization to Extend a Professional Services Agreement with TRANSTECH Engineers, Inc., for Interim Building Official, Plan Review, and Building Inspector Services
Authorized the City Manager to extend the existing professional services agreement with TRANSTECH Engineers, Inc., for a part-time Chief Building Official, building inspection and plan check services, for a period of six additional months in an amount not to exceed \$400,000.
4. City Council Workshop Summary and Action Item Plan
Item removed from the Consent Calendar for additional discussion.

Councilmember Schroeder moved to approve Consent Calendar Items No. 1-3, seconded by Councilmember Stark, and carried on a vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece, Schroeder, Stark
NOES: Councilmember – None

Item Removed from the Consent Calendar

4. City Council Workshop Summary and Action Item Plan

Councilmember Leano shared that the City Council received an email from Freeman Allen suggesting the City Council add an action item to analyze the prospect of the City

becoming a net zero energy city. He asked the City Council to consider Mr. Allen's request.

Mayor Calaycay invited public comment.

Joseph Lyons, Claremont resident, spoke in support of the City becoming a net zero energy city. Becoming a net zero energy city is a goal listed in various City documents.

There were no other requests to speak.

Councilmember Leano directed staff to add an action item that on or before September 1, 2019, the Community Services Director will establish a timeline for Claremont's transition to a net zero energy city.

Mayor Calaycay suggested the item go before the Sustainability Committee for evaluation and then the Committee provide a recommendation to the City Council.

City Manager Schultz confirmed that becoming a net zero energy city will be reviewed by the Sustainability Committee and included in the Sustainability Plan.

Councilmember Leano moved to approve the Core Values, Mission Statement, Priority Goals, and 2019 Action Item Plan with the addition of the City establishing a timeline for Claremont's transition to a net zero energy city, seconded by Councilmember Stark, and carried on a roll call vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece, Schroeder, Stark

NOES: Councilmember – None

PUBLIC HEARINGS

5. **Public Hearing to Receive Public Input and Discuss Potential Transition from At-Large to District Elections, Pursuant to Elections Code Section 10010(A)(2)**

Alan Fenstermacher, Rutan and Tucker, and Doug Johnson, National Demographic Company (NDC), highlighted the staff report.

Mayor Calaycay invited public comment.

Paul Steffen, Claremont resident, asked if any analysis was performed on voter registration to balance the districts.

Bob Gerecke asked the City Council to respect the residents' preferences and adopt a map in which every district covers multiple parts of the City. He spoke in support of maps 114 and 114a, and suggested the City Council continue to receive comments and suggestions that can be used during the redrawing of the district map after the 2020 census data is released.

Sue Keith, Claremont resident, explained that she and her husband have spent 45 years supporting Claremont organizations and nonprofits that serve the entire City. She spoke in support of map 110 or any other regional map that does not separate south Claremont.

Michael Kennan questioned if map 123 was altered from when it was initially reviewed by the City Council on February 4, 2019.

Douglas Lyon spoke in support of maps 115 and 115a as these two maps keep communities of interest together.

Sue Schenk spoke in support of the comments made by Mr. Gerecke and suggested the City Council give serious consideration to map 114a. It is important that each district represents as much of a variety in the City as possible.

Cheryl Bizzel spoke in support of maps 114 and 114a as they give a majority vote to all Council and stops the isolation of south Claremont by the possibility of having two representatives.

Murray Monroe, Claremont resident, stated that if south Claremont was divided into two districts that would allow for more representation and be more appropriate.

Rachel Forester spoke in support of map 114a.

Vivian Serbin spoke against the comments made by Mr. Monroe as south Claremont works as a team and is very cohesive. She would like to see south Claremont given full representation and not be divided into two districts.

Jim Belna, Claremont resident, spoke against districting and suggested the City Council adopt an ordinance that is worded honestly. He provided the City Council his suggested changes to the ordinance in written form. Lastly, he explained that after the City Attorney's statement on February 4, 2019, he contacted the President of the Southwest Voter Education Project who refused to confirm that the organization communicated a verbal warning or threat.

Shayo Shakabori, Emily Lavine, and Devine Baker, representing the College Community Action Network, provided data that was collected and asked the City Council to postpone any actions to gain more community involvement.

Jim Keith, Claremont resident, spoke in support of map 124a because south Claremont is kept in one district and the business park is included in the south Claremont district.

Juan Matute, Claremont resident, spoke in favor of having regional communities. He asked the City Council to be respectful of communities of interest.

Joseph Lyons, Claremont resident, spoke in support of regional maps that include communities of interest and provide a sense of balance. He questioned if south Claremont is divided into two districts will that affect protected groups.

Doug Lovell, Claremont resident, spoke in support of regional maps that keep south Claremont in one district.

Kathryn Dunn, Claremont resident, spoke in support of splitting south Claremont into two districts as that would allow for more representation and influence.

Jennifer Jaffe hopes the City Council will make changes to the proposed maps and take the suggestions made by the public. If the City Council feels they need to make a decision tonight, she hopes the Council will formally announce that the City will revisit the decision made so the map can be formed into the very best.

Sam Horowitz encouraged the City Council to limit how many districts the Colleges are split into. He believes that by splitting the Colleges into many districts, that will lead to voter suppression.

There were no other requests to speak.

Mr. Johnson responded to questions raised during the public comment period that voter analysis was performed when maps were created, and voter information was provided on each proposed map.

The City Council recessed at 8:07 p.m.
The City Council reconvened at 8:21 p.m.

Mr. Johnson and Mr. Fenstermacher continued to respond to questions raised during the public comment period and confirmed that map 135 was not altered, all maps are legally balanced, to eliminate risk the transition to district based elections would need to be done within 90 days, the proposed ordinance is written accurately, and the City will redraw the districts after the 2020 census.

Mr. Johnson and Mr. Fenstermacher responded to questions from the City Council about map 114a, and NDC's overall experience with mapping districts.

Councilmember Leano spoke in support of maps 123, 124a, and 110, as he tried to find a way to address all concerns.

Councilmember Schroeder spoke in support of regional maps, and specifically map 110. He believes that if south Claremont is divided that dilutes the voice and map 110 divides neighborhoods equally.

Councilmember Stark spoke against map 110 as the community identity does not feel balanced. She spoke in support of maps 114a and 125.

Councilmember Reece stated that he tried to select a map based on the needs of the community and the communities of interest. He spoke in support of maps 124a and 110.

Mayor Calaycay spoke in support of maps 124a, and 123.

Councilmember Leano moved to adopt district map 124a, seconded by Councilmember Reece, and carried on a roll call vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece
NOES: Councilmember – Schroeder, Stark

Mr. Johnson recommended that Districts 1 and 5 be voted on at the November 2020 General Municipal Election, and Districts 2, 3, and 4, be voted on at the November 2022 General Municipal Election.

Councilmember Reece moved that Districts 1 and 5 will be voted on at the November 2020 General Municipal Election, and Districts 2, 3, and 4, be voted on at the November 2022 General Municipal Election, seconded by Councilmember Leano and carried on a roll call vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece, Schroeder, Stark

NOES: Councilmember – None

6. Public Hearing, Introduction, and First Reading of an Ordinance Adopting, Establishing, and Implementing a By-District Method of Election, Voting District Map, and Election Sequence

Alan Fenstermacher, Rutan and Tucker, and Doug Johnson, National Demographic Company (NDC), highlighted the staff report.

Mayor Calaycay invited public comment.

There were no requests to speak.

Councilmember Leano moved to introduce AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ESTABLISHING AND IMPLEMENTING BY-DISTRICT ELECTIONS, seconded by Councilmember Stark, and carried on a roll call vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece, Schroeder, Stark

NOES: Councilmember – None

The City Council recessed at 9:49 p.m.

The City Council reconvened at 9:55 p.m.

7. Claremont Municipal Code Amendment Regulating Recreational, Medical, and Commercial Uses of Marijuana

Colin Tudor, Assistant City Manager, highlighted the staff report.

Mayor Calaycay invited public comment.

Michael Keenan asked that the ordinance state that medical marijuana may be grown in a residential district and include specific definitions.

Sam Lanni, Owner of Feeling Groovy Wellness, stated that with the passage of Proposition 64, he believes California is trying to separate cannabis from hard drugs and the black market. He added that the way to get rid of the black market is by allowing a majority of cities and counties to open retail locations so people can stop buying from the black market.

Nichole Lanni, Owner of Feeling Groovy Wellness, shared her positive experiences with medical marijuana and knows there is a need in California. She believes that the proposed ordinance is doing a disservice to the community and hopes the City Council is open minded for the future.

Joseph Lyons stated that he has previously spoken in favor of the consideration of medical marijuana. He hopes the City Council could bifurcate their discussion and consider medical marijuana as there are benefits to its use.

Murray Monroe shared positive statistics of legal cannabis. He asked the City Council to realize the benefits of medical cannabis and the need for medical cannabis in Claremont.

There were no other requests to speak.

Mr. Larsen and Mr. Tudor responded to questions raised by the City Council regarding the passage of Proposition 64, the differences between the proposed ordinances, potential tax revenue, Council's past decisions on marijuana, and process for obtaining a commercial approval for medical marijuana.

Councilmember Schroeder spoke in support of staff's recommendation as he hears conflicting information on the issue of cannabis.

Councilmember Stark stated that she is inclined to support staff's recommendation until other cities have worked through processes and practices. She is inclined to wait but that does not mean with education and studies that it cannot be done at a future time.

Councilmember Reece stated that marijuana is coming, and suggested the City Council direct staff to study medical and recreational marijuana.

Councilmember Leano stated he will not be supporting staff's recommendation and questioned what the City is waiting for. He would like to see the City research the need and interest, the opportunities for revenue, address the concerns for legalizing commercial sales, and how the City can mitigate concerns.

Mayor Calaycay shared background information on the City Council's previous actions. He acknowledged that the community is changing and confirmed that consumers of medical cannabis have a delivery option available. He spoke in support of staff's recommendation and suggested a further discussion of the pros and cons of marijuana be had.

City Manager Schultz confirmed that an action item will be added to the City's priority list and will bring the action item back to the City Council in April when the priority list is reviewed.

Councilmember Reece asked City staff to analyze recreational and medical marijuana separately.

Councilmember Stark moved to adopt Urgency Ordinance No. 2019-01, AN URGENCY ORDINANCE EXTENDING ORDINANCE NO. 2016-11 AND THE REGULATIONS SET FORTH IN CHAPTER 9.72 OF THE CLAREMONT MUNICIPAL CODE RELATING TO THE PERSONAL, MEDICAL, AND COMMERCIAL USE OF MARIJUANA, seconded by Councilmember Schroeder, and carried on a roll call vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece, Schroeder, Stark
NOES: Councilmember – None

Councilmember Reece moved to introduce AN ORDINANCE EXTENDING ORDINANCE NO. 2016-11 AND THE REGULATIONS SET FORTH IN CHAPTER 9.72 OF THE CLAREMONT MUNICIPAL CODE RELATING TO THE PERSONAL, MEDICAL, AND COMMERCIAL USE OF MARIJUANA, seconded by Councilmember Schroeder, and carried on a roll call vote as follows:

AYES: Councilmember – Calaycay, Leano, Reece, Schroeder, Stark
NOES: Councilmember – None

ADMINISTRATIVE ITEMS

8. Request for Removal of Two Canary Island Pine Trees at 2233 Kemper Avenue

This item was removed from tonight's agenda as requested by the appellants.

9. Second Reading and Adoption of An Ordinance Amending the Claremont Municipal Code to Modify How Accessory Dwelling Units (ADUS) Are Regulated (#17-CA01). City Initiated

Nik Hlady, Assistant Planner, gave a PowerPoint presentation, and responded to questions from the City Council related to the maximum number of bedrooms allowed, minimum square footage, maximum permitted lot coverage, financing options available to construct an ADU, ratio of an ADU compared to the main residence, market restrictions, established maximum size, criteria for Planning Commission review, setbacks, maximum size allowed in the current Municipal Code for an Accessory Secondary Unit, State requirements, and the State's potential approval of the City's ordinance,

Mr. Larsen, Deputy City Attorney, and Ms. Schultz, City Manager, responded to questions from the City Council of the State's review of the City's ordinance, and a potential for a fee subsidy for those wishing to construct an ADU.

Mayor Calaycay invited public comment.

Paul Steffen asked the City Council to remember the cost per square footage for an ADU will be high, the potential \$5,000 deposit is a significant amount of money, and keep in mind the affordable housing aspect. He raised concern related to the allowed ADU square foot maximum based on square footage and questioned the City's publication requirements.

Joseph Lyons is an advocate for local control and sees that the proposed ordinance does not incentivize but is more of a preservation of the City's current Municipal Code which is restrictive on ADUs. The purpose of the State law is to incentivize and facilitate the building of ADUs.

Bob Gerecke believes that placing maximum square foot limits is not only an attempt to gently discourage the building of an ADU, it is also unnecessary.

Vivian Serbin explained that she would like to convert her garage into an ADU so that she could reside in the ADU; however, the maximum square footage allowed has now restricted her from building an ADU. She asked the City Council to eliminate the maximum square footage criteria.

Jim Keith highlighted his opinion piece published in the Claremont Courier and raised concern related to the maximum square footage allowed.

Sue Keith spoke in support of the comments made by Mr. Keith, Ms. Serbin, and Mr. Steffen. She asked the City Council to increase the maximum square footage allowed.

Rachel Forester stated that the proposed ordinance is problematic, and the Commissions do not fully represent the diversity of Claremont's citizenry.

Mark Schoeman, Claremont resident, asked the City Council to remember that there are Planning codes, laws, and requirements to protect those people who have no control over what others do. The 400 square foot maximum may seem small, but it allows anyone with a 6,000 square foot lot or greater to build an ADU.

Douglas Lyon, Claremont resident, spoke in support of the comments made by Mr. Schoeman. The ADU has been a long, detailed process and has required a lot of work by various City Commissions and City staff. What he wanted to see was the best fit and balance of interest for Claremont while still fully complying with State law.

Sue Schenk agreed with the comments made by Mr. Schoeman and added that a major point of ADU State law was to increase the housing stock, and specifically the affordable housing stock.

Jeffery Hart, Claremont resident, resides on a large lot in Claremont, but the allowable ADU size is restricted because of how the property is zoned. He believes that those who have larger sized lots are being prohibited from building an ADU.

Richard Rosenbluth commended City staff for their summary provided for the ADU process. He added that anyone can build an 850 square foot unit as long as that person goes through the proper steps. The Commissions held a number of public meetings on this topic where these constraints were discussed.

There were no other requests to speak.

Councilmember Reece stated that ADUs and affordable housing are Claremont's and the State's priorities. He mapped out 400 square feet and concluded that 400 square feet is small. The Commissions did a lot of work and he appreciates their work, but is open to the idea of increasing the maximum square footage allowed for an ADU.

Councilmember Reece left the meeting at 12:14 a.m.

Mr. Larsen; Mr. Pirrie, Finance Director; Mr. Hlady; and Mr. Johnson, Director of Community Development; responded to additional questions from the City Council related to noticing requirements, property tax collected by the City, Staff's original recommendation presented to the Commissions at their study session, the parkland fee, Assembly Bill 68, staff's discussion with Ms. Serbin, and amending the proposed ordinance.

Councilmember Schroeder suggested the City Council hold a study session where direction can be given to the Commissions.

Mayor Calaycay asked that specific situations brought up during the public comment period be studied by staff and that information be presented to the City Council at its study session.

Councilmember Stark suggested the City Council send the ordinance back to the Planning Commission with the direction to increase the maximum size allowed and look at ways to streamline the ADU process.

Councilmember Schroeder reminded everyone that the ADU process will not fix the affordable housing problem.

Mayor Calaycay confirmed that it is a late hour, and there is more information to be derived. He stated his preference would be to schedule a City Council study session to better understand what this ordinance will put into place and what it will mean for residents.

Deputy City Attorney Larsen further explained Claremont Municipal Code Section 16.318.060. He added that the City Council shall not make any changes or additions to the proposed ordinance which have not been previously considered by the Planning Commission.

City Manager Schultz confirmed that she will schedule a City Council study session where the Council can discuss and provide direction to the Planning and/or Architectural Commissions on how to proceed with ADUS.

ADJOURNMENT

Mayor Calaycay adjourned the meeting at 12:58 a.m. The next regular meeting of the Claremont City Council will be held on Tuesday, February 26, 2019, at 6:30 p.m. in the Claremont City Council Chamber, 225 Second Street, Claremont.

Mayor

ATTEST:

Deputy City Clerk



Claremont City Council

Agenda Report

File #: 2771

Item No: 3.

TO: TARA SCHULTZ, CITY MANAGER
FROM: SHELLEY DESAUTELS, CITY CLERK
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

SECOND READING AND ADOPTION OF AN ORDINANCE AMENDING THE CLAREMONT MUNICIPAL CODE REGARDING THE RECREATIONAL, MEDICAL, AND COMMERCIAL USES OF MARIJUANA

SUMMARY

The City Council adopted a ban on marijuana in 2006. On January 19, 2016, the City Council adopted an ordinance to clarify its ban on marijuana dispensaries, cultivation, and delivery services, as permitted by the Medical Marijuana Regulation and Safety Act of 2015 ("MMRSA"). Proposition 64, the Adult Use of Marijuana Act ("AUMA"), was adopted by the voters on November 8, 2016. The AUMA immediately legalized possession, transport, purchase, use, and transfer of recreational marijuana for individuals 21 years of age or older. Beginning in January of 2018, the AUMA also established a state regulatory and licensing program for nonmedical *commercial* marijuana cultivation, testing, distribution, and manufacturing.

On October 11, 2016, the City Council adopted Ordinance No. 2016-11 prohibiting *commercial* marijuana operations, including retail dispensaries, cultivation and manufacturing facilities, as well as delivery services within the City. While Proposition 64 allows for cities to ban these commercial enterprises, it is important to note that cities cannot prohibit personal cultivation of six plants or fewer for personal use. Any restriction on individual adults from possessing or purchasing certain amounts of marijuana or marijuana products for personal use is unenforceable under AUMA.

Recently, and despite concerns by local governments and California Police Chiefs, the Bureau of Cannabis Control chose to adopt regulations that now allow cannabis deliveries within the State, regardless of local ordinances or regulations. Although deliveries to individuals in the City are allowed, it does not mean a delivery business can be established in the City of Claremont. This new regulation has been considered in both the proposed urgency and regular ordinances.

When the City's commercial ban was adopted in 2016, staff indicated updates would be provided to the City Council over the next 12-24 months on the status of what is happening in other cities once legalization occurred. When the ordinance was approved, the City Council opted to add a sunset clause to the ordinance of December 31, 2018.

Since the adoption of the Ordinance, staff has monitored what has happened around the State and provided an update to the City Council at the May 20, 2017 Council Priorities Workshop. At that meeting, the City Council approved the staff recommendation to continue the current policy of commercial prohibition and to consider any changes to the marijuana policy at such a time that State permits have been issued and there are clear guidelines from the State and Federal government to guide a regulatory framework in the City. Staff does not believe there are sufficient best practices or guidelines to follow in order to consider a regulatory structure and the ban is still the best policy decision.

At the City Council meeting held on February 12, 2019, the City Council adopted Urgency Ordinance No. 2019-01 to immediately reaffirm the ban and introduced for first reading a regular ordinance to adopt an ongoing ban. The City Council also requested to have the item brought back for discussion at a future time.

RECOMMENDATION

Staff recommends that the City Council waive further reading and adopt AN ORDINANCE EXTENDING ORDINANCE NO. 2016-11 AND THE REGULATIONS SET FORTH IN CHAPTER 9.72 OF THE CLAREMONT MUNICIPAL CODE RELATING TO THE PERSONAL, MEDICAL, AND COMMERCIAL USE OF MARIJUANA.

ALTERNATIVES TO RECOMMENDATION

In addition to the staff recommendation, there are the following alternatives:

- A. Request additional information.
- B. Do not adopt the Ordinance.

FINANCIAL REVIEW

The staff cost to research and prepare this report is estimated at \$2,000 and is included in the operating budgets of the City Manager's Office and City Attorney.

The cost to prepare this report and publish the Ordinance is \$546 and is included in the operating budget of the Administrative Services Department.

ANALYSIS

After the passage of Proposition 64 and the adoption of Claremont Ordinance No. 2016-11, staff has monitored the State licensing process, existing and new regulations as they relate to local control, and lessons learned from other cities.

After the legalization of recreational marijuana, the understaffed State agency undertook a complex dual licensing system. State officials estimated there would be as many as 6,000 cannabis retailers licensed in the first few years, but the state Bureau of Cannabis Control has issued just 547

temporary and annual licenses to retail stores and dispensaries. Like Claremont, many cities have taken a wait and see approach as the State process evolves. Further, due to high taxes imposed on commercial marijuana businesses, there continues to be a strong black market throughout the State.

The State's three cannabis licensing authorities announced the publication of proposed regulations to the California Regulatory Notice Register in July 2018, the first step toward adopting non-emergency regulations under the regular rulemaking process. A 45-day public comment period was held on these proposed regulations for industry, stakeholder, and public feedback, which was followed by an additional 15-day comment period after the Bureau announced changes to the proposed regulations. These proposed regulations were submitted to the California Office of Administrative Law (OAL) on December 3, 2018 and a press release announcing the adopted regulations was published on January 16, 2019.

Once Proposition 64 was passed, cities were able to retain local control and prohibit *commercial* marijuana operations, including retail dispensaries, cultivation and manufacturing facilities, as well as delivery services within the City. However, cities cannot prohibit personal cultivation of six plants or fewer for personal use. Despite concerns from local governments, as well as California Police Chiefs and other public safety organizations, the Bureau of Cannabis Control chose to adopt regulations that now allow cannabis deliveries within the State, regardless of local ordinances or regulations. It is important to note that although deliveries to individuals in the City are allowed, it does not mean a delivery business can be established in the City of Claremont. This new regulation has been considered in both the proposed urgency and regular ordinances.

Most cities in California have chosen to adopt similar bans to the City of Claremont. According to a recent Los Angeles Times article, less than 20 percent (89 of 482) of cities in California allow retail shops to sell cannabis for recreational use, and 82 of Los Angeles County's 88 cities prohibit retail sales. California has also issued fewer cultivation licenses than expected in the first year, with about 2,160 growers registered with the State. To compare, there were 50,000 commercial cannabis cultivation operations that existed before Proposition 64.

While some cities have allowed for different commercial operations, the rollout of recreational marijuana in California has not been the financial windfall that many were hoping for. The complex dual licensing system, understaffed State agency, long rule-making process, high tax burden, local regulations, banking difficulties, and the fact marijuana is still illegal under Federal law, has continued to make it an arena that staff recommends the City not enter.

On February 12, 2019, the City Council reaffirmed, readopted, and extended the regulations adopted in Ordinance 2016-11, by adopting Urgency Ordinance No. 2019-01, and introducing a regular ordinance to establish an ongoing ban.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item relates to the Public Safety and Quality of Life Council Priorities.

Sustainability Plan - This item does not apply to the goals of the Sustainability Plan.

Economic Sustainability Plan - This item does not apply to the recommendations outlined in the

Economic Sustainability Plan.

General Plan - This item addresses the following goals and objectives of the General Plan:

- Goal 6-1: Work to promote a safe community in which residents can live, work, and play; and
- Policy 6-9.8: Initiate proactive crime suppression and prevention strategies throughout the community.

2018-19 Budget - This item addresses the following goals and objectives of the Community Development and Public Safety Work Plan:

- CD-8: Ensure the safety of buildings in Claremont;
- PS-3: Maintain a safe community, in which citizens reside, work, and visit; and
- PS-10: Initiate proactive crime suppression and prevention strategies throughout the community.

Youth and Family Master Plan - This item applies to Goal 8: Provide a Safe, Secure and Sustainable Environment of the Youth and Family Master Plan.

CEQA REVIEW

Adoption of the proposed ordinances is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a “project” as defined in Section 15378). CEQA Guidelines Section 15378(b)(2) excludes “[c]ontinuing administrative ... activities, such as ... general policy and procedure making” and Section 15378(b)(5) excludes “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” from its definition of “project.”

Even if this item were a “project,” it would be exempt from environmental review under CEQA Guidelines Section 15061(b)(3)’s “general rule” that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Here, it can be seen with certainty that there is no possibility that this item, in and of itself, will have a significant effect on the environment. On its own, this action will not result in any physical changes to the environment.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and on the City website.

Submitted by:

Shelley Desautels
City Clerk

Attachment:
Ordinance Regulating Use

ORDINANCE NO. 2019-__

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, EXTENDING ORDINANCE NO. 2016-11 AND THE REGULATIONS SET FORTH IN CHAPTER 9.72 OF THE CLAREMONT MUNICIPAL CODE RELATING TO THE PERSONAL, MEDICAL, AND COMMERCIAL USE OF MARIJUANA

WHEREAS, the City of Claremont, California (the “City”) is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, Article XI, Section 7 of the California Constitution authorizes the adoption and administration of ordinances, rules and regulations by cities as a means of protecting health, safety and welfare; and

WHEREAS, on October 25, 2016, the City adopted Ordinance 2016-11, which amended Chapter 9.72 of the City’s Municipal Code to clarify the substantive objectives of the Municipal Code regarding the City’s regulation of marijuana within its City limits and to preemptively address the changes to California law resulting from the California voters approval of Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (“AUMA”), in November of 2016; and

WHEREAS, Ordinance 2016-11 has a sunset clause that provides that it shall be of no further force or effect on January 1, 2019; and

WHEREAS, this Ordinance would reaffirm, readopt and extend the regulations adopted in Ordinance 2016-11 beyond the January 1, 2019 sunset;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CLAREMONT DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Claremont hereby finds and determines that all of the above Recitals are true and correct and incorporates such Recitals into this Ordinance as if fully set forth herein.

SECTION 2. The City Council of the City of Claremont hereby readopts and reaffirms the regulations set forth in Ordinance 2016-11 relating to the personal, medical, and commercial use of marijuana, which were incorporated into Chapter 9.72 of the Claremont Municipal Code. A copy of Ordinance 2016-11 is attached hereto as an Exhibit. This readoption and reaffirmation of said regulations shall be without the sunset clause.

SECTION 3. CEQA. This Ordinance is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act (“CEQA”) Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly. The City Council further finds, under Title 14 of the California Code of Regulations, Section 15061(b)(3), that this Ordinance is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the

environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Los Angeles in accordance with CEQA Guidelines.

SECTION 4. Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase added by this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses, or phrases are declared unconstitutional, invalid, or ineffective.

SECTION 5. Restatement of Existing Law. Neither the adoption of this ordinance nor the repeal of any other ordinance of this City shall in any manner affect the prosecution for violations of ordinances, which violations were committed prior to the effective date hereof, nor be construed as a waiver of any license or penalty or the penal provisions applicable to any violation thereof. The provisions of this ordinance, insofar as they are substantially the same as ordinance provisions previously adopted by the City relating to the same subject matter or relating to the enumeration of permitted uses under the City's zoning code, shall be construed as restatements and continuations, and not as new enactments.

SECTION 6. The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law.


PASSED AND ADOPTED this ___ day of _____, 2019.

Mayor, City of Claremont

ATTEST:

City Clerk, City of Claremont

APPROVED AS TO FORM:



City Attorney, City of Claremont



Claremont City Council

Agenda Report

File #: 2761

Item No: 4.

TO: TARA SCHULTZ, CITY MANAGER

FROM: JEREMY SWAN, INTERIM COMMUNITY SERVICES DIRECTOR

DATE: FEBRUARY 26, 2019

Reviewed by:

City Manager: TS

Finance Director: AP

SUBJECT:

ADOPTION OF A RESOLUTION AUTHORIZING WILLDAN FINANCIAL SERVICES TO PREPARE THE 2019-20 LANDSCAPE AND LIGHTING DISTRICT ANNUAL REPORT

SUMMARY

State law requires an annual procedure for levying Landscape and Lighting District (LLD) assessments. The first step in the process is to authorize a qualified engineer to prepare the annual report. Willdan Financial Services will prepare the 2019-20 Landscape and Lighting District Annual Report for City Council's consideration as required by resolution. The annual report includes the proposed budget for the services provided under the Landscape and Lighting District, which includes the maintenance of right-of-way landscaping, parks, trees, and street lights. Upon completion, the report will be presented to the City Council for review and adoption.

RECOMMENDATION

Staff recommends that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, DIRECTING WILDAN FINANCIAL SERVICES, AS ENGINEER OF RECORD, TO PREPARE AND FILE THE 2019-20 ANNUAL REPORT PERTAINING TO LANDSCAPE AND LIGHTING DISTRICT NO. LL001 (PURSUANT TO THE LANDSCAPE AND LIGHTING ACT OF 1972).

ALTERNATIVE TO RECOMMENDATION

In addition to the recommendation, there is the following alternative:

- Request additional information and delay authorization to begin work on the 2019-20 report.

FINANCIAL REVIEW

The Landscape and Lighting District budget includes \$6,000 to prepare the annual LLD report, including engineering services, data processing, printing, mileage, and map duplication.

The staff costs to research this issue, prepare documentation, and complete reports are estimated to be \$1,289. These costs include staff time allocated to the project and are included in the operating budget of the Community Services Department.

ANALYSIS

In March 1990, the City Council established the LLD in accordance with existing State law to help pay for the cost of maintaining public landscaping and street lighting. All noticing and public hearing requirements were met during the formation of the LLD. The required process for adjustment of the annual LLD assessment, including public hearings, has been followed each year since that time.

In November 1996, the California electorate approved Proposition 218, which made changes to State law governing Landscape and Lighting Districts. To comply with the full extent of this law, the City Council placed a ballot initiative, known then as Measure A, on the March 4, 1997 local ballot. The initiative asked Claremont voters to ratify the existing district. Voters responded affirmatively.

The City Council is required to adopt a resolution annually authorizing an engineer to begin work on the LLD assessment. The City has contracted with Willdan Financial Services to prepare the annual Engineer's Report. The work required to prepare the Engineer's Report includes updating the LLD parcel and land-use database and the preparation of a written report. The City is required to update the parcel and land-use database annually to capture any parcels that need to be added to the annual assessment or to record changes in land-use designations within the district in the prior year. The annual report describes the prior year changes within the district. It also provides an overview of the methodology employed for charging each assessment unit the annual fee, and it sets the rate applied to each parcel.

The preliminary Engineer's Report is scheduled for presentation and review before the Community and Human Services Commission on April 3, 2019, and subsequent presentation to the City Council on May 14, 2019. If the preliminary report is deemed appropriate, the City Council can adopt a resolution of intent to set fees and set a date for the public hearing to adopt the assessment for 2019-20. Consistent with the provisions of Measure A, the report will recommend an assessment fee adjustment based on the change in the Consumer Price Index (CPI). Based on data provided by the Bureau of Labor Statistics, the engineer may use the change in the CPI from February 2018 to February 2019 as the basis for this adjustment. The February to February CPI is used to meet the August 2019 deadline of delivering the annual assessment to the County Assessor. Historically, the annual CPI adjustments generally fluctuate between 1 and 4 percent. The adjustment is bound by the change in CPI, and the annual LLD assessment cannot be adjusted any higher than the February to February change in the CPI. A general CPI increase will be the only change proposed for the annual LLD assessment.

To complete the LLD assessment process, a public hearing must be held, which staff anticipates would occur at the June 11, 2019 City Council meeting. The engineer will attend this City Council meeting and be available to answer questions. The hearing will give the public an opportunity to comment on the planned maintenance work proposed for the coming year and on the proposed assessment fees. Changes may be made to the Engineer's Report until the close of this hearing. The

City Council will then be able to adopt the 2019-20 Engineer's Annual Report and approve the LLD assessment for 2019-20.

The proposed 2019-20 LLD assessment timeline is outlined below:

- **February 26, 2019:** Authorization requested for Willdan Financial Services, the LLD Engineer, to begin work on the Preliminary Engineer's Report.
- **April 3, 2019:** Preliminary Engineer's Report is presented to the Community and Human Services Commission for review.
- **May 14, 2019:** LLD Engineer presents the preliminary report to the City Council for review. The City Council considers adoption of the resolution of intent to set fees for 2019-20 and sets the date for the public hearing.
- **June 11, 2019:** Public hearing is conducted to consider adoption of the Engineer's Annual Report and approval of LLD assessments for 2019-20.
- **August 2019:** Assessment information is delivered to the County Assessor.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item addresses the Council Priority: Financial Stability.

Sustainability Plan - The item complies with the goals of Sustainability Plan 6.4.6 Maintain a positive cost/revenue balance in City budgets.

Economic Sustainability Plan - This item relates to the Changing the Economic Model recommendations outlined in the Economic Sustainability Plan.

General Plan - The item addresses Measure III-42 relating to the Physical Improvements Capital Projects and Maintenance of the General Plan and furthers the goal of continuing to provide well maintained lights and landscape within the City.

2018-19 Budget - The item meets the following Community Services Department Work Plan Goals:

- CS-3: Ensure City street lights are in good and safe working condition;
- CS-8: Ensure that parks are in healthy and clean condition, free from litter, graffiti, pests, and disease, to provide a safe environment for the public;
- CS-9: Ensure that rights-of-way, parkways, and Village planters are well maintained, free of litter, weeds, and brown spots, with healthy and vigorous plants that represent a good distribution of color; and
- CS-12: Preserve and maintain a healthy urban forest that will improve the environment and provide overall beauty to the community.

Youth and Family Master Plan - This item does not relate to the objectives in the Youth and Family Master Plan.

CEQA REVIEW

This item (authorizing the preparation of the engineer's report for the Landscape and Lighting and Assessment District Annual Update) is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a "project" as defined in Section 15378). CEQA Guidelines Section 15378(b)(2), (4), and (5) excludes "[c]ontinuing administrative or maintenance activities," "[t]he creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment," and "[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment" from its definition of "project."

Even if the engineer's report were a "project" under CEQA, it would be statutorily exempt from environmental review, pursuant to CEQA Guidelines Section 15273(a)(4) (obtaining funds for capital projects, necessary to maintain service within existing service areas). and categorically exempt pursuant to CEQA Guideline Section 15306 (information collection). This update is to determine if the existing maintenance assessment should be modified and if so by how much based on the Consumer Price Index change. The Section 15273(a)(4) exemption is applicable because the purpose of the annual assessment is to provide funding to maintain public landscaping and streetlights within the City of Claremont. The Section 15306 exemption is applicable because the report consists of basic data collection, research, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource.

Additionally, this item is exempt pursuant to CEQA Guideline Section 15061(b)(3)'s "general rule" that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Here, it can be seen with certainty that there is no possibility that this item, in and of itself, will have a significant effect on the environment. The action will simply provide funding to maintain the public landscaping and streetlights. Therefore, no additional environmental review is necessary at this time.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and on the City website.

Submitted by:

Jeremy Swan
Interim Community Services Director

Prepared by:

Cari Dillman
Management Analyst

Attachment:

Proposed Resolution

RESOLUTION NO. 2019-**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, DIRECTING WILLDAN FINANCIAL SERVICES, AS ENGINEER OF RECORD, TO PREPARE AND FILE THE 2019-20 ANNUAL REPORT PERTAINING TO LANDSCAPE AND LIGHTING DISTRICT NO. LL001 (PURSUANT TO THE LANDSCAPE AND LIGHTING ACT OF 1972)**

WHEREAS, in March 1990, the City Council of the City of Claremont (the “City”) adopted Landscape and Lighting District No. LL001 pursuant to the Landscaping and Lighting Act of 1972, Part 2 (commencing with § 22500) of Division 15 of the Streets and Highways Code (the “Act”), for the maintenance and servicing of street lighting, street trees, parkways, median islands, and city parks; and

WHEREAS, Landscape and Lighting District No. LL001 qualifies for continued levying under Section 5 of Article XIII D of the California Constitution; and

WHEREAS, the City is required under the Act to follow certain annual procedures for levying assessments; and

WHEREAS, the first step in the procedures is for the City Council to authorize the Engineer to begin work preparing and filing the Annual Report for Landscape and Lighting District LL001; and

WHEREAS, authorizing the preparation of the engineer’s report for the Landscape and Lighting and Assessment District Annual Update is not subject to the California Environmental Quality Act (Pub. Resources Code, Sec. 21000 et seq.) (“CEQA”) pursuant to Sections 15060(c)(2) (the report will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the report is not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3—the annual assessment is a government funding mechanism, which is excluded from the definition of “project” under Section 15378(b)(4) of the CEQA Guidelines; and

WHEREAS, even if the engineer’s report were a “project” under CEQA, it would be exempt from environmental review pursuant to Section 15273(a)(4) of CEQA Guidelines because the purpose of the annual assessment is to provide a funding mechanism to maintain public landscaping and street lights within the City of Claremont, the costs of which change based on yearly market conditions, and because, pursuant to Section 15306 of the CEQA Guidelines, the report consists of basic data collection, research, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource; and

WHEREAS, this item is exempt pursuant to CEQA Guideline Section 15061(b)(3)’s “general rule” that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Here, it can be seen with certainty that there is no possibility that this item, in and of itself, will have a significant effect on the environment. The action will simply provide funding to maintain the public landscaping and streetlights. Therefore, no additional environmental review is necessary at this time.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the City Council of the City of Claremont, California, as follows:

Section 1. The City Council designates Willdan Financial Services as the Engineer of record for Landscape and Lighting District LL001, and Willdan Financial Services is hereby directed to prepare and file an Annual Report for Landscape and Lighting District LL001 in accordance with the provisions of the Landscape and Lighting Act of 1972.

Section 2. This Resolution is adopted pursuant to Section 22622 of the Streets and Highways Code.

Section 3. The Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.


PASSED, APPROVED, AND ADOPTED this 26th day of February 2019.

ATTEST:

Mayor, City of Claremont

City Clerk, City of Claremont

APPROVED AS TO FORM:



City Attorney, City of Claremont



Claremont City Council

Agenda Report

File #: 2760

Item No: 5.

TO: TARA SCHULTZ, CITY MANAGER
FROM: ADAM PIRRIE, FINANCE DIRECTOR
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

CITY OF CLAREMONT ANNUAL FINANCIAL REPORTS FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY

Each year, an independent auditor conducts a financial audit for the City of Claremont. The audit firm of Rogers, Anderson, Malody & Scott, LLP conducted the audit and prepared the financial statements contained in the Comprehensive Annual Financial Report (CAFR) and other related financial reports.

Rogers, Anderson, Malody & Scott, LLP has issued an unmodified (“clean”) opinion, the highest opinion given financial statements, to the City for the year ended June 30, 2018. This opinion indicates that the financial statements represent fairly, in all material aspects, the financial position of the City. The City has received an unmodified opinion for the past 34 years.

RECOMMENDATION

Staff recommends that the City Council receive and file the following letters and financial reports for the year ended June 30, 2018:

- A. Audit Communication Letter;
- B. Management Letter;
- C. Comprehensive Annual Financial Report (CAFR);
- D. Transportation Fund Financial Statements; and
- E. Area Agency on Aging (Senior Nutrition Program) Financial Statements.

ALTERNATIVE TO RECOMMENDATION

In addition to the staff recommendation, there is the following alternative:

- Request additional information from staff.

FINANCIAL REVIEW

The CAFR represents the City of Claremont's financial position at June 30, 2018 and includes financial statements for all its component units. Financial highlights for the fiscal year are noted in the Financial Section of the CAFR and include the following:

- At June 30, 2018, the City's assets exceeded its liabilities by \$62.2 million (net position). Of this net position, the negative amount of \$39.1 million represents the City's unrestricted net position. This negative unrestricted negative net position is the result of the implementation of Government Accounting Standards Board (GASB) Statement No. 68, which requires the City to record the long-term net pension obligation of its CalPERS retirement plans as a liability.
- The City's total net position decreased by \$1.4 million during the current fiscal year, primarily due to the implementation of GASB Statement No. 68 and the depreciation of infrastructure and capital assets.
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$34.8 million, an increase of \$4.3 million from the prior fiscal year. Approximately 19 percent of this amount, or \$6.6 million, is available for spending at the City Council's discretion.
- As of June 30, 2018, the City's proprietary funds reported a net position of \$11.8 million, an increase of approximately \$94,000 from the prior fiscal year. Approximately 17 percent of this amount, or \$2.0 million, represents the unrestricted portion of net position.
- Operationally, General Fund expenditures and transfers out exceeded revenues and transfers in by \$2.3 million. Fund balance in the General Fund amounted to \$6.2 million, a decrease of \$2.3 million over the prior year.
- The General Fund's Operating and Environmental Emergency committed fund balance stands at \$5.5 million at June 30, 2018, less than the 25 percent of budgeted General Fund operating expenditures outlined in the City's Reserve Policy.
- The City's total long-term debt increased by \$3.8 million during the current fiscal year, due primarily to the increase in the City's net pension liability. This increase in long-term debt was partially offset by regularly scheduled debt service payments on the City's other debt.

The costs to research this issue, prepare documentation and complete this report are estimated to be \$1,200. These costs are in staff time allocated to the project and are included in the operating budget of the Financial Services Department.

ANALYSIS

Audit Communication Letter

The Audit Communication Letter (Attachment A) provides certain information related to the audit of the City's financial records, including the following:

- Qualitative Aspects of Accounting Practices - The Audit Communication Letter notes that City management is responsible for the selection and use of appropriate accounting policies. It further indicates that no new accounting policies were adopted during the fiscal year, nor were any existing policies changed. The letter also noted there were no transactions entered into by the City during 2017-18 for which there was a lack of authoritative guidance, and that all significant transactions were recorded in the proper accounting periods.
- Difficulties Encountered in Performing the Audit - The auditors encountered no significant difficulties in dealing with City management.
- Corrected and Uncorrected Misstatements - The letter communicates the auditors' responsibility to note all known and likely misstatements identified during the audit. There were no misstatements identified during the auditors' review of financial transactions for 2017-18.
- Disagreements with Management - The auditors are required to communicate any disagreements with management related to an accounting, reporting or auditing matter, whether resolved or not, in the Audit Communication Letter. No such disagreements arose during the course of the audit for 2017-18.

Management Letter

The Management Letter (Attachment B) notes any identified deficiencies or weaknesses in internal control over financial reporting that could lead to material misstatements in the City financial statements, as well as any other compliance findings. For the year ending June 30, 2018, no significant deficiencies or material weaknesses were identified.

Comprehensive Annual Financial Report (CAFR)

The CAFR incorporates the City's financial activities of all funds, including those of the Successor Agency to the former Claremont Redevelopment Agency. Legal or contractual obligations require that separate financial reports be prepared for certain specific funds or programs. To meet such requirements, the City prepares separate financial statements for the Transportation Fund, as well as for the Senior Nutrition Program. Although separate financial statements are prepared, the activities of these two programs are also included in the CAFR.

CAFR Format

The format of the CAFR follows guidelines recommended by the California Municipal Finance Officers' Association (CSMFO) and conforms to the high standards of public financial reporting established by the Governmental Finance Officers' Association (GFOA) of the United States and Canada.

The CAFR is presented in three sections: (1) Introductory, (2) Financial, and (3) Statistical.

A brief overview of the report format is described below:

Introductory Section

The Introductory Section includes the letter of transmittal prepared by staff, the City's fiscal policies, the GFOA Certificate of Achievement for Excellence in Financial Reporting, the City's organizational

chart, a list of City Council members and department directors, and a chart of General Fund revenues and expenditures.

Financial Section

The Financial Section begins with Rogers, Anderson, Malody & Scott, LLP's Independent Auditors' Report, which gives an unmodified opinion, the highest opinion given, of the City's financial statements. It states that the City's financial statements "present fairly, in all material aspects, the respective financial condition of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Claremont, California, as of June 30, 2018."

The second part of the Financial Section is the Management's Discussion & Analysis (MD&A). This requirement provides an overview of the City's financial performance for the fiscal year ended June 30, 2018. Staff has included additional charts and graphs depicting revenues and expenditures, capital assets and long-term debt in the MD&A to comply with GFOA recommendations.

Following the MD&A are the Basic Financial Statements. These include the government-wide financial statements, as well as those of the major governmental funds, of which the General Fund is the most important.

The Notes to the Financial Statements follow the Basic Financial Statements and include the required footnote disclosures that provide background and support to the figures presented in the Financial Section.

The last part of the Financial Section is the Supplemental Statements. These statements provide detailed financial information on the individual non-major funds.

Statistical Section

GASB Statement No. 44 requires an extensive set of schedules for the Statistical Section in order to better reflect the economic condition of the City. The CAFR provides numerous financial and other schedules relevant to the economic conditions of the City. Many of the schedules show data for the last ten years.

General Fund Financial Performance

General Fund revenues and transfers in from other funds totaled \$26,218,017 for 2017-18. Expenditures and transfers out to other funds totaled \$28,549,762, resulting in a decrease in fund balance of \$2,331,745. The primary reason for the decrease in fund balance was the expenditure of funds pursuant to the settlement agreement with the Golden State Water Company (GSW) that required the payment of \$2 million to GSW in December 2017.

The General Fund balance at June 30, 2018 totals \$6,154,847. Of this amount, \$42,245 is non-spendable, meaning that it is not in a spendable form. A further \$5,544,043 represents committed fund balance that has been set aside in the Operating and Environmental Emergency Reserve. The Operating and Environmental Emergency Reserve balance of \$5,544,043 at June 30, 2018 represents 21.1 percent of General Fund expenditures and transfers out, less than the 25 percent required by the City's Reserve Policy.

The remainder of the General Fund balance, totaling \$568,559, is unassigned and may be used for any lawful purpose.

Special Revenue and Capital Projects Funds

The CAFR reports on results of operations for twenty-three special revenue and capital projects funds. Special revenue and capital projects funds are restricted in their use to expenditures for specific purposes. Examples include grant funds, such as CDBG and the Nutrition Grant; transportation-related funds such as Prop A and C; and others such as the State Gas Tax and Landscape and Lighting District Funds. Results of the special revenue and capital projects funds for the year ended June 30, 2018, are reported in both the Basic Financial Statements and the Supplemental Statements. There were no unexpected changes in fund balance for these funds for the year ended June 30, 2018.

Enterprise and Internal Service Funds

The City operates four proprietary or enterprise funds, namely the Transportation, Sewer, Sanitation and Cemetery Funds. Two of the four funds saw an increase in net position during 2017-18 in the following amounts: Transportation \$284,003 and Cemetery \$25,777. These increases were primarily due to better-than-expected revenues combined with lower expenditures. The Sewer and Sanitation Funds saw decreases in net position of \$142,429 and \$73,594, respectively. These decreases resulted from the use of accumulated fund balance to fund capital projects and acquire vehicles during the fiscal year.

The City operates two internal services funds, the Motor Fleet and Technology Funds. The funds account for activities involving the provision of motor vehicle repairs and maintenance, as well as computer network support to City departments. The Motor Fleet Fund's net position decreased by \$321,396 during the year, primarily as a result of the purchase and depreciation of vehicles. The Technology Fund's net position decreased by \$177,639, due largely to the use of accumulated funds to purchase computer equipment and to the depreciation of computer and network system assets.

CalPERS Retirement/GASB Statement No. 68 Implementation

The implementation of GASB Statement No. 68 changed the way the City is required to account for the liabilities associated with its employee pension plans. The pronouncement requires the City to include the value of the City's net pension liability in the Government-Wide Financial Statements and in the Proprietary Fund Financial Statements. Prior to GASB 68, unfunded pension liabilities were described in the Notes to the Financial Statements only. The inclusion of the net pension liability in the financial statements is intended to provide users of the financial statements with a more accurate picture of the City's true financial condition, taking into account the significant long-term liabilities associated with employee pension plans. The City's net pension liability at June 30, 2018 is \$52,240,335.

The Notes to the Financial Statements also provides additional information regarding the City's participation in the California Public Employees' Retirement System (CalPERS). In addition to identifying the total net pension liability, the notes also show the liability broken down by benefit plan.

For the City's miscellaneous plan, the net pension liability disclosed in the footnotes totals \$32,355,187 as of June 30, 2018. During 2017-18, the City made payments of \$2,523,003 towards the employer contribution. Payments by employees of the employee contribution of up to 8 percent

totaled \$616,441.

The net pension liability of the City's safety plans as of June 30, 2018 is \$19,885,148. Payments during 2017-18 on the employer share totaled \$1,565,505. Employee contributions of up to 9 percent totaled \$371,867.

In addition to regular required payments, the City Council also directed staff to make additional payments to PERS in 2017-18 of \$100,000 to reduce the unfunded liability of the City's retirement plans. Since 2010, the City Council has authorized over \$2.7 million in additional payments to PERS to reduce the City's unfunded liability.

In addition to the City's efforts to reduce the unfunded liability by making additional payments, the City Council has also taken action to reduce pension costs by negotiating for employees to pay the full amount of their required contributions of up to 8 percent for miscellaneous employees and 9 percent for safety employees. The City Council also took action to implement lower benefit tiers for new employees, and the State legislature has taken this a step further in the implementation of the Public Employees' Pension Reform Act (PEPRA), which establishes even lower benefit formulas for new employees hired after January 1, 2013.

In addition to the required contributions to PERS, the City made debt service payments in the amount of \$531,747 on Pension Obligation Bonds issued in 2006 to pay off the side fund that was established when the safety plan was pooled. The outstanding balance on these bonds at June 30, 2018 was \$4,065,000.

City Debt

The CAFR also summarizes the City's outstanding long-term debt in the Notes to the Financial Statements. At June 30, 2018, the total outstanding long-term debt of the City of Claremont, not including the net pension liability, was \$24,605,533. This long-term debt amount includes loans payable, General Obligation and Pension Obligation Bonds, compensated absences, insurance deposits payable, as well as the settlement agreement with the Golden State Water Company for legal expenses in the City's eminent domain case to acquire the local water system.

Golden State Water Company Settlement

In December 2014, the City filed a lawsuit seeking to acquire the local water system by eminent domain action from the Golden State Water Company. The City sought to acquire the water system to establish local control, including the setting of water rates, over the delivery of water service to residents of Claremont. The trial to determine the City's right to take the system under eminent domain law took place from June through August 2016. On November 10, 2016, the judge in the case issued a tentative decision against the City, which was affirmed on December 10, 2016 with his final decision.

On March 8, 2017, the judge in the City's eminent domain case awarded a judgment for legal fees to Golden State Water in the amount of \$7,602,781. The City Council elected to enter into a settlement agreement for the payment with Golden State Water to reduce the overall amount that would be paid to the water company. Under the terms of the settlement agreement, interest accrued at a rate of four percent on the principal balance through December 31, 2017, bringing the total amount outstanding to \$7,851,000. A payment of \$2 million was due by December 31, 2017, which reduced the outstanding principal amount to \$5,851,000. This payment was made from the City's Operating and

Environmental Emergency Reserve.

The settlement agreement further requires the City to make quarterly interest only payments of \$58,510, at a rate of four percent, for a period of twelve years, after which the principal balance of \$5,851,000 will be forgiven if the City does not take action to acquire the Claremont water system by eminent domain during the twelve-year period. Should the City Council adopt a Resolution of Necessity to take the system within the next twelve years, the principal balance, plus any accrued interest, shall become immediately due and payable.

Payment to Golden State Water, under the terms of the agreement, will cost the City a total of \$4,808,480 over twelve years. This is a significant savings from the amount of the judgment (\$7,602,781), plus interest, that would be payable had the settlement agreement not been executed.

Transportation Fund Financial Statements

The Transportation Fund financial statements are included in the CAFR, although a separate set of financial statements are required to be presented as a requirement of the use of transit funding for the City's Dial-a-Ride program.

Area Agency on Aging (Senior Nutrition Program) Financial Statements

Funding received through Los Angeles County for the City's Senior Nutrition Program requires that separate financial statements are prepared for the program. The Senior Nutrition Program financial statements are also included in the CAFR.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item does not apply to the Financial Stability Council Priority Plan.

Sustainability Plan - This item does not apply to the goals of the Sustainability Plan.

Economic Sustainability Plan - This item does not apply to the recommendations outlined in the Economic Sustainability Plan.

General Plan - This item relates to General Plan Implementation Measure I-18: Continue to maintain accurate records of City revenues, investments, fund balances, expenditures, employee related costs, and other financial matters. Provide periodic updates to City Manager and City Council on the City's financial condition.

2018-19 Budget - This item meets the Financial Services Department Work Plan Goal FS-1: Provide administrative support to the City Council, City Manager and all operating departments on a daily and long-range planning basis.

Youth and Family Master Plan - This item does not apply to the goals and objectives in the Youth and Family Master Plan.

CEQA REVIEW

This item is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a “project” as defined in Section 15378). Under CEQA Guidelines Section 15378(b)(2) and (5), continued administrative activities and organization activities that will not result in a direct or indirect physical change in the environment are not CEQA projects. Moreover, under CEQA Guidelines Section 15378(b)(4), government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment are not CEQA projects.

The acceptance of the City’s financial reports for the year ended June 30, 2018 is an organizational activity of the government which involves the fiscal activities but does not commit to any specific project, as such; this item is not a CEQA project. Even if it was determined to be a CEQA project, pursuant to CEQA Guidelines Section 15061(b)(3), CEQA does not apply to this item because there is no potential for causing a significant effect on the environment. The acceptance of the City’s financial reports for the year ended June 30, 2018 will not have a significant effect on the environment because the action will not result in or lead to a physical change in Claremont. Therefore, no additional environmental review is needed at this time.

AUDIT COMMITTEE REVIEW

The City’s Audit Committee has reviewed the Comprehensive Annual Financial Report for the year ended June 30, 2018.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Adam Pirrie
Finance Director

Attachments:

- A - Audit Communication Letter
- B - Management Letter
- C - Comprehensive Annual Financial Report (CAFR)
- D - Transportation Fund Financial Statements
- E - Area Agency on Aging (Senior Nutrition Program) Financial Statements



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January 30, 2019

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To the Honorable City Council
City of Claremont, California

We have audited the financial statements of the City of Claremont (the City) as of and for the year ended June 30, 2018, and have issued our report thereon dated January 30, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 7, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. During the current year, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expenses is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred inflows and outflows is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net OPEB liability and related deferred inflows and outflows is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the loss contingency liability is based on information provided by the City's legal counsel. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements were:

The disclosure of the fair value of investments in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred inflows and outflows in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of net OPEB liability and related deferred inflows and outflows in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of the loss contingency liability in the notes of the financial statements is based on information provided by the City's legal counsel.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements reported.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 30, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

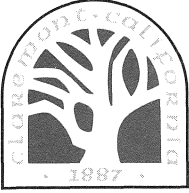
Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and use of the City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California



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January 30, 2019

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the basic financial statements of the City of Claremont (the City) as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 30, 2019:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 7, 2018, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility 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.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.

- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 9) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 13) All funds and activities are properly classified.
- 14) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 15) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 16) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- 17) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 18) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 19) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 20) Special items and extraordinary items have been properly classified and reported.
- 21) Deposit and investment risks have been properly and fully disclosed.
- 22) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 23) All required supplementary information is measured and presented within the prescribed guidelines.
- 24) With regard to investments and other instruments reported at fair value:

- a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
- b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
- d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

25) We have provided you with:

- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
- b. Additional information that you have requested from us for the purpose of the audit; and
- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

26) All transactions have been recorded in the accounting records and are reflected in the financial statements.

27) We have no knowledge of any fraud or suspected fraud that affects the City and involves:

- a. Management;
- b. Employees who have significant roles in internal control; or
- c. Others where the fraud could have a material effect on the financial statements.

28) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.

29) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

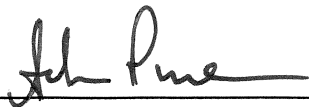
30) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

31) The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

32) We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.

33) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

- 34) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 35) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 36) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 37) There are no:
- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 38) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 39) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Adam Pirrie, Finance Director



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Honorable City Council
City of Claremont, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Claremont (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2019

city of claremont, california

Comprehensive Annual Financial Report



Year Ended June 30, 2018

city of claremont • california

Comprehensive Annual Financial Report
Year Ended June 30, 2018



City Council

Corey Calaycay, Mayor
Larry Schroeder, Mayor Pro Tem
Jed Leano, Councilmember
Ed Reece, Councilmember
Jennifer Stark, Councilmember

City Manager

Tara Schultz

Prepared by

Financial Services Department



**CITY OF CLAREMONT
 BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

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Introductory Section



CITY OF CLAREMONT

Tara Schultz, City Manager

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January 30, 2019

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Claremont:

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Claremont for the fiscal year ended June 30, 2018. Management assumes full responsibility for the accuracy and reliability of all information provided in this report. To provide a reasonable basis for making such representations, management has established a comprehensive internal control framework that is designed to both 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 accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The City's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. Rogers, Anderson, Malody & Scott have issued an unmodified opinion of the City's financial statements for the year ended June 30, 2018. The independent auditors' report is presented at the beginning of the financial section of the CAFR.

The CAFR is presented in three sections. The Introductory section, which is unaudited, includes this letter of transmittal, the City's organizational chart, and a listing of the City's principal elected and appointed officials.

The Financial section, which is audited, includes the independent auditors' report, management's discussion and analysis (MD&A), basic financial statements, notes to the financial statements, and the combined and individual fund financial statements and schedules. The MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with this letter.

The Statistical section, which is unaudited, includes selected financial and demographic information generally presented on a multi-year basis.

The City is required to undergo an annual single audit in accordance with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations." The standards governing single audit engagements require the auditor to report on the fair presentation of financial statements and the internal controls and compliance with legal requirements as they relate to the administration of Federal awards. These reports are available in the City's separately issued Single Audit Report.

City of Claremont Profile

The City of Claremont, incorporated in 1907, is located approximately 30 miles east of downtown Los Angeles. Claremont is best known for its tree-lined streets, historic buildings, and college campuses. Claremont is a vital, balanced community that provides a wide range of programs and services for all age groups, preserves a full range of housing opportunities, and supports a variety of thriving commercial and industrial centers. The City values protecting the environment while encouraging appropriate development, and respects traditional values while embracing new ideas.

The City has operated under the council-manager form of government since 1948. Policy-making and legislative authority are vested in a governing council (City Council) consisting of five members, who are elected at large on a non-partisan basis to serve four-year terms, with elections held every two years. The City Council appoints a member to serve as the Mayor for a one-year term. The City Council appoints the City Manager, who in turn appoints the heads of various departments.

The City provides a broad range of services including: police protection, solid waste collection, maintenance of streets and infrastructure, planning and zoning activities, recreational activities, and general administrative services.

The City's budget and fiscal policies (attached) serve as the foundation for the City's financial planning and control. The City Council formally adopts the budget and appropriates available monies for the City's various funds. The budget is prepared by fund, department (e.g., Human Services), and program (e.g., Senior Services). Department heads may transfer resources within a department as they see fit; however, transfers between departments require the approval of the City Manager.

Local Economy

The City of Claremont is comprised of a majority of single-family homes, condominiums and apartments as well as a mixture of retail, office, light industrial, and service entities providing a solid tax base for the City. Most businesses are oriented toward serving local residents and visitors. This local business environment and the availability of amenities in the community make Claremont a desirable community in which to work and live.

The City's major revenue sources are property tax, sales tax and utility user taxes, which in total comprise approximately seventy percent of the City's General Fund revenues.

Property taxes have seen growth due to increased property values. According to data provided by HdL Companies, Claremont's net taxable assessed value increased by 5.2% during 2017-18. Median home prices also increased by 0.7% in the 2017 tax year. Residential developments that are planned or in various stages of development will add to the number of residential units in the City and further increase to the City's property tax base.

Major commercial enterprises located within the City of Claremont's boundaries include automobile retailers, hotels, restaurants, general retail, and service establishments, as well as several educational institutions. A number of major economic development and commercial revitalization projects are currently in progress, with the goal of providing additional venues for entertainment, dining and shopping. These projects are crucial in helping to diversify and strengthen the City's sales tax base.

Long-term Financial Planning

The City has adopted conservative budgeting strategies, whereby realistic projections for revenue are matched with estimates of expenditures that attempt to capture all known cost increases. The City's budget is reviewed by the City Council on a quarterly basis, with specific emphasis on the City's General Fund. These reviews of the City's budget provide the opportunity for the City Council to address any budgetary issues that may have arisen during the fiscal year.

Changes in the economy have had a significant impact in Claremont, highlighting the need for the City to be proactive in seeking out economic development opportunities. City staff continues to work closely with our business community to revitalize and assist existing businesses, as well as to attract new business that will bring synergy to the Claremont economy and community. In these times of financial insecurity, these efforts to strengthen the local economy are of paramount importance.

As a result of responsible financial management, the City has been able to maintain balanced General Fund budgets over the past several years, during a time when many local governments struggle to maintain core service levels.

Major Initiatives

The City's commitment for 2017-18 and beyond is to continue exploring innovative means that effectively meet the needs of the community. Included among the major initiatives for this year are:

- ***Economic Development.*** The City Council has identified Economic Development as a means of ensuring the long-term financial stability of Claremont. Staff efforts will continue to assist developers through the development process to create

additional jobs, sales tax revenue, and provide a wide range of services to our residents.

- **Financial Stability.** The City Council will be financially judicious to increase reserves, while continuing to provide the environment, services, and programs the residents expect. Management and evaluation of Claremont's long-term financial stability is ongoing.
- **Infrastructure and Transportation.** The City Council acknowledges the importance of long-term planning and maintenance of the City infrastructure. The City has identified several transportation and infrastructure projects that will serve to enhance the quality of life of Claremont residents as they are completed.
- **Local Water Issues.** The City Council will be active in addressing water issues. Actions will continue to ensure Claremont residents have control over current and future water rates. The City Council will continue to monitor the implementation of the MS4 storm water permit.
- **Public Safety.** The City Council is dedicated to programs that strengthen public safety. In addition to staffing considerations, the City Council supports the utilization of technology to increase the effectiveness of the Police Department.
- **Quality of Life Issues.** The City Council places a high priority on maintaining the quality of life for all Claremont residents. The City Council is committed to supporting programs and services that positively impact Claremont residents.
- **Sustainability.** The City Council adopted the Claremont Sustainable City Plan on October 28, 2008. Staff has completed a large portion of the one-time activities listed in the plan and continues to implement many ongoing activities and significant action items to encourage and ensure sustainability.
- **Urban Forest Management.** The City of Claremont contains almost 26,000 city-owned trees and thousands of privately-owned trees. The care and maintenance of trees is a high priority for the City Council and it is committed to policies and practices that promote the health and safety of the City's urban forest.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Claremont for its Comprehensive Annual Financial Report for the year ended June 30, 2017. This was the twenty-seventh consecutive year that the City has received this prestigious award. In order to be eligible for the Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR, one which satisfies both generally accepted accounting principles and applicable legal requirements. We believe our current CAFR continues to meet the award requirements; therefore, we are submitting it to the GFOA to determine its eligibility for a certificate for the year ended June 30, 2018.

The City received the Distinguished Budget Presentation Award for its 2016-18 Operating and Capital Improvement Program Budget. In order to qualify for this award, the City's budget document must be judged to be proficient in several categories, including: as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated service of the entire Financial Services Department staff. We appreciate the high level of professionalism and commitment these staff members bring to the City. We would also like to thank the City Council for their continuing leadership and support in planning and conducting the financial affairs of the City in a responsible manner.

Concluding Comments

The community we enjoy today is a result of the decisions and efforts of past and present City Council members, Commissioners and staff. The initiatives listed previously in this transmittal letter are our contributions to ensuring that Claremont continues to be a community that is safe and well-maintained, and one that offers a balance of programs designed to meet the needs and desires of residents of all ages.

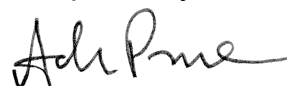
There is no doubt that the City of Claremont enjoys a quality of life that sets it apart from other communities. A number of exciting projects designed to build on the community's quality of life are currently underway, and we are confident that our efforts will have a profound and positive impact on Claremont for many years to come.

Respectfully submitted:



Tara Schultz
City Manager

Prepared by:



Adam Pirrie
Finance Director

Attachment: Fiscal Policies

CITY OF CLAREMONT

FISCAL POLICIES

The budget document allocates City resources such as personnel, materials, and, equipment in tangible ways to achieve the general goals of the community. It is prudent, therefore, for the City to have in place adopted fiscal policies to guide the City Manager and City Council through the budget decision-making process. These policies are:

Operational Efficiencies

- To implement internal operating efficiencies wherever possible.
- To utilize private contractors when the same or higher level of service can be obtained at lower total cost.
- To staff each department according to adopted service levels, and to utilize consultants and temporary help instead of hiring staff for special projects or peak workload periods.
- To develop agreements with the Claremont Unified School District to combine certain operations and provide program assistance where appropriate.
- To enter into joint operating arrangements with other agencies so as to provide services more cost effectively.
- To increase the use of volunteers.

Voter Approved Revenues

- To utilize revenues derived from the Utility Users Tax (UUT) and Landscape and Lighting District (LLD), both of which were ratified in the March 1997 municipal election, to fund programs and services that are important to the community.
- To use the LLD assessments to sustain the current level of maintenance and street lighting Citywide and not to add new services or projects.
- To use the Consumer Price Index as a guide for determining increases in LLD assessments. In no case will the annual increase exceed ten percent.

Reserves

- To develop a balanced budget that preserves existing reserves, and provides the opportunity to commit additional funds to reserves when budget surpluses are identified. A balanced budget is defined as one where the outflow of funds from expenditures is met or exceeded by the inflow of funds from revenues.
- To maintain an amount equal to 25 percent of the General Fund operating expenditures in an Operating and Environmental Emergency Reserve account by annually committing the funds necessary to achieve this objective.
- To maintain a Maintenance of Operations Reserve account to address City Council-directed projects, capital projects, liability costs not covered by City insurance, unanticipated increases in PERS or other benefit costs, cyclical revenue downturns or temporary operating cost increases, and other municipal purposes deemed necessary by the City Council.
- To maintain an Equipment and Facility Revolving Reserve account to fund renovation projects pertaining to City buildings, replacement and refurbishment of furniture and other equipment, safety equipment, emergency response equipment, and recreation facilities equipment.
- To have sufficient revenues in the Enterprise Funds for current operation and equipment replacement.

Infrastructure

- To provide sufficient routine maintenance each year to avoid a deferred maintenance backlog.

Employee Development

- To attract and retain competent employees by providing a professional work environment, safe working conditions, adequate training opportunities, and competitive salaries.

Economic Development

- To aggressively pursue new developments and businesses that add to the City's economic base, particularly those that generate sales tax.

- To promote a mix of businesses that contributes to a balanced community.
- To develop programs that enhance and retain existing businesses.

New Services

- To add new services only when a need has been identified and a permanent funding source developed.
- To provide money to community-based organizations offering to provide needed services to the community, and not to become the primary funding source.
- To require agreements for specific services and monitor effectiveness on an ongoing basis.

Fiscal Management

- To generate additional revenue by marketing City services to other agencies on a contract basis.
- To maximize revenues by utilizing grants from other agencies to the fullest extent possible.
- To charge fees for services that reflect the true cost of providing such services and to review fee schedules on a regular basis.
- To fully account for the cost of enterprise operations to avoid any subsidy by the General Fund, and to charge Enterprise Funds their fair share of the cost of City support services.
- To maintain accurate accounting records to keep the City Manager and City Council informed of the financial condition of the City at all times.
- To file a quarterly report of investments that adheres to both State law and City policy, and which follows reasonable and prudent guidelines for investment of the City's investable cash.
- To provide service level performance indicators for prior years.

Investments

- To manage all public funds and securities belonging to or under the control of the City and for the deposit and investment of those funds in accordance with principles of sound treasury management and with applicable laws and ordinances.
- To accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible.
- To maintain the level of investment of all funds as near to 100 percent as possible through current and projected cash flow management.
- To submit within 30 days of the close of each quarter, a written Investment Report to the City Council at a regularly scheduled Council meeting.
- To seek safety and liquidity in all investments; yield is a secondary criterion for selecting investments.

Capital Improvement Management

- To establish a five-year plan that systematically plans, schedules, and finances capital projects to ensure cost-effectiveness as well as conformance with established policies.
- To designate a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status.
- To maintain a committee that will review project proposals, determine project phasing, recommend project managers, review and evaluate the draft CIP budget document, and report CIP projects progress on an ongoing basis.
- To plan for new facilities only if construction and maintenance costs will not adversely impact the operating budget.

Debt Management

- To consider the use of debt financing only for one-time capital improvement projects and only under the following circumstances:

1. When the project's useful life will exceed the term of the financing.
 2. When project revenues or specific resources will be sufficient to service the long-term debt.
- To carefully monitor the City's level of general-purpose debt.
 - To obligate the General Fund to secure long-term financings only when marketability can be significantly enhanced.
 - To prepare an internal feasibility analysis for each long-term financing which analyzes the impact on current and future budgets for debt service and operations. This analysis will also address the reliability of revenues to support debt service.
 - To generally conduct financing on a competitive basis. However, negotiated financings may be used due to market volatility or the use of an unusual or complex financing or security structure.
 - To monitor all forms of debt annually in conjunction with the City's Financial Plan preparation and review process and report concerns and remedies, if needed, to the Council.
 - To diligently monitor compliance with bond covenants and ensure the City adherence to Federal arbitrage regulations.
 - To maintain good, ongoing communications with bond rating agencies about the City condition.



Government Finance Officers Association

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

Presented to

**City of Claremont
California**

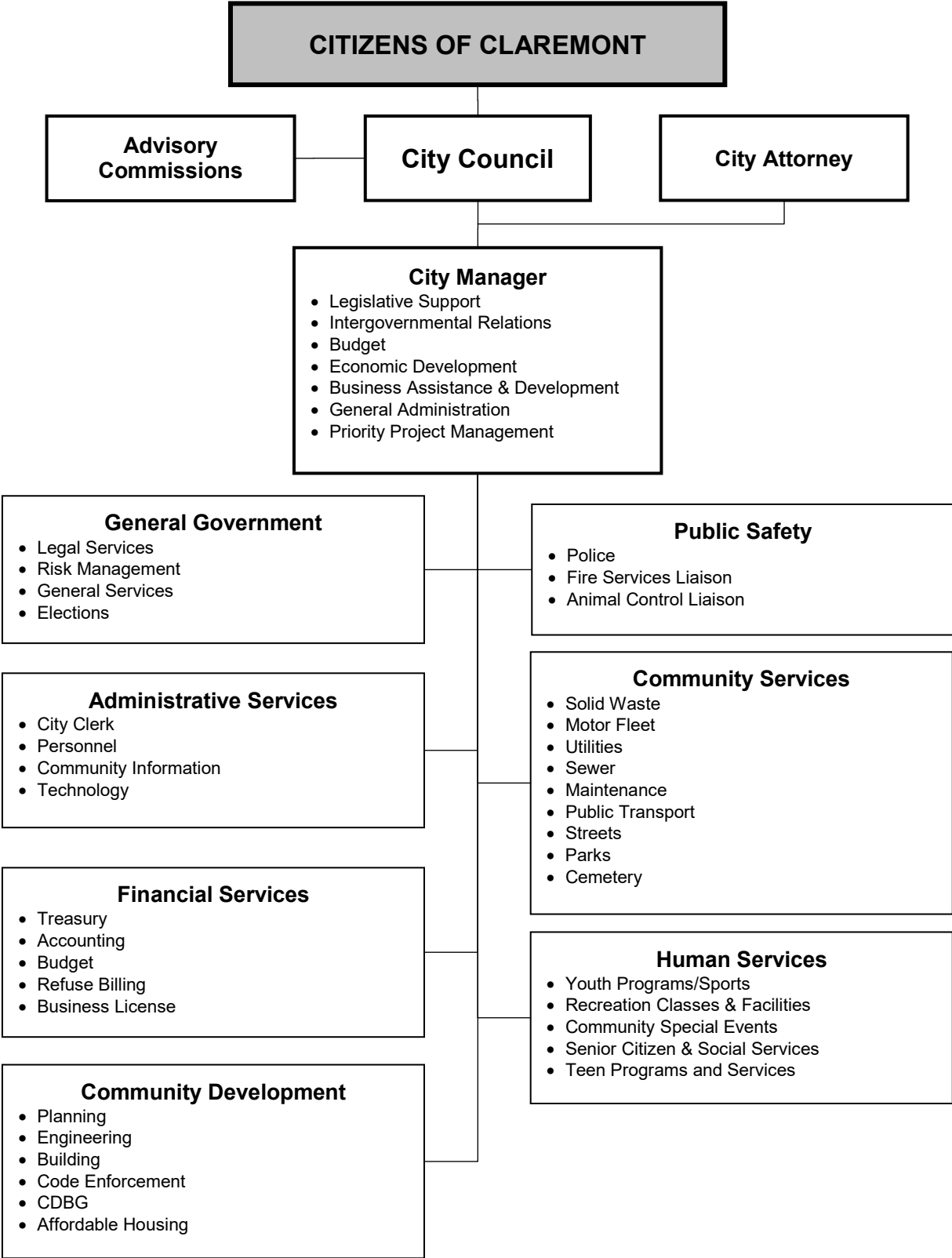
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



CITY COUNCIL

Corey Calaycay
Mayor

Larry Schroeder
Mayor Pro Tem

Jed Leano
Councilmember

Ed Reece
Councilmember

Jennifer Stark
Councilmember

ADMINISTRATION & DEPARTMENT DIRECTORS

Tara Schultz
City Manager

Colin Tudor
Assistant City Manager

Adam Pirrie
Finance Director

Shelly Vander Veen
Police Chief

Brad Johnson
Director of Community Development

Chris Paulson
Director of Community Services

Anne Turner
Director of Human Services

Independent Auditors

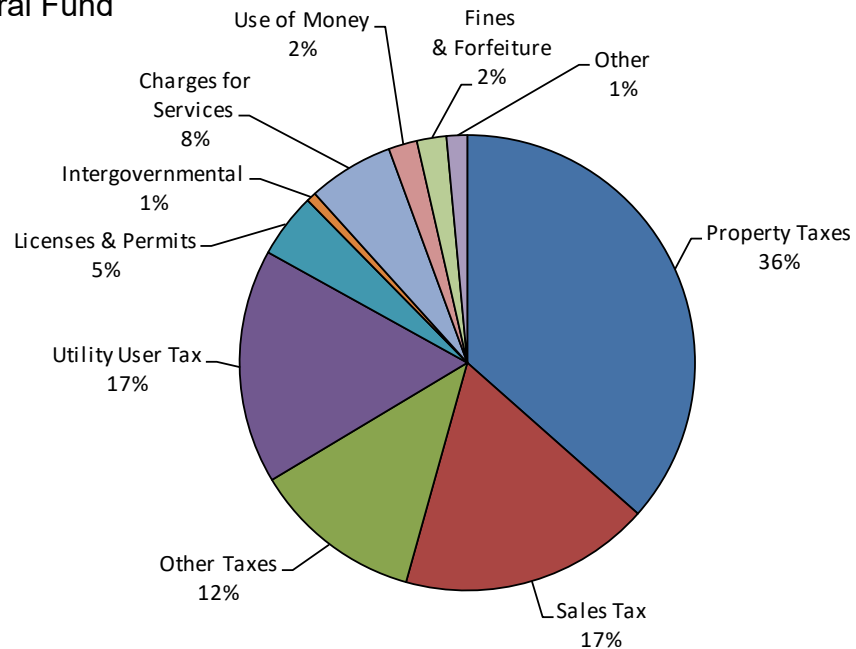
Rogers, Anderson, Malody & Scott, LLP
Certified Public Accountants
San Bernardino, California



GENERAL FUND • Year Ended June 30, 2018

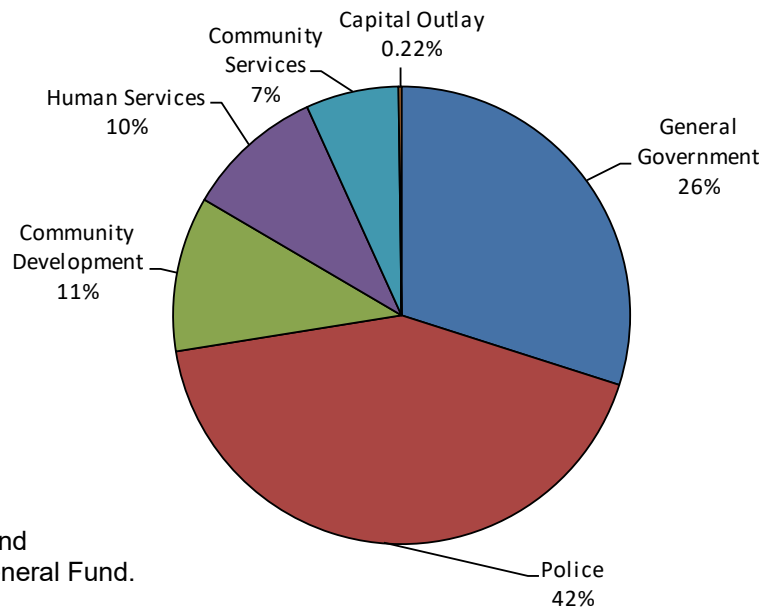
Revenues*

(percentage of General Fund income by source)



Expenditures*

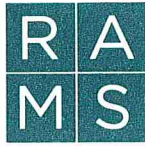
(percentage of General Fund expenditures by department/category)



*Figures based on revenues and expenditures related to the General Fund.



Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Claremont, California

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Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Claremont, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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Certified Public Accountants

To the Honorable Mayor and Members of the City Council
City of Claremont

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Claremont, California, as of June 30, 2018, 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.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter. The cumulative effects of applying the provisions of GASB Statement No. 75 have been reported as a restatement of beginning net position for the year ended June 30, 2018 in accordance with the Statement.

Other Matters

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, Landscape and Lighting Assessment Fund, Community Development Block Grant Fund, Foothill Relinquishment Fund, Successor Housing Fund, the schedule of changes in net pension liability and related ratios (agent multiple), the schedule of plan contributions (agent multiple), the schedule of proportionate share of the net pension liability and related ratios (cost-sharing), the schedule of plan contributions (cost-sharing), and the schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

To the Honorable Mayor and Members of the City Council
City of Claremont

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Claremont ("City"), we offer readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

Financial Highlights

- At June 30, 2018, the City's assets exceeded its liabilities by \$62.2 million (net position). Of this net position, the negative amount of \$39.1 million represents the City's unrestricted net position. This negative unrestricted net position is the result of the implementation of Government Accounting Standards Board (GASB) Statement No. 68, which requires the City to record the long-term net pension obligation of its CalPERS retirement plans as a liability.
- The City's total net position decreased by \$1.4 million during the current fiscal year, primarily due to the implementation of GASB Statement No. 68 and the depreciation of infrastructure and capital assets.
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$34.8 million, an increase of \$4.3 million from the prior fiscal year. Approximately 19 percent of this amount, or \$6.6 million, is available for spending at the City Council's discretion.
- As of June 30, 2018, the City's proprietary funds reported a net position of \$11.8 million, an increase of approximately \$94,000 from the prior fiscal year. Approximately 17 percent of this amount, or \$2.0 million, represents the unrestricted portion of net position.
- Operationally, General Fund expenditures and transfers out exceeded revenues and transfers in by \$2.3 million. Fund balance in the General Fund amounted to \$6.2 million, a decrease of \$2.3 million over the prior year.
- The General Fund's Operating and Environmental Emergency committed fund balance stands at \$5.5 million at June 30, 2018, less than the 25 percent of budgeted General Fund operating expenditures outlined in the City's Reserve Policy.
- The City's total long-term debt increased by \$3.8 million during the current fiscal year, due primarily to the increase in the City's net pension liability. This increase in long-term debt was partially offset by regularly scheduled debt service payments on the City's other debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 also contains other supplementary information to the Basic Financial Statements.

Government-wide Financial Statements

The *Government-wide Financial Statements* present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present Governmental Activities and Business-type Activities separately. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred with regard to interfund activity, payables and receivables, as prescribed by GASB Statement No. 34.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two 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 City's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities). The Governmental Activities of the City include general government, community development, police, economic development, community services, and human services. The Business-type Activities of the City include transportation, sewer, sanitation, and cemetery.

The Government-wide Financial Statements can be found on pages 29-31 of this report.

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 ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental funds. The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed *short-term view* of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and Governmental Activities.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic Governmental Fund Financial Statements can be found on pages 35-42 of this report.

Proprietary funds. The City maintains two different types of proprietary funds, *Enterprise* and *Internal Service* funds. Enterprise funds are used to report the same functions presented as Business-type Activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Dial-a-Ride and Get About transportation services, sewer, sanitation, and cemetery services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and for its management of information systems (technology). Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within Governmental Activities in the Government-wide Financial Statements.

The basic Proprietary Fund Financial Statements can be found on pages 43-49 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary Fund Financial Statements can be found on page 51-53 of this report.

Notes to the Financial Statements

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

The Notes to the Basic Financial Statements can be found on pages 55-106 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$62.5 million at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery, and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current & Other Assets	\$ 42,028,905	\$ 36,915,833	\$ 6,602,817	\$ 6,621,461	\$ 48,631,722	\$ 43,537,294
Capital Assets	74,416,400	81,090,453	9,802,847	10,175,834	84,219,247	91,266,287
Total Assets	116,445,305	118,006,286	16,405,664	16,797,295	132,850,969	134,803,581
Deferred Outflows	11,628,317	10,948,792	1,081,248	1,270,876	12,709,565	12,219,668
Long-term Liabilities Outstanding	68,680,150	65,618,893	5,301,469	4,825,169	73,981,619	70,444,062
Other Liabilities	7,376,136	6,756,515	339,366	1,168,874	7,715,502	7,925,389
Total Liabilities	76,056,286	72,375,408	5,640,835	5,994,043	81,697,121	78,369,451
Deferred Inflows	1,545,773	3,333,171	78,223	400,031	1,623,996	3,733,202
Net Position:						
Net Investment in Capital Assets	64,895,447	70,791,517	9,802,847	10,175,834	74,698,294	80,967,351
Restricted	26,612,546	23,151,925	-	-	26,612,546	23,151,925
Unrestricted	(41,036,430)	(40,696,943)	1,965,007	1,498,263	(39,071,423)	(39,198,680)
Total Net Position	\$ 50,471,563	\$ 53,246,499	\$ 11,767,854	\$ 11,674,097	\$ 62,239,417	\$ 64,920,596

At June 30, 2018, the City reported positive balances in all categories of net position, except for unrestricted net position. The deficit balance in unrestricted net position and the decrease of \$2.4 million in net position were primarily the result of the implementation of GASB Statement No. 68 and the depreciation of capital assets.

Governmental Activities

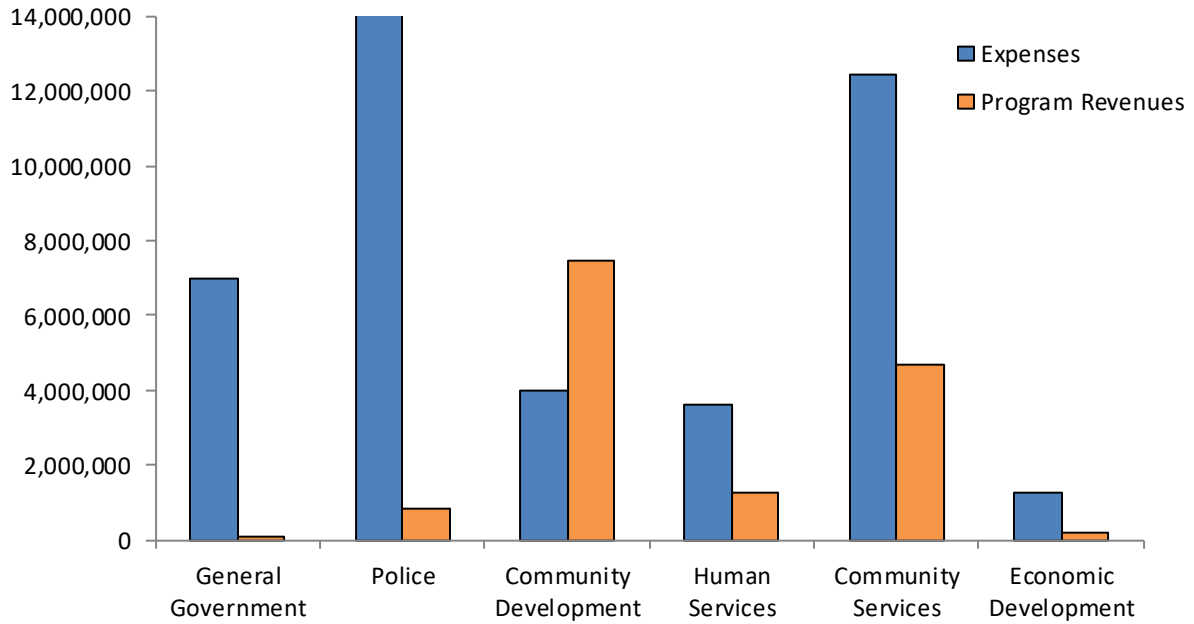
Total expenses for the fiscal year for Governmental Activities were \$42.9 million. The City's overall governmental program revenues totaled \$14.6 million. Total general revenues totaled \$23.3 million.

The City's programs include general government, police, community development, human services, community services and economic development. Each program's net costs, total cost less revenue generated by the activities, are presented in the table and charts that follow.

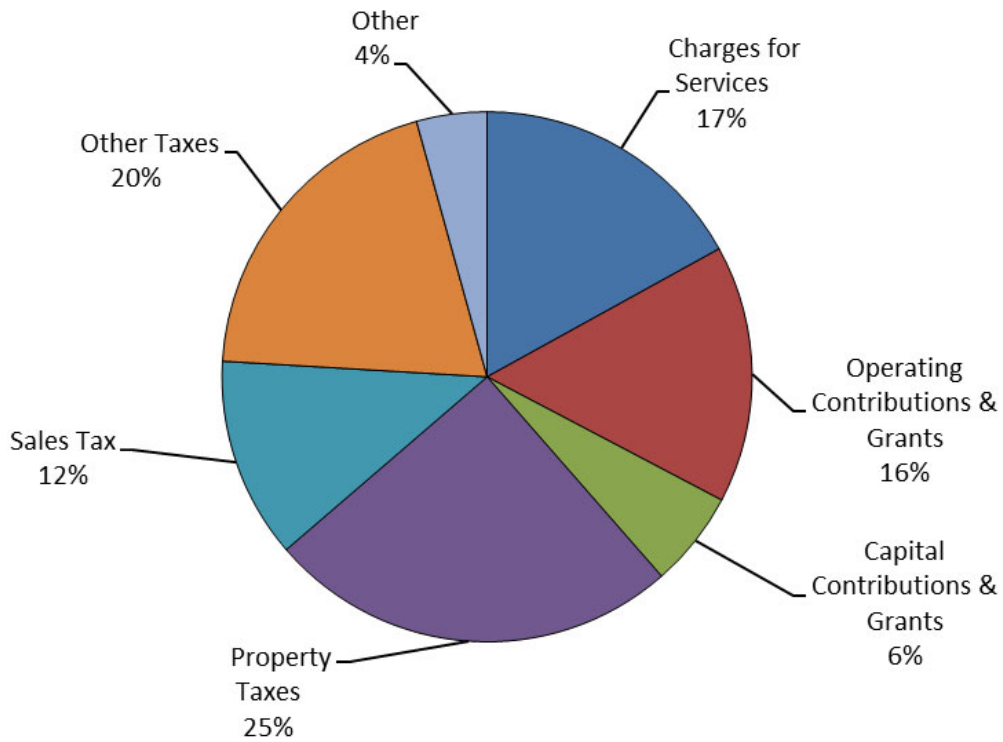
Total governmental revenues, excluding transfers, of \$37.9 million for the current fiscal year were approximately \$5.2 million higher than in the prior year.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
<i>Program Revenues:</i>						
Charges for Services	\$ 6,427,839	\$ 5,340,578	\$ 8,238,712	\$ 7,611,667	\$ 14,666,551	\$ 12,952,245
Operating Grants & Contributions	5,953,234	3,298,482	709,704	758,965	6,662,938	4,057,447
Capital Grants & Contributions	2,217,833	3,012,674	-	116,300	2,217,833	3,128,974
<i>General Revenues:</i>						
Property Taxes	9,515,630	9,117,597	-	-	9,515,630	9,117,597
Other Taxes	12,120,544	11,343,274	-	-	12,120,544	11,343,274
Other	1,626,370	583,123	115,851	51,436	1,742,221	634,559
Total Revenues	37,861,450	32,695,728	9,064,267	8,538,368	46,925,717	41,234,096
Expenses:						
General Government	6,979,480	6,894,801	-	-	6,979,480	6,894,801
Police	14,142,119	12,437,348	-	-	14,142,119	12,437,348
Community Development	3,997,073	3,437,068	-	-	3,997,073	3,437,068
Human Services	3,592,953	3,290,136	-	-	3,592,953	3,290,136
Community Services	12,458,421	13,283,935	-	-	12,458,421	13,283,935
Economic Development	1,244,619	1,101,513	-	-	1,244,619	1,101,513
Interest on Long-term Debt	435,718	826,442	-	-	435,718	826,442
Transportation	-	-	648,148	584,091	648,148	584,091
Sewer	-	-	980,422	1,158,575	980,422	1,158,575
Sanitation	-	-	6,386,691	5,827,792	6,386,691	5,827,792
Cemetery	-	-	527,659	396,368	527,659	396,368
Total Expenses	42,850,383	41,271,243	8,542,920	7,966,826	51,393,303	49,238,069
Change in Net position Before Transfers	(4,988,933)	(8,575,515)	521,347	571,542	(4,467,586)	(8,003,973)
Transfers	427,590	363,280	(427,590)	(363,280)	-	-
Change in Net Position	(4,561,343)	(8,212,235)	93,757	208,262	(4,467,586)	(8,003,973)
Net Position-Beg. of Year, as restated	55,032,906	61,458,734	11,674,097	11,465,835	66,707,003	72,924,569
Net Position - End of Year	\$ 50,471,563	\$ 53,246,499	\$ 11,767,854	\$ 11,674,097	\$ 62,239,417	\$ 64,920,596

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



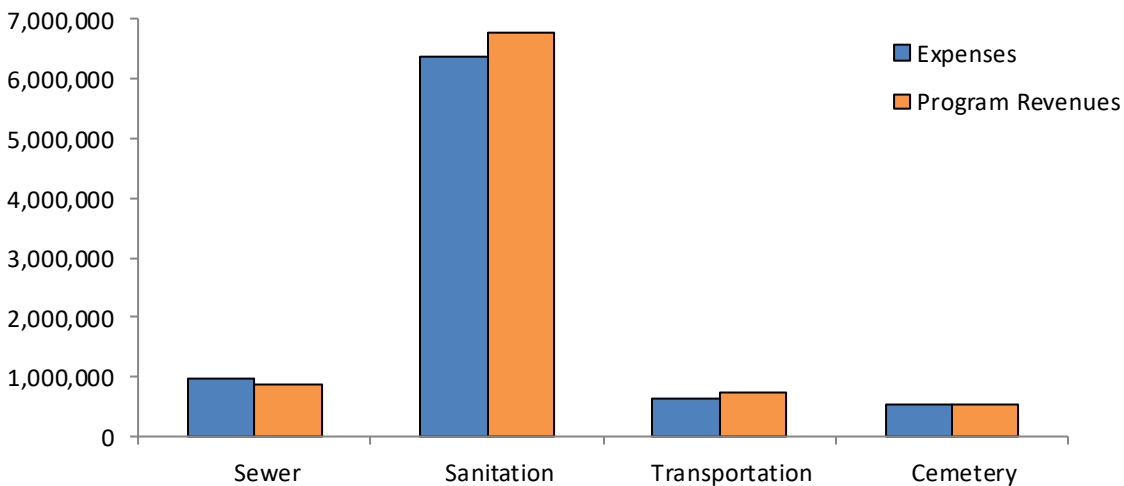
Business-type Activities

The City's Business-type Activities include transportation, sewer, sanitation, and cemetery operations. The cost of all Business-type Activities this year was approximately \$8.5 million. As detailed in the Statement of Revenues, Expenses and Changes in Fund Net Position, the amount paid by users of the services and activities was \$8.2 million.

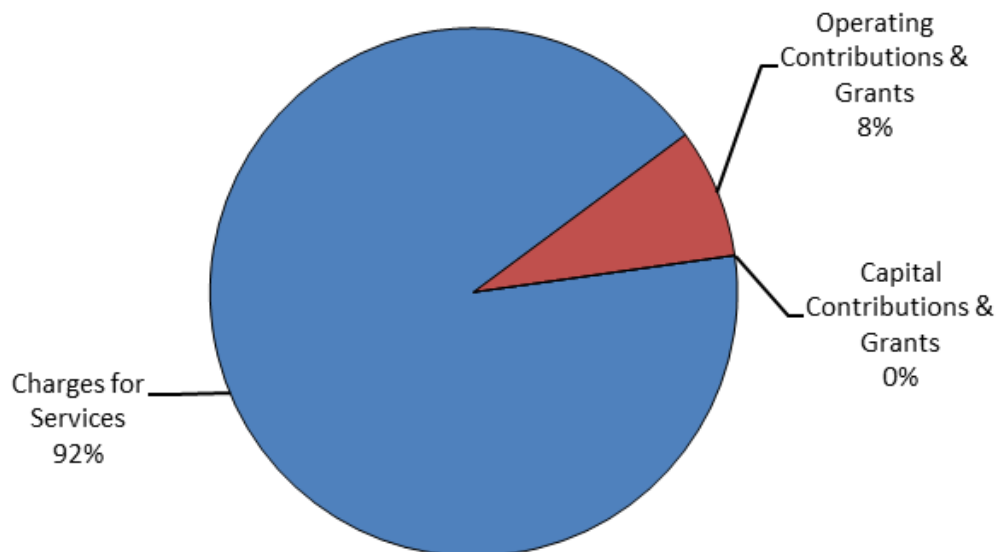
Increases in revenue from the prior year were seen in sanitation, sewer and cemetery operations, primarily related to City Council approved fee increases.

Expenses related to Business-type Activities were higher compared with the prior year, due primarily to the purchase of sanitation vehicles, the increased cost of maintaining the cemetery and the higher cost of operating the City's Dial-a-Ride program.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government'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 near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$34.8 million, an increase of \$4.3 million in comparison with the prior fiscal year. Approximately 19 percent of this amount, or \$6.6 million, constitutes the amount that is available for spending at the City Council's discretion. Approximately 84 percent of this amount, or \$5.5 million, is committed to reserves. The portion of fund balance that is restricted amounts to \$26.7 million and results from external limitations imposed by outside parties or by law through constitutional provisions or enabling legislation. The portions of fund balance that are nonspendable are either not in a spendable form or they are legally or contractually required to be maintained intact. Nonspendable fund balance amounted to \$1.5 million at June 30, 2018.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately \$569,000, while total fund balance amounted to approximately \$6.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 2 percent of total General Fund expenditures, while total fund balance represents approximately 23 percent of that same amount.

The City's General Fund balance decreased during the current fiscal year, with revenues and transfers in exceeded by expenditures and transfers out by \$2.3 million. The decrease in fund balance is primarily due to City Council appropriations for the purpose of funding the payment of approximately \$2.1 million pursuant to a settlement agreement with the Golden State Water Company.

The Foothill Relinquishment Fund has a total fund balance of \$6.5 million, all of which is restricted in its use for street maintenance and capital projects.

The Successor Housing Fund has a total fund balance of \$6.2 million, of which all is restricted for community development projects. The Successor Agency Housing Fund was created when the City elected to assume the responsibilities for the former Claremont Redevelopment Agency's low and moderate income housing activities in the wake of the elimination of redevelopment agencies in California. Housing assets were transferred from the former Redevelopment Agency to the City.

Proprietary funds. The City's Proprietary Fund Statements provide the same type of information found in the Government-wide Financial Statements, but in greater detail.

The Sewer Fund has a total net position of \$9.8 million, of which \$6.4 million is invested in capital assets, and \$3.4 million is unrestricted.

The Sanitation Fund has a total net position of approximately \$312,000, of which \$2.2 million is invested in capital assets, and the negative amount of \$1.9 million is unrestricted. The negative unrestricted net position is the result of the implementation of GASB Statement No. 68.

The Transportation Fund has a total net position of approximately \$732,000, of which approximately \$678,000 million is invested in capital assets, and approximately \$54,000 is unrestricted.

The remaining proprietary funds have a net position totaling approximately \$952,000, of which approximately \$574,000 is invested in capital assets, and approximately \$378,000 is unrestricted.

General Fund Budgetary Highlights

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the City's budget for 2017-18. The level of budgetary control is established at the fund level.

In preparing its budget, the City attempts to estimate its revenues using realistic, yet conservative methods, to budget its expenditure appropriations and activities in a prudent manner. As a result, the City routinely adopts amendments to both revenue and expenditure budgets throughout the course of the year to reflect changes in priorities and the availability of financial resources.

During 2017-18, General Fund revenues were greater than budgetary expectations by \$631,812. This amount above appropriation was primarily a result of an increase in revenues from property taxes and licenses and permits during the fiscal year.

Expenditures in the General Fund were lower than the budget by \$340,734. This was primarily due to savings seen across all departments.

Debt Administration

Debt, considered a liability of Governmental Activities, was \$71.1 million at June 30, 2018. Loans payable include the refunding and refinancing of the City Hall and Alexander Hughes Community Center renovations, and financing for construction of the City Yard and the expansion of the Joslyn Senior Center.

Debt of the Business-type Activities was \$5.4 million at the end of 2017-18.

There were no changes in the ratings for the City's bonded debt during 2017-18. Debt activity for both Governmental and Business-type Activities is represented in the table below:

Description	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Compensated Absences	\$ 2,250,598	\$ 2,196,260	\$ 180,325	\$ 201,098	\$ 2,430,923	\$ 2,397,358
OPEB Obligation	2,577,522	1,194,292	-	-	2,577,522	1,194,292
General Obligation Bonds	7,653,987	7,908,936	-	-	7,653,987	7,908,936
Pension Obligation Bonds	4,065,000	4,365,000	-	-	4,065,000	4,365,000
Certificates of Participation	3,756,966	-	-	-	3,756,966	-
Loans Payable	1,610,000	2,390,000	-	-	1,610,000	2,390,000
Workers Comp Cumulative	-	130,702	-	-	-	130,702
General Liability Cumulative	-	338,581	-	-	-	338,581
Golden State Water Settlement	2,691,460	7,851,000	-	-	2,691,460	7,851,000
Net Pension Liability	46,471,406	41,401,353	5,212,420	4,722,939	51,683,826	46,124,292
Total Long-Term Debt	\$ 71,076,939	\$ 67,776,124	\$ 5,392,745	\$ 4,924,037	\$ 76,469,684	\$ 72,700,161

Additional information on the City's long-term debt can be found on pages 75-79 of this report.

Capital Assets

The capital assets of the City are those assets that are used in the performance of the City's functions, including infrastructure assets. At June 30, 2018, net capital assets of the Governmental Activities totaled \$74.4 million, and the net capital assets of the Business-type Activities totaled \$9.8 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

Description	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 29,327,583	\$ 29,327,583	\$ -	\$ -	\$ 29,327,583	\$ 29,327,583
Construction in Progress	1,606,342	1,379,837	-	-	1,606,342	1,379,837
Structures and Improvements	34,356,866	34,228,276	331,500	314,900	34,688,366	34,543,176
Machinery and Equipment	3,990,814	3,956,270	151,907	143,536	4,142,721	4,099,806
Vehicles	4,910,483	5,025,028	5,633,705	6,052,914	10,544,188	11,077,942
Furniture and Fixtures	345,912	345,912	-	-	345,912	345,912
Land Improvements	13,393,797	12,129,556	1,184,138	1,184,138	14,577,935	13,313,694
Infrastructure	254,408,734	254,408,734	10,640,529	10,640,529	265,049,263	265,049,263
Capital Assets	\$ 342,340,531	\$ 340,801,196	\$ 17,941,779	\$ 18,336,017	\$ 360,282,310	\$ 359,137,213
Accumulated Depreciation	(267,924,131)	(259,710,743)	(8,138,932)	(8,160,183)	(276,063,063)	(267,870,926)
Total Capital Assets	\$ 74,416,400	\$ 81,090,453	\$ 9,802,847	\$ 10,175,834	\$ 84,219,247	\$ 91,266,287

Additional information on the City's capital assets can be found on pages 73-74 of this report.

Economic Factors and Next Year's Budget and Rates

The City's budget assures efficient, effective, and economic use of the City's resources while ensuring that the highest priority objectives are accomplished. Through the budget, the City Council sets the City's direction, establishes its priorities, and allocates its resources.

In considering the City budget for fiscal year 2017-18, the City Council and management used the following criteria for the key assumptions in our forecast:

- Sales tax revenues are expected to continue to grow moderately as increases in new auto sales continue and economic development efforts that have seen the addition of several new retail and dining establishments in the City provide additional sources of sales tax.
- Property tax revenues will begin to increase, as the assessed value of property in the City begins to rise. Anticipated growth will be slow and the 2017-18 budget is conservative in its revenue projections for property tax.
- Utility tax revenues are expected to increase by two percent based on increases in rates for water, electricity, natural gas, telephone and cable television.
- Operational levels and current services will be maintained. The labor contracts for all six employee bargaining units are in place and have been included in the budget for 2017-18.
- Salary and benefit costs are anticipated to increase according to terms in negotiated Memoranda of Understanding (MOUs), as well as based on projected merit increases and known increases in employer-paid retirement contributions.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report and the separate reports of the City's component units, or requests for any additional financial information, may be directed to our Financial Services Department at 207 Harvard Avenue, Claremont, California 91711, (909) 399-5448.



Basic Financial Statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF CLAREMONT

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 30,013,549	\$ 5,725,525	\$ 35,739,074
Receivables:			
Accounts	604,233	573,891	1,178,124
Taxes	402,645	1,885	404,530
Notes and loans	4,876,121	-	4,876,121
Accrued interest	73,886	22,452	96,338
Internal balances	430,223	(430,223)	-
Prepaid costs	499,527	1,088	500,615
Due from other governments	1,600,822	708,199	2,309,021
Total current assets	<u>38,501,006</u>	<u>6,602,817</u>	<u>45,103,823</u>
Noncurrent assets:			
Restricted cash with fiscal agent	3,527,899	-	3,527,899
Capital assets:			
Nondepreciable	30,933,925	-	30,933,925
Depreciable, net	43,482,475	9,802,847	53,285,322
Total capital assets	<u>74,416,400</u>	<u>9,802,847</u>	<u>84,219,247</u>
Total noncurrent assets	<u>77,944,299</u>	<u>9,802,847</u>	<u>87,747,146</u>
Total assets	<u>116,445,305</u>	<u>16,405,664</u>	<u>132,850,969</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	11,158,992	1,081,248	12,240,240
Deferred loss on refunding	469,325	-	469,325
Total deferred outflows of resources	<u>11,628,317</u>	<u>1,081,248</u>	<u>12,709,565</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,285,669	205,559	1,491,228
Accrued liabilities	340,153	42,531	382,684
Accrued interest	307,624	-	307,624
Deposits payable	3,045,901	-	3,045,901
Long-term debt - due within one year	2,396,789	91,276	2,488,065
Total current liabilities	<u>7,376,136</u>	<u>339,366</u>	<u>7,715,502</u>
Non-current liabilities:			
Long-term debt - due in more than one year	19,631,222	89,049	19,720,271
Total OPEB liability	2,577,522	-	2,577,522
Net pension liability	46,471,406	5,212,420	51,683,826
Total noncurrent liabilities	<u>68,680,150</u>	<u>5,301,469</u>	<u>73,981,619</u>
Total liabilities	<u>76,056,286</u>	<u>5,640,835</u>	<u>81,697,121</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,545,773	78,223	1,623,996
NET POSITION			
Net investment in capital assets	64,895,447	9,802,847	74,698,294
Restricted for:			
Community development projects	8,291,347	-	8,291,347
Community services	5,235,912	-	5,235,912
Public safety	242,233	-	242,233
Public works	11,228,740	-	11,228,740
Capital projects	576,411	-	576,411
Perpetual care reserve - expendable	1,037,903	-	1,037,903
Unrestricted	<u>(41,036,430)</u>	<u>1,965,007</u>	<u>(39,071,423)</u>
Total net position	<u>\$ 50,471,563</u>	<u>\$ 11,767,854</u>	<u>\$ 62,239,417</u>

See accompanying notes to the financial statements.

CITY OF CLAREMONT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary government:				
Governmental activities:				
General government	\$ 6,979,480	\$ 36,742	\$ 34,294	\$ -
Police	14,142,119	590,368	249,817	17,750
Community development	3,997,073	4,298,238	993,681	2,196,508
Human services	3,592,953	1,066,939	199,647	-
Community services	12,458,421	435,552	4,272,611	3,575
Economic development	1,244,619	-	203,184	-
Interest on long-term debt	435,718	-	-	-
Total governmental activities	42,850,383	6,427,839	5,953,234	2,217,833
Business-type activities:				
Sewer	980,422	875,103	-	-
Sanitation	6,386,691	6,768,128	20,687	-
Transportation	648,148	50,724	689,017	-
Cemetery	527,659	544,757	-	-
Total business-type activities	8,542,920	8,238,712	709,704	-
Total primary government	\$ 51,393,303	\$ 14,666,551	\$ 6,662,938	\$ 2,217,833

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Utility users tax
- Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Special item:

Discount on structured settlement (Note 6)

Change in net position

Net position, beginning of year, as restated
(Note 14)

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
\$ (6,908,444)	\$ -	\$ (6,908,444)
(13,284,184)	-	(13,284,184)
3,491,354	-	3,491,354
(2,326,367)	-	(2,326,367)
(7,746,683)	-	(7,746,683)
(1,041,435)	-	(1,041,435)
(435,718)	-	(435,718)
(28,251,477)	-	(28,251,477)
-	(105,319)	(105,319)
-	402,124	402,124
-	91,593	91,593
-	17,098	17,098
-	405,496	405,496
(28,251,477)	405,496	(27,845,981)
9,515,630	-	9,515,630
1,459,374	-	1,459,374
4,636,888	-	4,636,888
593,493	-	593,493
877,650	-	877,650
4,338,814	-	4,338,814
214,325	-	214,325
19,068	-	19,068
945,669	84,013	1,029,682
653,133	-	653,133
8,500	31,838	40,338
427,590	(427,590)	-
23,690,134	(311,739)	23,378,395
3,042,520	-	3,042,520
(1,518,823)	93,757	(1,425,066)
51,990,386	11,674,097	63,664,483
\$ 50,471,563	\$ 11,767,854	\$ 62,239,417



FUND FINANCIAL STATEMENTS

**Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements**



GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in another fund.

Landscape and Lighting District

This fund is used to account for financial activity relating to the City-wide 1972 Act Landscaping and Lighting District. Revenues include assessments to the property owners within the district and expenditures related to the maintenance and upkeep of the community.

Community Development Block Grant

This fund is used to account for financial activity related to the Community Development Block Grant (CDBG) which is used for community development projects.

Foothill Relinquishment Fund

This fund is used to account for the contribution from the California Department of Transportation (Caltrans) for the relinquishment of Foothill Boulevard to the City, and the capital projects completed on Foothill Boulevard.

Successor Housing

This fund is used to account for the development of low and moderate income housing after the dissolution of the Claremont Redevelopment Agency.

Other Governmental Funds

Other Governmental Funds is the aggregate of all the non-major governmental funds.

CITY OF CLAREMONT

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Special Revenue Funds	
		Landscape/ Lighting District	Community Development Block Grant
ASSETS			
Cash and investments	\$ 6,544,396	\$ 188,193	\$ 2,130
Receivables:			
Accounts	548,402	16,981	-
Taxes	344,244	42,563	-
Notes	238,204	-	1,245,984
Accrued interest	26,651	-	-
Prepaid costs	42,245	-	-
Due from other governments	1,492,438	-	55,803
Due from other funds	846,572	-	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	\$ 10,083,152	\$ 247,737	\$ 1,303,917
LIABILITIES			
Accounts payable	\$ 611,706	\$ 406,459	\$ 57,933
Accrued liabilities	306,336	6,095	-
Deposits payable	3,002,415	-	-
Due to other funds	-	-	-
Total liabilities	3,920,457	412,554	57,933
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	7,848	-	1,245,984
FUND BALANCES			
Nonspendable	42,245	-	-
Restricted	-	-	-
Committed	5,544,043	-	-
Assigned	-	-	-
Unassigned	568,559	(164,817)	-
Total fund balances	6,154,847	(164,817)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 10,083,152	\$ 247,737	\$ 1,303,917

See accompanying notes to the financial statements.

Special Revenue Funds			
Foothill Relinquishment	Successor Housing	Other Governmental Funds	Total Governmental Funds
\$ 6,498,042	\$ 2,771,481	\$ 12,776,569	\$ 28,780,811
-	-	9,870	575,253
-	-	15,838	402,645
-	3,391,933	-	4,876,121
-	-	43,659	70,310
-	-	416,400	458,645
-	-	52,581	1,600,822
-	-	-	846,572
-	-	3,527,899	3,527,899
<u>\$ 6,498,042</u>	<u>\$ 6,163,414</u>	<u>\$ 16,842,816</u>	<u>\$ 41,139,078</u>
\$ 3,517	\$ -	\$ 175,440	\$ 1,255,055
-	-	14,724	327,155
-	-	43,486	3,045,901
-	-	416,349	416,349
<u>3,517</u>	<u>-</u>	<u>649,999</u>	<u>5,044,460</u>
-	-	-	1,253,832
-	-	1,450,761	1,493,006
6,494,525	6,163,414	14,090,645	26,748,584
-	-	-	5,544,043
-	-	681,519	681,519
-	-	(30,108)	373,634
<u>6,494,525</u>	<u>6,163,414</u>	<u>16,192,817</u>	<u>34,840,786</u>
<u>\$ 6,498,042</u>	<u>\$ 6,163,414</u>	<u>\$ 16,842,816</u>	<u>\$ 41,139,078</u>



CITY OF CLAREMONT

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund balances of governmental funds	\$ 34,840,786
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity (excludes internal service funds).	73,792,928
Deferred outflows of resources related to pensions are not included in the governmental funds.	10,732,803
Deferred outflows of resources related to the loss on bond refunding are not included in the governmental funds.	469,325
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as liabilities in the funds. All liabilities are reported in the Statement of Net Position.	
Bonds payable	\$ (14,150,000)
Original issue discount	1,833,587
Loans payable	(1,610,000)
CJPIA retrospective deposits reclassification to prepaid costs	40,882
Compensated absences	(2,100,749)
Golden State Water settlement	(5,851,000)
Total OPEB liability	(2,577,522)
Net pension liability	<u>(44,416,852)</u>
	(68,831,654)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(307,624)
Revenues reported as unavailable revenue in the governmental funds are recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	1,253,832
Deferred inflows of resources related to pensions are not included in the governmental funds.	(1,514,940)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position.	<u>36,107</u>
Net position of governmental activities	<u>\$ 50,471,563</u>

See accompanying notes to the financial statements.

CITY OF CLAREMONT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	General Fund	Landscape/ Lighting District	Community Development Block Grant
REVENUES			
Taxes	\$ 21,636,173	\$ -	\$ -
Assessments	-	2,509,740	-
Licenses and permits	1,193,982	-	-
Intergovernmental	178,531	-	271,414
Charges for services	1,587,171	65,555	-
Use of money and property	526,822	659	-
Fines and forfeitures	548,323	-	-
Contributions	1,140	-	-
Miscellaneous	378,600	93	-
Total revenues	<u>26,050,742</u>	<u>2,576,047</u>	<u>271,414</u>
EXPENDITURES			
Current:			
General government	7,986,609	-	-
Police	11,358,040	-	-
Community development	2,926,107	-	-
Human services	2,610,201	-	19,922
Community services	1,752,628	3,822,374	-
Economic development	-	-	251,492
Capital outlay	58,138	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>26,691,723</u>	<u>3,822,374</u>	<u>271,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(640,981)</u>	<u>(1,246,327)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	167,275	1,081,486	-
Transfers out	(1,858,039)	-	-
Proceeds of bond issuance	-	-	-
Total other financing sources (uses)	<u>(1,690,764)</u>	<u>1,081,486</u>	<u>-</u>
Net change in fund balance	(2,331,745)	(164,841)	-
Fund balance (deficit), beginning of year	8,486,592	24	-
Fund balance (deficit), end of year	<u>\$ 6,154,847</u>	<u>\$ (164,817)</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Special Revenue Funds			
Foothill Relinquishment	Successor Housing	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 21,636,173
-	-	508,259	3,017,999
-	-	-	1,193,982
-	-	4,578,355	5,028,300
2,000,000	-	924,450	4,577,176
-	236,072	164,202	927,755
-	-	46,645	594,968
-	-	17,787	18,927
-	131,140	196,728	706,561
<u>2,000,000</u>	<u>367,212</u>	<u>6,436,426</u>	<u>37,701,841</u>
-	-	-	7,986,609
-	-	254,026	11,612,066
-	-	812,389	3,738,496
-	-	230,245	2,860,368
-	-	1,216,214	6,791,216
-	34,042	-	285,534
309,964	-	1,796,251	2,164,353
-	-	1,290,000	1,290,000
-	-	826,646	826,646
<u>309,964</u>	<u>34,042</u>	<u>6,425,771</u>	<u>37,555,288</u>
<u>1,690,036</u>	<u>333,170</u>	<u>10,655</u>	<u>146,553</u>
-	-	1,900,553	3,149,314
-	-	(863,685)	(2,721,724)
-	-	3,756,966	3,756,966
-	-	4,793,834	4,184,556
<u>1,690,036</u>	<u>333,170</u>	<u>4,804,489</u>	<u>4,331,109</u>
<u>4,804,489</u>	<u>5,830,244</u>	<u>11,388,328</u>	<u>30,509,677</u>
<u>\$ 6,494,525</u>	<u>\$ 6,163,414</u>	<u>\$ 16,192,817</u>	<u>\$ 34,840,786</u>

CITY OF CLAREMONT

**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, 2018**

Net change in fund balances - total governmental funds \$ 4,331,109

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

Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This was the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$ 1,652,771	
Depreciation (excluding internal service funds)	(7,958,113)	(6,305,342)

Payment of the loss contingency is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.		2,000,000
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Changes in the discount on the Golden State Water structured settlement are not reported as revenue in the governmental funds.		3,042,520
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal repayments	510,000	
Loan repayments	780,000	
Amortization of bond premiums and discounts	161,969	
Amortization of deferred loss on refunding	(23,466)	1,428,503

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of debt	(3,756,966)	
CJPIA cumulative deposit payable - worker's compensation	130,702	
CJPIA cumulative deposit payable - general liability	379,463	(3,246,801)

Accrued interest for long term liabilities. This is the net change in accrued interest for the current period.		228,959
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Changes in compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(56,808)
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Changes in the total OPEB liability reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(127,117)
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Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,438,828)
--	--	-------------

Revenues reported as unavailable revenue in the governmental funds are recognized in the Statement of Activities. These revenues are included in the intergovernmental revenues in the governmental fund activity.		124,017
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Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(499,035)
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Change in net position of governmental activities		<u>\$ (1,518,823)</u>
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See accompanying notes to the financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Sewer

This fund is used to account for financial activity related to replacement, upgrade, maintenance and repair of the sanitary sewer system.

Sanitation

This fund is used to account for activities related to refuse collection, recycling and street sweeping services.

Transportation

This fund is used to account for grant and other revenues received by the City for its Dial-a-Ride service.

Internal Service Funds

These funds are established to account for the financing of technology and motor fleet departments of the City, on a cost reimbursement basis.

CITY OF CLAREMONT

**STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			
	Major Funds			Non-Major Fund
	Sewer	Sanitation	Transportation	Cemetery
ASSETS				
Current assets:				
Cash and investments	\$ 3,896,087	\$ 1,165,202	\$ -	\$ 664,236
Receivables:				
Accounts	8,712	565,179	-	-
Taxes	-	1,885	-	-
Accrued interest	14,448	5,775	-	2,229
Prepaid costs	-	-	-	1,088
Due from other governments	3,561	10,783	693,855	-
Total current assets	<u>3,922,808</u>	<u>1,748,824</u>	<u>693,855</u>	<u>667,553</u>
Long-term assets:				
Capital assets, net of depreciation	6,348,658	2,202,256	677,632	574,301
Total noncurrent assets	<u>6,348,658</u>	<u>2,202,256</u>	<u>677,632</u>	<u>574,301</u>
Total assets	<u>10,271,466</u>	<u>3,951,080</u>	<u>1,371,487</u>	<u>1,241,854</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	<u>120,810</u>	<u>850,367</u>	<u>46,982</u>	<u>63,089</u>
LIABILITIES				
Current liabilities:				
Accounts payable	13,399	168,082	-	24,078
Accrued liabilities	3,446	34,363	1,228	3,494
Unearned revenue	-	-	-	-
Due to other funds	-	-	430,223	-
Compensated absences	8,172	69,753	6,657	6,694
Total current liabilities	<u>25,017</u>	<u>272,198</u>	<u>438,108</u>	<u>34,266</u>
Long-term liabilities:				
Compensated absences	3,895	56,419	18,964	9,771
Net pension liability	582,393	4,099,402	226,486	304,139
Total noncurrent liabilities	<u>586,288</u>	<u>4,155,821</u>	<u>245,450</u>	<u>313,910</u>
Total liabilities	<u>611,305</u>	<u>4,428,019</u>	<u>683,558</u>	<u>348,176</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	<u>8,740</u>	<u>61,520</u>	<u>3,399</u>	<u>4,564</u>
NET POSITION				
Net investment in capital assets	6,348,658	2,202,256	677,632	574,301
Unrestricted	<u>3,423,573</u>	<u>(1,890,348)</u>	<u>53,880</u>	<u>377,902</u>
Total net position	<u>\$ 9,772,231</u>	<u>\$ 311,908</u>	<u>\$ 731,512</u>	<u>\$ 952,203</u>

See accompanying notes to the financial statements.

Business-Type Activities Enterprise Funds Total	Governmental Activities Internal Service Funds
\$ 5,725,525	\$ 1,232,738
573,891	28,980
1,885	-
22,452	3,576
1,088	-
708,199	-
<u>7,033,040</u>	<u>1,265,294</u>
<u>9,802,847</u>	<u>623,472</u>
<u>9,802,847</u>	<u>623,472</u>
<u>16,835,887</u>	<u>1,888,766</u>
<u>1,081,248</u>	<u>426,189</u>
205,559	30,614
42,531	12,998
-	-
430,223	-
91,276	51,036
<u>769,589</u>	<u>94,648</u>
89,049	98,813
5,212,420	2,054,554
<u>5,301,469</u>	<u>2,153,367</u>
<u>6,071,058</u>	<u>2,248,015</u>
<u>78,223</u>	<u>30,833</u>
9,802,847	623,472
1,965,007	(587,365)
<u>\$ 11,767,854</u>	<u>\$ 36,107</u>

CITY OF CLAREMONT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			
	Major Funds			Non-Major Fund
	Sewer	Sanitation	Transportation	Cemetery
OPERATING REVENUES				
Sales and service charges	\$ 875,103	\$ 6,768,128	\$ -	\$ 544,757
Interdepartmental charges	-	-	-	-
Miscellaneous	-	273	-	-
Passenger fares	-	-	50,724	-
Total operating revenues	875,103	6,768,401	50,724	544,757
OPERATING EXPENSES				
Administration and general	253,501	2,235,757	121,265	195,112
Services and supplies	484,112	3,791,752	23,775	282,781
Transportation services	-	-	402,325	-
Depreciation expense	242,809	359,182	100,783	49,766
Total operating expenses	980,422	6,386,691	648,148	527,659
Operating income (loss)	(105,319)	381,710	(597,424)	17,098
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	20,414	689,017	-
Interest revenue	59,604	15,730	-	8,679
Gain (loss) on sale of capital assets	(6,714)	8,552	30,000	-
Total nonoperating revenues (expenses)	52,890	44,696	719,017	8,679
Income (loss) before transfers	(52,429)	426,406	121,593	25,777
Transfers in	-	-	162,410	-
Transfer out	(90,000)	(500,000)	-	-
Total transfers	(90,000)	(500,000)	162,410	-
Change in net position	(142,429)	(73,594)	284,003	25,777
Net position, beginning of year	9,914,660	385,502	447,509	926,426
Net position, end of year	\$ 9,772,231	\$ 311,908	\$ 731,512	\$ 952,203

See accompanying notes to the financial statements.

Business-Type Activities Enterprise Funds Total	Governmental Activities Internal Service Funds
\$ 8,187,988	\$ 118,675
-	1,833,568
273	-
<u>50,724</u>	<u>-</u>
<u>8,238,985</u>	<u>1,952,243</u>
2,805,635	1,031,555
4,582,420	1,086,604
402,325	-
<u>752,540</u>	<u>368,711</u>
<u>8,542,920</u>	<u>2,486,870</u>
<u>(303,935)</u>	<u>(534,627)</u>
709,431	-
84,013	17,842
<u>31,838</u>	<u>17,750</u>
<u>825,282</u>	<u>35,592</u>
<u>521,347</u>	<u>(499,035)</u>
162,410	-
<u>(590,000)</u>	<u>-</u>
<u>(427,590)</u>	<u>-</u>
93,757	(499,035)
<u>11,674,097</u>	<u>535,142</u>
<u>\$ 11,767,854</u>	<u>\$ 36,107</u>

CITY OF CLAREMONT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds			Non-Major Fund
	Sewer	Sanitation	Transportation	Cemetery
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 873,961	\$ 6,799,734	\$ 50,724	\$ 547,732
Cash received from/(paid to) interfund service provided	-	-	-	-
Cash payments to suppliers for goods and services	(558,814)	(4,535,260)	(426,122)	(282,069)
Cash payments to employees for services	(231,178)	(1,955,846)	(105,061)	(171,185)
Net cash provided (used) by operating activities	<u>83,969</u>	<u>308,628</u>	<u>(480,459)</u>	<u>94,478</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers out	(90,000)	(500,000)	-	-
Transfers in	-	-	162,410	-
Subsidy from federal, state and other governments	-	20,119	255,018	-
Implicit financing	-	-	368,443	-
Net cash provided (used) by non-capital and related financing activities	<u>(90,000)</u>	<u>(479,881)</u>	<u>785,871</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(84,403)	(8,300)	(335,412)	-
Proceeds from sales of capital assets	4,550	45,850	30,000	-
Net cash provided (used) by capital and related financing activities	<u>(79,853)</u>	<u>37,550</u>	<u>(305,412)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>51,251</u>	<u>12,770</u>	<u>-</u>	<u>7,307</u>
Net cash provided by investing activities	<u>51,251</u>	<u>12,770</u>	<u>-</u>	<u>7,307</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(34,633)	(120,933)	-	101,785
Cash and cash equivalents - beginning of the year	3,930,720	1,286,135	-	562,451
Cash and cash equivalents - end of the year	<u>\$ 3,896,087</u>	<u>\$ 1,165,202</u>	<u>\$ -</u>	<u>\$ 664,236</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (105,319)	\$ 381,710	\$ (597,424)	17,098
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	242,809	359,182	100,783	49,766
(Increase) decrease in prepaid costs	83	-	-	-
(Increase) decrease in accounts receivable	2,419	(37,734)	-	2,975
(Increase) decrease in due from other governments	(3,561)	79,217	-	-
(Increase) decrease in deferred outflows of resources	21,187	149,137	8,239	11,065
Increase (decrease) in accounts payable	(74,785)	(743,508)	(22)	712
Increase (decrease) in accrued liabilities	428	5,310	(302)	401
Increase (decrease) in unearned revenue	-	(10,150)	-	-
Increase (decrease) in compensated absences	(18,026)	(6,406)	982	2,677
Increase (decrease) in net pension liability	54,690	384,962	21,268	28,561
Increase (decrease) in deferred inflows of resources	(35,956)	(253,092)	(13,983)	(18,777)
Total adjustments	<u>189,288</u>	<u>(73,082)</u>	<u>116,965</u>	<u>77,380</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 83,969</u>	<u>\$ 308,628</u>	<u>\$ (480,459)</u>	<u>\$ 94,478</u>

See accompanying notes to the financial statements.

CITY OF CLAREMONT

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

Business-Type Activities Enterprise Funds Total	Governmental Activities Internal Service Funds
\$ 8,272,151	\$ 751,172
-	1,206,816
(5,802,265)	(1,076,840)
<u>(2,463,270)</u>	<u>(892,129)</u>
6,616	(10,981)
(590,000)	-
162,410	-
275,137	-
<u>368,443</u>	<u>-</u>
215,990	-
(428,115)	-
<u>80,400</u>	<u>17,750</u>
(347,715)	17,750
<u>71,328</u>	<u>15,867</u>
<u>71,328</u>	<u>15,867</u>
(53,781)	22,636
<u>5,779,306</u>	<u>1,210,102</u>
<u>\$ 5,725,525</u>	<u>\$ 1,232,738</u>
<u>\$ (303,935)</u>	<u>\$ (534,627)</u>
752,540	368,711
83	35,030
(32,340)	5,745
75,656	-
189,628	74,746
(817,603)	(25,266)
5,837	1,060
(10,150)	-
(20,773)	(2,470)
489,481	192,936
<u>(321,808)</u>	<u>(126,846)</u>
<u>310,551</u>	<u>523,646</u>
<u>\$ 6,616</u>	<u>\$ (10,981)</u>

See accompanying notes to the financial statements.



FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

These funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Successor Agency of the Former Claremont Redevelopment Agency

This fund is used to account for the activities related to the dissolution of the former Claremont Redevelopment Agency.

CITY OF CLAREMONT

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund Successor Agency to the Former RDA</u>
ASSETS		
Cash and investments	\$ 460,344	\$ 1,347,299
Receivables:		
Accounts	867	-
Notes and loans	-	1,775,000
Accrued interest	-	2,000
Land held for resale	-	400,000
Restricted assets:		
Cash and investments with fiscal agents	-	937,262
	<u>\$ 461,211</u>	<u>4,461,561</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding		228,434
Pension related		115,441
		<u>343,875</u>
LIABILITIES		
Accounts payable	\$ 2,911	2,482
Accrued liabilities	422,302	3,575
Accrued interest	-	98,804
Deposits payable	25,998	-
Due to external parties/other agencies	10,000	-
Long term liabilities:		
Due within one year	-	765,000
Due in more than one year	-	5,997,534
Net pension liability	-	556,509
	<u>\$ 461,211</u>	<u>7,423,904</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related		8,352
		<u>8,352</u>
NET POSITION (DEFICIT)		
Held in trust for other purposes		(2,626,820)
		<u>\$ (2,626,820)</u>

See accompanying notes to the financial statements.

CITY OF CLAREMONT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust Fund Successor Agency to the Former RDA
Additions	
Taxes	\$ 1,444,335
Interest and change in fair value of investments	<u>347,984</u>
Total additions	<u>1,792,319</u>
Deductions	
Administrative expenses	299,564
Contractual services	34,182
Interest expense	<u>208,606</u>
Total deductions	<u>542,352</u>
Change in net position	1,249,967
Net position (deficit), beginning of year	<u>(3,876,787)</u>
Net position (deficit), end of year	<u><u>\$ (2,626,820)</u></u>

See accompanying notes to the financial statements.





Notes to
Financial Statements

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Claremont, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) 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. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated October 3, 1907, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of (1) the primary government (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief review of the component units included in the accompanying basic financial statements of the City.

Claremont Public Improvement Corporation

The Claremont Public Improvement Corporation (Corporation) was organized as a nonprofit benefit corporation under the "Nonprofit Benefit Corporation Law" on October 1, 1987. Its purpose is to finance the acquisition, construction or improvement of additions to the City's real or personal property for the benefit of the City's residents.

The criteria used in determining the scope of the reporting entity are based on the provisions in generally accepted accounting principles. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City.

The Corporation has been accounted for as "blended" component unit of the City. Despite being legally separate, the Corporation is so intertwined with the City that it is, in substance, part of the City's operations.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Accordingly, the balances and transactions of the component unit are reported within the funds of the City. The Corporation's transactions are set forth as separate funds in the debt service and capital projects funds. The following specific criteria were used in determining that the Corporation was a blended component unit:

- The members of the City Council also act as the governing bodies of the Corporation.
- The Corporation is managed by employees of the City. However, no salary allocation is made to the Corporation.
- The City and the Corporation are financially interdependent. The Corporation arranges financing issues for the City. The City pays the debt service on the Corporation's financing issues.

Detailed financial statements are available for the above component unit from the City's Financial Services Department. The Claremont Public Improvement Corporation has had no activity during the year.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the City are organized and operated on the basis of funds, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. These funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City has adopted the following GASB pronouncements in the current year:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses. For postemployment benefits other than pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities are reported only in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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 - net position 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 is applied.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by generally accepted accounting principles in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column (in the Statement of Activities, internal service fund transactions have been eliminated). However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to / from other funds
- Advances to / from other funds
- Transfers in / out

Note 1: Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end), which are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City, are property taxes, charges for services, federal and state grants, sales tax, and interest. Expenditures are recognized in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods when the revenue recognition criteria have been met the unavailable revenue is removed from the balance sheet and revenue is recognized.

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when the government has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

Note 1: Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements (Continued)

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences resulting from reporting under the economic resources measurement focus and the current financial resources measurement focus.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Landscape & Lighting District Fund is used to account for financial activity relating to the City-wide 1972 Act Landscaping and Lighting District. Revenues include assessments to the property owners within the district and expenditures related to the maintenance and upkeep of the community.
- The Community Development Block Grant (CDBG) Fund is used to account for financial activity related to community development projects.
- The Foothill Relinquishment Fund is used to account for the contribution from the California Department of Transportation for the relinquishment of the Foothill Boulevard to the City, and the capital projects completed on Foothill Boulevard.
- The Successor Housing fund is used to account for the low and moderate income housing resources and activities, including issuance and collection of notes receivable.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

- The Sewer Fund is used to account for financial activity relative to replacement, upgrades, maintenance and repairs of the sanitary sewer system.
- The Sanitation Fund is used to account for activities related to refuse collection, recycling and street sweeping services.
- The Transportation Fund is used to account for grant and other revenues received by the City for its Dial-a-Ride service.

The City reports the following non-major proprietary fund:

- The Cemetery Fund is used to account for sales, marketing, maintenance and interment operations of the Oak Park Cemetery. The City took over the privately run cemetery in March 1978.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds representing agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Additionally, the City reports the following fund types:

- Capital project funds are used to account for major capital improvement projects.
- Debt service funds are used to account for the debt service payments on long-term liabilities.
- Internal service funds are established to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. The City's internal service funds include the Motor Fleet Fund and the Technology Fund.
- The Perpetual Care Fund, a Permanent Fund, establishes an endowment fund for future maintenance of the Oak Park Cemetery.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fiduciary Fund Financial Statements

- The Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments and/or other funds. The City's agency funds include the Payroll Fund and the 1911 Act Bond Fund.
- The private purpose trust fund accounts for the assets and liabilities of the former redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

C. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The short-term investments include deposits in the California Local Agency Investment Fund (LAIF).

Investment Valuation - Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value, except for money market investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and Agency obligations. Cost is used as fair value for those securities for which market quotations are not readily available.

State Investment Pool - The City participates in LAIF, an investment pool managed by the State of California. LAIF has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

Restricted Cash and Investments - Amounts shown as restricted assets have been restricted by either bond indentures, law, or contractual obligations to be used for specific purposes, such as servicing bonded debt and construction of capital assets.

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

E. Land and Buildings Held for Resale

Land and buildings held for resale are recorded at the lower of acquisition cost or net realizable value.

F. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the time of acquisition. The assets include streets, sewers, land, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Depreciation starts the year following acquisition.

	<u>Years</u>
Buildings and Land Improvements	15-50
Furniture and Equipment	3-20
Infrastructure	20-50
Vehicles	2-20

For all infrastructure systems, the City elected to use the Basic Approach as defined in generally accepted accounting principles for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Note 1: Summary of Significant Accounting Policies (Continued)

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. It is the deferred loss on refunding reported in the statement of fiduciary net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item, deferred pension related items, is reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under a modified accrual basis of accounting that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: grant reimbursement, development fees and housing loans. These amounts are recognized as an inflow of resources in the period that the amounts become available. The other item is deferred pension related items reported in the government-wide statement of net position.

H. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

I. Net Position

Government-Wide Financial Statements

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

I. Net Position (Continued)

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all other Net Position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund Financial Statements

Fund Balance - The City Council adopts and amends committed fund balance amounts through a resolution. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in physical form (such as inventory) or that are legally or contractually required to be maintained intact (such as endowments). The City reports the following as nonspendable:

- **Prepaid costs** - The portion of the general fund's balance that represents the asset amount of prepaid expenditures.
- **Permanent fund principal** - The portion of fund balance that represents an endowment for future maintenance of the Oak Park Cemetery.

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by external legal requirements imposed by other governments, external resources providers, or creditors. Restrictions imposed by the City Council do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended. The City reports the following as restricted:

- **Community development projects** - The portion of fund balance restricted for community development projects.
- **Public safety** - The portion of fund balance that is restricted for use in public safety programs.
- **Public works** - The portion of fund balance that is restricted for use in public works projects.
- **Capital projects** - The portion of fund balance restricted for capital projects.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

I. Net Position (Continued)

- **Debt service** - The portion of fund balance restricted for repayment of debt.
- **Community services** - The portion of fund balance restricted for community services.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City Council considers a resolution to constitute a formal action of the City Council for the purposes of establishing committed fund balance. The City reports the following as committed:

- **Operating and Environmental Emergency Reserve** - The portion of fund balance that has been set aside as the City's emergency funds. As of June 30, 2018, the balance of this emergency reserve is \$5,544,043. The Operating and Environmental Emergency Reserve was established pursuant to the City Council-adopted Reserve Policy of the City. Additions to the reserve are authorized by the City Council, and the City Council must authorize the expenditure of funds in the reserve.

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated either by the City Council or by persons to whom the City Council has delegated the authority to assign amounts for specific purposes. The City Council has not delegated such authority to others in the City, and therefore retains its authority to assign fund balance. The City reports the following as assigned:

- **Community development projects** - The portion of fund balance in the Capital Projects Fund which has been set aside for community development projects.

Unassigned Fund Balance – this includes negative fund balance in governmental funds and the remaining spendable amounts which are not included in one of the other classifications in the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, City employees have vested interests in varying levels of vacation and compensatory time. All compensated absence amounts are deemed to be long term. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

K. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received from the county within sixty days after year-end.

Lien Date	January 1
Levy Date	June 30
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

M. Implementation of New GASB Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses. For postemployment benefits other than pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Investments

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments:	
Governmental Activities	\$ 30,013,549
Business-Type Activities	5,725,525
Fiduciary Funds:	
Agency	460,344
Private Purpose Trust	<u>1,347,299</u>
Total cash and investments	<u>37,546,717</u>
Restricted cash with fiscal agents:	
Governmental Activities	3,527,899
Fiduciary Funds:	
Private Purpose Trust	<u>937,262</u>
Total cash and investments with fiscal agents	<u>4,465,161</u>
Total cash and investments	<u>\$ 42,011,878</u>

Cash and investments as of June 30, 2018 consists of the following:

Deposits with financial institutions	\$ 13,264,500
Cash on hand	7,189
Investments	<u>28,740,189</u>
Total cash and investments	<u>\$ 42,011,878</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Investments (Continued)

A. Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$13,271,689, including petty cash, and the bank balance was \$13,264,500.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Securities issued by the U.S. Treasury	5 years	No Limit	No Limit
Non-negotiable certificates of deposit	5 years	30%	No Limit
Local Agency Investment Fund	N/A	No Limit	\$65 Million
Money Market Mutual Funds	N/A	15%	No Limit

C. Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Note 2: Cash and Investments (Continued)

D. Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

E. Fair Value

The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment in the Local Agency Investment Fund is measured at Net Asset Value (NAV). The City's investment in certificates of deposit and money market mutual funds are not subject to the fair value hierarchy.

F. Credit Risk

The City's investment policy limits investments in money market funds that carry the highest available fund credit rating issued by either Standard and Poor's or Moody's Investor Services. The City's investment policy does not further limit its investment choices. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2018, the City's investments in external investment pools and money market mutual funds are unrated.

G. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover 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 to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the bank balances, up to \$250,000 is federally insured and the remaining balances are collateralized in accordance with the California Government Code.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Investments (Continued)

H. Concentration of Credit Risk

The City's investment policy does not place a limit on the amount that may be invested with any one issuer. With respect to concentration risk, as of June 30, 2018, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

I. Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising for interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2018, the City had the following investments and remaining maturities:

Investment Type	Remaining Investment Maturities			Total
	6 months or less	6 months to 1 year	1 to 3 years	
Local Agency Investment Fund	\$ 22,719,009	\$ -	\$ -	\$ 22,719,009
Certificates of Deposit	-	6,000,000	-	6,000,000
Fiscal Agent:				
Money Market Mutual Funds	21,180	-	-	21,180
	<u>\$ 22,740,189</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 28,740,189</u>

Note 3: Notes Receivables

As of June 30, 2018, notes receivable and unavailable revenue consisted of the following:

	Notes Receivable
General Fund:	
Padua Hills Theatre Loan	\$ 235,212
Employee Computer Loans	2,992
Special Revenue Funds:	
Community Development Block Grant Loans	1,245,984
Successor Housing	
Owner Participation Agreement	582,938
Jamboree Housing Corporation Loan	2,808,995
	<u>4,876,121</u>
Total notes receivable	<u>\$ 4,876,121</u>

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 3: Notes Receivables (Continued)

1. On November 10, 2008, the City entered into a Ground Lease with Padua Hills Theatre, LLC to lease the premises, purchase the historical improvements and accept a non-exclusive right to use the parking areas of the historic Padua Hills Theatre. On February 9, 2009, the participant entered into an agreement to purchase the historical improvements for \$305,000. A payment of \$30,500 representing ten percent of the sales price was made and a note in the amount of \$274,500 was signed by the participant. The terms of the thirty-year non-recourse promissory note call for interest at 6% per annum, accruing quarterly. Payments of principal and interest in the amount of \$5,011.77 are payable quarterly. The loan is evidenced by a note from the participant that is secured by a deed of trust. All accrued interest and outstanding principal is due February 9, 2039. The outstanding balance of the loan with interest at June 30, 2018, is \$235,212.
2. The City offers no interest loans up to a maximum amount of \$2,500 for the purchase of approved computer systems. Full-time and permanent part-time employees are eligible to participate in the Employee Personal Computer Purchase Program. Loans are repaid by employees over two years through regular payroll deductions. Outstanding loans at June 30, 2018, were \$2,992.
3. The City uses Community Development Block Grant funds to provide housing rehabilitation loans to eligible applicants. The City makes deferred loans to resident homeowners who qualify as low income, which are not repaid until the title to the property changes. Outstanding loans at June 30, 2018, were \$745,984.

The City makes forgivable Job Creation Loans to businesses for the purpose of creating permanent jobs for low and moderate income individuals. Outstanding loans at June 30, 2018 were \$500,000. These loans are reflected in the Community Development Block Grant Fund. Since the funds have not legally vested with the City as of June 30, 2018, these funds are reported as unavailable revenue.

4. At June 30, 2018, the Successor Housing Fund was owed \$582,938 under the provisions of an owner participation agreement dated April 27, 1995. The terms of the thirty-year non-recourse promissory note call for interest at 3% per annum, accruing monthly. Annual payments on the note are required only if the owner has "surplus cash," defined as net operating income after debt service and replacement reserves. Annual payments will be applied to accrued interest before being applied to outstanding principal. All accrued interest and outstanding principal is due March 28, 2025. The note is secured by a trust deed.
5. In January 2009 the former Redevelopment Agency entered into a Disposition and Development Agreements (DDA) with Jamboree Housing Corporation. The agreement conveyed real property to the Developers and the Developers agreed to construct, develop, operate and manage high quality housing which is affordable to persons and families of very low and low income. The Agency provided a loan to the Developer in the amount \$3,410,000 to assist with the Developer's acquisition of the Agency Parcel and the Developer Parcel and a second loan in the amount of \$1,500,000 to assist the Developer in project related fees. At June 30, 2018, the outstanding balance for the Jamboree Housing Corporation note was \$2,808,995.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 4: Interfund Receivable, Payable and Transfers

A. Due To/From Other Funds

At June 30, 2018, the City had the following internal balances:

Due From	Due To		Total
	Governmental Funds	Proprietary Fund	
	Other Governmental Funds	Transportation	
General Fund	\$ 416,349	\$ 430,223	\$ 846,572

The General Fund is owed \$846,572 from major and other non-major governmental funds and the Transportation Fund for temporary negative cash and investments.

B. Transfers

For the year ended June 30, 2018, the City had the following interfund transfers:

Transfers Out	Transfers in				Total
	Nonmajor Other Governmental Funds	General Fund	Major Landscape/Lighting District	Major Transportation Fund	
Governmental Funds:					
Major Funds:					
General	\$ 776,553	\$ -	\$ 1,081,486	\$ -	\$ 1,858,039
Nonmajor Other Governmental Funds	534,000	167,275	-	162,410	863,685
Proprietary Funds:					
Major Funds:					
Sewer	90,000	-	-	-	90,000
Sanitation	500,000	-	-	-	500,000
Total	\$ 1,900,553	\$ 167,275	\$ 1,081,486	\$ 162,410	\$ 3,311,724

The General Fund transferred \$732,694 to Other Governmental Funds for debt service and \$43,859 to support the nutrition grant program. The General Fund transferred \$1,081,486 to the Landscape/Lighting District Fund for capital improvements.

The Nonmajor Other Governmental Funds transferred \$162,410 to the Transportation Fund for the operation of the Dial-a-Ride program, \$167,275 to the General Fund for reimbursement for the cost of the Wilderness Park Master Plan, and \$534,000 to the City Debt Service Fund to pay for debt service related to the Corporate Yard and 2016 General Obligation Refunding Bonds.

The Sewer Fund transferred \$90,000 to Other Governmental Funds to pay for debt service related to the Corporate Yard. The Sanitation Fund transferred \$500,000 to Other Governmental Funds to pay for debt service related to the Corporate Yard.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 5: Capital Assets

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

Governmental activities:	Balance July 1, 2017	Transfers of CIP	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated					
Land	\$ 29,327,583	\$ -	\$ -	\$ -	\$ 29,327,583
Construction in progress	1,379,837	(1,264,241)	1,490,746	-	1,606,342
Total capital assets, not being depreciated	<u>30,707,420</u>	<u>(1,264,241)</u>	<u>1,490,746</u>	<u>-</u>	<u>30,933,925</u>
Capital assets, being depreciated					
Structures and improvements	34,228,276	-	128,590	-	34,356,866
Machinery and equipment	3,956,270	-	34,544	-	3,990,814
Vehicles	5,025,028	-	-	(114,545)	4,910,483
Furniture and fixtures	345,912	-	-	-	345,912
Land improvements	12,129,556	-	2,019,107	(754,866)	13,393,797
Infrastructure	254,408,734	-	-	-	254,408,734
Total capital assets, being depreciated	<u>310,093,776</u>	<u>-</u>	<u>2,182,241</u>	<u>(869,411)</u>	<u>311,406,606</u>
Accumulated depreciation					
Structures and improvements	(15,755,238)	-	(1,260,399)	-	(17,015,637)
Machinery and equipment	(3,202,268)	-	(205,179)	-	(3,407,447)
Vehicles	(2,739,868)	-	(592,273)	109,242	(3,222,899)
Furniture and fixtures	(180,623)	-	(17,297)	-	(197,920)
Land improvements	(4,623,262)	-	(759,338)	4,194	(5,378,406)
Infrastructure	(233,209,484)	-	(5,492,338)	-	(238,701,822)
Total accumulated depreciation	<u>(259,710,743)</u>	<u>-</u>	<u>(8,326,824)</u>	<u>113,436</u>	<u>(267,924,131)</u>
Total capital assets being depreciated, net	<u>50,383,033</u>	<u>-</u>	<u>(6,144,583)</u>	<u>(755,975)</u>	<u>43,482,475</u>
Total governmental activities	<u>\$ 81,090,453</u>	<u>\$ (1,264,241)</u>	<u>\$ (4,653,837)</u>	<u>\$ (755,975)</u>	<u>\$ 74,416,400</u>

Governmental activities depreciation for capital assets for the year ended June 30, 2018, was as follows:

General government	\$ 419,029
Community development	53,072
Police	419,989
Community services	5,528,747
Human services	580,604
Economic development	956,672
Internal service funds	368,711
Total	<u>\$ 8,326,824</u>

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 5: Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

The following is a summary of capital assets for business-type activities:

Business-Type activities:	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, being depreciated				
Structures and improvements	\$ 314,900	\$ 16,600	\$ -	\$ 331,500
Machinery and equipment	143,536	76,103	(67,732)	151,907
Vehicles	6,052,914	335,412	(754,621)	5,633,705
Land improvements	1,184,138	-	-	1,184,138
Infrastructure	10,640,529	-	-	10,640,529
Total capital assets, being depreciated	<u>18,336,017</u>	<u>428,115</u>	<u>(822,353)</u>	<u>17,941,779</u>
Accumulated depreciation				
Structures and improvements	(265,206)	(6,944)	-	(272,150)
Machinery and equipment	(112,059)	(3,158)	47,789	(67,428)
Vehicles	(3,054,891)	(454,819)	726,002	(2,783,708)
Land improvements	(270,540)	(75,809)	-	(346,349)
Infrastructure	(4,457,487)	(211,810)	-	(4,669,297)
Total accumulated depreciation	<u>(8,160,183)</u>	<u>(752,540)</u>	<u>773,791</u>	<u>(8,138,932)</u>
Total capital assets being depreciated, net	<u>10,175,834</u>	<u>(324,425)</u>	<u>(48,562)</u>	<u>9,802,847</u>
Total business-type activities	<u>\$ 10,175,834</u>	<u>\$ (324,425)</u>	<u>\$ (48,562)</u>	<u>\$ 9,802,847</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2018, was as follows:

Transportation	\$ 100,783
Sewer	242,809
Sanitation	359,182
Cemetery	49,766
Total	<u>\$ 752,540</u>

B. Fund Financial Statements

The fund financial statements do not present general government capital assets, therefore, capital assets are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6: Long-Term Debt

Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 2,196,260	\$ 2,158,636	\$ 2,104,298	\$ 2,250,598	\$ 891,789
OPEB obligation** (Note 9)	1,194,292	-	1,194,292	-	-
Workers' comp retrospective deposit payable (Note 7)	130,702	104,171	234,873	-	-
General liability retrospective deposit payable (Note 7)	338,581	200,999	580,462	(40,882)	-
* Retrospective deposit reclassification	-	40,882	-	40,882	-
2006 Pension obligation bonds	4,365,000	-	300,000	4,065,000	330,000
2016 General obligation bonds	6,965,000	-	210,000	6,755,000	220,000
Unamortized bond premium	943,936	-	44,949	898,987	-
Loans payable	2,390,000	-	780,000	1,610,000	795,000
Golden State Water settlement	7,851,000	-	2,000,000	5,851,000	-
Discount on GSW structured settlement	-	(3,042,520)	117,020	(3,159,540)	-
2018A Total road improvement program (TRIP) COPs	-	3,330,000	-	3,330,000	160,000
Original issue premium - TRIP	-	426,966	-	426,966	-
Total OPEB liability** (Note 9)	-	2,654,041	76,519	2,577,522	-
Net pension liability (Note 8)	41,401,353	8,499,467	3,429,414	46,471,406	-
Total	\$67,776,124	\$14,372,642	\$11,071,827	\$71,076,939	\$ 2,396,789

* The retrospective deposit balance at June 30, 2018 was reclassified to prepaid costs in the statement of net position.

** The OPEB obligation was replaced with the total OPEB liability as a result of implementing GASB 75.

The total OPEB liability and the net pension liability are liquidated from the General Fund.

A. Claims Payable

The City joined the California Joint Powers Insurance Authority in prior years as described in Note 7 and therefore reduced its risk of loss relating to claims and judgments. The general liability retrospective deposit payable was reduced below zero as of June 30, 2018, and the balance of \$40,882 was reclassified to prepaid costs in the Statement of Net Position.

B. Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and compensatory time) in the governmental activities has been accrued and amounts to \$2,250,598 at June 30, 2018. There is no fixed payment schedule for compensated absences. Compensated absences are paid, if matured, out of the General Fund and other various Special Revenue Funds.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6: Long-Term Debt (Continued)

C. Other Post-Employment Benefits Obligation and Total OPEB Liability

Additional information is presented in Note 9.

D. Taxable Pension Obligation Bonds, 2006 Series A

On January 1, 2006, the City issued \$6,060,000 in Taxable Pension Obligation Bonds, 2006 Series A, for the purpose of funding the unfunded accrued actuarial liability of the City's safety plan of the California Public Employees' Retirement System. The bonds mature annually each July 1, 2006 to 2027, in amounts ranging from \$40,000 to \$275,000. The bonds bear interest at 5.18% and are payable monthly, commencing March 1, 2006. The bonds are subject to optional redemption prior to their maturity at the option of the City, in whole or in part on any date, at a redemption price equal to the principal amount, plus accrued interest to the redemption date.

The annual requirements to amortize the 2006 Taxable Pension Obligation Bonds outstanding at June 30, 2018, were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 330,000	\$ 212,067	\$ 542,067
2020	365,000	195,122	560,122
2021	405,000	175,242	580,242
2022	445,000	153,799	598,799
2023	490,000	130,234	620,234
2024-2027	<u>2,030,000</u>	<u>238,896</u>	<u>2,268,896</u>
Total	<u>\$ 4,065,000</u>	<u>\$ 1,105,360</u>	<u>\$ 5,170,360</u>

E. General Obligation Bonds, Series 2016

On March 2, 2016, the City issued \$7,200,000 in General Obligation Bonds, Series 2016 for the purpose of refunding the outstanding General Obligation Bonds, Series 2007. The bonds mature annually each August 1, 2017 to 2037 in amounts ranging from \$210,000 to \$490,000. The bonds bear variable interest rates ranging from 2.00% to 5.00% and are payable semi-annually each February 1 and August 1, commencing August 1, 2017.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$516,257. This difference is reported in the accompanying statement of net position as a deferred loss on refunding, and is being amortized as a component of interest expense through August 1, 2037 using the straight line method of amortization. The City in effect reduced its aggregate debt service cash flow by \$2,085,268 over the next 22 years. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,408,023.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6: Long-Term Debt (Continued)

E. General Obligation Bonds, Series 2016, (Continued)

The annual requirements to amortize the General Obligation Bonds, Series 2016 outstanding at June 30, 2018, were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 220,000	\$ 285,850	\$ 505,850
2020	220,000	274,850	494,850
2021	240,000	263,850	503,850
2022	245,000	259,050	504,050
2023	255,000	246,800	501,800
2024-2028	1,475,000	1,038,250	2,513,250
2029-2033	1,820,000	694,250	2,514,250
2034-2038	2,280,000	236,650	2,516,650
Total	<u>\$ 6,755,000</u>	<u>\$ 3,299,550</u>	<u>\$ 10,054,550</u>

F. Certificates of Participation (COP), 2018A Total Road Improvement Program

On May 1, 2018, the City issued \$3,330,000 in Certificates of Participation, Series 2018A for the purpose of financing the design, acquisition, and construction of certain local roadway and street improvement projects within the jurisdiction of the City. The bonds mature annually each June 1, 2019 to 2033 in amounts ranging from \$160,000 to \$300,000. The bonds bear variable interest rates ranging from 3.00% to 5.00% and are payable annually each June 1, commencing June 1, 2019.

Year Ending June 30,	Principal	Interest	Total
2019	\$ 160,000	\$ 151,464	\$ 311,464
2020	165,000	143,775	308,775
2021	170,000	138,825	308,825
2022	180,000	130,325	310,325
2023	190,000	121,325	311,325
2024-2028	1,085,000	456,375	1,541,375
2029-2033	1,380,000	161,925	1,541,925
Total	<u>\$ 3,330,000</u>	<u>\$ 1,304,014</u>	<u>\$ 4,634,014</u>

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6: Long-Term Debt (Continued)

G. Loans Payable

Loans payable amounting to \$1,610,000 at June 30, 2018, was comprised of the following:

1. On December 27, 2002, the LaSalle National Bank loaned the City \$12,000,000 for costs related to the acquisition and construction of the City Corporate Yard and for refinancing the City's loan obligation with respect to the City Hall and City Community Center. The City refinanced the loan in July 2012.
2. In fiscal year 2012, Compass Bank loaned the City \$6,080,000 to refinance the City's outstanding 2002 loan. The refinancing took place July 1, 2012. Loan payments are made annually. Final payment is due January 2020.

Based on current available information, the annual debt requirements due under the terms of the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 795,000	\$ 31,499	\$ 826,499
2020	815,000	13,603	828,603
Total	<u>\$ 1,610,000</u>	<u>\$ 45,102</u>	<u>\$ 1,655,102</u>

H. Golden State Water Structured Settlement

In December 2014, the City filed a lawsuit seeking to acquire the local water system by eminent domain action from the Golden State Water Company. The City sought to acquire the water system to establish local control, including the setting of water rates, over the delivery of water service to residents of Claremont. The trial to determine the City's right to take the system under eminent domain law took place from June through August 2016. On November 10, 2016, the judge in the case issued a tentative decision against the City, which was affirmed on December 10, 2016 with his final decision. The Golden State Water Company filed a motion for the award of litigation expenses in the amount of \$7,688,455. The City reached a settlement with Golden State Water in October 2017. In exchange for the City waiving its right to continue to appeal the decision on the City's right to take the system in the eminent action, GSW agreed to a reduction in the legal fees that would be paid by the City.

Under the terms of the settlement agreement, interest accrued at a rate of four percent on this principal balance through December 31, 2017, bringing the total amount outstanding to \$7,851,000. A principal payment of \$2 million was paid by December 31, 2017, which reduced the principal amount to \$5,851,000.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6: Long-Term Debt (Continued)

H. Golden State Water Structured Settlement, (Continued)

The settlement agreement requires the City to make quarterly interest payments of \$58,510 for a period of twelve years, after which the principal balance of \$5,851,000 will be forgiven if the City does not take action to acquire the Claremont water system by eminent domain during the twelve year period. Should the City Council adopt a Resolution of Necessity to take the system within the next twelve years, the principal balance, plus any accrued interest shall become immediately due and payable. The City does not anticipate adopting a Resolution of Necessity, and therefore the structured settlement has been discounted in accordance with generally accepted accounting principles to an amount equal to the future interest payments.

The annual debt requirements due under the terms of the structured settlement are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 234,040	\$ 234,040
2020	-	234,040	234,040
2021	-	234,040	234,040
2022	-	234,040	234,040
2023	-	234,040	234,040
2024-2028	-	1,170,200	1,170,200
2029-2030	-	351,060	351,060
Total	\$ -	\$ 2,691,460	\$ 2,691,460

Business-Type Activities Long-Term Debt

A summary of changes in long-term debt of business type activities for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 201,098	\$ 173,007	\$ 193,780	\$ 180,325	\$ 91,276
Net pension liability (Note 8)	4,722,939	884,786	395,305	5,212,420	-
Total	\$ 4,924,037	\$ 1,057,793	\$ 589,085	\$ 5,392,745	\$ 91,276

Compensated Absences

In proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation and compensatory time) is reported in the fund as the benefits vest and are earned. At June 30, 2018, compensated absences in the business-type and proprietary funds amounted to \$180,325. There is no fixed payment schedule to pay these liabilities.

Note 7: Liability, Workers' Compensation, and Purchased Insurance

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Claremont is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA 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.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution 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 adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

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

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Note 7: Liability, Workers' Compensation, and Purchased Insurance (Continued)

B. Self-Insurance Programs of the Authority (Continued)

Workers' Compensation

Claims are pooled separately between public safety (police and fire) 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 \$50,000 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 \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City of Claremont participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Claremont property is currently insured according to a schedule of covered property submitted by the City of Claremont to the Authority. City of Claremont property currently has all-risk property insurance protection in the amount of \$83,001,035. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$5,000 deductible.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 7: Liability, Workers' Compensation, and Purchased Insurance (Continued)

C. Purchased Insurance (Continued)

Earthquake and Flood Insurance

The City of Claremont 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. City of Claremont property currently has earthquake protection in the amount of \$33,199,648. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Claremont purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance

The City of Claremont further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Claremont according to a schedule. The City of Claremont then pays for the insurance. The insurance is facilitated by the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

E. CJPIA Retrospective Deposit Liability

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 7: Liability, Workers' Compensation, and Purchased Insurance (Continued)

E. CJPIA Retrospective Deposit Liability (Continued)

CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2017 for the liability program and July 1, 2018, for the workers' compensation program. Retrospective deposit payments are scheduled to resume on these dates. At June 30, 2018, the City had a retrospective deposit due of \$0 for the liability program and \$0 for the workers' compensation program.

Optional Payment Plans:

When retrospective deposit payments resume as indicated above, members will have the opportunity to select from a variety of optional payment plans. Discounts under the incentive plan are available to members choosing to voluntarily accelerate payment during the deferral period. The City has chosen not to voluntarily accelerate payment at this time.

After the deferral period, members choosing from among the optional payment plans will be subject to a moderate annual fee. The fee is intended to provide a means for the Authority to recover otherwise foregone investment earnings and to serve as a minor disincentive for the selection of longer financing terms.

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development. Accordingly, some members who chose to pay off their balance in full may be required to pay additional retrospective deposits in the future based on the outcome of actual claim development reflected in subsequent retrospective deposit computations. Conversely, if claim development is favorable then subsequent retrospective adjustments could potentially result in refunds to the member. More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

Note 8: Public Employees Retirement System

A. General Information about the Pension Plan

Plan Description

Miscellaneous Plan

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2016 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Note 8: Public Employees Retirement System (Continued)

A. General Information about the Pension Plan (Continued)

Plan Description (Continued)

Safety Plan

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 California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). 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 sponsors three safety rate plans. 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, at www.calpers.ca.gov.

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 5 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 Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8: Public Employees Retirement System (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The Plan's provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous		
	Prior to March 19, 2012	Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-67	50-67	52-67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.00%	7.00%	5.75%
Required employer contribution rates	7.457%	7.457%	7.457%
	Safety		
	Prior to March 19, 2012	Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9.00%	9.00%	11.50%
Required employer contribution rates	19.723%	16.842%	11.990%

Employees Covered

At June 30, 2016 (valuation date) the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	226	76
Inactive employees entitled to but not yet receiving benefits	253	27
Active employees	138	38
Total	<u>617</u>	<u>141</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8: Public Employees Retirement System (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is the amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Miscellaneous Plan for the fiscal year ended June 30, 2018 were \$2,623,003.

Employer Contributions to the Safety Plan for the fiscal year ended June 30, 2018 were \$1,565,505. The actual employer payments of \$1,413,138 made to CalPERS by the City during the measurement period ended June 30, 2017 differed from the City's proportionate share of the employer's contributions of \$1,756,825 by \$343,687, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

B. Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases (1)	3.3% - 14.2%	3.3% - 14.2%
Investment Rate of Return (2)	7.15%	7.15%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Changes of Assumptions

In fiscal year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent.

Note 8: Public Employees Retirement System (Continued)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website, at www.calpers.ca.gov.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

C. Changes in the Net Pension Liability

The following table shows the changes in the Miscellaneous Plan net pension liability recognized over the measurement period:

Miscellaneous Plan

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)=(a)-(b)
Balance at: 6/30/2016 (VD)	\$ 89,403,767	\$ 60,086,955	\$ 29,316,812
Changes Recognized for the Measurement Period			
• Service Cost	1,402,470	-	1,402,470
• Interest on the Total Pension Liability	6,621,068	-	6,621,068
• Changes of Assumptions	5,551,984	-	5,551,984
• Differences between Expected and Actual Experience	(833,229)	-	(833,229)
• Plan to Plan Resource Movement	-	-	-
• Contributions from the Employer	-	2,453,786	(2,453,786)
• Contributions from the Employee	-	708,050	(708,050)
• Net Investment Income	-	6,630,796	(6,630,796)
• Benefit Payments, including Refunds of Employee Contributions	(4,442,792)	(4,442,792)	-
• Administrative Expense	-	(88,714)	88,714
Net Change during 2016-17	8,299,501	5,261,126	3,038,375
Balance at: 6/30/2017 (MD)	\$ 97,703,268	\$ 65,348,081	\$ 32,355,187

Valuation Date (VD), Measurement Date (MD).

D. Proportionate Share of the Net Pension Liability

The following table shows the Safety Plan's proportionate share of the net pension liability over the measurement period:

Safety Plan

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (VD)	\$ 64,009,469	\$ 46,697,740	\$ 17,311,729
Balance at: 6/30/2017 (MD)	\$ 70,792,794	\$ 50,907,646	\$ 19,885,148
Net Changes during 2016-17	\$ 6,783,325	\$ 4,209,906	\$ 2,573,419

Valuation Date (VD), Measurement Date (MD).

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

D. Proportionate Share of the Net Pension Liability (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The City's proportionate share of the net pension liability for the Plan as of the June 30, 2016 and 2017 measurement dates was as follows:

Proportionate Share - June 30, 2016	0.33425%
Proportionate Share - June 30, 2017	0.33279%
Change - Increase (Decrease)	(0.00146%)

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

The following presents the City's net pension liability and proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 45,786,023	\$ 32,355,187	\$ 21,365,956
Safety Plan's Net Pension Liability	\$ 29,790,267	\$ 19,885,148	\$ 11,788,206

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8: Public Employees Retirement System (Continued)

D. Proportionate Share of the Net Pension Liability (Continued)

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

Miscellaneous Plan

The EARSL for the Plan for the 2016-17 measurement period is 2.3 years, which was obtained by dividing the total service years of 1,432 (the sum of remaining service lifetimes of the active employees) by 617 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Safety Plan

The EARSL for the Plan for the 2016-17 measurement period is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

E. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

Miscellaneous Plan

As of the start of the measurement period (July 1, 2016), the net pension liability for the plan was \$29,316,812. For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense of \$4,840,892 for the Plan.

A complete breakdown of the pension expense is as follows:

Description	Amount
Service Cost	\$ 1,402,470
Interest on the Total pension Liability	6,621,068
Recognized Differences between Expected and Actual Experience	(427,330)
Recognized Changes in Assumptions	2,104,448
Employee Contributions	(708,050)
Projected Earnings on Pension Plan Investments	(4,236,928)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(3,500)
Administrative Expense	88,714
Total Pension Expense	<u>\$ 4,840,892</u>

Safety Plan

As of the start of the measurement period (July 1, 2016), the net pension liability for the plan was \$17,311,729. For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense of \$2,276,416 for the Plan.

As of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ (485,558)
Changes of Assumptions	3,138,078	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	950,584	-
Pension Contributions Subsequent to Measurement Date	2,623,003	-
Total	\$ 6,711,665	\$ (485,558)

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

E. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

Safety Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 206,743	\$ (53,904)
Changes of Assumptions	2,998,294	(230,037)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	653,745	-
Change in Employer's Proportion	219,729	(321,893)
Difference in Actual vs Projected Contributions	-	(540,956)
Pension Contributions Subsequent to Measurement Date	1,565,505	-
Total	\$ 5,644,016	\$ (1,146,790)

These amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense. Contributions subsequent to the measurement date of \$2,623,003 and \$1,565,505 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Miscellaneous Plan

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of
2019	\$ 2,033,529
2020	1,658,992
2021	389,355
2022	(478,772)
2023	-
Remaining	-

Safety Plan

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ 501,089
2020	1,766,314
2021	1,046,848
2022	(382,530)
2023	-
Remaining	-

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Public Employees Retirement System (Continued)

F. Payable to the Pension Plan

The City recorded a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Note 9: Other Post-Employment Benefits

A. Plan Description

The City has established the City of Claremont Retiree Medical Benefit Plan (OPEB Plan), a single-employer defined benefit retiree healthcare plan. The plan, which is administered by the City, provides medical insurance benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. Eligible retirees must elect coverage through the City's medical plan.

The City allows eligible retirees and family members to purchase medical insurance if the retirees pay the premiums. Since the premium rates for coverage prior to Medicare eligibility are based on active and retiree blended costs rather than otherwise higher retiree only rates, the reduced cost to the retiree results in an implicit subsidy and a liability for the City. In addition, the City pays \$32.20 per month on behalf of each retiree who retired prior to August 1, 2011. The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreement between the City and the bargaining units. The plan does not issue a separate report. All transactions are included within the financial statements of the City of Claremont.

B. Employees Covered

As of the June 30, 2016 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan.

Active employees	150
Inactive employees or beneficiaries currently receiving benefits	<u>44</u>
Total	<u><u>194</u></u>

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018, the City contributed \$8,469 to the plan in the form of current premiums. Contributions were made from the General Fund. Plan members receiving benefits contribute the difference between the City contribution of \$32.20 per month and the plan members' chosen PERS medical plan. The funding policy is determined by the City Council.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9: Other Post-Employment Benefits (Continued)

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount rate	3.50%
Inflation	2.50% annual inflation
Salary increases	3.00% annual increases
Investment rate of return	3.50%
Mortality rate	CalPERS 2013 study
Pre-retirement turnover	
healthcare trend rate	7.00% decreasing to 5.39%

The long-term expected rate of return on OPEB plan investments was determined using a building –block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Inflation Assets	5.0%	3.00%
Global Debt Securities	27.0%	2.25%
Global Equities	57.0%	5.25%
REITs	8.0%	7.88%
Commodities	3.0%	4.95%
Total	<u>100.0%</u>	

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.5 percent. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 9: Other Post-Employment Benefits (Continued)

F. Changes in OPEB Liability

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

	<u>2017</u>
	Total OPEB Liability
Balance at June 30, 2016	<u>\$ 2,450,405</u>
<i>Changes recognized for measurement period:</i>	
Service cost	119,211
Interest	84,425
Benefit payments	(8,501)
Implicit rate subsidy fulfilled	<u>(68,018)</u>
Net changes	<u>127,117</u>
Balance at June 30, 2017	<u>\$ 2,577,522</u>

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	<u>\$ 2,945,305</u>	<u>\$ 2,577,522</u>	<u>\$ 2,279,402</u>

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	<u>\$ 2,217,392</u>	<u>\$ 2,577,522</u>	<u>\$ 3,028,496</u>

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 10: Joint Venture Organizations

A. Pomona Valley Transportation Authority

The City is a member of the Pomona Valley Transportation Authority (PVTA). The PVTA is comprised of four cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the PVTA is to study, implement and provide for public transportation that will best serve transit-dependent persons, including handicapped and senior adults, residing in the Pomona Valley.

Each member city has two representatives on the Board of Directors. Officers of the PVTA are elected annually by the Board of Directors.

The City does not have an equity interest in the PVTA. However, the City does have an ongoing financial interest because the City is able to influence the operations of the PVTA so that the PVTA uses its resources on behalf of the City. Also, an ongoing financial responsibility exists because the PVTA is dependent on continued funding from the City.

Below are the most currently available condensed audited financial statements of the PVTA as of June 30, 2018. Separate financial statements of the PVTA are available from its offices located in La Verne, California.

Assets	<u>\$ 3,698,342</u>
Liabilities	\$ 1,707,643
Contributed capital	453,463
Equity	<u>1,537,236</u>
Total liabilities and fund equity	<u>\$ 3,698,342</u>
Revenues	\$ 4,713,211
Expenses	<u>4,582,193</u>
Net income	131,018
Retained Earnings - July 1, 2017	<u>1,406,218</u>
Retained Earnings - June 30, 2018	<u>\$ 1,537,236</u>

B. Tri-City Mental Health Center

The City is a member of the Tri City Mental Health Center (Tri-City). Tri-City is a jointly governed organization comprised of three cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of Tri-City is to develop mental health services and facilities to serve persons residing in the three member cities.

The Board of Directors has five members, one from the City of Claremont, three from the City of Pomona, and one from the City of La Verne.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 10: Joint Venture Organizations (Continued)

B. Tri-City Mental Health Center (Continued)

The financial statements noted that Tri-City filed a petition under Chapter 9 of the Bankruptcy Code in February 2004 and that Tri-City had emerged from that bankruptcy filing and noted the approved plan for the adjustment of debts in fiscal year 2013-2014.

Below are the most currently available condensed audited financial statements of the Tri City Mental Health Center as of June 30, 2018. Separate financial statements of the Center are available from its offices located in Claremont, California. For more information, contact the City's Financial Services Department.

	<u>Total</u>
Assets	<u>\$ 42,343,362</u>
Deferred outflows of resources	<u>2,881,467</u>
Liabilities	<u>16,002,152</u>
Deferred inflows of resources	<u>8,749,850</u>
Net investment in capital assets	6,515,351
Restricted net position	12,581,697
Unrestricted net position	<u>1,375,779</u>
Total net position	<u><u>\$ 20,472,827</u></u>
Operating revenues	\$ 7,214,241
Operating expenses	<u>18,364,019</u>
Operating loss	(11,149,778)
Non-operating revenue (expenses)	<u>15,183,659</u>
Change in net position	4,033,881
Net position - July 1, 2017	<u>16,438,946</u>
Net position - June 30, 2018	<u><u>\$ 20,472,827</u></u>

Note 11: Commitments and Contingencies

A. Lawsuits

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City's legal counsel, these actions when finally adjudicated will not have material adverse effect on the financial position of the City.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11: Commitments and Contingencies (Continued)

B. Federal and State Grant Programs

The City participated in Federal and State grant programs. These programs are audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowance is expected as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures which may be disallowed, if any, by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

As of June 30, 2018, in the opinion of City management there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

Note 12: Fund Balance and Net Position

At June 30, 2018, the City report the following fund balance classifications:

	<u>Major Special Revenue Funds</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>Landscape/ Lighting Assessment</u>	<u>Foothill Relinquishment</u>	<u>Successor Housing</u>	<u>Other Governmental Funds</u>	
Fund Balance:						
Nonspendable:						
Prepaid costs	\$ 42,245	\$ -	\$ -	\$ -	\$ 412,858	\$ 455,103
Permanent fund principal	-	-	-	-	1,037,903	1,037,903
Restricted for:						
Community development projects	-	-	-	6,163,414	200,430	6,363,844
Community services	-	-	-	-	5,235,912	5,235,912
Public safety	-	-	-	-	234,385	234,385
Public works	-	-	6,494,525	-	4,734,215	11,228,740
Capital projects	-	-	-	-	576,411	576,411
Debt service	-	-	-	-	3,109,292	3,109,292
Committed to:						
Natural and fiscal emergency	5,544,043	-	-	-	-	5,544,043
Assigned to:						
Community development projects	-	-	-	-	681,519	681,519
Unassigned	568,559	(164,817)	-	-	(30,108)	373,634
Total fund balance	<u>\$ 6,154,847</u>	<u>\$ (164,817)</u>	<u>\$ 6,494,525</u>	<u>\$ 6,163,414</u>	<u>\$ 16,192,817</u>	<u>\$ 34,840,786</u>

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 12: Fund Balance and Net Position (Continued)

At June 30, 2018, the City reported the following net position classifications for governmental activities:

Net investment in capital assets:		
Governmental capital assets, net	\$ 74,416,400	
2016 General obligation bonds	(6,755,000)	
Unamortized bond premium	(898,987)	
2018A Total road improvement program (TRIP) COPs	(3,330,000)	
Original issue premium - TRIP	(426,966)	
Unspent proceeds - TRIP	3,500,000	
Loans payable	<u>(1,610,000)</u>	
Total net investment in capital assets		64,895,447
Restricted for:		
Community development projects	7,045,363	
Adjustment for unavailable revenues	<u>1,245,984</u>	
Total community development		8,291,347
Community services		5,235,912
Public safety	234,385	
Adjustment for unavailable revenues	<u>7,848</u>	
Total public safety		242,233
Public works		11,228,740
Capital projects		576,411
Debt service	3,109,292	
Adjustment for accrued interest	(307,624)	
Adjustment for unspent proceeds - TRIP	(3,500,000)	
Adjustment for negative balance	<u>285,474</u>	
Total debt service		(412,858)
Perpetual care reserve - expendable		1,037,903
Unrestricted		<u>(40,623,572)</u>
Total net position		<u>\$ 50,471,563</u>

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 13: 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 Claremont that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-05.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. This fund uses the economic resources measurement focus.

CITY OF CLAREMONT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 13: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

D. Long-Term Debt (Continued)

Tax Allocation Refunding Bonds

The Tax Allocation Refunding Bonds amount of \$6,065,000 at June 30, 2018, was comprised of the following:

2013 Tax Allocation Revenue Refunding Bonds

To refund the 2001 Tax Allocation Bonds, the Agency issued Tax Allocation Refunding Bonds in the principal amount of \$5,200,000 on December 24, 2013.

The bonds mature from September 1, 2014 to September 1, 2023. The term bonds bear interest ranging from 3.0% to 5.0% and are payable semi-annually each March 1 and September 1.

The bonds are payable from Redevelopment Property Tax Trust Fund (RPTTF) money received from the County of Los Angeles. The Agency has obtained a Debt Service Reserve Insurance policy from the trustee for a premium of 2.25% of the debt service reserve insurance policy amount to eliminate the use for a cash balance as required with this bond.

The annual requirements to amortize the 2013 Tax Allocation Revenue Refunding Bonds outstanding at June 30, 2018, were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 490,000	\$ 160,250	\$ 650,250
2020	520,000	135,000	655,000
2021	555,000	108,125	663,125
2022	590,000	79,500	669,500
2023	630,000	49,000	679,000
2024	<u>665,000</u>	<u>16,625</u>	<u>681,625</u>
Total	<u>\$ 3,450,000</u>	<u>\$ 548,500</u>	<u>\$ 3,998,500</u>

2014 Tax Allocation Refunding Bonds

To refund the 2004 Tax Allocation Bonds the Agency issued Tax Allocation Refunding Bonds in the principal amount of \$3,380,000 on July 17, 2014.

The bonds mature from September 1, 2015 to September 1, 2025. The term bonds bear interest ranging from 2.0% to 5.0% and are payable semi-annually each March 1 and September 1.

The bonds are payable from Redevelopment Property Tax Trust Fund (RPTTF) money received from the County of Los Angeles. The Agency has obtained a Debt Service Reserve Insurance policy from the trustee not to exceed \$338,000 to eliminate the use for a cash balance as required with this bond.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 13: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

D. Long-Term Debt (Continued)

The annual requirements to amortize the 2014 Tax Allocation Revenue Refunding Bonds outstanding at June 30, 2018, were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 275,000	\$ 122,500	\$ 397,500
2020	290,000	109,750	399,750
2021	305,000	94,875	399,875
2022	320,000	79,250	399,250
2023	330,000	63,000	393,000
2024-2026	1,095,000	83,625	1,178,625
Total	<u>\$ 2,615,000</u>	<u>\$ 553,000</u>	<u>\$ 3,168,000</u>

Pledged Revenue

Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$7,166,500 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$1,444,335 and the debt service obligation on the bonds was \$1,042,300.

E. Insurance

The Successor Agency is covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 7.

F. Commitments and Contingencies

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2018 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

CITY OF CLAREMONT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 14: Prior Period Restatement

Change in Accounting Principle

As discussed in Note 1, the City implemented GASB Statement No. 75 (GASB 75) effective July 1, 2017. GASB 75, among other provisions, amended prior guidance with respect to the reporting of postemployment benefits other than pensions (OPEB). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses. GASB 75 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. The cumulative effects of applying the provisions of GASB 75 have been reported as a restatement of the beginning net position for the year ended June 30, 2018 in accordance with the Statement.

Net position, beginning of year, as previously stated	\$ 53,246,499
Restatement due to change in accounting principle	<u>(1,256,113)</u>
Net position, beginning of year, as restated	<u><u>\$ 51,990,386</u></u>



Supplemental Statements

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CLAREMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

Note 1: Budget Procedures

The City adheres to the following procedures in establishing the budgetary data reflected in its financial statements:

1. The City Council typically adopts a two-year budget that provides for the general operations of the City. The City develops budgets, which are legally adopted for all funds other than trust and agency funds. The budget includes proposed expenditures and means of financing them.
2. The City Council typically approves total budgeted appropriations and amendments affecting fund balance throughout the year. This "appropriated budget" covers substantially all City expenditures. There were no significant non-budgeted financial activities. Actual expenditures may not exceed budgeted appropriations at the fund level. However, the City Manager is authorized to transfer budgeted amounts between funds and between financial categories without approval of the City Council. Budget figures used in the financial statements are the final amounts, including any adjustments to the budget during the year.
3. Formal budgetary integration is employed as a management control device. Commitments for material services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year-end lapse, and then are added to the following year's budgeted appropriations.
4. Budgets for the governmental fund types and proprietary fund types are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one-year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2018, based on the calculations by the City Management, proceeds of taxes did not exceed the appropriations limit.

CITY OF CLAREMONT

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,486,592	\$ 8,486,592	\$ 8,486,592	\$ -
Resources (Inflows):				
Taxes	20,970,500	20,970,500	21,636,173	665,673
Licenses and permits	831,000	831,000	1,193,982	362,982
Intergovernmental	205,804	305,804	178,531	(127,273)
Charges for services	1,614,586	1,650,046	1,587,171	(62,875)
Use of money and property	508,830	508,830	526,822	17,992
Fines and forfeitures	714,500	714,500	548,323	(166,177)
Contributions	-	-	1,140	1,140
Miscellaneous	363,250	363,250	378,600	15,350
Transfers in	242,275	242,275	167,275	(75,000)
Amounts available for appropriations	33,937,337	34,072,797	34,704,609	631,812
Charges to Appropriations (Outflows):				
General government	5,039,825	8,016,070	7,986,609	29,461
Police	11,150,758	11,321,485	11,358,040	(36,555)
Community development	3,321,714	3,521,714	2,926,107	595,607
Human services	2,634,387	2,634,387	2,610,201	24,186
Community services	1,692,022	1,845,587	1,752,628	92,959
Capital outlay	28,125	71,890	58,138	13,752
Transfers out	1,479,363	1,479,363	1,858,039	(378,676)
Total charges to appropriations	25,346,194	28,890,496	28,549,762	340,734
Budgetary Fund Balance, June 30	\$ 8,591,143	\$ 5,182,301	\$ 6,154,847	\$ 972,546

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LANDSCAPE AND LIGHTING DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24	\$ 24	\$ 24	\$ -
Resources (Inflows):				
Assessments	2,491,637	2,508,637	2,509,740	1,103
Intergovernmental	-	377,000	-	(377,000)
Charges for services	45,500	45,500	65,555	20,055
Use of money and property	-	-	659	659
Miscellaneous	-	-	93	93
Transfers in	703,991	703,991	1,081,486	377,495
Amounts available for appropriations	<u>3,241,152</u>	<u>3,635,152</u>	<u>3,657,557</u>	<u>22,405</u>
Charges to Appropriations (Outflows):				
Community services	<u>3,241,128</u>	<u>4,143,708</u>	<u>3,822,374</u>	<u>321,334</u>
Total charges to appropriations	<u>3,241,128</u>	<u>4,143,708</u>	<u>3,822,374</u>	<u>321,334</u>
Budgetary Fund Balance, June 30	<u>\$ 24</u>	<u>\$ (508,556)</u>	<u>\$ (164,817)</u>	<u>\$ 343,739</u>

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	132,818	267,818	271,414	3,596
Amounts available for appropriations	132,818	267,818	271,414	3,596
Charges to Appropriations (Outflows):				
Human services	19,922	19,922	19,922	-
Economic development	112,896	247,896	251,492	(3,596)
Total charges to appropriations	132,818	267,818	271,414	(3,596)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOOTHILL RELINQUISHMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,804,489	\$ 4,804,489	\$ 4,804,489	\$ -
Resources (Inflows):				
Charges for services	-	-	2,000,000	2,000,000
Amounts available for appropriations	4,804,489	4,804,489	6,804,489	2,000,000
Charges to Appropriations (Outflows):				
Capital outlay	-	455,156	309,964	145,192
Total charges to appropriations	-	455,156	309,964	145,192
Budgetary Fund Balance, June 30	<u>\$ 4,804,489</u>	<u>\$ 4,349,333</u>	<u>\$ 6,494,525</u>	<u>\$ 2,145,192</u>

CITY OF CLAREMONT

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SUCCESSOR HOUSING
 FOR THE YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,830,244	\$ 5,830,244	\$ 5,830,244	\$ -
Resources (Inflows):				
Use of money and property	-	-	236,072	236,072
Miscellaneous	-	-	131,140	131,140
Amounts available for appropriations	5,830,244	5,830,244	6,197,456	367,212
Charges to Appropriations (Outflows):				
Economic development	-	60,689	34,042	26,647
Total charges to appropriations	-	60,689	34,042	26,647
Budgetary Fund Balance, June 30	\$ 5,830,244	\$ 5,769,555	\$ 6,163,414	\$ 393,859

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
- AGENT MULTIPLE
LAST 10 YEARS***

Measurement Period	2013-14	2014-15	2015-16	2016-17
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,279,513	\$ 1,239,621	\$ 1,174,730	\$ 1,402,470
Interest	6,012,481	6,245,421	6,471,699	6,621,068
Difference Between Expected and Actual Experience	-	(81,930)	(111,944)	(833,229)
Changes of Assumptions	-	(1,547,290)	-	5,551,984
Benefit Payments, Including Refunds of Employee Contributions	(4,079,298)	(4,260,202)	(4,505,345)	(4,442,792)
Net Change in Total Pension Liability	3,212,696	1,595,620	3,029,140	8,299,501
Total Pension Liability - Beginning	81,566,311	84,779,007	86,374,627	89,403,767
Total Pension Liability - Ending (a)	\$ 84,779,007	\$ 86,374,627	\$ 89,403,767	\$ 97,703,268
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 2,170,108	\$ 2,597,506	\$ 2,161,858	\$ 2,453,786
Contributions - Employee	672,261	659,411	693,266	708,050
Net Investment Income	9,172,421	1,359,208	288,106	6,630,796
Benefit Payments, Including Refunds of Employee Contributions	(4,079,298)	(4,260,202)	(4,505,345)	(4,442,792)
Net Plan to Plan Resource Movement	-	-	(6,484)	-
Administrative Expense	-	(69,206)	(37,477)	(88,714)
Net Change in Fiduciary Net Position	7,935,492	286,717	(1,406,076)	5,261,126
Plan Fiduciary Net Position - Beginning	53,270,822	61,206,314	61,493,031	60,086,955
Plan Fiduciary Net Position - Ending (b)	\$ 61,206,314	\$ 61,493,031	\$ 60,086,955	\$ 65,348,081
Plan Net Position Liability - Ending (a) - (b)	\$ 23,572,693	\$ 24,881,596	\$ 29,316,812	\$ 32,355,187
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	71.19%	67.21%	66.88%
Covered Payroll	\$ 7,547,024	\$ 7,922,481	\$ 7,932,203	\$ 8,228,628
Plan Net Pension Liability as a Percentage of Covered Payroll	312.34%	314.06%	369.59%	393.20%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN CONTRIBUTIONS - AGENT MULTIPLE
LAST 10 YEARS***

	Fiscal Year			
	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 1,997,469	\$ 2,161,858	\$ 2,453,786	\$ 2,623,003
Contributions in Relation to the Actuarially Determined Contribution	(2,597,469)	(2,161,858)	(2,453,786)	(2,623,003)
Contribution Deficiency (Excess)	<u>\$ (600,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,922,481	\$ 7,932,203	\$ 8,228,628	\$ 9,700,004
Contributions as a Percentage of Covered Payroll	32.79%	27.25%	29.82%	27.04%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AND RELATED RATIOS - COST SHARING
 LAST 10 YEARS***

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.30322%	\$ 11,373,883	\$ 3,511,815	324%	81.42%
6/30/2015	0.32554%	13,413,544	3,436,633	390%	78.17%
6/30/2016	0.33425%	17,311,729	3,756,680	461%	72.95%
6/30/2017	0.33279%	19,885,148	3,718,799	535%	71.91%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk pools excluding the 1959 Survivors Risk Pool.

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN CONTRIBUTIONS – COST SHARING
LAST 10 YEARS***

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014-15	\$ 1,410,954	\$ (1,410,954)	\$ -	\$ 3,436,633	41.06%
2015-16	984,438	(984,438)	-	3,756,680	26.21%
2016-17	1,284,983	(1,284,983)	-	3,718,799	34.55%
2017-18	1,565,505	(1,565,505)	-	2,426,550	64.52%

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: For measurement date 6/30/2017, the discount rate was changed from 7.65 percent (net of administrative expenses) to 7.15 percent. For measurement date 6/30/2015, the discount rate was changed from 7.5 percent (net of administrative expenses) to 7.65 percent.

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

CITY OF CLAREMONT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS***

	Measurement Period <u>6/30/2017</u>
Total OPEB Liability	
Service cost	\$ 119,211
Interest	84,425
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(8,501)
Implicit rate subsidy fulfilled	(68,018)
Net change in Total OPEB Liability	<u>127,117</u>
Total OPEB liability - beginning	2,450,405
Total OPEB liability - ending	<u>\$ 2,577,522</u>
Covered-employee payroll	\$ 11,868,771
Net OPEB Liability as a percentage of covered payroll	22%

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

*Fiscal Year 2017-18 was the first year of implementation.



SUPPLEMENTARY INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Narcotics Asset Forfeiture

This fund is used to account for the revenues from the seizure of property related to drug crimes. Narcotics Asset Forfeiture revenues are to be paid for programs related to the prevention of drug abuse and drug enforcement.

Supplemental Law Enforcement

This fund is used to account for the financial activity of the Citizen's Option for Public Safety (COPS) Program established by AB3229.

Traffic Offender

This fund is used to account for the revenue generated by the vehicle impound lot and expenditures relating to traffic safety and enforcement programs.

State Gas Tax

This fund is used for receipts and expenditures of monies apportioned to the City under the Streets and Highway Code Section 2103, 2105, 2106, 2107 and 2107.5 of the State of California.

Drainage

This fund is used to account for receipts from developers and expenditures for drainage projects.

Proposition A

This fund is used to account for the financial activity relative to the City's share of Proposition A monies. Proposition A increased the sales tax in Los Angeles County by one-half percent (0.5%) and is used for transportation related purposes.

Proposition C

This fund is used to account for the financial activity relative to the City's share of Proposition C monies. Proposition C increased the sales tax in Los Angeles County by one-half percent (0.5%) and is used for transportation related purposes.

Measure M

This fund is used to account for receipts and expenditures of monies apportioned to the City under Measure M, a voter approved transactions and use tax at a rate of one-half percent (0.5%). This funding is restricted in its use for the maintenance of streets and to provide and maintain transportation infrastructure.

Air Quality Improvement

This fund is used to account for clean air fees collected by the State and distributed by the Southern California Air Quality Management District for clean air projects.

NON-MAJOR GOVERNMENTAL FUNDS, (Continued)

SPECIAL REVENUE FUNDS (Continued)

TDA Article 3

This fund is used to account for TDA Article 3 revenues and expenditures. Funding is provided by the state to the MTA for the construction and improvements of local and regional bikeways.

Nutrition Grant

This fund is used to account for financial activity relative to the senior citizen nutrition program. Revenues include the senior citizen nutrition grant, a USDA Federal grant and contributions.

Public Art

This fund is used to account for revenues and expenditures related to the installation of public art in the City. Revenues include Public Art In-Lieu fees resulting from new development.

Federal Gas Tax

This fund is used to account for Federal funds used for the upgrade and maintenance of roadways.

Park Dedication

This fund is used to account for revenues and expenditures relating to park improvement and construction. Revenues include park dedication fees resulting from new development.

Measure R

This fund is used to account for receipts and expenditures of monies apportioned to the City under Measure R, a voter approved retail transactions and use tax at the rate of one-half of one percent (.5%) for a period of thirty (30) years. This money is restricted to expenditures that maintain and improve City streets for transportation services, and to fund public transit operations.

Wilderness Park Parking Lot

This fund is used to account for receipts of monies received through permits issued for parking at the Wilderness Park located in the City and the expenditures related to the upkeep of the parking facilities and the Wilderness Park.

NON-MAJOR GOVERNMENTAL FUNDS, (Continued)

CAPITAL PROJECTS FUNDS

Capital Projects

This fund is used to account for major capital improvement projects not financed by other special funds.

Capital Projects Grant Fund

This fund is used to account for revenues and expenditures associated with capital projects funded by grants.

Hillside Fund

This fund is used to account for revenues and expenditures associated with the acquisition and preservation of hillside open space.

DEBT SERVICE FUND

City Debt Service Fund

This fund is used to account for the City's debt service payments.

PERMANENT FUND

Perpetual Care Reserve

This fund establishes an endowment for future maintenance of the cemetery.

CITY OF CLAREMONT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		
	Narcotics Asset Forfeiture	Supplemental Law Enforcement	Traffic Offender
ASSETS			
Cash and investments	\$ 30,665	\$ 216,802	\$ -
Receivables:			
Accounts	-	-	9,734
Taxes	-	-	-
Accrued interest	615	783	9
Prepaid costs	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	\$ 31,280	\$ 217,585	\$ 9,743
LIABILITIES			
Accounts payable	\$ -	\$ 16,738	\$ -
Accrued liabilities	-	670	762
Deposits payable	-	-	-
Due to other funds	-	-	6,053
Total liabilities	-	17,408	6,815
FUND BALANCES			
Nonspendable	-	-	-
Restricted	31,280	200,177	2,928
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	31,280	200,177	2,928
Total liabilities and fund balances	\$ 31,280	\$ 217,585	\$ 9,743

CITY OF CLAREMONT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

(continued)

Special Revenue Funds					
State Gas Tax	Drainage	Proposition A	Proposition C	Measure M	Air Quality Improvement
\$ 2,406,449	\$ 656,222	\$ 1,751,888	\$ 1,560,742	\$ 381,973	\$ 166,373
-	-	8	-	-	-
-	-	-	-	-	-
8,049	2,171	5,746	5,349	1,199	579
-	-	3,000	-	-	-
-	-	-	-	-	11,926
-	-	-	-	-	-
<u>\$ 2,414,498</u>	<u>\$ 658,393</u>	<u>\$ 1,760,642</u>	<u>\$ 1,566,091</u>	<u>\$ 383,172</u>	<u>\$ 178,878</u>
\$ 12,092	\$ -	\$ 500	\$ 15,311	\$ -	\$ -
-	-	3,067	2,851	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,092</u>	<u>-</u>	<u>3,567</u>	<u>18,162</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
2,402,406	658,393	1,757,075	1,547,929	383,172	178,878
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,402,406</u>	<u>658,393</u>	<u>1,757,075</u>	<u>1,547,929</u>	<u>383,172</u>	<u>178,878</u>
<u>\$ 2,414,498</u>	<u>\$ 658,393</u>	<u>\$ 1,760,642</u>	<u>\$ 1,566,091</u>	<u>\$ 383,172</u>	<u>\$ 178,878</u>

CITY OF CLAREMONT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		
	TDA Article 3	Nutrition Grant	Public Art
ASSETS			
Cash and investments	\$ -	\$ 2,426	\$ 202,208
Receivables:			
Accounts	-	128	-
Taxes	-	-	-
Accrued interest	-	-	755
Prepaid costs	542	-	-
Due from other governments	-	8,239	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	<u>\$ 542</u>	<u>\$ 10,793</u>	<u>\$ 202,963</u>
LIABILITIES			
Accounts payable	\$ -	\$ 8,707	\$ 2,533
Accrued liabilities	-	2,086	-
Deposits payable	-	-	-
Due to other funds	3,715	-	-
Total liabilities	<u>3,715</u>	<u>10,793</u>	<u>2,533</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	200,430
Assigned	-	-	-
Unassigned	(3,173)	-	-
Total fund balances	<u>(3,173)</u>	<u>-</u>	<u>200,430</u>
Total liabilities and fund balances	<u>\$ 542</u>	<u>\$ 10,793</u>	<u>\$ 202,963</u>

(continued)

Special Revenue Funds				Capital Projects Funds	
Federal Gas Tax	Park Dedication	Measure R	Wilderness Park Parking Lot	Capital Projects	Capital Projects Grant
\$ 1,111,366	\$ 982,098	\$ 971,421	\$ 2,999	\$ 722,591	\$ 19,118
-	-	-	-	-	-
-	-	-	-	-	-
-	3,840	3,358	638	2,914	406
-	-	-	-	-	-
-	-	-	14,544	-	17,872
-	-	-	-	-	-
<u>\$ 1,111,366</u>	<u>\$ 985,938</u>	<u>\$ 974,779</u>	<u>\$ 18,181</u>	<u>\$ 725,505</u>	<u>\$ 37,396</u>
\$ -	\$ 8,263	\$ 23,973	\$ 10,466	\$ 500	\$ 64,331
-	-	-	5,288	-	-
-	-	-	-	43,486	-
-	-	-	-	-	-
-	8,263	23,973	15,754	43,986	64,331
-	-	-	-	-	-
1,111,366	977,675	950,806	2,427	-	-
-	-	-	-	681,519	-
-	-	-	-	-	(26,935)
<u>1,111,366</u>	<u>977,675</u>	<u>950,806</u>	<u>2,427</u>	<u>681,519</u>	<u>(26,935)</u>
<u>\$ 1,111,366</u>	<u>\$ 985,938</u>	<u>\$ 974,779</u>	<u>\$ 18,181</u>	<u>\$ 725,505</u>	<u>\$ 37,396</u>

CITY OF CLAREMONT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Hillside</u>	<u>City Debt Service</u>	<u>Perpetual Care Reserve</u>	
ASSETS				
Cash and investments	\$ 556,907	\$ -	\$ 1,034,321	\$ 12,776,569
Receivables:				
Accounts	-	-	-	9,870
Taxes	15,838	-	-	15,838
Accrued interest	3,666	-	3,582	43,659
Prepaid costs	-	412,858	-	416,400
Due from other governments	-	-	-	52,581
Restricted assets:				
Cash and investments with fiscal agent	-	3,527,899	-	3,527,899
 Total assets	 <u>\$ 576,411</u>	 <u>\$ 3,940,757</u>	 <u>\$ 1,037,903</u>	 <u>\$ 16,842,816</u>
LIABILITIES				
Accounts payable	\$ -	\$ 12,026	\$ -	\$ 175,440
Accrued liabilities	-	-	-	14,724
Deposits payable	-	-	-	43,486
Due to other funds	-	406,581	-	416,349
 Total liabilities	 <u>-</u>	 <u>418,607</u>	 <u>-</u>	 <u>649,999</u>
FUND BALANCES				
Nonspendable	-	412,858	1,037,903	1,450,761
Restricted	576,411	3,109,292	-	14,090,645
Assigned	-	-	-	681,519
Unassigned	-	-	-	(30,108)
 Total fund balances	 <u>576,411</u>	 <u>3,522,150</u>	 <u>1,037,903</u>	 <u>16,192,817</u>
 Total liabilities and fund balances	 <u>\$ 576,411</u>	 <u>\$ 3,940,757</u>	 <u>\$ 1,037,903</u>	 <u>\$ 16,842,816</u>



CITY OF CLAREMONT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	Supplemental		
	Narcotics Asset Forfeiture	Law Enforcement	Traffic Offender
REVENUES			
Assessments	\$ -	\$ -	\$ -
Intergovernmental	-	139,416	-
Charges for services	-	-	59,804
Use of money and property	1,538	3,246	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Miscellaneous	-	-	97,040
Total revenues	1,538	142,662	156,844
EXPENDITURES			
Current:			
Police	-	89,645	164,381
Community development	-	-	-
Human services	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	89,645	164,381
Excess (deficiency) of revenues over (under) expenditures	1,538	53,017	(7,537)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds of bond issuance	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	1,538	53,017	(7,537)
Fund balance, beginning of year	29,742	147,160	10,465
Fund balance, end of year	<u>\$ 31,280</u>	<u>\$ 200,177</u>	<u>\$ 2,928</u>

(continued)

Special Revenue Funds

<u>State Gas Tax</u>	<u>Drainage</u>	<u>Proposition A</u>	<u>Proposition C</u>	<u>Measure M</u>	<u>Air Quality Improvement</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
899,013	-	675,584	560,011	380,360	46,360
-	51,605	210	-	-	-
31,353	9,208	25,905	21,637	2,812	2,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>930,366</u>	<u>60,813</u>	<u>701,699</u>	<u>581,648</u>	<u>383,172</u>	<u>48,693</u>
-	-	-	-	-	-
109,441	-	-	-	-	3,126
-	-	12,231	-	-	-
-	-	470,683	332,044	-	-
423,804	-	-	8,340	-	17,153
-	-	-	-	-	-
-	-	-	-	-	-
<u>533,245</u>	<u>-</u>	<u>482,914</u>	<u>340,384</u>	<u>-</u>	<u>20,279</u>
<u>397,121</u>	<u>60,813</u>	<u>218,785</u>	<u>241,264</u>	<u>383,172</u>	<u>28,414</u>
-	-	-	-	-	-
-	-	(162,410)	(35,000)	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(162,410)</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
397,121	60,813	56,375	206,264	383,172	28,414
<u>2,005,285</u>	<u>597,580</u>	<u>1,700,700</u>	<u>1,341,665</u>	<u>-</u>	<u>150,464</u>
<u>\$ 2,402,406</u>	<u>\$ 658,393</u>	<u>\$ 1,757,075</u>	<u>\$ 1,547,929</u>	<u>\$ 383,172</u>	<u>\$ 178,878</u>

CITY OF CLAREMONT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	TDA Article 3	Nutrition Grant	Public Art
REVENUES			
Assessments	\$ -	\$ -	\$ -
Intergovernmental	-	115,293	-
Charges for services	-	-	-
Use of money and property	245	-	2,533
Fines and forfeitures	-	-	-
Contributions	-	17,787	-
Miscellaneous	-	-	99,626
Total revenues	<u>245</u>	<u>133,080</u>	<u>102,159</u>
EXPENDITURES			
Current:			
Police	-	-	-
Community development	1,867	-	-
Human services	-	176,939	40,289
Community services	-	-	-
Capital outlay	35,000	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>36,867</u>	<u>176,939</u>	<u>40,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,622)</u>	<u>(43,859)</u>	<u>61,870</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	43,859	-
Transfers out	-	-	-
Proceeds of refunding bonds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>43,859</u>	<u>-</u>
Net change in fund balance	(36,622)	-	61,870
Fund balance, beginning of year	<u>33,449</u>	<u>-</u>	<u>138,560</u>
Fund balance, end of year	<u>\$ (3,173)</u>	<u>\$ -</u>	<u>\$ 200,430</u>

(continued)

Special Revenue Funds				Capital Projects Funds	
Federal Gas Tax	Park Dedication	Measure R	Wilderness Park Parking Lot	Capital Projects	Capital Projects Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
613,023	-	419,718	31,136	-	698,441
-	268,400	-	403,536	105,653	-
-	16,593	14,278	2,196	-	-
-	-	-	46,645	-	-
-	-	-	-	-	-
-	-	-	-	62	-
<u>613,023</u>	<u>284,993</u>	<u>433,996</u>	<u>483,513</u>	<u>105,715</u>	<u>698,441</u>
-	-	-	-	-	-
-	-	697,955	-	-	-
-	-	-	786	-	-
-	-	-	403,783	-	-
-	440,464	-	-	81,606	789,884
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>440,464</u>	<u>697,955</u>	<u>404,569</u>	<u>81,606</u>	<u>789,884</u>
<u>613,023</u>	<u>(155,471)</u>	<u>(263,959)</u>	<u>78,944</u>	<u>24,109</u>	<u>(91,443)</u>
-	-	-	-	-	-
-	-	-	(167,275)	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,275)</u>	<u>-</u>	<u>-</u>
613,023	(155,471)	(263,959)	(88,331)	24,109	(91,443)
498,343	1,133,146	1,214,765	90,758	657,410	64,508
<u>\$ 1,111,366</u>	<u>\$ 977,675</u>	<u>\$ 950,806</u>	<u>\$ 2,427</u>	<u>\$ 681,519</u>	<u>\$ (26,935)</u>

CITY OF CLAREMONT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Hillside</u>	<u>City Debt Service</u>	<u>Perpetual Care Reserve</u>	
REVENUES				
Assessments	\$ 508,259	\$ -	\$ -	\$ 508,259
Intergovernmental	-	-	-	4,578,355
Charges for services	-	-	35,242	924,450
Use of money and property	11,206	4,059	15,060	162,867
Fines and forfeitures	-	-	-	46,645
Contributions	-	-	-	17,787
Miscellaneous	-	-	-	196,728
	<u>519,465</u>	<u>4,059</u>	<u>50,302</u>	<u>6,435,091</u>
EXPENDITURES				
Current:				
Police	-	-	-	254,026
Community development	-	-	-	812,389
Human services	-	-	-	230,245
Community services	9,704	-	-	1,216,214
Capital outlay	-	-	-	1,794,916
Debt service:				
Principal retirement	-	1,290,000	-	1,290,000
Interest and fiscal charges	-	826,646	-	826,646
	<u>9,704</u>	<u>2,116,646</u>	<u>-</u>	<u>6,424,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>509,761</u>	<u>(2,112,587)</u>	<u>50,302</u>	<u>10,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,856,694	-	1,900,553
Transfers out	(499,000)	-	-	(863,685)
Proceeds of refunding bonds	-	3,756,966	-	3,756,966
	<u>(499,000)</u>	<u>5,613,660</u>	<u>-</u>	<u>4,793,834</u>
Net change in fund balance	10,761	3,501,073	50,302	4,804,489
Fund balance, beginning of year	565,650	21,077	987,601	11,388,328
Fund balance, end of year	<u>\$ 576,411</u>	<u>\$ 3,522,150</u>	<u>\$ 1,037,903</u>	<u>\$ 16,192,817</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
NARCOTICS ASSET FORFEITURE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 29,742	\$ 29,742	\$ 29,742	\$ -
Resources (Inflows):				
Use of money and property	100	100	1,538	1,438
Amounts available for appropriations	29,842	29,842	31,280	1,438
Budgetary Fund Balance, June 30	<u>\$ 29,842</u>	<u>\$ 29,842</u>	<u>\$ 31,280</u>	<u>\$ 1,438</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 147,160	\$ 147,160	\$ 147,160	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	139,416	39,416
Use of money and property	400	400	3,246	2,846
Amounts available for appropriations	<u>247,560</u>	<u>247,560</u>	<u>289,822</u>	<u>42,262</u>
Charges to Appropriations (Outflows):				
Police	<u>100,000</u>	<u>178,834</u>	<u>89,645</u>	<u>89,189</u>
Total charges to appropriations	<u>100,000</u>	<u>178,834</u>	<u>89,645</u>	<u>89,189</u>
Budgetary Fund Balance, June 30	<u>\$ 147,560</u>	<u>\$ 68,726</u>	<u>\$ 200,177</u>	<u>\$ 131,451</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC OFFENDER
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,465	\$ 10,465	\$ 10,465	\$ -
Resources (Inflows):				
Charges for services	173,000	173,000	59,804	(113,196)
Use of money and property	1,500	1,500	-	(1,500)
Miscellaneous	78,000	78,000	97,040	19,040
Amounts available for appropriations	<u>262,965</u>	<u>262,965</u>	<u>167,309</u>	<u>(95,656)</u>
Charges to Appropriations (Outflows):				
Police	<u>255,136</u>	<u>255,136</u>	<u>164,381</u>	<u>90,755</u>
Total charges to appropriations	<u>255,136</u>	<u>255,136</u>	<u>164,381</u>	<u>90,755</u>
Budgetary Fund Balance, June 30	<u>\$ 7,829</u>	<u>\$ 7,829</u>	<u>\$ 2,928</u>	<u>\$ (4,901)</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,005,285	\$ 2,005,285	\$ 2,005,285	\$ -
Resources (Inflows):				
Intergovernmental	748,266	748,266	899,013	150,747
Use of money and property	5,000	5,000	31,353	26,353
Amounts available for appropriations	<u>2,758,551</u>	<u>2,758,551</u>	<u>2,935,651</u>	<u>177,100</u>
Charges to Appropriations (Outflows):				
Community development	100,000	244,871	109,441	135,430
Community services	1,065,000	2,651,370	-	2,651,370
Capital outlay	-	-	423,804	(423,804)
Total charges to appropriations	<u>1,165,000</u>	<u>2,896,241</u>	<u>533,245</u>	<u>2,362,996</u>
Budgetary Fund Balance, June 30	<u>\$ 1,593,551</u>	<u>\$ (137,690)</u>	<u>\$ 2,402,406</u>	<u>\$ 2,540,096</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
DRAINAGE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 597,580	\$ 597,580	\$ 597,580	\$ -
Resources (Inflows):				
Charges for services	38,000	38,000	51,605	13,605
Use of money and property	1,000	1,000	9,208	8,208
Amounts available for appropriations	<u>636,580</u>	<u>636,580</u>	<u>658,393</u>	<u>21,813</u>
Budgetary Fund Balance, June 30	<u>\$ 636,580</u>	<u>\$ 636,580</u>	<u>\$ 658,393</u>	<u>\$ 21,813</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,700,700	\$ 1,700,700	\$ 1,700,700	\$ -
Resources (Inflows):				
Intergovernmental	678,064	678,064	675,584	(2,480)
Charges for services	-	-	210	210
Use of money and property	5,000	5,000	25,905	20,905
Amounts available for appropriations	2,383,764	2,383,764	2,402,399	18,635
Charges to Appropriations (Outflows):				
Human services	10,000	10,000	12,231	(2,231)
Community services	426,253	461,253	470,683	(9,430)
Transfers out	221,656	238,656	162,410	76,246
Total charges to appropriations	657,909	709,909	645,324	64,585
Budgetary Fund Balance, June 30	\$ 1,725,855	\$ 1,673,855	\$ 1,757,075	\$ 83,220

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,341,665	\$ 1,341,665	\$ 1,341,665	\$ -
Resources (Inflows):				
Intergovernmental	562,437	562,437	560,011	(2,426)
Use of money and property	3,500	3,500	21,637	18,137
Amounts available for appropriations	<u>1,907,602</u>	<u>1,907,602</u>	<u>1,923,313</u>	<u>15,711</u>
Charges to Appropriations (Outflows):				
Community services	343,350	393,020	332,044	60,976
Capital outlay	-	46,500	8,340	38,160
Transfers out	35,000	35,000	35,000	-
Total charges to appropriations	<u>378,350</u>	<u>474,520</u>	<u>375,384</u>	<u>99,136</u>
Budgetary Fund Balance, June 30	<u>\$ 1,529,252</u>	<u>\$ 1,433,082</u>	<u>\$ 1,547,929</u>	<u>\$ 114,847</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
MEASURE M
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	-	380,360	380,360
Use of money and property	-	-	2,812	2,812
Amounts available for appropriations	-	-	383,172	383,172
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 383,172	\$ 383,172

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 150,464	\$ 150,464	\$ 150,464	\$ -
Resources (Inflows):				
Intergovernmental	46,000	46,000	46,360	360
Use of money and property	500	500	2,333	1,833
Amounts available for appropriations	196,964	196,964	199,157	2,193
Charges to Appropriations (Outflows):				
Community development	3,600	3,600	3,126	474
Capital outlay	66,000	66,000	17,153	48,847
Total charges to appropriations	69,600	69,600	20,279	49,321
Budgetary Fund Balance, June 30	<u>\$ 127,364</u>	<u>\$ 127,364</u>	<u>\$ 178,878</u>	<u>\$ 51,514</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
TDA ARTICLE 3
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 33,449	\$ 33,449	\$ 33,449	\$ -
Resources (Inflows):				
Intergovernmental	23,632	23,632	-	(23,632)
Use of money and property	23,632	23,632	245	(23,387)
Amounts available for appropriations	80,713	80,713	33,694	(47,019)
Charges to Appropriations (Outflows):				
Community development	2,250	2,250	1,867	383
Capital outlay	-	-	35,000	(35,000)
Total charges to appropriations	2,250	2,250	36,867	(34,617)
Budgetary Fund Balance, June 30	<u>\$ 78,463</u>	<u>\$ 78,463</u>	<u>\$ (3,173)</u>	<u>\$ (81,636)</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
NUTRITION GRANT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	107,628	107,628	115,293	7,665
Contributions	20,300	20,300	17,787	(2,513)
Transfers in	41,471	41,471	43,859	2,388
Amounts available for appropriations	169,399	169,399	176,939	7,540
Charges to Appropriations (Outflows):				
Human services	169,399	169,399	176,939	(7,540)
Total charges to appropriations	169,399	169,399	176,939	(7,540)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
PUBLIC ART
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 138,560	\$ 138,560	\$ 138,560	\$ -
Resources (Inflows):				
Charges for services	55,554	55,554	-	(55,554)
Use of money and property	-	-	2,533	2,533
Miscellaneous	-	-	99,626	99,626
Amounts available for appropriations	<u>194,114</u>	<u>194,114</u>	<u>240,719</u>	<u>46,605</u>
Charges to Appropriations (Outflows):				
Human services	<u>21,100</u>	<u>51,100</u>	<u>40,289</u>	<u>10,811</u>
Total charges to appropriations	<u>21,100</u>	<u>51,100</u>	<u>40,289</u>	<u>10,811</u>
Budgetary Fund Balance, June 30	<u>\$ 173,014</u>	<u>\$ 143,014</u>	<u>\$ 200,430</u>	<u>\$ 57,416</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
 FEDERAL GAS TAX
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 498,343	\$ 498,343	\$ 498,343	\$ -
Resources (Inflows):				
Intergovernmental	-	-	613,023	613,023
Amounts available for appropriations	498,343	498,343	1,111,366	613,023
Budgetary Fund Balance, June 30	<u>\$ 498,343</u>	<u>\$ 498,343</u>	<u>\$ 1,111,366</u>	<u>\$ 613,023</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
PARK DEDICATION
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,133,146	\$ 1,133,146	\$ 1,133,146	\$ -
Resources (Inflows):				
Charges for services	360,800	360,800	268,400	(92,400)
Use of money and property	-	-	16,593	16,593
Amounts available for appropriations	<u>1,493,946</u>	<u>1,493,946</u>	<u>1,418,139</u>	<u>(75,807)</u>
Charges to Appropriations (Outflows):				
Capital outlay	-	477,915	440,464	37,451
Total charges to appropriations	-	<u>477,915</u>	<u>440,464</u>	<u>37,451</u>
Budgetary Fund Balance, June 30	<u>\$ 1,493,946</u>	<u>\$ 1,016,031</u>	<u>\$ 977,675</u>	<u>\$ (38,356)</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
MEASURE R
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,214,765	\$ 1,214,765	\$ 1,214,765	\$ -
Resources (Inflows):				
Intergovernmental	421,797	421,797	419,718	(2,079)
Use of money and property	2,000	2,000	14,278	12,278
Amounts available for appropriations	<u>1,638,562</u>	<u>1,638,562</u>	<u>1,648,761</u>	<u>10,199</u>
Charges to Appropriations (Outflows):				
Community development	300,000	701,126	697,955	3,171
Community services	300,000	500,000	-	500,000
Total charges to appropriations	<u>600,000</u>	<u>1,201,126</u>	<u>697,955</u>	<u>503,171</u>
Budgetary Fund Balance, June 30	<u>\$ 1,038,562</u>	<u>\$ 437,436</u>	<u>\$ 950,806</u>	<u>\$ 513,370</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
WILDERNESS PARK PARKING LOT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 90,758	\$ 90,758	\$ 90,758	\$ -
Resources (Inflows):				
Intergovernmental	36,000	36,000	31,136	(4,864)
Charges for services	414,600	414,600	403,536	(11,064)
Use of money and property	500	500	2,196	1,696
Fines and forfeitures	46,700	46,700	46,645	(55)
Amounts available for appropriations	588,558	588,558	574,271	(14,287)
Charges to Appropriations (Outflows):				
Human services	-	-	786	(786)
Community services	415,663	415,663	403,783	11,880
Transfers out	242,275	242,275	167,275	75,000
Total charges to appropriations	657,938	657,938	571,844	86,094
Budgetary Fund Balance, June 30	<u>\$ (69,380)</u>	<u>\$ (69,380)</u>	<u>\$ 2,427</u>	<u>\$ 71,807</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 657,410	\$ 657,410	\$ 657,410	\$ -
Resources (Inflows):				
Charges for services	46,800	46,800	105,653	58,853
Miscellaneous	-	-	62	62
Amounts available for appropriations	704,210	704,210	763,125	58,915
Charges to Appropriations (Outflows):				
Capital outlay	-	144,420	81,606	62,814
Total charges to appropriations	-	144,420	81,606	62,814
Budgetary Fund Balance, June 30	<u>\$ 704,210</u>	<u>\$ 559,790</u>	<u>\$ 681,519</u>	<u>\$ 121,729</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS GRANT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 64,508	\$ 64,508	\$ 64,508	\$ -
Resources (Inflows):				
Intergovernmental	-	1,704,108	698,441	(1,005,667)
Amounts available for appropriations	64,508	1,768,616	762,949	(1,005,667)
Charges to Appropriations (Outflows):				
Capital outlay	-	1,163,210	789,884	373,326
Total charges to appropriations	-	1,163,210	789,884	373,326
Budgetary Fund Balance, June 30	<u>\$ 64,508</u>	<u>\$ 605,406</u>	<u>\$ (26,935)</u>	<u>\$ (632,341)</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
HILLSIDE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 565,650	\$ 565,650	\$ 565,650	\$ -
Resources (Inflows):				
Assessments	499,000	499,000	508,259	9,259
Use of money and property	1,500	1,500	11,206	9,706
Amounts available for appropriations	<u>1,066,150</u>	<u>1,066,150</u>	<u>1,085,115</u>	<u>18,965</u>
Charges to Appropriations (Outflows):				
Community services	-	-	9,704	(9,704)
Transfers out	499,000	499,000	499,000	-
Total charges to appropriations	<u>499,000</u>	<u>499,000</u>	<u>508,704</u>	<u>(9,704)</u>
Budgetary Fund Balance, June 30	<u>\$ 567,150</u>	<u>\$ 567,150</u>	<u>\$ 576,411</u>	<u>\$ 9,261</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,077	\$ 21,077	\$ 21,077	\$ -
Resources (Inflows):				
Use of money and property	-	-	4,059	4,059
Transfers in	1,857,901	1,857,901	1,856,694	(1,207)
Proceeds of refunding bonds	-	-	3,756,966	3,756,966
Amounts available for appropriations	<u>1,878,978</u>	<u>1,878,978</u>	<u>5,638,796</u>	<u>3,759,818</u>
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	1,290,000	1,290,000	1,290,000	-
Interest and fiscal charges	<u>567,901</u>	<u>567,901</u>	<u>826,646</u>	<u>(258,745)</u>
Total charges to appropriations	<u>1,857,901</u>	<u>1,857,901</u>	<u>2,116,646</u>	<u>(258,745)</u>
Budgetary Fund Balance, June 30	<u>\$ 21,077</u>	<u>\$ 21,077</u>	<u>\$ 3,522,150</u>	<u>\$ 3,501,073</u>

CITY OF CLAREMONT

**BUDGETARY COMPARISON SCHEDULE
PERPETUAL CARE RESERVE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 987,601	\$ 987,601	\$ 987,601	\$ -
Resources (Inflows):				
Charges for services	35,000	35,000	35,242	242
Use of money and property	3,500	3,500	15,060	11,560
Amounts available for appropriations	1,026,101	1,026,101	1,037,903	11,802
Budgetary Fund Balance, June 30	\$ 1,026,101	\$ 1,026,101	\$ 1,037,903	\$ 11,802



NON-MAJOR PROPRIETARY FUND

Cemetery

This fund is used to account for sales, marketing, maintenance and interment operations of Oak Park Cemetery. The City took over the privately run cemetery in March 1978.

CITY OF CLAREMONT

**COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds	
	Cemetery	Total Non-Major Enterprise Funds
ASSETS		
Current assets:		
Cash and investments	\$ 664,236	\$ 664,236
Receivables:		
Accrued interest	2,229	2,229
Prepaid costs	1,088	1,088
Total current assets	<u>667,553</u>	<u>667,553</u>
Noncurrent assets:		
Capital assets, net of depreciation	<u>574,301</u>	<u>574,301</u>
Total noncurrent assets	<u>574,301</u>	<u>574,301</u>
Total assets	<u>1,241,854</u>	<u>1,241,854</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	<u>63,089</u>	<u>63,089</u>
LIABILITIES		
Current liabilities:		
Accounts payable	24,078	24,078
Accrued liabilities	3,494	3,494
Compensated absences	6,694	6,694
Total current liabilities	<u>34,266</u>	<u>34,266</u>
Noncurrent liabilities:		
Compensated absences	9,771	9,771
Net pension liability	<u>304,139</u>	<u>304,139</u>
Total noncurrent liabilities	<u>313,910</u>	<u>313,910</u>
Total liabilities	<u>348,176</u>	<u>348,176</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	<u>4,564</u>	<u>4,564</u>
NET POSITION		
Net investment in capital assets	574,301	574,301
Unrestricted	<u>377,902</u>	<u>377,902</u>
Total net position	<u>\$ 952,203</u>	<u>\$ 952,203</u>

CITY OF CLAREMONT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds	
	Cemetery	Total Non-Major Enterprise Funds
OPERATING REVENUES		
Sales and service charges	\$ 544,757	\$ 544,757
Total operating revenues	<u>544,757</u>	<u>544,757</u>
OPERATING EXPENSES		
Administration and general	195,112	195,112
Services and supplies	282,781	282,781
Depreciation expense	<u>49,766</u>	<u>49,766</u>
Total operating expenses	<u>527,659</u>	<u>527,659</u>
Operating income (loss)	<u>17,098</u>	<u>17,098</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	<u>8,679</u>	<u>8,679</u>
Total nonoperating revenues (expenses)	<u>8,679</u>	<u>8,679</u>
Change in net position	25,777	25,777
Net position, beginning of year	<u>926,426</u>	<u>926,426</u>
Net position, end of year	<u>\$ 952,203</u>	<u>\$ 952,203</u>

CITY OF CLAREMONT

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds	
	Cemetery	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 547,732	\$ 547,732
Cash payments to suppliers for goods and services	(282,069)	(282,069)
Cash payments to employees for services	(171,185)	(171,185)
Net cash provided by operating activities	<u>94,478</u>	<u>94,478</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>7,307</u>	<u>7,307</u>
Net cash provided by investing activities	<u>7,307</u>	<u>7,307</u>
Net increase in cash and cash equivalents	101,785	101,785
Cash and cash equivalents - beginning of the year	<u>562,451</u>	<u>562,451</u>
Cash and cash equivalents - end of the year	<u>\$ 664,236</u>	<u>\$ 664,236</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	<u>\$ 17,098</u>	<u>\$ 17,098</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	49,766	49,766
(Increase) decrease in accounts receivable	2,975	2,975
(Increase) decrease in deferred outflows of resources	11,065	11,065
Increase (decrease) in accounts payable	712	712
Increase (decrease) in accrued liabilities	401	401
Increase (decrease) in compensated absences	2,677	2,677
Increase (decrease) in net pension liability	28,561	28,561
Increase (decrease) in deferred inflows of resources	<u>(18,777)</u>	<u>(18,777)</u>
Total adjustments	<u>77,380</u>	<u>77,380</u>
Net Cash Provided by Operating Activities	<u>\$ 94,478</u>	<u>\$ 94,478</u>

INTERNAL SERVICE FUNDS

Motor Fleet

This fund is used to account for activities involved in rendering motor services to departments within the City, the Claremont Unified School District, the Claremont University Center, and the Inland Valley Humane Society. Costs of materials and services used are accumulated in this fund and charged to the user as such goods are delivered or services rendered.

Technology

This fund is used to finance and account for activities involved in providing technological services to departments within the City. Costs of equipment and services used are accumulated in this fund and are charged to the user departments on a monthly basis.

CITY OF CLAREMONT

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Governmental Activities - Internal Service Funds		
	Motor Fleet	Technology	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,191,391	\$ 41,347	\$ 1,232,738
Receivables:			
Accounts	28,980	-	28,980
Accrued interest	3,549	27	3,576
Total current assets	1,223,920	41,374	1,265,294
Noncurrent assets:			
Capital assets, net of depreciation	503,231	120,241	623,472
Total noncurrent assets	503,231	120,241	623,472
Total assets	1,727,151	161,615	1,888,766
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	246,317	179,872	426,189
LIABILITIES			
Current liabilities:			
Accounts payable	29,165	1,449	30,614
Accrued liabilities	8,072	4,926	12,998
Compensated absences	27,040	23,996	51,036
Total current liabilities	64,277	30,371	94,648
Noncurrent liabilities:			
Compensated absences	29,864	68,949	98,813
Net pension liability	1,187,435	867,119	2,054,554
Total noncurrent liabilities	1,217,299	936,068	2,153,367
Total liabilities	1,281,576	966,439	2,248,015
DEFERRED INFLOWS OF RESOURCES			
Pension related	17,820	13,013	30,833
NET POSITION (DEFICIT)			
Net investment in capital assets	503,231	120,241	623,472
Unrestricted	170,841	(758,206)	(587,365)
Total net position	\$ 674,072	\$ (637,965)	\$ 36,107

CITY OF CLAREMONT

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Funds		
	Motor Fleet	Technology	Total
OPERATING REVENUES			
Sales and service charges	\$ 118,675	\$ -	\$ 118,675
Interdepartmental charges	1,206,816	626,752	1,833,568
Total operating revenues	1,325,491	626,752	1,952,243
OPERATING EXPENSES			
Administration and general	617,153	414,402	1,031,555
Services and supplies	753,723	332,881	1,086,604
Depreciation expense	310,537	58,174	368,711
Total operating expenses	1,681,413	805,457	2,486,870
Operating income (loss)	(355,922)	(178,705)	(534,627)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	16,776	1,066	17,842
Gain on sale of capital assets	17,750	-	17,750
Total nonoperating revenues (expenses)	34,526	1,066	35,592
Income (loss) before transfers	(321,396)	(177,639)	(499,035)
Change in net position	(321,396)	(177,639)	(499,035)
Net position (deficit), beginning of year	995,468	(460,326)	535,142
Net position (deficit), end of year	\$ 674,072	\$ (637,965)	\$ 36,107

CITY OF CLAREMONT

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Motor Fleet</u>	<u>Technology</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 124,420	\$ 626,752	\$ 751,172
Cash received from interfund services provided	1,206,816	-	1,206,816
Cash payments to suppliers for goods and services	(774,949)	(301,891)	(1,076,840)
Cash payments to employees for services	(531,405)	(360,724)	(892,129)
Net cash provided (used) by operating activities	<u>24,882</u>	<u>(35,863)</u>	<u>(10,981)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sales of capital assets	<u>17,750</u>	<u>-</u>	<u>17,750</u>
Net cash used for capital and related financing activities	<u>17,750</u>	<u>-</u>	<u>17,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>14,682</u>	<u>1,185</u>	<u>15,867</u>
Net cash provided by investing activities	<u>14,682</u>	<u>1,185</u>	<u>15,867</u>
Net increase (decrease) in cash and cash equivalents	57,314	(34,678)	22,636
Cash and cash equivalents - beginning of the year	<u>1,134,077</u>	<u>76,025</u>	<u>1,210,102</u>
Cash and cash equivalents - end of the year	<u>\$ 1,191,391</u>	<u>\$ 41,347</u>	<u>\$ 1,232,738</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (355,922)	\$ (178,705)	\$ (534,627)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	310,537	58,174	368,711
(Increase) decrease in prepaid expense	-	35,030	35,030
(Increase) decrease in accounts receivable	5,745	-	5,745
(Increase) decrease in deferred outflows of resources	43,200	31,546	74,746
Increase (decrease) in accounts payable	(21,226)	(4,040)	(25,266)
Increase (decrease) in accrued liabilities	445	615	1,060
Increase (decrease) in compensated absences	3,906	(6,376)	(2,470)
Increase (decrease) in net pension liability	111,508	81,428	192,936
Increase (decrease) in deferred inflows of resources	(73,311)	(53,535)	(126,846)
Total adjustments	<u>380,804</u>	<u>142,842</u>	<u>523,646</u>
Net cash provided (used) by operating activities	<u>\$ 24,882</u>	<u>\$ (35,863)</u>	<u>\$ (10,981)</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

AGENCY FUNDS

Payroll Revolving Fund

This fund is used to account for payroll costs throughout the year. This fund segregates cash allocated for payroll.

1911 Act Fund

This fund is used to account for financial activity relative to special assessments for sewer construction.

CITY OF CLAREMONT

**COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2018**

	<u>Payroll</u>	<u>1911 Act Bond</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 434,346	\$ 25,998	\$ 460,344
Accounts receivable	867	-	867
Total assets	<u>\$ 435,213</u>	<u>\$ 25,998</u>	<u>\$ 461,211</u>
LIABILITIES			
Accounts payable	\$ 2,911	\$ -	\$ 2,911
Accrued liabilities	422,302	-	422,302
Deposits payable	-	25,998	25,998
Due to external parties/other agencies	10,000	-	10,000
Total liabilities	<u>\$ 435,213</u>	<u>\$ 25,998</u>	<u>\$ 461,211</u>

CITY OF CLAREMONT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Balance 7/1/2017	Additions	Deductions	Balance 6/30/2018
<u>Payroll</u>				
Assets				
Pooled cash and investments	\$ 516,912	\$ 41,077,092	\$ 41,159,658	\$ 434,346
Accounts receivable	867	-	-	867
Total assets	<u>\$ 517,779</u>	<u>\$ 41,077,092</u>	<u>\$ 41,159,658</u>	<u>\$ 435,213</u>
Liabilities				
Accounts payable	\$ -	\$ 17,115,615	\$ 17,112,704	\$ 2,911
Accrued liabilities	507,779	14,794,735	14,880,212	422,302
Due to external parties/other agencies	10,000	-	-	10,000
Total liabilities	<u>\$ 517,779</u>	<u>\$ 31,910,350</u>	<u>\$ 31,992,916</u>	<u>\$ 435,213</u>
<u>1911 Act Bond</u>				
Assets				
Pooled cash and investments	\$ 25,998	\$ -	\$ -	\$ 25,998
Total assets	<u>\$ 25,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,998</u>
Liabilities				
Deposits payable	\$ 25,998	\$ -	\$ -	\$ 25,998
Total liabilities	<u>\$ 25,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,998</u>
<u>Total - All Agency Funds</u>				
Assets				
Pooled cash and investments	\$ 542,910	\$ 41,077,092	\$ 41,159,658	\$ 460,344
Accounts receivable	867	-	-	867
Total assets	<u>\$ 543,777</u>	<u>\$ 41,077,092</u>	<u>\$ 41,159,658</u>	<u>\$ 461,211</u>
Liabilities				
Accounts payable	\$ -	\$ 17,115,615	\$ 17,112,704	\$ 2,911
Accrued liabilities	507,779	14,794,735	14,880,212	422,302
Deposits payable	25,998	-	-	25,998
Due to external parties/other agencies	10,000	-	-	10,000
Total liabilities	<u>\$ 543,777</u>	<u>\$ 31,910,350</u>	<u>\$ 31,992,916</u>	<u>\$ 461,211</u>





Statistical Section

City of Claremont
Comprehensive Annual Financial Report
June 30, 2018

Statistical Section

Following is a description of each of the five categories of the Statistical Section as identified in the Table of Contents.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF CLAREMONT

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (accrual basis of accounting)**

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities:				
Net investment in capital assets	\$ 105,716,461	\$ 102,441,948	\$ 97,143,366	\$ 106,652,434
Restricted	16,053,086	8,312,169	10,234,372	13,569,569
Unrestricted	6,844,559	15,358,032	17,504,956	422,946
Total Governmental Activities Net Position	\$ 128,614,106	\$ 126,112,149	\$ 124,882,694	\$ 120,644,949
Business-type Activities:				
Invested in capital assets	\$ 10,231,900	\$ 9,699,291	\$ 9,407,152	\$ 8,819,204
Unrestricted	5,726,320	5,600,437	5,917,834	6,127,283
Total Business-type Activities Net Position	15,958,220	15,299,728	15,324,986	14,946,487
Primary Government:				
Net investment in capital assets	\$ 115,948,361	\$ 112,141,239	\$ 106,550,518	\$ 115,471,638
Restricted	16,053,086	8,312,169	10,234,372	13,569,569
Unrestricted	12,570,879	20,958,469	23,422,790	6,550,229
Total Primary Government Net Position	\$ 144,572,326	\$ 141,411,877	\$ 140,207,680	\$ 135,591,436

Source: Financial Services Department, City of Claremont

Note: The implementation of GASB 68 in June of Fiscal Year 2015 resulted in substantial decreases in Unrestricted Funds and Total Net Position.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 101,176,343	\$ 94,051,689	\$ 86,156,725	\$ 88,245,882	\$ 70,791,517	\$ 64,895,447
12,821,239	19,452,008	21,259,371	23,151,082	23,151,925	26,612,546
<u>7,104,312</u>	<u>2,963,643</u>	<u>(31,427,533)</u>	<u>(49,938,230)</u>	<u>(40,696,943)</u>	<u>(41,036,430)</u>
<u>\$ 121,101,894</u>	<u>\$ 116,467,340</u>	<u>\$ 75,988,563</u>	<u>\$ 61,458,734</u>	<u>\$ 53,246,499</u>	<u>\$ 50,471,563</u>
\$ 8,550,787	\$ 8,666,481	\$ 8,259,465	\$ 9,028,412	\$ 10,175,834	\$ 9,802,847
<u>6,417,774</u>	<u>6,254,348</u>	<u>2,869,605</u>	<u>2,437,423</u>	<u>1,498,263</u>	<u>1,965,007</u>
<u>14,968,561</u>	<u>14,920,829</u>	<u>11,129,070</u>	<u>11,465,835</u>	<u>11,674,097</u>	<u>11,767,854</u>
\$ 109,727,130	\$ 102,718,170	\$ 94,416,190	\$ 97,274,294	\$ 80,967,351	\$ 74,698,294
12,821,239	19,452,008	21,259,371	23,151,082	23,151,925	26,612,546
<u>13,522,086</u>	<u>9,217,991</u>	<u>(28,557,928)</u>	<u>(47,500,807)</u>	<u>(39,198,680)</u>	<u>(39,071,423)</u>
<u>\$ 136,070,455</u>	<u>\$ 131,388,169</u>	<u>\$ 87,117,633</u>	<u>\$ 72,924,569</u>	<u>\$ 64,920,596</u>	<u>\$ 62,239,417</u>

CITY OF CLAREMONT

**CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)**

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 4,455,741	\$ 5,245,269	\$ 5,574,041	\$ 8,126,106
Police	10,106,133	9,716,082	9,616,661	9,718,317
Community development	3,322,342	3,765,565	2,804,170	2,261,222
Human services	3,654,518	3,397,208	2,927,918	2,914,812
Community services	15,230,727	12,501,094	13,426,145	12,630,451
Economic development	2,413,954	1,462,563	426,120	921,715
Interest on long-term debt	1,760,764	1,781,861	1,729,793	1,130,958
Total governmental activities expenses	<u>40,944,179</u>	<u>37,869,642</u>	<u>36,504,848</u>	<u>37,703,581</u>
Business-type activities:				
Transportation	437,731	672,336	854,387	923,434
Sewer	839,897	1,059,727	740,519	851,169
Sanitation	4,855,993	4,803,182	4,941,525	4,979,480
Cemetery	339,999	357,397	224,302	311,884
Total business-type activities expenses	<u>6,473,620</u>	<u>6,892,642</u>	<u>6,760,733</u>	<u>7,065,967</u>
Total primary government expenses	<u>\$ 47,417,799</u>	<u>\$ 44,762,284</u>	<u>\$ 43,265,581</u>	<u>\$ 44,769,548</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 93,780	\$ 38,091	\$ 77,974	\$ 56,707
Police	1,264,011	1,172,432	1,398,243	1,096,240
Community development	1,505,197	1,723,708	1,361,333	1,253,997
Human services	952,033	689,683	653,042	609,200
Community services	606,641	300,989	241,103	191,219
Operating grants and contributions	2,928,376	2,661,288	4,062,129	3,641,369
Capital grants and contributions	4,377,917	7,139,075	11,032,154	3,800,784
Total governmental activities program revenues	<u>11,727,955</u>	<u>13,725,266</u>	<u>18,825,978</u>	<u>10,649,516</u>
Business-type activities:				
Charges for services				
Transportation	43,734	57,088	74,193	84,682
Sewer	716,918	720,123	759,760	765,887
Sanitation	5,440,320	5,597,526	5,758,182	5,674,383
Cemetery	411,128	324,380	355,898	327,633
Operating grants and contributions	654,048	193,107	429,975	297,214
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>7,266,148</u>	<u>6,892,224</u>	<u>7,378,008</u>	<u>7,149,799</u>
Total primary government program revenues	<u>\$ 18,994,103</u>	<u>\$ 20,617,490</u>	<u>\$ 26,203,986</u>	<u>\$ 17,799,315</u>

Source: Financial Services Department, City of Claremont

(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 5,999,860	\$ 7,366,243	\$ 6,426,753	\$ 7,325,487	\$ 6,894,801	\$ 6,979,480
10,491,078	10,399,151	10,482,700	10,688,617	12,437,348	14,142,119
5,209,061	3,395,246	3,777,811	3,199,432	3,437,068	3,997,073
2,975,792	3,174,434	3,215,555	3,290,894	3,290,136	3,592,953
13,219,630	12,603,479	13,432,419	12,280,184	13,283,935	12,458,421
995,525	206,372	197,387	945,405	1,101,513	1,244,619
896,768	776,672	741,678	869,683	826,442	435,718
<u>39,787,714</u>	<u>37,921,597</u>	<u>38,274,303</u>	<u>38,599,702</u>	<u>41,271,243</u>	<u>42,850,383</u>
982,239	709,976	656,591	648,353	1,158,575	648,148
745,803	813,519	752,170	769,513	584,091	980,422
5,340,154	5,601,198	5,278,995	4,992,438	5,827,792	6,386,691
255,684	338,705	381,026	393,450	396,368	527,659
<u>7,323,880</u>	<u>7,463,398</u>	<u>7,068,782</u>	<u>6,803,754</u>	<u>7,966,826</u>	<u>8,542,920</u>
<u>\$ 47,111,594</u>	<u>\$ 45,384,995</u>	<u>\$ 45,343,085</u>	<u>\$ 45,403,456</u>	<u>\$ 49,238,069</u>	<u>\$ 51,393,303</u>
\$ 440,198	\$ 445,872	\$ 33,422	\$ 32,502	\$ 32,502	\$ 36,742
1,319,177	1,692,242	1,436,843	1,249,649	674,286	590,368
1,864,211	2,124,973	1,771,774	703,463	2,518,696	4,298,238
643,930	669,241	675,857	640,148	934,149	1,066,939
518,056	678,700	668,049	861,187	1,051,622	435,552
10,158,963	3,640,371	4,952,256	3,044,972	3,513,305	5,953,234
4,126,799	4,075,996	3,041,180	3,378,222	2,927,174	2,217,833
<u>19,071,334</u>	<u>13,327,395</u>	<u>12,579,381</u>	<u>9,910,143</u>	<u>11,651,734</u>	<u>14,598,906</u>
111,221	94,299	78,327	73,116	53,877	50,724
805,857	837,625	854,440	859,278	876,393	875,103
5,662,889	5,922,914	6,031,502	6,182,270	6,213,874	6,768,128
349,340	379,067	458,827	431,041	467,523	544,757
574,598	214,214	445,682	325,591	758,965	709,704
-	-	-	60,000	116,300	-
<u>7,503,905</u>	<u>7,448,119</u>	<u>7,868,778</u>	<u>7,931,296</u>	<u>8,486,932</u>	<u>8,948,416</u>
<u>\$ 26,575,239</u>	<u>\$ 20,775,514</u>	<u>\$ 20,448,159</u>	<u>\$ 17,841,439</u>	<u>\$ 20,138,666</u>	<u>\$ 23,547,322</u>

CITY OF CLAREMONT

**CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)**

	Fiscal Year			
	2009	2010	2011	2012
Net (Expense)/Revenue				
Governmental activities	\$ (29,216,224)	\$ (24,144,376)	\$ (17,678,870)	\$ (27,054,065)
Business-type activities	<u>792,528</u>	<u>(418)</u>	<u>617,275</u>	<u>83,832</u>
Total net revenues (expenses)	<u>\$ (28,423,696)</u>	<u>\$ (24,144,794)</u>	<u>\$ (17,061,595)</u>	<u>\$ (26,970,233)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 10,200,450	\$ 10,332,384	\$ 10,404,334	\$ 8,669,321
Transient occupancy taxes	871,864	784,380	917,377	1,000,739
Sales taxes	3,165,670	2,875,326	2,904,937	3,492,307
Franchise taxes	537,286	474,283	494,885	544,566
Business license taxes	731,463	707,776	690,911	713,489
Utility users tax	4,258,197	4,326,770	4,354,573	4,333,869
Other taxes	91,726	106,847	125,770	115,568
Motor vehicle in lieu - unrestricted	126,964	110,808	172,362	18,691
Use of money and property	858,862	600,534	618,089	378,716
Other	70,021	569,126	551,263	433,240
Gain/(loss) on sale of capital assets	(137,152)	-	4,440	785
Extraordinary Gain/Loss Dissolution RDA	-	-	-	6,912,744
Loss on sale of land held for resale	-	-	-	-
Transfers	721,621	706,107	672,374	493,034
Special Item - Loss Contingency	-	-	-	-
Special Item - Discount on structured settlement	-	-	-	-
Total governmental activities	<u>21,496,972</u>	<u>21,594,341</u>	<u>21,911,315</u>	<u>27,107,069</u>
Business-type activities				
Use of money and property	40,652	45,856	19,774	20,596
Other	182	2,259	57,410	15,350
Gain/(loss) on sale of capital assets	25,861	-	11,000	(5,243)
Transfers	<u>(721,621)</u>	<u>(706,107)</u>	<u>(672,374)</u>	<u>(493,034)</u>
Total business-type activities	<u>(654,926)</u>	<u>(657,992)</u>	<u>(584,190)</u>	<u>(462,331)</u>
Total primary government	<u>\$ 20,842,046</u>	<u>\$ 20,936,349</u>	<u>\$ 21,327,125</u>	<u>\$ 26,644,738</u>
Changes in Net Position				
Governmental activities	\$ (7,719,252)	\$ (2,550,035)	\$ 4,232,445	\$ 53,004
Business-type activities	<u>137,602</u>	<u>(658,410)</u>	<u>33,085</u>	<u>(378,499)</u>
Total primary government	<u>\$ (7,581,650)</u>	<u>\$ (3,208,445)</u>	<u>\$ 4,265,530</u>	<u>\$ (325,495)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (20,716,380)	\$ (24,594,202)	\$ (25,694,922)	\$ (28,689,559)	\$ (29,619,509)	\$ (28,251,477)
<u>180,025</u>	<u>(15,279)</u>	<u>799,996</u>	<u>1,127,542</u>	<u>520,106</u>	<u>405,496</u>
<u>\$ (20,536,355)</u>	<u>\$ (24,609,481)</u>	<u>\$ (24,894,926)</u>	<u>\$ (27,562,017)</u>	<u>\$ (29,099,403)</u>	<u>\$ (27,845,981)</u>
\$ 7,841,574	\$ 7,459,855	\$ 8,171,972	\$ 8,670,124	\$ 9,117,597	\$ 9,515,630
1,076,884	1,147,537	1,283,893	1,333,844	1,398,333	1,459,374
3,724,579	3,927,625	3,957,760	4,076,065	4,191,544	4,636,888
539,166	566,305	597,792	581,811	531,663	593,493
774,811	821,272	823,944	836,155	871,522	877,650
4,610,213	4,717,175	4,548,155	4,235,629	4,151,019	4,338,814
236,732	289,642	193,880	199,469	199,193	214,325
19,367	16,028	15,483	14,639	16,225	19,068
408,991	460,426	652,435	670,880	741,603	945,669
406,013	491,241	448,728	350,184	289,865	653,133
-	12,542	15,600	25,150	35,300	8,500
-	-	-	-	-	-
-	-	-	-	(499,870)	-
168,438	50,000	443,367	460,348	363,280	427,590
-	-	-	(7,688,445)	-	-
-	-	-	-	-	3,042,520
<u>19,806,768</u>	<u>19,959,648</u>	<u>21,153,009</u>	<u>13,765,853</u>	<u>21,407,274</u>	<u>26,732,654</u>
15,730	17,047	22,793	37,123	51,436	84,013
-	500	500	3,575	-	-
(5,243)	-	-	22,750	-	31,838
<u>(168,438)</u>	<u>(50,000)</u>	<u>(443,367)</u>	<u>(460,348)</u>	<u>(363,280)</u>	<u>(427,590)</u>
<u>(157,951)</u>	<u>(32,453)</u>	<u>(420,074)</u>	<u>(396,900)</u>	<u>(311,844)</u>	<u>(311,739)</u>
<u>\$ 19,648,817</u>	<u>\$ 19,927,195</u>	<u>\$ 20,732,935</u>	<u>\$ 13,368,953</u>	<u>\$ 21,095,430</u>	<u>\$ 26,420,915</u>
\$ (909,612)	\$ (4,634,554)	\$ (4,541,913)	\$ (14,923,706)	\$ (8,212,235)	\$ (1,518,823)
<u>22,074</u>	<u>(47,732)</u>	<u>379,922</u>	<u>730,642</u>	<u>208,262</u>	<u>93,757</u>
<u>\$ (887,538)</u>	<u>\$ (4,682,286)</u>	<u>\$ (4,161,991)</u>	<u>\$ (14,193,064)</u>	<u>\$ (8,003,973)</u>	<u>\$ (1,425,066)</u>

CITY OF CLAREMONT

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)**

	Fiscal Year			
	2009	2010	2011	2012
General Fund:				
Reserved	\$ 3,479,075	\$ -	\$ -	\$ -
Unreserved	5,223,169	-	-	-
Nonspendable:				
Prepaid costs	-	38,015	12,202	4,233
Notes and loans	-	11,349	320,652	272,168
Advances to other funds	-	2,189,500	-	-
Petty cash	-	3,850	4,270	4,270
Postage	-	7,262	4,583	5,896
Committed to:				
Administrative services	-	-	10,550	-
Community development projects	-	39,669	10,101	-
Police	-	91,416	13,256	-
Community services	-	91,416	18,106	-
Natural and fiscal emergency	-	-	5,145,312	-
Donations	-	3,364	-	-
Natural and fiscal emergency	-	3,437,441	-	5,677,312
Maintenance of operations	-	-	-	500,000
Equipment and facility	-	-	-	500,000
Water system acquisition	-	-	-	-
Unassigned	-	3,975,585	6,149,503	6,227,688
Total General Fund	<u>\$ 8,702,244</u>	<u>\$ 9,888,867</u>	<u>\$ 11,688,535</u>	<u>\$ 13,191,567</u>
All Other Governmental Funds:				
Reserved	\$ 10,435,807	\$ -	\$ -	\$ -
Unreserved				
Undesignated, reported in:				
Special revenue funds	6,114,600	-	-	-
Capital projects funds	668,651	-	-	-
Debt service funds	160,349	-	-	-
Permanent funds	-	-	-	-
Nonspendable:				
Prepaid costs	-	455,762	447,324	409,655
Land held for resale	-	5,116,433	2,366,433	1,966,433
Notes and loans	-	2,363,589	6,725,338	4,884,472
Permanent fund principal	-	520,620	753,524	787,954
Petty cash	-	420	-	-
Restricted for:				
Community development projects	-	1,709,140	-	-
Public safety	-	733,494	1,008,601	989,145
Parks and recreation	-	41,158	-	-
Public works	-	3,014,652	3,490,537	3,633,116
Capital projects	-	623,779	-	-
Debt service	-	226,894	3,233,122	677,193
Community services	-	1,963,052	2,502,112	2,473,662
Assigned to:				
Community development projects	-	1,141,851	901,572	653,435
Unassigned	-	(2,321,716)	(3,400,804)	4,457,240
Total All Other Governmental Funds	<u>\$ 17,379,407</u>	<u>\$ 15,589,128</u>	<u>\$ 18,027,759</u>	<u>\$ 20,932,305</u>

Source: Financial Services Department, City of Claremont

Note: Committed fund balances fluctuate from year to year as a result of the City Council's allocation to reserves for contingencies, special projects and capital projects, as well as the City Council's appropriation from these reserves to fund and complete projects. The implementation of GASB Statement No. 54 in 2010 resulted in the redefinition of fund balance classifications.

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
8,813	14,899	19,717	32,221	74,362	42,245	
275,532	560,870	-	-	-	-	
-	-	-	-	-	-	
4,300	4,300	4,322	-	-	-	
7,598	5,914	6,932	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
6,277,652	6,814,834	7,379,099	8,000,000	7,461,063	5,544,043	
710,250	473,813	674,964	488,196	-	-	
588,559	860,359	853,858	1,048,707	-	-	
150,000	-	1,000,000	-	-	-	
2,993,981	3,606,216	3,705,434	260,758	951,167	568,559	
<u>\$ 11,016,685</u>	<u>\$ 12,341,205</u>	<u>\$ 13,644,326</u>	<u>\$ 9,829,882</u>	<u>\$ 8,486,592</u>	<u>\$ 6,154,847</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
415,061	416,314	-	-	975	412,858	
1,966,433	-	-	-	-	-	
3,964,449	-	-	-	-	-	
821,883	857,647	901,548	943,430	987,601	1,037,903	
-	-	-	-	-	-	
179,040	6,432,585	6,113,603	6,246,805	5,968,804	6,363,844	
792,292	790,106	641,507	344,294	187,367	234,385	
-	-	-	-	-	-	
2,500,077	2,381,597	2,942,337	3,324,906	3,285,145	4,734,215	
5,700,000	6,114,897	5,286,654	5,175,126	4,804,489	6,494,525	
772,899	67,675	1,160,231	683,565	586,727	3,685,703	
2,876,931	3,665,148	4,213,491	4,491,194	5,480,059	5,235,912	
752,082	820,300	1,212,466	1,020,919	721,918	681,519	
(420,025)	(122,570)	(12,762)	(1,242)	-	(194,925)	
<u>\$ 20,321,122</u>	<u>\$ 21,423,699</u>	<u>\$ 22,459,075</u>	<u>\$ 22,228,997</u>	<u>\$ 22,023,085</u>	<u>\$ 28,685,939</u>	

CITY OF CLAREMONT

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)**

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$ 19,856,656	\$ 19,607,766	\$ 19,892,787	\$ 18,869,859
Assessments	2,707,689	2,725,544	2,873,174	2,758,729
Licenses and permits	827,581	1,001,651	708,014	695,938
Intergovernmental	4,868,089	5,928,916	12,411,747	5,542,716
Charges for services	2,232,168	1,972,739	1,812,937	1,472,348
Use of money and property	791,261	510,549	552,441	459,829
Fines and forfeitures	667,451	666,515	921,806	757,414
Contributions	95,376	117,853	45,808	46,435
Miscellaneous	504,236	569,126	599,928	456,559
Total revenues	32,550,507	33,100,659	39,818,642	31,059,827
Expenditures				
Current:				
General government	3,952,812	4,547,658	4,934,806	4,679,408
Police	10,084,670	9,513,535	9,321,309	9,254,407
Community development	3,302,978	3,475,563	2,167,706	2,131,407
Human services	3,327,680	2,905,538	2,468,405	2,376,736
Community services	5,504,704	4,562,597	5,623,979	5,182,842
Economic development	1,548,456	619,975	421,409	163,358
Capital outlay	5,830,062	5,728,226	8,232,671	2,862,241
Debt service:				
Principal retirement	1,412,967	1,477,668	1,554,016	1,534,920
Interest and fiscal charges	1,751,526	1,771,156	1,719,700	1,296,032
Debt issuance cost	-	-	-	71,329
Total expenditures	36,715,855	34,601,916	36,444,001	29,552,680
Excess (deficiency) of revenues over (under) expenditures	(4,165,348)	(1,501,257)	3,374,641	1,507,147
Other Financing Sources Uses:				
Transfers in	8,703,688	5,278,863	6,501,438	3,076,266
Transfers out	(8,038,067)	(4,595,756)	(5,829,064)	(2,583,232)
Contributions to other agencies	-	-	-	-
Contributions from other agencies	-	-	-	-
Proceeds from sale of capital asset	-	75,000	-	100,000
Proceeds of refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Other debts issued	-	-	-	6,080,000
Bond Discount	-	-	-	-
Loss on sale of land held for resale	-	-	-	-
Total other financing sources (uses)	665,621	758,107	672,374	6,673,034
Extraordinary gain/loss on dissolution of RDA	-	-	-	(3,730,838)
Net change in fund balances	\$ (3,499,727)	\$ (743,150)	\$ 4,047,015	\$ 4,449,343
Total Current Expenditures	\$ 36,715,855	\$ 34,601,916	\$ 36,444,001	\$ 29,552,680
Less: capital outlay	(3,536,754)	(5,033,303)	(7,830,817)	(2,505,532)
Total non-capital expenditures	\$ 33,179,101	\$ 29,568,613	\$ 28,613,184	\$ 27,047,148
Total Debt Service Expenditures	3,164,493	3,248,824	3,273,716	2,902,281
Debt Service as a Percentage of Noncapital Expenditures	9.5%	11.0%	11.4%	10.5%

Source: Financial Services Department, City of Claremont

		Fiscal Year					
		2013	2014	2015	2016	2017	2018
\$	18,712,855	\$ 18,809,892	\$ 19,577,396	\$ 19,933,097	\$ 20,460,870	\$ 21,636,173	
	2,900,921	2,887,934	2,955,348	2,957,821	2,818,582	3,017,999	
	843,317	1,099,904	1,169,564	856,148	1,104,006	1,193,982	
	11,489,866	5,847,417	5,047,501	3,428,208	3,459,764	5,028,300	
	2,290,475	3,039,459	2,430,396	2,825,802	3,473,712	4,577,176	
	402,885	454,502	647,872	664,444	731,710	927,755	
	771,793	819,417	736,647	686,376	647,019	594,968	
	313,234	23,859	18,940	18,188	19,693	18,927	
	426,354	514,772	461,726	386,924	346,653	706,561	
	<u>38,151,700</u>	<u>33,497,156</u>	<u>33,045,390</u>	<u>31,757,008</u>	<u>33,062,009</u>	<u>37,701,841</u>	
	5,068,437	5,295,410	5,600,453	7,455,456	6,513,526	7,986,609	
	9,742,621	9,912,694	10,257,572	11,135,465	11,428,297	11,612,066	
	2,454,824	2,458,789	2,873,145	3,316,735	3,411,351	3,738,496	
	2,416,385	2,534,451	2,664,410	2,770,619	2,713,024	2,860,368	
	5,765,965	5,142,832	5,325,587	5,832,241	7,101,071	6,791,216	
	105,441	205,581	194,729	54,982	166,649	285,534	
	4,913,912	3,618,336	2,245,238	3,281,886	1,305,362	2,164,353	
	-	-	-	-	-	-	
	6,882,676	1,100,000	1,155,000	1,200,000	1,265,000	1,290,000	
	1,013,046	779,944	745,646	853,141	570,341	826,646	
	-	-	-	-	-	-	
	<u>38,363,307</u>	<u>31,048,037</u>	<u>31,061,780</u>	<u>35,900,525</u>	<u>34,474,621</u>	<u>37,555,288</u>	
	(211,607)	2,449,119	1,983,610	(4,143,517)	(1,412,612)	146,553	
	3,822,626	3,693,261	3,071,549	3,295,310	2,917,289	3,149,314	
	(3,654,188)	(3,643,261)	(2,716,662)	(2,834,962)	(2,554,009)	(2,721,724)	
	(3,416,375)	-	-	-	-	-	
	673,479	-	-	-	-	-	
	-	(72,022)	-	-	-	-	
	-	-	-	8,188,885	-	3,756,966	
	-	-	-	(8,550,238)	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	(499,870)	-	
	<u>(2,574,458)</u>	<u>(22,022)</u>	<u>354,887</u>	<u>98,995</u>	<u>(136,590)</u>	<u>4,184,556</u>	
	-	-	-	-	-	-	
\$	<u>(2,786,065)</u>	<u>\$ 2,427,097</u>	<u>\$ 2,338,497</u>	<u>\$ (4,044,522)</u>	<u>\$ (1,549,202)</u>	<u>\$ 4,331,109</u>	
\$	38,363,307	\$ 31,048,037	\$ 31,061,780	\$ 35,900,525	\$ 34,474,621	\$ 37,555,288	
	(4,184,277)	(3,618,336)	(1,060,200)	(2,721,856)	(1,519,986)	(1,652,771)	
\$	<u>34,179,030</u>	<u>\$ 27,429,701</u>	<u>\$ 30,001,580</u>	<u>\$ 33,178,669</u>	<u>\$ 32,954,635</u>	<u>\$ 35,902,517</u>	
	<u>7,895,722</u>	<u>1,879,944</u>	<u>1,900,646</u>	<u>2,053,141</u>	<u>1,835,341</u>	<u>2,116,646</u>	
	23.1%	6.9%	6.3%	6.2%	5.6%	5.9%	

CITY OF CLAREMONT

**ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Category	Fiscal Year			
	2009	2010	2011	2012
Residential	\$ 3,158,452,549	\$ 3,044,921,255	\$ 3,106,552,543	\$ 3,164,459,189
Commercial	241,859,898	254,009,263	307,373,239	307,498,378
Industrial	58,117,480	59,357,181	57,572,834	62,030,035
Government	118,088	73,981	198,508	74,360
Institutional	31,536,575	46,936,678	53,339,258	37,136,730
Irrigated	26,010	26,530	26,467	26,666
Miscellaneous	88,441	90,207	89,990	90,664
Recreational	15,462,367	15,523,516	15,198,478	14,575,328
Vacant land	63,766,549	62,423,079	14,446,350	47,996,453
SBE nonunitary	929,997	1,097,712	1,097,712	1,097,712
Possessory int.	4,322,107	6,103,314	5,734,759	5,984,059
Unsecured	61,635,310	65,512,785	58,379,960	58,646,311
Exempt	[16,812,928]	[17,071,556]	[17,892,218]	[17,014,610]
Unknown	-	-	22	22
TOTALS	\$ 3,636,315,371	\$ 3,556,075,501	\$ 3,620,010,120	\$ 3,699,615,907
 Total Direct Rate	 1.13722%	 1.13690%	 1.13686%	 1.13192%

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 of 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 limitations described above.

Source: The HdL Companies

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 3,225,927,065	\$ 3,350,419,586	\$ 3,573,792,840	\$ 3,822,283,179	\$ 4,004,920,473	\$ 4,231,176,162	
311,365,105	312,193,108	339,938,485	350,678,574	367,119,553	376,072,904	
61,017,329	62,179,515	62,431,606	67,602,422	68,495,963	72,505,859	
75,846	77,362	257,427	262,569	5,566,572	271,903	
51,449,160	37,388,459	105,659,424	38,967,323	42,490,022	47,677,624	
27,199	50,000	4,570,657	-	-	-	
92,475	94,322	94,746	1,838,803	5,846,914	4,775,552	
11,585,458	11,748,163	12,335,832	12,722,377	13,120,647	13,939,148	
46,746,211	48,909,559	50,696,774	43,635,798	46,697,162	52,768,934	
1,097,712	-	-	-	-	-	
5,718,036	6,862,452	7,441,249	7,922,051	7,990,878	7,959,962	
64,822,567	64,834,463	61,387,420	62,384,221	60,572,940	57,752,035	
[21,961,610]	[21,961,610]	[21,761,900]	[21,766,600]	[22,205,629]	[22,460,361]	
-	-	-	-	-	-	
\$ 3,779,924,163	\$ 3,894,756,989	\$ 4,218,606,460	\$ 4,408,297,317	\$ 4,622,821,124	\$ 4,864,900,083	
0.13011%	0.12779%	0.12853%	0.12679%	0.12259%	0.12433%	

CITY OF CLAREMONT

**DIRECT AND OVERLAPPING PROPERTY TAX RATES (rate per \$100 of assessed value)
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2009	2010	2011	2012
City Direct Rates:				
City basic rate	0.11422	0.11422	0.11422	0.11422
General obligation debt	0.01870	0.01838	0.01894	0.01400
Redevelopment agency	1.00430	1.00430	1.00370	1.00370
Total City Direct Rate	1.13722	1.13690	1.13686	1.13192
Overlapping Rates:				
City of Claremont Tax District 1	0.11427	0.11427	0.11427	0.11427
Children's Center Fund Citrus Community College	0.00053	0.00053	0.00053	0.00053
Children's Institutional Tuition Fund	0.00230	0.00230	0.00230	0.00230
Citrus Community College District	0.02030	0.02030	0.02030	0.02030
Claremont Unified School District	0.18980	0.18980	0.18980	0.18980
Consolidated Fire Protection District of LA Co.	0.14340	0.14340	0.14340	0.14340
County Sanitation District No. 21 Operating	0.00991	0.00991	0.00991	0.00991
County School Services	0.00116	0.00116	0.00116	0.00116
County School Services Fund Claremont	0.00659	0.00659	0.00659	0.00659
Development Center Handicapped Minors Claremont	0.00073	0.00073	0.00073	0.00073
Educational Augmentation Fund Impound	0.16810	0.16810	0.16810	0.16810
Educational Revenue Augmentation Fund	0.08130	0.08130	0.08130	0.08130
L A County Accumulative Cap Outlay	0.00009	0.00009	0.00009	0.00009
L A County Fire	0.00521	0.00521	0.00521	0.00521
L A County Flood Control Drain Imp. Dist. Maint.	0.00125	0.00125	0.00125	0.00125
L A County Library	0.01806	0.01806	0.01806	0.01806
L A County Flood Control Maintenance	0.00706	0.00706	0.00706	0.00706
Los Angeles County General	0.22670	0.22670	0.22670	0.22670
Three Valley Metro Water District Original Area	0.00324	0.00324	0.00324	0.00324
Total Prop. 13 Rate	1.00000	1.00000	1.00000	1.00000
Citrus CCD 2004 Series 2004A	0.00602	0.00582	0.00469	0.00449
Citrus CCD 2004 Series 2007B	0.01838	0.01143	0.01120	0.01080
Citrus CCD 2004 Series 2009C	-	0.00672	0.00927	0.00918
Citrus CCD Ref Bonds Series 2013	-	-	-	-
Citrus CCD 2004 Series 2014D	-	-	-	-
Citrus CCD 2004 Series 2015E	-	-	-	-
Citrus CCD Ref Bonds 2015 Series A	-	-	-	-
Claremont USD 2000 Series A	0.01566	0.01647	-	-
Claremont USD 2000 Series B	0.04695	0.04930	-	-
Claremont USD 2000 Series C	0.01009	0.01055	-	-
Claremont USD 2010 Refunding Bonds	-	-	0.07541	0.04119
Tax District 1 General Obligation Bond 2007	0.01870	0.01838	0.01894	0.01400
Tax District 1 General Obligation Refunding Bond 2016	-	-	-	-
Three Vy Mwd - 1112	0.00430	0.00430	0.00370	0.00370
Total Voter Approved Rate	0.12010	0.12297	0.12321	0.08336
Total Direct & Overlapping Rate	1.12010	1.12297	1.12321	1.08336

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 of 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 limitations described above.

Source: Financial Services Department, City of Claremont

Fiscal Year					
2013	2014	2015	2016	2017	2018
0.11422	0.11422	0.11422	0.11422	0.11422	0.11422
0.01589	0.01357	0.01431	0.01257	0.00837	0.01011
-	-	-	-	-	-
0.13011	0.12779	0.12853	0.12679	0.12259	0.12433
0.11427	0.11427	0.11427	0.11427	0.11427	0.11427
0.00053	0.00053	0.00053	0.00053	0.00053	0.00053
0.00230	0.00230	0.00230	0.00230	0.00230	0.00230
0.02030	0.02030	0.02030	0.02030	0.02030	0.02030
0.18980	0.18980	0.18980	0.18980	0.18980	0.18980
0.14340	0.14340	0.14340	0.14340	0.14340	0.14340
0.00991	0.00991	0.00991	0.00991	0.00991	0.00991
0.00116	0.00116	0.00116	0.00116	0.00116	0.00116
0.00659	0.00659	0.00659	0.00659	0.00659	0.00659
0.00073	0.00073	0.00073	0.00073	0.00073	0.00073
0.16810	0.16810	0.16810	0.16810	0.16810	0.16810
0.08130	0.08130	0.08130	0.08130	0.08130	0.08130
0.00009	0.00009	0.00009	0.00009	0.00009	0.00009
0.00521	0.00521	0.00521	0.00521	0.00521	0.00521
0.00125	0.00125	0.00125	0.00125	0.00125	0.00125
0.01806	0.01806	0.01806	0.01806	0.01806	0.01806
0.00706	0.00706	0.00706	0.00706	0.00706	0.00706
0.22670	0.22670	0.22670	0.22670	0.22670	0.22670
0.00324	0.00324	0.00324	0.00324	0.00324	0.00324
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
-	-	-	-	-	-
0.01147	0.00778	0.00064	0.00132	-	-
0.01002	0.01148	0.00166	-	0.00144	0.00113
0.00441	0.00300	0.00287	0.00203	0.00294	0.00263
-	-	0.01810	0.00321	0.00483	0.00456
-	-	-	-	0.00255	0.00236
-	-	-	0.00985	0.01230	0.01161
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
0.06123	0.06732	0.06122	0.05946	0.05570	0.08061
0.01589	0.01357	0.01431	0.01257	-	-
-	-	-	-	0.00837	0.01011
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
0.10652	0.10665	0.10230	0.09194	0.09163	0.11651
1.10652	1.10665	1.10230	1.09194	1.09163	1.11651

CITY OF CLAREMONT

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2018		Taxpayer	2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Claremont Star LP	\$ 53,261,445	1.09%	PPC Claremont LLC	\$ 23,099,672	0.64%
Claremont University Consortium	28,212,520	0.58%	Claremont Star LP	19,145,184	0.53%
KMF Claremont LLC	20,909,135	0.43%	KMF Claremont LLC	18,565,970	0.51%
CHP Claremont California Owner LLC	20,425,032	0.42%	HFP Ltd	16,925,423	0.47%
HFP Ltd	20,185,799	0.41%	Claremont University Consortium	16,652,427	0.46%
Claremont Village Expansion Borrower	17,455,838	0.36%	Penske Realty Inc	14,963,029	0.41%
ROIC California LLC	17,345,595	0.36%	DKVCMT LLC and DLVCMT LLC	13,459,956	0.37%
Indian Hills Boulevard Properties LLC	15,805,795	0.32%	Claremont Investors Ltd	10,850,149	0.30%
CWI Eagles LLC	15,623,143	0.32%	Claremont Tennis Club	10,833,254	0.30%
Keck Graduate Institute of Applied Life	14,288,204	0.29%	Claremont Village Expansion Borrower	9,099,884	0.25%
	<u>\$ 223,512,506</u>	<u>4.58%</u>		<u>\$ 153,594,948</u>	<u>4.22%</u>

Note: The amounts shown above include assessed value data for both the City and the former Redevelopment Agency.

Source: The HDL Companies; Los Angeles County Assessor

CITY OF CLAREMONT

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collections in the Fiscal Year of Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percent of Levy	Amount	Percent of Levy	Amount	Percent of Levy
2009	3,817,921	3,455,830	90.52%	192,681	5.05%	3,648,511	95.56%
2010	3,683,957	3,568,738	96.87%	107,133	2.91%	3,675,871	99.78%
2011	3,718,008	3,415,565	91.87%	187,985	5.06%	3,603,550	96.92%
2012	3,806,516	3,551,653	93.30%	241,244	6.34%	3,792,897	99.64%
2013	3,872,370	3,663,703	94.61%	205,840	5.32%	3,869,543	99.93%
2014	4,013,465	3,895,883	97.07%	107,414	2.68%	4,003,297	99.75%
2015	4,339,807	4,207,605	96.95%	99,159	2.28%	4,306,764	99.24%
2016	4,518,063	4,370,553	96.74%	138,882	3.07%	4,509,434	99.81%
2017	4,811,775	4,671,537	97.09%	132,708	2.76%	4,804,245	99.84%
2018	4,995,177	4,894,830	97.99%	**	**	4,894,830	97.99%

Source: Los Angeles County Auditor-Controller; Financial Services Department, City of Claremont

**Data is not yet available

CITY OF CLAREMONT

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds	Pension Obligation Bonds	Governmental Activities				Capitalized Lease Obligation	Total Governmental Activities	Percentage of Personal Income	Debt Per Capita
			Tax Allocation Bonds	Loans Payable	Notes Payable					
2009	9,343,085	5,810,000	12,155,000	7,567,068	355,795	-	35,230,948	2.24%	936	
2010	9,177,401	5,705,000	11,650,000	7,000,625	229,570	-	33,762,596	2.41%	900	
2011	9,006,717	5,585,000	11,125,000	6,404,296	96,883	-	32,217,896	2.50%	859	
2012	8,826,033	5,445,000	-	11,857,676	49,666	-	26,178,375	2.07%	742	
2013	8,640,349	5,280,000	-	5,335,000	-	-	19,255,349	1.47%	539	
2014	8,449,665	5,090,000	-	4,625,000	-	-	18,164,665	1.42%	506	
2015	8,248,981	4,875,000	-	3,895,000	-	-	17,018,981	1.31%	474	
2016	8,188,885	4,635,000	-	3,150,000	-	-	15,973,885	1.14%	441	
2017	7,908,936	4,365,000	-	2,390,000	-	-	14,663,936	1.05%	405	
2018	7,653,987	4,065,000	-	5,366,966	-	-	17,085,953	1.22%	472	

Note: Due to the dissolution of the Redevelopment Agency, Tax Allocation Bonds are no longer the liability of the City and there is no revenue of the City that is pledged for that debt.

Source: Financial Services Department, City of Claremont

CITY OF CLAREMONT

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Total		
2009	9,465,000	5,810,000	12,155,000	27,430,000	0.7543%	741
2010	9,290,000	5,705,000	11,650,000	26,645,000	0.7493%	708
2011	9,110,000	5,585,000	11,125,000	25,820,000	0.7133%	687
2012	8,920,000	5,445,000	-	14,365,000	0.3883%	407
2013	8,725,000	5,280,000	-	14,005,000	0.3705%	392
2014	8,525,000	5,090,000	-	13,615,000	0.3496%	379
2015	8,315,000	4,875,000	-	13,190,000	0.3127%	367
2016	7,200,000	4,635,000	-	11,835,000	0.2685%	327
2017	6,965,000	4,365,000	-	11,330,000	0.2451%	313
2018	6,755,000	4,065,000	-	10,820,000	0.2224%	299

¹Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Note: Due to the dissolution of the Redevelopment Agency, Tax Allocation Bonds are no longer the liability of the City and there is no revenue of the City that is pledged for that debt.

Source: Financial Services Department, City of Claremont



CITY OF CLAREMONT

**DIRECT AND OVERLAPPING DEBT
JUNE 30, 2018**

	Percentage Applicable	Outstanding Debt 6/30/18	Estimated Share of Overlapping Debt
Direct Debt			
2006 Pension Obligation Bonds	100.000%	\$ 4,065,000	\$ 4,065,000
2016 General Obligation Bonds	100.000%	7,653,987	\$ 7,653,987
Loans Payable	100.000%	5,366,966	\$ 5,366,966
Total Direct Debt		17,085,953	17,085,953
Overlapping Debt			
Metropolitan Water District Area 1112**	0.374%	29,354,442	109,863
Citrus CCD DS 2004 Series 2009C	17.443%	4,695,302	819,006
Citrus CCD DS Ref Bond Series 2013	17.443%	10,910,000	1,903,043
Citrus CCD DS 2004 Series 2014D	17.443%	18,918,096	3,299,903
Citrus CCD DS 2004 Series 2015E	17.443%	9,805,000	1,710,296
Citrus CCD DS Ref Bonds 2015 Series A	17.443%	48,185,000	8,404,960
Claremont Unified School District 2010 Refunding Bonds	87.631%	5,710,000	5,003,722
Claremont Unified School District 2016 Refunding Bonds	87.631%	30,000,000	26,289,257
Claremont Unified School District 2016 Series A	87.631%	19,830,000	17,377,199
Total Overlapping Debt		177,407,840	64,917,249
Total direct and overlapping tax and assessment debt		\$ 194,493,793	\$ 82,003,202

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Claremont. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for the debt, for each overlapping government.

Source: Financial Services Department, City of Claremont

CITY OF CLAREMONT

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2009	2010	2011	2012
Assessed valuation	\$ 3,636,315,371	\$ 3,556,075,501	\$ 3,620,010,120	\$ 3,699,615,907
Conversion factor	25%	25%	25%	25%
Adjusted assessed valuation	909,078,843	889,018,875	905,002,530	924,903,977
Legal debt limit percentage	15%	15%	15%	15%
Debt limit	136,361,826	133,352,831	135,750,380	138,735,597
Total net debt applicable to limit: General obligation bonds	<u>9,343,085</u>	<u>9,177,401</u>	<u>9,006,717</u>	<u>8,826,033</u>
Legal debt margin	<u>\$ 127,018,741</u>	<u>\$ 124,175,430</u>	<u>\$ 126,743,663</u>	<u>\$ 129,909,564</u>
Total debt applicable to the limit as a percentage of debt limit	6.85%	6.88%	6.63%	6.36%

Note: 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 fiscal year 1981-82, each parcel is now assessed at 100% of market value. Although the statutory debt limit has not been amended by the State since this change, the calculations presented above include a conversion factor of 25% to the assessed valuation to account for the change in the basis on which the legal debt limit is based.

Source: Financial Services Department, City of Claremont

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 3,779,924,163	\$ 3,894,756,989	\$ 4,218,606,460	\$ 4,408,297,317	\$ 4,622,821,124	\$ 4,864,900,083	
25%	25%	25%	25%	25%	25%	25%
944,981,041	973,689,247	1,054,651,615	1,102,074,329	1,155,705,281	1,216,225,021	
15%	15%	15%	15%	15%	15%	15%
141,747,156	146,053,387	158,197,742	165,311,149	173,355,792	182,433,753	
<u>8,640,349</u>	<u>8,449,665</u>	<u>8,248,981</u>	<u>8,188,885</u>	<u>7,908,936</u>	<u>7,653,987</u>	
<u>\$ 133,106,807</u>	<u>\$ 137,603,722</u>	<u>\$ 149,948,761</u>	<u>\$ 157,122,264</u>	<u>\$ 165,446,856</u>	<u>\$ 174,779,766</u>	
6.10%	5.79%	5.21%	4.95%	4.56%	4.20%	

CITY OF CLAREMONT

**PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Tax Allocation Bonds				Coverage
	Tax Increment	Debt Service			
		Principal	Interest		
2009	\$ 3,356,647.00	\$ 480,000.00	\$ 595,909.00	3.12	
2010	3,754,061	505,000	578,948	3.46	
2011	3,799,387	525,000	559,886	3.50	
2012	1,508,110	-	-	-	
2013	-	-	-	-	
2014	-	-	-	-	
2015	-	-	-	-	
2016	-	-	-	-	
2017	-	-	-	-	
2018	-	-	-	-	

Note: Due to the dissolution of the Claremont Redevelopment Agency, the Tax Allocation Bonds were transferred to the Successor Agency. There is no pledged revenue for any debt of the City as of 2/1/12. The Tax increment reported in 2012 is for the 7 months ending 1/31/12.

Source: Financial Services Department, City of Claremont

CITY OF CLAREMONT

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2008	37,007	\$ 1,430,186.00	\$ 38,646.00	3.8%
2009	37,660	1,406,315	37,342	6.1%
2010	37,608	1,294,843	34,430	6.7%
2011	35,300	1,263,775	35,801	6.5%
2012	35,749	1,307,269	36,568	4.8%
2013	35,920	1,277,351	35,561	3.9%
2014	35,932	1,298,044	36,125	7.9%
2015	36,218	1,401,480	38,695	6.4%
2016	36,225	1,398,846	38,615	5.0%
2017	36,225	1,459,692	40,295	3.5%

Sources: The HDL Companies; Los Angeles County Assessor

CITY OF CLAREMONT

**FULL-TIME CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Full-Time Employees as of June 30			
	2009	2010	2011	2012
Administrative services	16.20	15.00	16.00	17.00
City manager's office	4.10	5.00	5.00	5.00
Community development	24.15	19.00	18.00	19.00
Community services	43.80	35.00	34.00	34.00
General government	5.00	5.00	5.00	5.00
Human services	21.00	12.00	12.00	12.00
Public safety	65.00	59.00	58.00	59.00
Redevelopment agency	4.75	2.00	-	-
Total	<u>184.00</u>	<u>152.00</u>	<u>148.00</u>	<u>151.00</u>

Source: Financial Services Department, City of Claremont

Full-Time Employees as of June 30					
2013	2014	2015	2016	2017	2018
17.00	17.00	15.00	17.00	17.00	17.00
5.00	5.00	6.00	5.00	5.00	5.00
20.00	20.00	20.00	21.00	20.00	19.00
33.00	35.00	37.00	35.00	38.00	36.00
5.00	5.00	5.00	5.00	5.00	5.00
11.00	12.00	13.00	12.00	14.00	13.00
61.00	62.00	61.00	60.00	60.00	62.00
-	-	-	-	-	-
<u>152.00</u>	<u>156.00</u>	<u>157.00</u>	<u>155.00</u>	<u>159.00</u>	<u>157.00</u>

CITY OF CLAREMONT

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2009	2010	2011	2012
Police:				
Calls for service dispatched	22,500	23,622	22,996	24,754
Police reports, citations, field interviews	24,394	22,360	20,270	18,067
Public works:				
Street resurfacing (miles)	51.21	8.30	35.00	18.50
Human services:				
Number of class participants	13,855	13,440	14,112	13,707
Number of facility rentals	1,191	2,294	1,024	1,239
Community services:				
Sewer				
Miles of sewer main cleaned	7	7	21	7
Catch basin cleaned	147	147	147	147
Maintenance - street and sidewalks				
Square footage of sidewalks, curbs and gutters replaced.	11,008	4,935	44,000	7,222
Sidewalk grinding or ramping locations completed	3,955	3,647	4,000	64
Sanitation - commercial				
Dumpsters emptied annually	53,100	52,900	55,020	55,020
Tons of material recycled	1,727	3,149	2,632	2,059
Sanitation - residential				
Automated containers emptied annually	459,036	443,872	444,435	444,435
Tons of material recycled	4,537	7,545	3,261	3,722

Source: Financial Services Department, City of Claremont

Fiscal Year					
2013	2014	2015	2016	2017	2018
26,388	26,769	28,305	27,316	28,711	29,599
20,893	20,213	17,367	17,878	13,607	12,969
26.30	9.00	9.65	15.00	41.00	23.00
34,044	45,057	36,037	59,760	65,266	69,036
1,138	965	470	932	940	1,024
7	7	6	25	111	6
147	71	71	146	164	231
6,689	6,742	6,227	7,184	66,416	70,120
60	52	17	15	417	405
55,640	53,456	53,456	54,494	55,534	56,110
1,901	1,465	1,527	1,299	1,456	1,963
431,548	432,900	433,140	438,724	449,124	459,524
3,707	3,595	3,587	3,626	3,397	3,604

CITY OF CLAREMONT

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Fire**:				
Fire stations	3	3	3	3
Public works:				
Streets (miles)	138.00	138.00	138.00	138.00
Streetlights	2,728	2,760	2,785	2,785
City street trees	24,122	24,122	24,343	24,343
Parks and recreation:				
Parks/recreation sites	22	23	23	23
Total acres	1,767	1,784	1,784	1,784

Source: Financial Services Department, City of Claremont

**The City of Claremont is part of the Los Angeles County, Consolidated Fire Protection District

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
3	3	3	3	3	3
138.00	138.00	138.00	138.00	138.00	138.00
2,785	2,785	2,785	2,785	2,584	2,594
24,145	24,128	24,249	23,572	23,343	25,965
23	23	23	23	23	23
2,071	2,071	2,071	2,071	2,071	2,071



**CITY OF CLAREMONT
TRANSPORTATION FUND
CLAREMONT, CALIFORNIA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

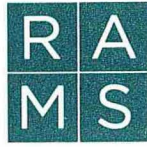
FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY: FINANCE DEPARTMENT

**CITY OF CLAREMONT
TRANSPORTATION FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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INDEPENDENT AUDITOR'S REPORT

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Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

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Brianna Schultz, CPA
Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA

To the Honorable Mayor and Members of the City Council
City of Claremont, California

Report on Financial Statements

We have audited the accompanying financial statements of the Transportation Fund of the City of Claremont, (the Transportation Fund) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Transportation Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Fund as of June 30, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Transportation Fund of the City of Claremont, California, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the proprietary fund types of the City that are attributable to the transactions of the Transportation Fund. They do not purport to, and do not present fairly the financial position of the City of Claremont, California, as of June 30, 2018, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the Management's Discussion and Analysis for the Transportation Fund that accounting principles generally accepted in the United States of America require to be presented to supplement basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2019



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REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Claremont, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
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Jin Gu, CPA, MT
Veronica Hernandez, CPA

Report on Compliance for the Transportation Fund

We have audited the compliance of the Transportation Fund of the City of Claremont (the Transportation Fund) with the types of compliance requirements described in the California Public Utilities Code – Article 3 Local Transportation Funds, as contained in the California Public Utilities Code Section 99230 through 99268 that could have a direct and material effect on the Transportation Fund for the year ending June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of the State of California Public Utilities Code – Article 3 Local Transportation Funds, as contained in the California Public Utilities Code Section 99230 through 99268.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with the requirements of the State of California Public Utilities Code – Article 3 Local Transportation Funds, as contained in the California Public Utilities Code Section 99230 through 99268. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and the State of California Public Utilities Code – Article 3 Local Transportation Funds, as contained in the California Public Utilities Code Section 99230 through 99268. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above could have a direct and material effect on the Transportation Fund occurred. An audit includes examining, on a test basis, evidence about the Transportation Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Transportation Fund. However, our audit does not provide a legal determination of the Transportation Fund's compliance with those requirements.

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Opinion on Compliance for the Transportation Fund

In our opinion, the Transportation Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Fund for the year ended June 30, 2018.

Report on Internal Control over Compliance of the Transportation Fund

Management of the City of Claremont is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Transportation Fund to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Transportation Fund and to test and report on internal controls over compliance in accordance with the State of California Public Utilities Code – Article 3 Local Transportation Funds, as contained in the California Public Utilities Code Section 99230 through 99268, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of the Transportation Fund on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of the Transportation Fund will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of California Public Utilities Code – Article 3 Local Transportation Funds, as contained in the California Public Utilities Code Section 99230 through 99268. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2019

CITY OF CLAREMONT TRANSPORTATION FUND

**STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Current:

Due from other governments	\$ 693,855
	<hr/>
Total current assets	693,855
	<hr/>

Noncurrent:

Capital assets, net of depreciation	677,632
	<hr/>
Total noncurrent assets	677,632
	<hr/>
Total assets	1,371,487
	<hr/>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	46,982
	<hr/>

LIABILITIES

Current:

Accrued liabilities	1,228
Due to other funds	430,223
Compensated absences	6,657
	<hr/>
Total current liabilities	438,108
	<hr/>

Noncurrent:

Compensated absences	18,964
Net pension liability	226,486
	<hr/>
Total noncurrent liabilities	245,450
	<hr/>
Total liabilities	683,558
	<hr/>

DEFERRED INFLOWS OF RESOURCES

Pension related	3,399
	<hr/>

NET POSITION

Net investment in capital assets	677,632
Restricted	53,880
	<hr/>
Total net position	\$ 731,512
	<hr/> <hr/>

See accompanying notes to the financial statements.

CITY OF CLAREMONT TRANSPORTATION FUND

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES

Passenger fares	\$ 50,724
	<hr/>
Total operating revenues	50,724
	<hr/>

OPERATING EXPENSES

Salaries and benefits	121,265
Transportation services	402,325
Other services and supplies	23,775
Depreciation	100,783
	<hr/>
Total operating expenses	648,148
	<hr/>
Operating loss	(597,424)
	<hr/>

NONOPERATING REVENUES

State grants - TDA Article 4 operating	314,617
Proposition A discretionary	213,711
Measure R	61,342
Transit assistance	28,964
MOSIP - Metro	59,700
Proposition C discretionary	4,422
Proposition C security	6,261
Gain on sale of capital assets	30,000
	<hr/>
Total nonoperating revenues	719,017
	<hr/>
Income before transfers	121,593
	<hr/>

TRANSFERS

Transfers from City	162,410
	<hr/>
Total transfers	162,410
	<hr/>
Change in net position	284,003
	<hr/>
Net position, beginning of year	447,509
	<hr/>
Net position, end of year	\$ 731,512
	<hr/> <hr/>

See accompanying notes to the financial statements.

CITY OF CLAREMONT TRANSPORTATION FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and users	\$ 50,724
Cash payments to suppliers for goods and services	(426,122)
Cash payments to employees for services	(105,061)
	<hr/>
Net cash used by operating activities	(480,459)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Transfers in	162,410
Subsidy from federal, state and other governments	255,018
Implicit financing	368,443
	<hr/>
Net cash provided by non-capital and related financing activities	785,871

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(335,412)
Proceeds from sales of capital assets	30,000
	<hr/>
Net cash used for capital and related financing activities	(305,412)

Net change in cash and cash equivalents -

Cash and cash equivalents - beginning of the year -

Cash and cash equivalents - end of the year \$ -

**Reconciliation of Operating Loss to Net Cash
Used by Operating Activities**

Operating loss	\$ (597,424)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	100,783
(Increase) decrease in deferred outflows of resources	8,239
Increase (decrease) in accounts payable	(22)
Increase (decrease) in accrued liabilities	(302)
Increase (decrease) in compensated absences	982
Increase (decrease) in net pension liability	21,268
Increase (decrease) in deferred inflows of resources	(13,983)
	<hr/>
Total adjustments	116,965
	<hr/>
Net cash used by operating activities	\$ (480,459)

See accompanying notes to the financial statements.

CITY OF CLAREMONT TRANSPORTATION FUND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The financial statements of the Transportation Fund of the City of Claremont (Transportation Fund) are intended to present the financial position and results of operations of the City in providing "Dial-a-Ride" services to the general public through its membership in the Pomona Valley Transportation Authority (Authority), a joint power authority. The Authority contracts with a private operator who operates the "Dial-a-Ride" system. The financial statements of the Transportation Fund are included in the basic financial statements of the City.

As an operator of a public transportation system, the City is eligible for Transportation Development Act (TDA) Public Utilities Code Section 99260 (TDA Section 99260) funds. These funds were allocated by the Metropolitan Transportation Authority (Metro) to supplement the City's transit operations.

The accounting policies of the Transportation Fund are in conformity with generally accepted accounting principles in the United States applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

B. Basis of Accounting

The City of Claremont (City) accounts for the activities of the Transportation Fund in an enterprise fund maintained on the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

The financial statements of the Transportation Fund include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. All assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenue, Expenses and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position.

C. Fund Accounting

The accounts of the City are organized on the basis of funds which are considered to be separate accounting entities. The operations of the Transportation Fund are accounted for in a separate set of self-balancing accounts that comprise the Transportation Fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. Government resources are allocated to and for the individual fund based on the purposes for which they are spent and means by which spending activities are controlled. The fund represented in the Transportation Fund's financial statements is a proprietary fund type.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF CLAREMONT TRANSPORTATION FUND

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The short-term investments include the California Local Agency Investment Fund (LAIF). The cash and investments reported in the Transportation Fund are part of the City's pooled cash and investments. The Transportation Fund does not own individual investments.

F. Grants

Grant revenues and receivables are recorded when earned on grants that have been approved and funded by the grantor. Grant sources include Transportation Development Act (TDA), Department of Transportation, Proposition A, Proposition C, MOSIP, Federal Transit Authority, and Measure R. Grants are considered to be nonoperating revenues.

G. Operating Property

All operating property, consisting primarily of vehicles, are stated at cost, net of accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from twenty to fifty years.

H. Net Position

Net Investment in Capital Assets

Net Investment in Capital Assets, represents capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted Net Position

Restricted net position represents the amount of net position that is restricted for administration and operation of the transit service.

I. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Transportation Fund's policy is to apply restricted net position first.

J. Deferred Outflows/Inflows of Resources

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

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

CITY OF CLAREMONT TRANSPORTATION FUND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Cash Equivalents

The City has pooled its cash in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. Transportation Fund cash amounted to \$0 as of June 30, 2018. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Transportation Fund are those of the City and are included in the City's basic financial statements.

Note 3: Capital Assets

Changes in the capital assets of the Transportation Fund at June 30, 2018 consisted of the following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Land improvement	\$ 30,722	\$ -	\$ -	\$ 30,722
Structures and improvements	280,000	-	-	280,000
Vehicles	1,030,812	335,412	(285,942)	1,080,282
Less accumulated depreciation	(898,531)	(100,783)	285,942	(713,372)
Total	\$ 443,003	\$ 234,629	\$ -	\$ 677,632

Depreciation expenses of the Transportation Fund for the year ended June 30, 2018 was \$100,783.

Note 4: Due From Other Government Agencies

Due from other government agencies at June 30, 2018 consisted of the following:

County of Los Angeles	\$ 345,436
Pomona Valley Transportation Authority	348,419
Total	\$ 693,855

Note 5: Transfers

The Transportation Fund received transfers of \$162,410 from the Proposition A Fund.

Note 6: Employee's Retirement Plan

The City participates in the Public Employees' Retirement System of the State of California covering all of its permanent employees. The excess, if any, of the actuarially computed value of vested benefits over the amounts available in the pension fund would be a liability of the City as a whole, not of the Transportation Fund. Information regarding the plan description, funding status, actuarially determined contribution requirements and contributions made, and trend information may be found in the City's basic financial statements. The Transportation Fund's share of the net pension liability at June 30, 2018 was \$226,486, with related deferred outflows of resources of \$46,982 and deferred inflows of resources of \$3,399.

CITY OF CLAREMONT TRANSPORTATION FUND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 7: Fifty Percent (50%) Expenditure Limitation

To be eligible for Transportation Development Act funding, the Transportation Fund must comply with the 50% expenditure limitation of Section 99268 of the Public Utilities Code or the fare ratio requirements of Section 99268.3 (a) and (b). During the fiscal year ended June 30, 2018, the Transportation Fund complied with the 50% expenditure limitation computed as follows:

Total operating costs before depreciation	\$ 547,365
Total depreciation	<u>100,783</u>
	<u>648,148</u>
Less Federal grants and State Transit Assistance Fund monies received	<u>(28,964)</u>
Total	<u>\$ 619,184</u>
Fifty percent of total	<u>\$ 309,592</u>
Total permissible local transportation fund expenditures	<u>\$ 309,592</u>
State grants - TDA Article 4*	<u>\$ 151,235</u>

*Includes only the FY 17-18 allocation

Note 8: Public Transportation Modernization Improvement and Service Enhancement Account

In November 2006, California voters passed a bond measure enacting the Highway, Safety, Traffic reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation.

As of June 30, 2018, PTMISEA funds received and expended were as follows:

Carryover balance of PTMISEA funds	\$ 113,525
Current year proceeds received:	
PTMISEA	-
Interest earned	3,575
Current year expenditures incurred	<u>-</u>
Unspent proceeds	<u>\$ 117,100</u>

**CITY OF CLAREMONT, CALIFORNIA
AREA AGENCY ON AGING CONTRACT
NO. AAA-ENP-2003
TITLE IIIC-1 (Congregate Meals)**

CLAREMONT, CALIFORNIA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

PREPARED BY: FINANCE DEPARTMENT

**CITY OF CLAREMONT
AREA AGENCY ON AGING**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Claremont, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA

Report on Financial Statements

We have audited the accompanying financial statements of the City of Claremont's Area Agency on Aging Contract No. AAA-ENP1-2003 Title IIIC-1 (Congregate Meals Program), a Special Revenue Fund of the City of Claremont, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Area Agency on Aging's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Congregate Meals Program as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America and accounting practices prescribed by the County of Los Angeles Department of Community and Senior Citizen Services.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Congregate Meals Program and do not purport to, and do not present fairly the financial position of the City of Claremont, California, as of June 30, 2018, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Area Agency on Aging's basic financial statements. The Statement of Project Costs and Funding, Summary of Project Costs by Activity and Funding Source and Title III Nonexpendable Equipment Listing are presented for purposes of additional analysis as required by the County of Los Angeles Department of Community and Senior Citizen Services and are not a required part of the financial statements.

The Statement of Project Costs and Funding, Summary of Project Costs by Activity and Funding Source and Title III Nonexpendable Equipment Listing are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Project Costs and Funding, Summary of Project Costs by Activity and Funding Source and Title III Nonexpendable Equipment Listing are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2019



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REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Claremont, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
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Jin Gu, CPA, MT
Veronica Hernandez, CPA

Report on Compliance for Title III – Congregate Meals Program

We have audited the compliance of the City of Claremont (the City) Area Agency on Aging Contract No. AAA-ENP1-2003 Title IIIC-1 (Congregate Meals Program) with the types of compliance requirements prescribed by the County of Los Angeles Department of Community and Senior Citizen Services that could have a direct and material effect on the Congregate Meals Program for the year ending June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations and contracts applicable to Title III – Congregate Meals Programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with the requirements of Title III – Congregate Meals Program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the minimum audit requirements for Title III Programs as prescribed by the County of Los Angeles Department of Community and Senior Citizen Services. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a direct and material effect on the Congregate Meals Program occurred. An audit includes examining, on a test basis, evidence about the Congregate Meals Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Congregate Meals Program. However, our audit does not provide a legal determination of the Congregate Meals Program's compliance with those requirements.

Opinion on Compliance for Title III – Congregate Meals Program

In our opinion, the Congregate Meals Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Congregate Meals Program for the year ending June 30, 2018.

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Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Report on Internal Control over Compliance

The management of the City of Claremont (the City) is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Congregate Meals Program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Congregate Meals Program and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with types of compliance requirements of the Congregate Meals Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a Congregate Meals Program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the minimum audit requirements for Title III Programs as prescribed by the County of Los Angeles Department of Community and Senior Citizen Services. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2019

CITY OF CLAREMONT
AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
TITLE IIIC-1 (Congregate Meals Program)

STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash and investments	\$	2,426
Accounts receivable		128
Due from other governments (Note 3)		8,239
Nonexpendable equipment		<u>5,788</u>
Total assets	\$	<u><u>16,581</u></u>

LIABILITIES AND NET POSITION

Liabilities:

Accounts payable	\$	8,707
Accrued liabilities		<u>2,086</u>
Total liabilities		<u>10,793</u>

Net Position:

Restricted for Title IIIC-1		<u>5,788</u>
Total net position		<u>5,788</u>
Total liabilities and net position	\$	<u><u>16,581</u></u>

See accompanying notes to the financial statements.

CITY OF CLAREMONT
AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
TITLE IIIC-1 (Congregate Meals Program)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES

Intergovernmental	\$	115,293
Contributions		<u>17,787</u>
Total revenues		<u>133,080</u>

EXPENSES

Human services		<u>176,939</u>
Total expenses		<u>176,939</u>
Loss before transfers		<u>(43,859)</u>

TRANSFERS

Transfers in		<u>43,859</u>
Change in net position		-
Net position, beginning of year		<u>5,788</u>
Net position, end of year	\$	<u><u>5,788</u></u>

See accompanying notes to the financial statements.

**CITY OF CLAREMONT
AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
TITLE IIIC-1 (Congregate Meals Program)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity and Basis of Accounting

Grant revenue and related expenditures under the City of Claremont (the City) Area Agency on Aging Contract No. AAA-ENP1-2003 Title IIIC-1 (Congregate Meals Program) are reported by the City in its basic financial statements in a separate Special Revenue Fund (the Nutrition Fund) accounted for on the modified accrual basis of accounting. Under this basis, revenues are recognized when they are "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when related liabilities are incurred.

The accompanying financial statements have been prepared on the basis of accounting practices prescribed by the County of Los Angeles Department of Community and Senior Citizen Services. These practices differ in some respects from generally accepted accounting principles for the Special Revenue Fund, as described above.

The accompanying Statement of Net Position includes nonexpendable equipment as an asset with a restricted net position. Furthermore, the Statement of Project Costs and Funding includes project costs and funding sources relating to matching in-kind contributions provided by the City. In addition, encumbrances at year-end are claimed as project costs against the current year grant. This is contrary to generally accepted accounting principles; however, this reporting practice has been consistently applied in previous years and is required to be reported as a project cost by the Area Agency on Aging.

B. In-Kind Contributions

In-kind project funding and costs for personnel represent the estimated value of volunteer labor. Costs were computed by the Volunteer Coordinator in accordance with rates specified in the budget. In-kind project funding and costs for building space, telephones and use allowances were also valued at amounts specified in the original budget. Such in-kind amounts are not reported in the City's books; however, supporting detail records are maintained.

C. Nonexpendable Equipment

Nonexpendable equipment purchased with grant funds is recorded at acquisition cost. The capital assets classification guidelines (Section 700.100) of the Contracts Management Manual for Service Providers under the Older Americans Act were used in determining the nonexpendable status of equipment.

D. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The short-term investments include the California Local Agency Investment Fund (LAIF). The cash and investments reported in the Nutrition Fund are part of the City's pooled cash and investments. The Nutrition Fund does not own individual investments.

**CITY OF CLAREMONT
AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
TITLE IIIC-1 (Congregate Meals Program)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies (continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Net Position

Restricted Net Position

Restricted net position represents the amount of net position that is restricted for administration and operation of the Congregate Meals Program.

Note 2: Cash and Cash Equivalents

The City has pooled its cash in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Nutrition Fund's cash amounted to \$2,426 as of June 30, 2018. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the Nutrition Fund are those of the City and are included in the City's basic financial statements.

Note 3: Due from Other Governments

Due from other governments consists of a \$8,239 balance due under the City's contract with Los Angeles County.

Note 4: Transfers

The Nutrition Fund received transfers of \$43,859 from the City's General Fund.

Note 5: Contingencies

Funds have been received for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate cost disallowances under terms of the grants, management believes that required reimbursements, if any, will not be material.

**CITY OF CLAREMONT
 AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
 TITLE IIIC-1 (Congregate Meals Program)**

**STATEMENT OF PROJECT COSTS AND FUNDING
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Approved Budget</u>	<u>Actual Federal Cost</u>
Project Costs:		
Personnel	\$ 73,239	\$ 68,160
Food costs	94,160	106,779
Other	2,000	2,000
	<u>169,399</u>	<u>176,939</u>
Total project costs	<u>169,399</u>	<u>176,939</u>
Project Funding:		
Nutrition grant	94,144	102,810
USDA grant	13,484	12,483
Project income	20,300	17,787
Matching cash contributions	41,471	43,859
	<u>169,399</u>	<u>176,939</u>
Total project funding	<u>169,399</u>	<u>176,939</u>
Project costs over (under) project funding	<u>\$ -</u>	<u>\$ -</u>

CITY OF CLAREMONT
 AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
 TITLE IIIC-1 (Congregate Meals Program)

STATEMENT OF PROJECT COSTS BY ACTIVITY AND FUNDING SOURCE
 FOR THE YEAR ENDED JUNE 30, 2018

	Congregate Meals	Program Management	Total
Project Costs:			
Personnel	\$ 68,160	\$ -	\$ 68,160
Food costs	106,779	-	106,779
Other	2,000	-	2,000
	<hr/>	<hr/>	<hr/>
Total project costs	176,939	-	176,939
	<hr/>	<hr/>	<hr/>
Less nonfederal project income	(17,787)	-	(17,787)
Less nonfederal matching contributions	-	(43,859)	(43,859)
	<hr/>	<hr/>	<hr/>
Federal contribution	\$ 159,152	\$ (43,859)	\$ 115,293
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Nonfederal percentage of activity			35%
Federal percentage of activity			65%
			<hr/>
Total			100%
			<hr/> <hr/>

CITY OF CLAREMONT
 AREA AGENCY ON AGING CONTRACT NO. AAA-ENP-2003
 TITLE IIIC-1 (Congregate Meals Program)

TITLE III NONEXPENDABLE EQUIPMENT LISTING
 JUNE 30, 2018

<u>Description</u>	<u>Date Acquired</u>	<u>Quantity</u>	<u>Balance June 30, 2018</u>
Commercial refrigerator	6/2007	1	\$ 2,501
Hot food table	6/2007	2	2,180
Commercial gas range	6/2007	1	<u>1,107</u>
 Total			 <u>\$ 5,788</u>



Claremont City Council

Agenda Report

File #: 2766

Item No: 6.

TO: TARA SCHULTZ, CITY MANAGER

FROM: JEREMY SWAN, INTERIM COMMUNITY SERVICES DIRECTOR

DATE: FEBRUARY 26, 2019

Reviewed by:

City Manager: TS

Finance Director: AP

SUBJECT:

ADOPTION OF A RESOLUTION FOR FUNDING FROM THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM

SUMMARY

The California Department of Forestry and Fire Prevention (CAL FIRE) under Proposition 68 issued a call for grant proposals last October. The Community Services Department submitted a proposal to conduct a community education and diseased tree removal and replacement project in Claremont. The proposal has been preliminarily approved. CAL FIRE requires a resolution from the City Council to finalize the City's application for final consideration and funding.

RECOMMENDATION

Staff recommends that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, FOR FUNDING FROM THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM AS PROVIDED THROUGH PROPOSITION 68 PARKS AND WATER BOND.

ALTERNATIVE TO RECOMMENDATION

In addition to the recommendation, there is the following alternative:

- Refer the matter back to staff for additional information.

FINANCIAL REVIEW

The City has applied for an Urban and Community Forestry Grant in the amount of \$346,423 to conduct community education and a tree pest remediation project. The grant requires a minimum

match of 25 percent; this will be provided by the City as an in-kind contribution of \$138,980. The City's in-kind contribution will be provided by the staff and volunteer time to manage and complete the grant funded projects. City staff time will include a project manager. The project manager will prepare reports, oversee contractors and various support staff, whose work will include removal of dead and dying trees, and coordination of volunteer tree planting and public education events. The in-kind volunteer match is for residents to plant trees within the community. The grant cycle, during which projects are to be completed, is three years.

The cost to prepare this report and prepare the grant application is estimated to be \$1,361 and is included in the current operating budget of the Community Services Department.

ANALYSIS

CAL FIRE issued its Request for Proposals (RFP) for grants for various urban forestry activities in October of 2018. In response, staff submitted a concept proposal under the 2018-19 CAL FIRE Urban & Community Forestry Program's Proposition 68 Parks and Water Bond for the "*Claremont Shot Hole Borer Initiative*."

Concept proposals were due November 29, 2018. This short application detailed proposed project specifications and costs. There is a minimum 25 percent cost match requirement, which is typically provided through in-kind contributions. In-kind contributions may include staff and/or volunteer time dedicated to the project. The City proposed in-kind contributions consisting of a portion of the cost for the staff and volunteer time to complete the projects.

The grant application included a request for \$346,423 for the following activities:

- Tree Removals - \$140,000
- Planting, Watering, and Structural Pruning of 400 Trees - \$111,000
- Public Education and Outreach - \$55,000
- Volunteer (Tree Planting) - \$40,423

Tree Removal Program

Staff requested grant funding from CAL FIRE for the removal of 200 dead and dying trees infected with the Polyphagous Shot Hole Borer and the disease *Xylella*. The trees will be ground into chips to eliminate live borers and disease. Besides City-owned public trees, staff proposes to remove private trees infected with shot hole borers in underserved areas, in an effort to control the movement of the borers. The project area is south of Foothill Boulevard between Mills and Towne Avenues.

Community Outreach for Planting and Removal

Funding has been requested for the "Walk the Town" program, tree planting events, and educational workshops in tree care. Volunteers, in conjunction with Sustainable Claremont, will knock on doors to explain the program to residents, including the need to remove and replace trees that are infected even though the tree may not be dead. Trees that are under heavy attack from the shot hole borer should be removed as soon as possible to minimize the spread of the borer. Tree planting events will be coordinated by City partner Sustainable Claremont and City staff.

Tree Planting Program

This cycle of the CAL FIRE grant requires a tree planting component. Monies for the grant are from Proposition 68. The City will need to demonstrate the ability to sequester a certain amount of carbon over time. Each tree removed will be replaced at a two-to-one ratio as called for in the City's *Tree Policies and Guidelines Manual*. A new tree will replace the one removed, and an additional tree will be planted at a vacant site identified in the recently completed tree inventory. Sustainable Claremont's Green Crew will be utilized to plant the trees.

Public Education and Outreach

Staff believes it is necessary continue community outreach to help residents understand the importance and value of trees to Claremont. The public education component of this grant will help residents see the importance of maintaining a healthy and vibrant urban forest. Residents will learn about their role in controlling the Polyphagous Shot Hole Borer on their private property. Moreover, residents will learn that even in difficult times of drought, disease, and insect infestations, we need to continue to plant, preserve, and protect our urban forest.

Moving Forward

On January 30, 2019, staff received notice from CAL FIRE that the City's concept proposal was included on a short list of grant proposals to be considered for funding (Attachment A). The City must now submit a complete grant application to be eligible for funding under the grant program. The complete application is due by March 15, 2019, and a resolution (Attachment B) adopted by the City Council is required as part of the final grant application.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item does address Quality of Life Issues and the long-term management of the urban forest.

Sustainability Plan - This item complies with the Goal 5.4 of the Sustainability plan to protect, improve, and expand the urban forest.

Economic Sustainability Plan - This item operates within the parameters of the sustainable policies adopted by the City.

General Plan - The item addresses Measures 1-24 and 111-31 relating to the City's Urban Forest Management Program of the General Plan and furthers the goal of maintenance of the urban forest.

2018-19 Budget - This item meets the Community Services Department Work Plan Goal CS-12: Preserve and maintain a healthy urban forest that will improve the environment and provide overall beauty to the community.

Youth and Family Master Plan - This item does not relate to the goals in the Youth and Family Master Plan.

CEQA REVIEW

This item (submitting an application for grant funding) is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a “project” as defined in Section 15378). CEQA Guidelines section 15378(b)(2), (4), and (5) excludes “[c]ontinuing administrative or maintenance activities,” “[t]he creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment,” and “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment” from its definition of “project.”

Even if this item were not statutorily exempt, it would be categorically exempt under CEQA Guidelines Section 15301 (“Existing Facilities” - Class 1), which allows for the management and maintenance of topographical features with negligible or no expansion. This action involves the receiving and filing of the report that details the different facets of the grant, as well as identifying additional trees that are to be planted within the City’s Urban Forest.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and on the City website.

Submitted by:

Jeremy Swan
Interim Community Services Director

Prepared by:

Grant Garcia
Community Services Intern

Reviewed by:

Dave Roger
Community Services Deputy Director

Attachments:

A - Acceptance Letter from CAL FIRE

B - Resolution for Funding from the CAL FIRE Urban Forestry Grant Program



DEPARTMENT OF FORESTRY AND FIRE PROTECTION
Urban and Community Forestry Program

P.O. Box 944246
SACRAMENTO, CA 94244-2460
(916) 657-2289
Website: www.fire.ca.gov



January 25, 2019

David Roger
City of Claremont
1616 Monte Vista Ave
207 Harvard Ave
Claremont, CA 91711

**RE: Concept Proposal for the CAL FIRE Urban and Community Forestry
Proposition 68 Parks and Water Bond Fund (Prop 68) Grant Program**

We are pleased to inform you that you have been selected to submit a Prop 68 Project Application for your project titled **Claremont Shot Hole Borer Initiative** in the **Urban Forest Expansion and Improvement** category. Your project has been assigned a Project Tracking number: **18-P68-UF-01-UFEI-019**.

The *Urban and Community Forestry Program Proposition 68 Grant Guidelines*, required PDF Project Application Form, and other related forms contain all the necessary information to submit your grant application. These documents can be found at: http://calfire.ca.gov/resource_mgt/resource_mgt_urbanforestry_grants.

CAL FIRE will carefully evaluate each application per the posted *Urban and Community Forestry Program Proposition 68 Grant Guidelines*. The following elements will be important in the grant evaluation process:

- a. GHG quantification for Prop 68 projects must follow the most current Air Resources Board *Urban and Community Forestry Program Quantification Methodology FY 2017-18* (PDF) found in the grant guidelines. Applicants must provide printouts of both the iTree Planting and ARB calculators with their project application.
- b. Competitive projects include clear descriptions of collaboration with partners. Such projects will describe authentic community engagement as a strong project element. Letters of commitment from partners describing how they intend to contribute to the project are a way to demonstrate such collaboration. A letter that does not clearly provide assistance, or participation in some part of the project is not the same as a letter of commitment.
- c. Inclusion in the project of strong tree establishment practices, presence of long term urban forest management planning, a history of good urban forest practices by the applying entity, and a commitment to long term maintenance of the project are ways to demonstrate assurance that the state's climate adaptation goals will be achieved.

- d. All projects must show proof of what portion of their project can be considered "in" a Disadvantaged or Severely Disadvantaged Community (DAC/SDAC). At least 20% of the appropriation of the Prop 68 grant funding must be expended on projects meeting the Prop 68 definition of a severely disadvantaged community (SDAC). At least 50% of the appropriation must be allocated to previously underserved local entities to achieve geographic balance. As this factor greatly affects a project's competitiveness, reference Appendix L in the Grant Guidelines for a full reference of the bond statute.
- e. Budgets must only be submitted in the MS Excel format provided by CAL FIRE, and should be accompanied by an explanation of the expenses as provided on the project application form.
- f. A detailed tree species list as required on the project application form is of the highest importance. Failing to provide a detailed species list, with the expected number of each species to be planted, may result in disqualification.

Please submit one digital copy and one hard copy as instructed at the end of the Project Application. The digital copy must be received by email at CALFIRE.Grants@fire.ca.gov no later than 3:00 PDT on Friday, March 15, 2019. The hard copy must be signed, and postmarked no later than Friday, March 15, 2019. Failure to submit the Project Application and supporting documents by the due date will result in your proposal being disqualified. The Project Application funding request must not exceed the amount from that stated in the Concept Proposal. Each document of your application package must reference your project tracking number when submitting the required documents. For the digital copy, use the project tracking number in the file name for each file submitted. For the hard copy, be sure to put the tracking number at the top of the page, even if it must be handwritten.

CAL FIRE typically invites twice the number of projects it will ultimately be able to fund. Therefore, the process remains very competitive. Invitations to submit an application and Department acknowledgement of a received application does not guarantee that the project will be funded.

Sincerely,



ROBERT LITTLE
Forester III - State Urban Forester

RESOLUTION NO. 2019-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, FOR FUNDING FROM THE URBAN AND COMMUNITY FORESTRY GRANT PROGRAM AS PROVIDED THROUGH THE CALIFORNIA PROPOSITION 68 BOND FUND

WHEREAS, the Governor of the State of California in cooperation with the California State Legislature has enacted the California Proposition 68 Bond Fund, which provide funds to the state of California and its political subdivisions for Urban Community Forestry Programs; and

WHEREAS, the State Department of Forestry and Fire Protection has been delegated the responsibility for the administration of the program within the State, setting up necessary procedures governing application by local agencies and non-profit organizations under the program; and

WHEREAS, said procedures established by the State Department of Forestry and Fire Protection require the applicant to certify by resolution the approval of application before submission of said application to the State; and

WHEREAS, the applicant will enter into an agreement with the State of California to carry out an urban and community forestry project.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF CLAREMONT:

SECTION 1. Approved the filing of an application for "Proposition 68 Bond Fund" grant programs funds; and

SECTION 2. Certifies that funds under the jurisdiction of the City of Claremont are available to begin the project.

SECTION 3. Certifies that said applicant will expend grant funds prior to **March 30, 2022.**

SECTION 4. Appoints the **City Manager**, or a designee, as agent of the City of Claremont to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.


PASSED, APPROVED, AND ADOPTED this 26th day of February 2019.

Mayor, City of Claremont

ATTEST:

City Clerk, City of Claremont

APPROVED AS TO FORM:



City Attorney, City of Claremont



Claremont City Council

Agenda Report

File #: 2770

Item No: 7.

TO: TARA SCHULTZ, CITY MANAGER

FROM: CHRISTOPHER M. PAULSON, INTERIM ASSISTANT CITY MANAGER

DATE: FEBRUARY 26, 2019

Reviewed by:

City Manager: TS

Finance Director: AP

SUBJECT:

AUTHORIZATION TO AMEND THE EXISTING PROFESSIONAL SERVICES AGREEMENT WITH BLAIS & ASSOCIATES TO INCREASE COMPENSATION

SUMMARY

The City has contracted with Blais & Associates for professional grant management services since 2015. The City has secured over \$8.6 million in grant funding to date with the assistance of Blais & Associates. The current agreement has a not to exceed amount of \$25,000 for fiscal year 2018-19. Due to an increase in grant activity and application development, it is necessary to increase the current contract amount in order to fund grant applications and monthly costs through the end of the fiscal year.

Staff recommends that the City Council authorize an amendment to the current Blais & Associates professional services agreement to add an additional \$25,000 in compensation, bringing the total compensation permitted by the agreement to \$50,000.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to execute an amendment to the existing professional services agreement with Blais & Associates to add an additional \$25,000 in compensation, increasing the total compensation to \$50,000.

ALTERNATIVES TO RECOMMENDATION

In addition to the recommendation, there are the following alternatives:

- A. Request additional information.
- B. Do not approve the amendment.

FINANCIAL REVIEW

The amended costs for services for 2018-19 under the agreement with Blais & Associates will be \$50,000. City Council approval of an additional \$25,000 is necessary for Blais & Associates to perform additional work to secure grant funding for City projects.

The additional \$25,000 will pay for the development of grant applications, and to continue using the services offered by Blais & Associates through the end of the fiscal year. Funding is available in the Administrative Services Department budget, and no additional appropriation is necessary. The amendment to the agreement is being brought to the City Council for approval because the increase in compensation will result in an agreement that exceeds the City Manager's authority of \$25,000.

The staff cost to prepare this report is estimated at \$551 and is included in the operating budget of the Administrative Services Department.

ANALYSIS

Since May 2015, Blais & Associates has provided professional grant management services to the City of Claremont. Services include grant research, bi-monthly grant activity report calls, and grant writing. Blais & Associates has assisted the City in securing \$8,627,710 in grant funds to date.

With the assistance of Blais & Associates, staff recently submitted a concept proposal to the California Natural Resources Agency in the amount of \$4,000,000 for a potential open space acquisition project. The application is a three-step process, with a concept proposal being the first, an on-site field visit being next, and finally the submission of supporting documents. The quote provided by Blais & Associates to develop the grant application and see the process through is \$12,390. This cost is being split by the City and the Claremont Wildlands Conservancy. Staff is currently waiting to hear if the City will be invited to participate in the site visit phase. Blais & Associates is also in the process of developing a Letter of Intent to submit to the Bloomberg Foundation's Art Place Program to aid in funding phase two improvements at the Claremont Depot.

Due to the amount of grant research and the complexity of grant applications that have been developed by Blais & Associates, it is expected that the contract amount will be fully expended before the end of the contract term. In order to proceed with grant applications that are in progress and to continue using the services offered by Blais & Associates, it is necessary to increase compensation by \$25,000, bringing the total compensation under the agreement to \$50,000.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item relates to the Council Priority Goal, "Preserve our natural, cultural, and historic resources".

Sustainability Plan - This item does not comply with the goals of the Sustainability Plan.

Economic Sustainability Plan - This item does not relate to the Economic Sustainability Plan.

General Plan - This item applies to the following goals and policies of the General Plan:

Goal 5-1: Maintain unique and diverse open space resources throughout Claremont for purposes of resource and habitat protection.

Policy 5-1.1: Strive to acquire or otherwise protect open space areas that provide key wildlife corridors and provide connectivity between habitat areas.

2018-19 Budget - This item meets the following Work Plan goals:

CP-1: Implement applicable items on the City Council Priority List.

CM-13: Pursue funding from regional and State agencies for City projects.

Youth and Family Master Plan - This item does not relate to the objectives in the Youth and Family Master Plan.

CEQA REVIEW

This item (amending a contract for consulting services) is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and section 15060(c)(3) (the activity is not a “project” as defined in Section 15378). CEQA Guidelines section 15378(b)(2), (4), and (5) excludes “[c]ontinuing administrative ... activities,” “government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment,” and “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment” from its definition of “project.”

Even if this item were a “project,” it would be exempt from environmental review under CEQA Guidelines Section 15061(b)(3)’s “general rule” that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Here, it can be seen with certainty that there is no possibility that this item, in and of itself, will have a significant effect on the environment. On its own, this action will not result in any physical changes to the environment.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Christopher M. Paulson
Interim Assistant City Manager

Prepared by:

Jamie Harvey
Assistant to the City Manager



Claremont City Council

Agenda Report

File #: 2772

Item No: 8.

TO: TARA SCHULTZ, CITY MANAGER
FROM: SHELLY VANDER VEEN, POLICE CHIEF
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

UPDATE TO THE CRIME FREE MULTI-HOUSING PROGRAM

SUMMARY

In April 2009, the City Council approved a program to promote safe and healthy living environments at apartment communities throughout Claremont. The Crime Free Multi-Housing model, which has been used successfully in several communities, was modified and adapted to the Claremont community. A recommendation in the 2009 report was to provide crime statistics to the City Council every six months. This report includes the crime statistics for 2018.

RECOMMENDATION

Staff recommends that the City Council receive and file the update to the Crime Free Multi-Housing Program.

ALTERNATIVES TO RECOMMENDATION

In addition to the recommendation, there are the following alternatives:

- A. Reject staff recommendations.
- B. Delay staff recommendation and request additional information.

FINANCIAL REVIEW

The costs to research this issue, prepare documentation, and complete this report are estimated at \$796. These costs are in staff time allocated to the project and are included in the operating budget of the Police Department.

ANALYSIS

In 2006, the Committee for Safe and Healthy Housing was established by a group of Claremont residents. The goal of this volunteer group was to work with organizations in Claremont to promote quality of life improvement and reduce criminal activity in multi-family complexes.

In April 2009, the City Council was presented with an agenda report outlining a program to promote safe and healthy living environments at apartment communities throughout Claremont. The Crime Free Multi-Housing model, which has been used successfully in several communities, was modified and adapted to the Claremont community and approved by the City Council.

The Committee for Safe and Healthy Housing has spent a great deal of time working on the implementation of the Crime Free Multi-Housing Program. The group has attended training, held regular meetings, met with apartment managers/property owners, and developed the training workbook for apartment managers/property owners.

To date, five complexes have completed all the necessary steps to be certified in the Crime Free Multi-Housing Program. The complexes are as follows: Claremont Villas (100 S. Indian Hill Boulevard), Courier Place (111 S. College Avenue), Plum Tree (284 N. Carnegie Avenue), Access Village (1730 N. Towne Avenue), and Claremont Village Green (630 W. Bonita Avenue).

The Police Department, as part of its partnership with the Committee, provides the following operational activities in support of the Crime Free Multi-Housing Program:

Track Crime Statistics

The Police Department tracks apartment crime data and calls for service and provides reports every six months. These reports are provided to apartment managers, the Police Commission, and the City Council. Crime data for the 2018 calendar year is included as Attachment A.

An analysis of these reports by Police Department staff is conducted to provide a foundation to determine if additional resources need to be directed or re-directed to a specific complex or area. A goal used in the crime analysis is a threshold of 0.25 crimes/unit/year.

During 2018, there was one complex that met the 0.25 crimes/unit threshold. The complex is Padua Terrace located at 633 East Foothill Boulevard. The complex only has 20 units, so any crimes committed at the property have a significant impact on the crimes/unit threshold. There were five crimes at the complex during 2018 (two thefts and three vehicle burglaries).

Jim Keith, the chairperson of the Committee for Safe and Healthy Housing, has been using the crime data provided in these reports to create charts, which include data back to 2009. Mr. Keith's work has been incorporated into this report as Attachment B.

Police Department Liaison

A Police Department supervisor has been designated as the liaison to this program. This liaison provides the crime data and analysis, attends semi-annual meetings with apartment owners and managers, and participates in the annual training for owners/managers. The Committee continues to provide many of the resources for this program through their volunteerism and the designation of a volunteer coordinator.

Volunteer Coordinator

In November 2009, the Committee for Safe and Healthy Housing organized and presented the first Crime Free Multi-Housing training program for apartment managers/owners in Claremont. Since then, the Committee, in partnership with the Police Department, has presented twenty half-day training presentations. The Committee also has a volunteer (Bob Kern) to help coordinate the Crime Free Multi-Housing Program.

Mr. Kern maintains office space at City Hall, where he facilitates the operation of the Crime Free Multi-Housing Program.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item does not apply to the goals listed in the Council Priority Plan.

Sustainability Plan - This item addresses the following goal and objective of the Sustainability Plan:

Reduce crime in multiple-family housing (6.2.4 Provide Staffing to create a Crime Free program for apartment housing developments.)

Economic Sustainability Plan - This item does not apply to the recommendations outlined in the Economic Sustainability Plan.

General Plan - This item addresses the following goals and objectives of the General Plan:

6-1: Work to promote a safe community in which residents can live, work, and play.

6-9: Provide effective and comprehensive policing services and enforce laws in an equitable way.

6-9.2: Continue to encourage design concepts that inhibit criminal behaviors.

6-9.8: Initiate proactive crime suppression and prevention strategies throughout the community.

2018-19 Budget - This item addresses the following goals and objectives of the Police Department's Work Plan:

PS-1: Effectively manage department operations.

PS-3: Maintain a safe community, in which citizens can reside, work, and visit.

PS-6: Strengthen and increase community contacts and outreach programs to ensure partnerships with the community as part of Community Oriented Policing philosophy.

PS-10: Initiate proactive crime suppression and prevention strategies throughout the community.

PS-14: Provide cost effective public safety services through the utilization of volunteers to supplement existing staff.

Youth and Family Master Plan - This item addresses the following goals and objectives of the Youth and Family Master Plan:

Objective 8. Provide a Safe, Secure, and Sustainable Environment.

CEQA REVIEW

Receiving and filing the Crime Free Multi-Housing Program report is not subject to the California Environmental Quality Act (Pub. Resources Code, Sec. 21000 et seq.) (“CEQA”) pursuant to Sections 15060(c)(2) (the activities will not result in a direct or reasonably foreseeable indirect physical change in the environment), and 15060(c)(3) (the activities are not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. CEQA Guidelines section 15378(b)(5) excludes continued administrative activities and organization activities that will not result in a direct or indirect physical change in the environment from the definition of “project.”

Moreover, even if the report were a project, it would be subject to the CEQA exemptions contained in CEQA Guideline section 15306 because the report merely consists of information collection, and section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Ordinance will have a significant effect on the environment. The receiving and filing of the Crime Free Multi-Housing Program report by the City Council will not have a significant effect on the environment because the action will not result in or lead to a physical change in Claremont. Therefore, no additional environmental review is needed at this time.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Shelly Vander Veen
Police Chief

Prepared by:

Aaron Fate
Police Captain

Attachments:

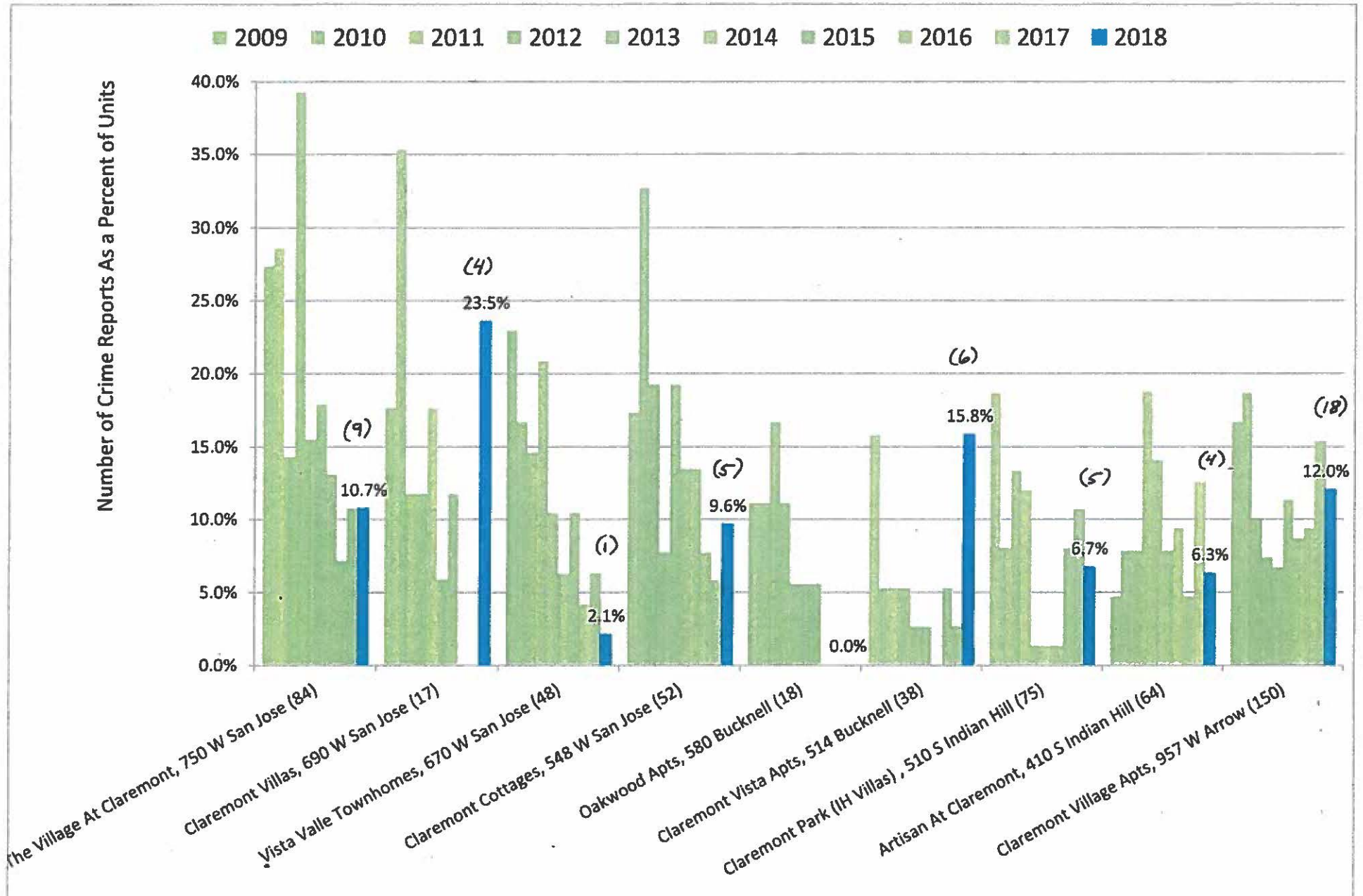
- A - Crime Data for 2018
- B - Crime Data Charts Created by Jim Keith

Apartment	Apt Units	Part 1 Crimes	Vandalism	Domestic Violence	Child Abuse	Part 1 & Vandalism Crimes per Unit Index	Domestic Violence Crimes per Unit Index	Child Abuse Crimes per Unit Index
Access Village 1730 Towne	23	0	0	0	0	0.00	0.00	0.00
Boardwalk 600 Blk Colby Cir	18	0	0	0	0	0.00	0.00	0.00
Bonita Terrace 660 W. Bonita Ave	124	0	1	0	0	0.01	0.00	0.00
Brighton Park Morton Cir / Montgomery Cir	200	10	0	1	0	0.05	0.01	0.00
Cambridge Apartments 100 Blk N. Mountain Ave	40	2	0	0	0	0.05	0.00	0.00
Claremont Apartments 1250 N. Indian Hill Blvd	27	2	0	0	0	0.07	0.00	0.00
Claremont Gardens 800 Blk. W. Bonita Ave	61	6	1	0	0	0.11	0.00	0.00
Claremont Pacifica 750 W. Bonita Ave	42	1	0	0	0	0.02	0.00	0.00
The Village Claremont 750 W. San Jose Ave	84	8	1	4	1	0.11	0.05	0.01
Claremont Village Apartments 900 Blk. W. Arrow Hwy.	150	16	2	1	0	0.12	0.01	0.00
Claremont Village Green 630 W. Bonita Ave	120	1	0	0	0	0.01	0.00	0.00
Claremont Villas 100 S. Indian Hill Blvd	154	5	0	2	0	0.03	0.01	0.00
Claremont Vista 500 Blk Bucknell / 400 Blk Vista	38	6	0	0	0	0.16	0.00	0.00
Claremont Cottages 500 Blk W. San Jose Ave	52	5	0	0	0	0.10	0.00	0.00
Colby Kai 655 Colby Cir	19	2	0	0	0	0.11	0.00	0.00

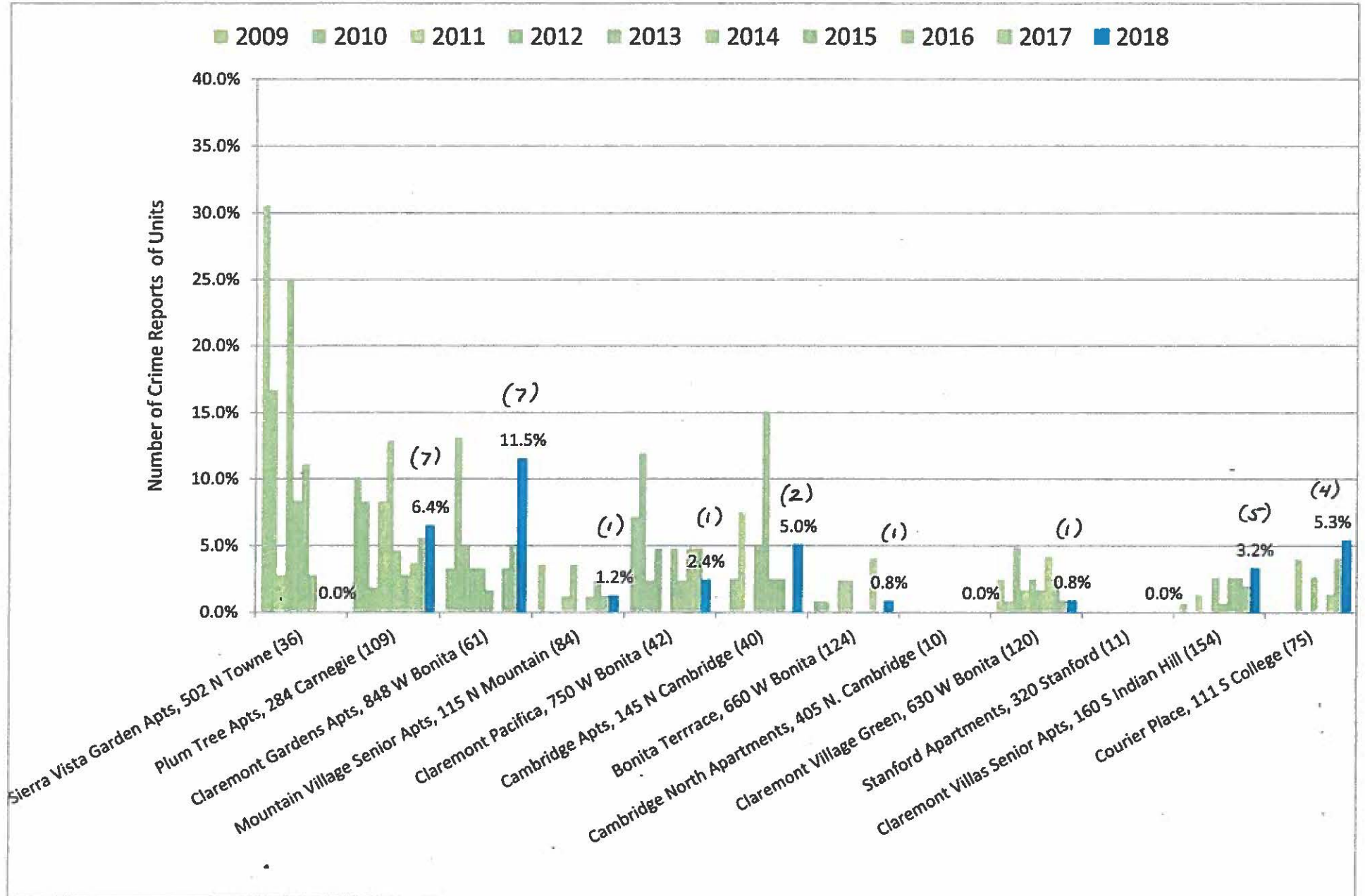
Crime Data January 2018 to December 2018

Apartment	Apt Units	Part 1 Crimes	Vandalism	Domestic Violence	Child Abuse	Part 1 & Vandalism Crimes per Unit Index	Domestic Violence Crimes per Unit Index	Child Abuse Crimes per Unit Index
Courier Place 111 S. College Ave.	75	4	0	0	0	0.05	0.00	0.00
Claremont Park 500 Blk. S. Indian Hill Blvd	75	5	0	2	2	0.07	0.03	0.03
Lafayette Apartments 1263 Lafayette	15	0	0	0	0	0.00	0.00	0.00
Mountain Village 115 N. Mountain Ave.	84	1	0	0	0	0.01	0.00	0.00
Oakwood 580 S. Bucknell	18	0	0	0	0	0.00	0.00	0.00
Padua Terrace 633 E. Foothill Blvd.	20	5	0	0	0	0.25	0.00	0.00
Park Place 1360 Oxford	12	0	0	0	0	0.00	0.00	0.00
Plum Tree 800 Blk Bonita	109	7	0	1	0	0.06	0.01	0.00
R&H Nicholas/ North Cambridge 405 Cambridge	10	0	0	0	0	0.00	0.00	0.00
Sierra Vista Garden 500 Blk N. Towne Ave	36	0	0	0	0	0.00	0.00	0.00
The Artisan at Claremont 300 Blk Springfield	64	3	1	2	0	0.06	0.03	0.00
Stanford Apartments 320 Stanford	11	0	0	0	0	0.00	0.00	0.00
Villa Claremont 690 W. San Jose	17	3	1	0	0	0.24	0.00	0.00
Vista Valle Town Homes 670 W. San Jose	48	1	0	0	0	0.02	0.00	0.00
TOTAL Crime / Unit Index AVG	1746	93	7	13	3	0.06	0.01	0.00

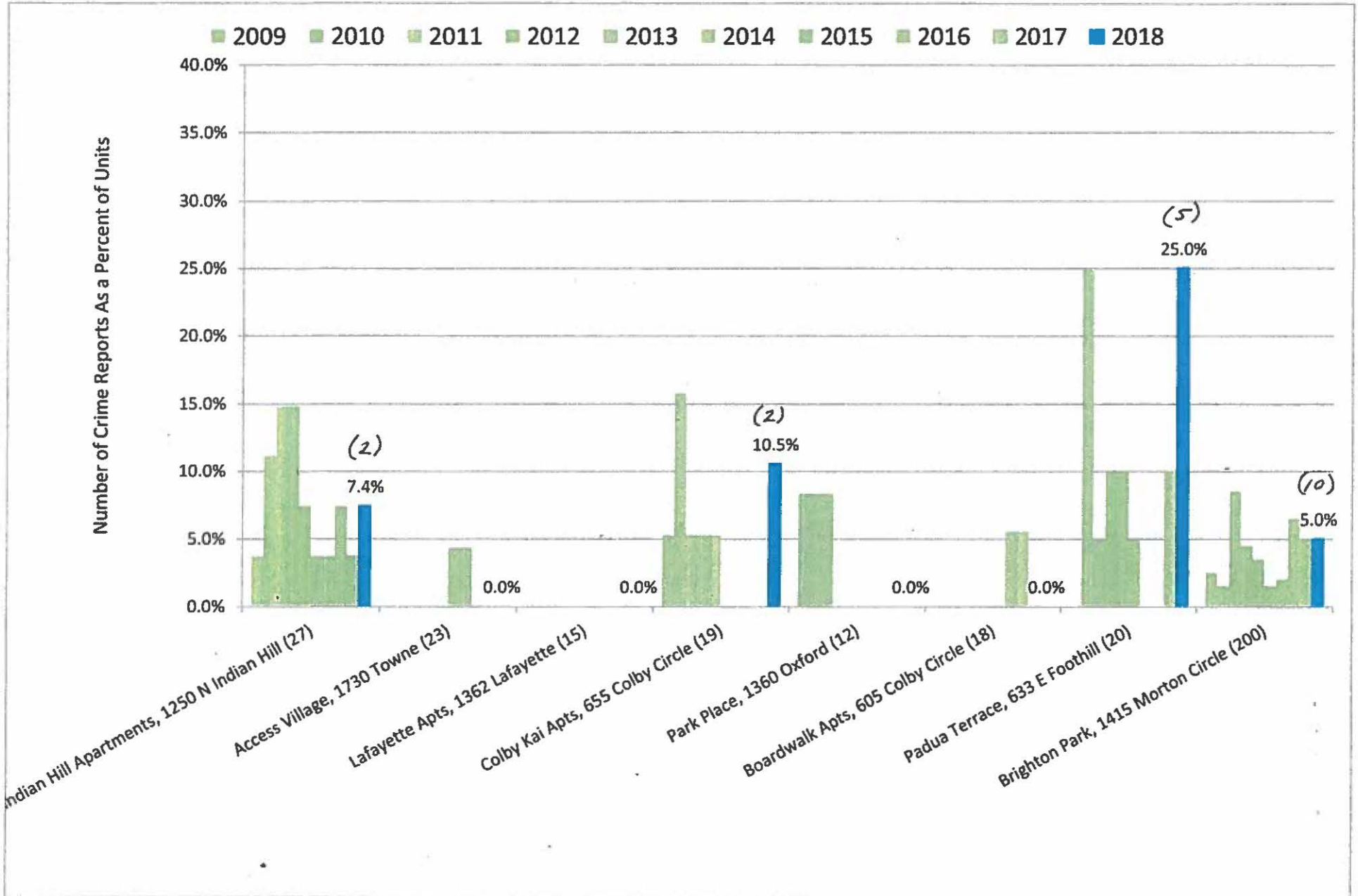
Crime Rate Trends Over the Past 10 Years - Police Reports for Part 1 and Vandalism Only
South Claremont Apartments



Crime Rate Trends Over the Past 10 Years - Police Reports for Part 1 and Vandalism Only
Central Claremont Apartments

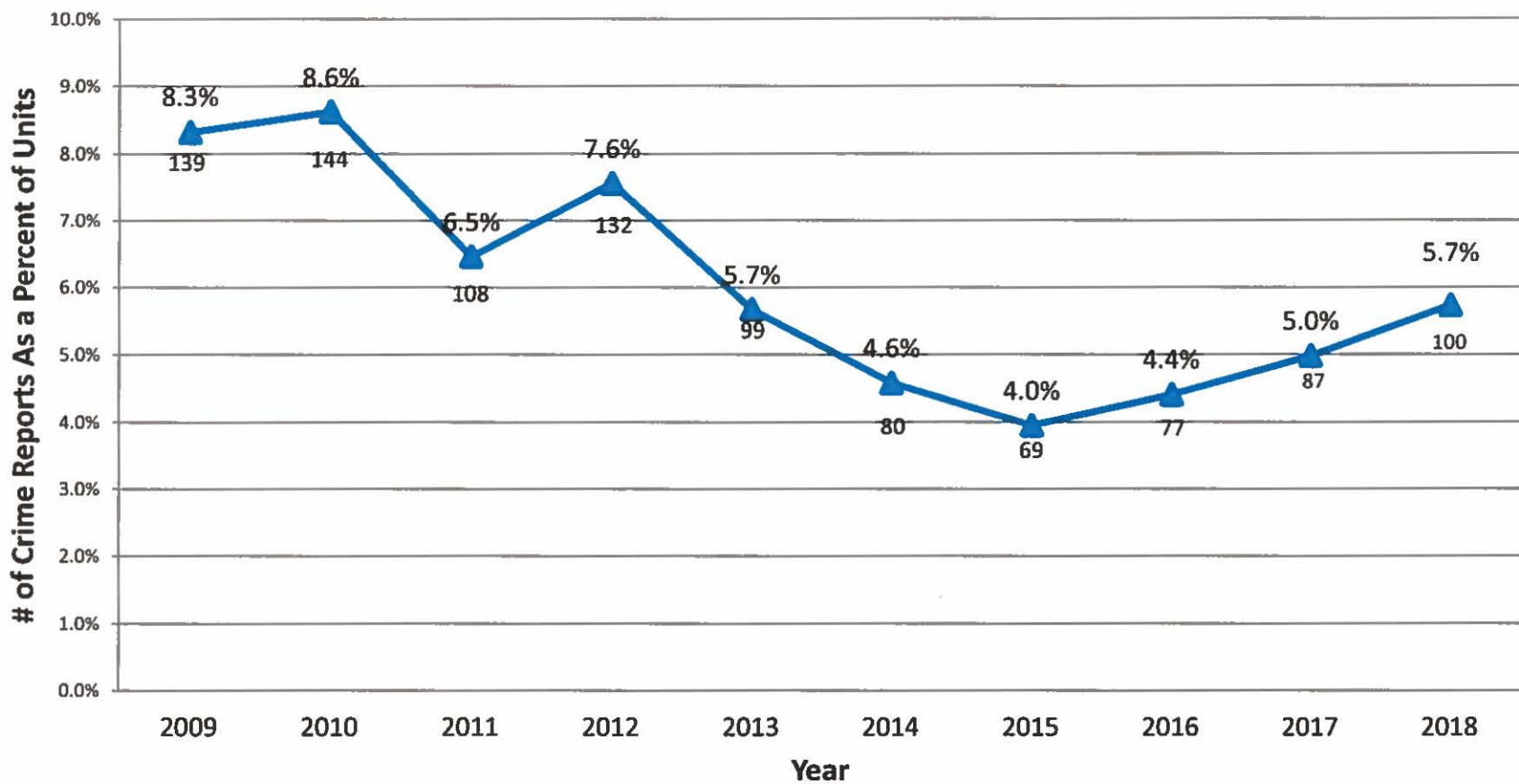


Crime Rate Trends Over the Past 10 Years - Police Reports for Part 1 and Vandalism Only
Foothill and North Claremont Apartments

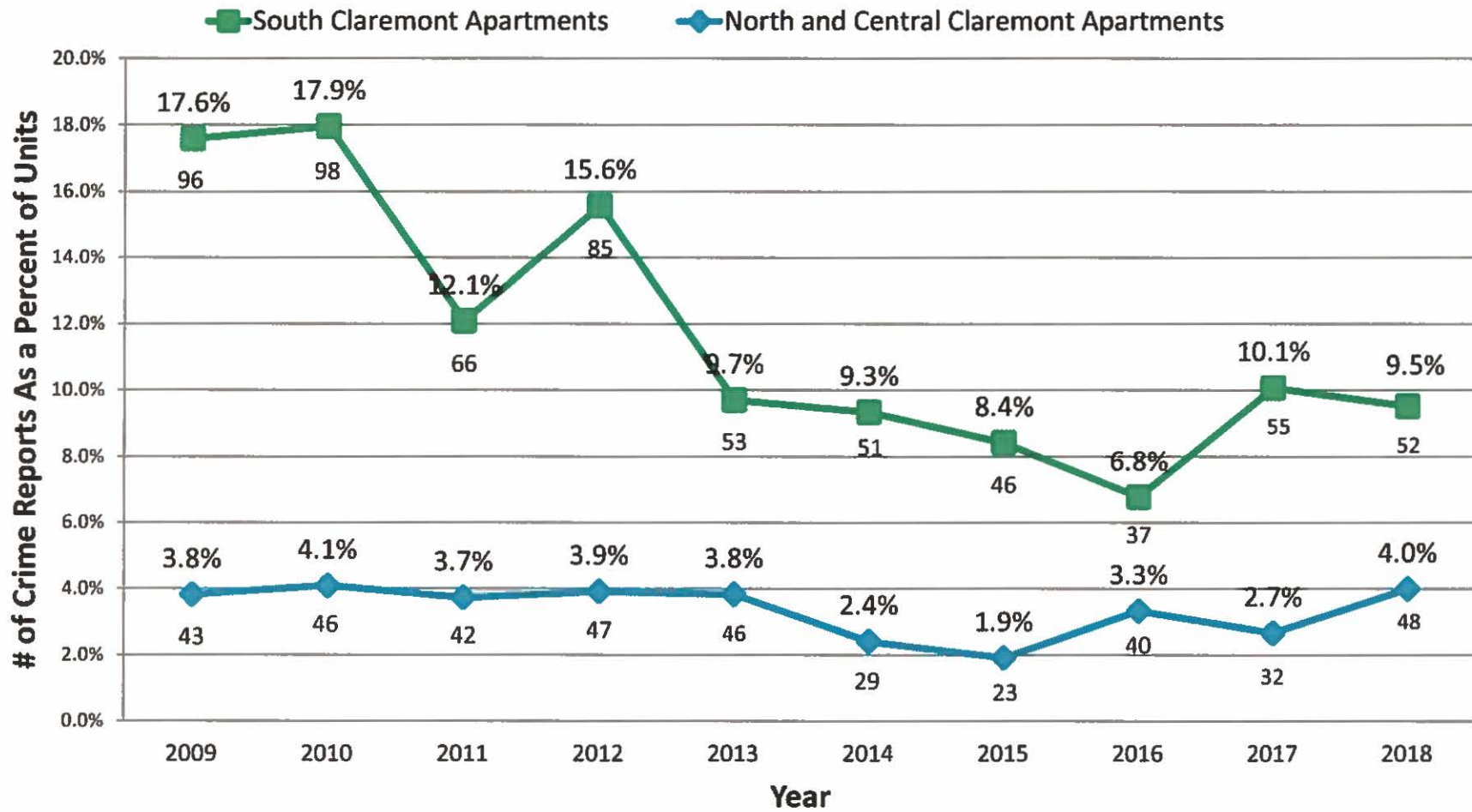


Trend in Police Reports for Part 1 Crimes and Vandalism

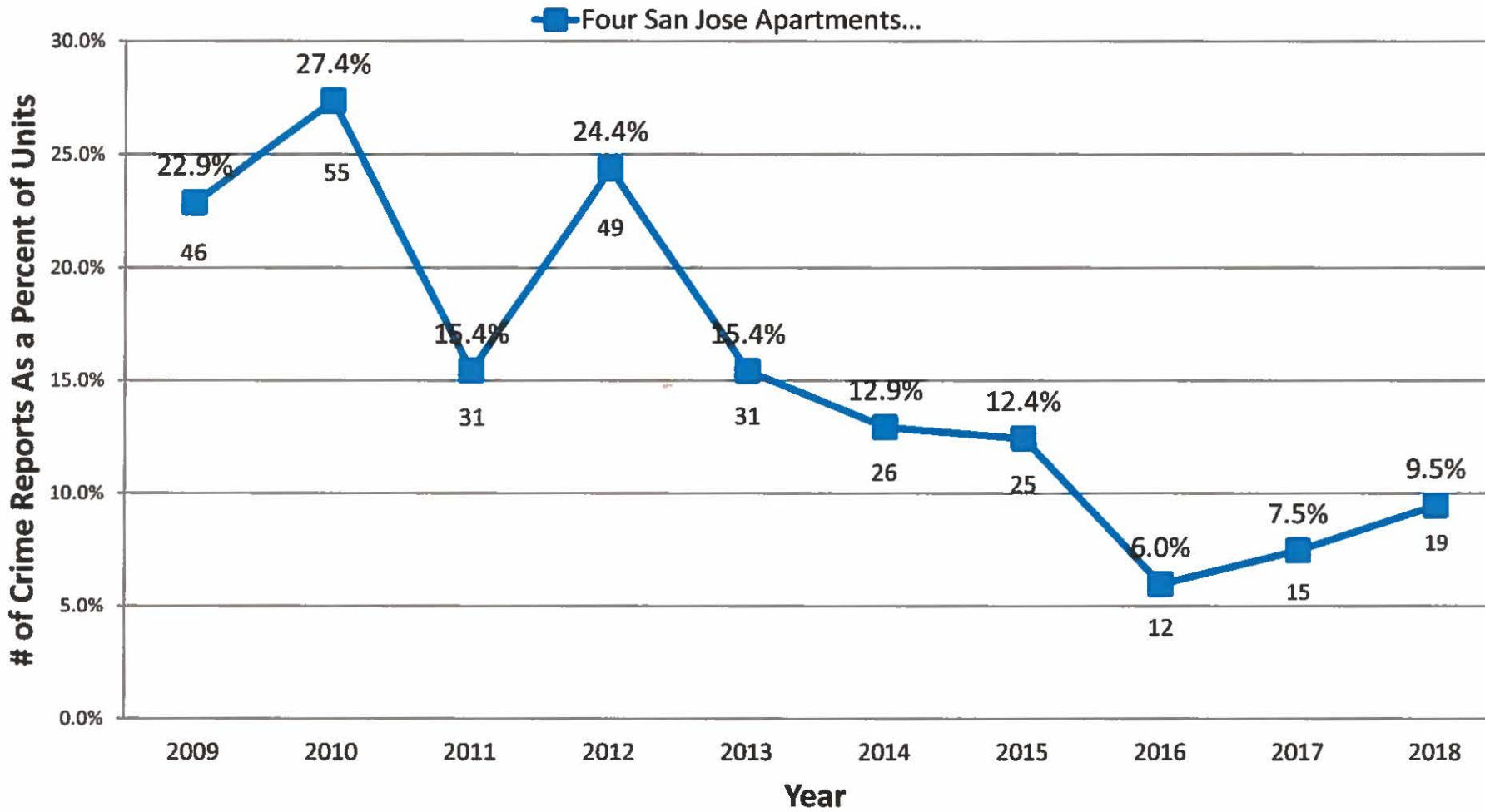
▲ All Claremont Apartments with 10 or More Units



Trend in Police Reports for Part 1 Crimes and Vandalism



Trend In Police Reports for Part 1 Crimes and Vandalism





Claremont City Council

Agenda Report

File #: 2773

Item No: 9.

TO: TARA SCHULTZ, CITY MANAGER
FROM: SHELLY VANDER VEEN, POLICE CHIEF
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

2018 PART 1 CRIME DATA

SUMMARY

The Uniform Crime Reporting (UCR) program was established in 1930 and is used by more than 17,000 law enforcement agencies nationwide. This crime reporting effort includes City, County, State, Tribal, and Federal law enforcement agencies and provides a crime view at both the National and State levels. The program's primary mission is to generate a reliable set of criminal statistics for use in law enforcement operations and management.

The UCR system divides crimes into Part I and Part II crimes. Part I crimes include homicide, rape, robbery, assault, burglary, theft, auto theft, and arson. Part II crimes are all other crimes.

The Claremont Police Department participates in the UCR program providing criminal offense data to the State, which then provides the data for all participating agencies in California to the Federal Bureau of Investigation (FBI), which is the designated national clearinghouse for crime data.

The Police Department utilizes this data to track crime trends and incidents of crime, to better manage our resources. The crime information is also provided to our patrol officers so they can concentrate their efforts in areas of criminal activity within their assigned patrol beats.

Annually, the Department provides the City Council, Police Commission and the community with an overview of the criminal offenses that were reported in the previous calendar year. In 2018, there was a nearly 3% decrease in overall Part I crimes with a total of 989 Part I crimes compared to 1,018 in 2017. Property crimes made up 94% of the City's Part I crimes. Within this category, residential burglaries went down by nearly 15% (from 168 in 2017 to 143 in 2018) and commercial burglaries went down by nearly 31% (from 111 in 2017 to 77 in 2018).

RECOMMENDATION

Staff recommends that the City Council receive and file the 2018 Part I Crime Data Report.

ALTERNATIVES TO RECOMMENDATION

In addition to the recommendation, there are the following alternatives:

- A. Reject recommendation.
- B. Delay recommendation and request additional information.

FINANCIAL REVIEW

The staff cost to prepare this report and administer this project is estimated at \$4,153 and is included in the operating budget of the Police Department.

ANALYSIS

The Uniform Crime Reporting (UCR) program was established in 1930 and is used by more than 17,000 law enforcement agencies nationwide. This crime reporting effort includes City, County, State, Tribal and Federal law enforcement agencies and provides a crime view at both the National and State levels. The program's primary mission is to generate a reliable set of criminal statistics for use in law enforcement operations and management.

The Claremont Police Department participates in the UCR program providing criminal offense data to the State, which then provides the data for all participating agencies in California to the Federal Bureau of Investigation (FBI), which is the designated national clearinghouse for crime data.

The UCR system divides crimes into Part I and Part II crimes. Part I crimes include homicide, rape, robbery, assault, burglary, theft, auto theft, and arson. Part II crimes are all other crimes. The eight crimes that make up Part I crimes are placed into two categories: violent crimes, often referred to as crimes against persons (murder, rape, robbery and aggravated assault), and property crimes (burglary, theft, vehicle theft and arson).

When news reports, government leaders or law enforcement practitioners report on crime reductions or increases, they are generally referring to Part I crimes as a whole, or a grouping of crimes against persons (violent crimes) or property crimes.

Oftentimes, attempts are made to draw comparisons of crime data between cities of equal size, but this can lead to an incomplete analysis or misleading conclusions. There are several variables that can impact crime in particular jurisdictions including: population, "policing population" (residents, college students, commuters, shoppers, and tourists), economic conditions, modes of transportation, cultural conditions, and the effective strength of law enforcement agencies.

Crime statistics are one tool for local government leaders and law enforcement to look at crime trends and patterns to identify where resources need to be directed or redirected, as well as identifying if additional resources are needed. They are also a part of the bigger picture on whether we are being effective in our law enforcement operations and our partnerships with the community.

Annually, the Police Department provides the City Council, Police Commission and the community

with an overview of the criminal offenses that were reported in the previous calendar year. In 2018, a total of 989 Part I crimes were reported compared to 1,018 reported in 2017. This reflects three consecutive years with a decrease in overall Part 1 crimes, with a 4% decrease over the three-year period. This is on the heels of a 17% increase in Part I crimes in 2015.

The Police Department tracks and analyzes crime by looking at the City only, the Claremont Colleges, and the City overall (City and Colleges combined). The Police Department also works with our Safe and Healthy Housing Committee to track crime in multi-family dwellings. Updates on specific crimes in the latter category are reported to the City Council biannually.

When looking at percentage increases or decreases, it's important to recognize that Claremont's overall low crime rate lends itself to what can appear to be very dramatic increases or decreases in crime.

City Only

Year	Murder	Rape	Robbery	Assault	Burglary	Theft	Auto Theft	Arson
2014	0	1	16	17	177	411	39	4
2015	1	10	15	35	211	473	53	1
2016	0	8	28	27	251	454	58	4
2017	0	9	27	34	255	436	61	5
2018	1	7	17	31	198	448	53	6
2017 v 2018	+1	-2	-10	-3	-57	+12	-8	+1
% +/-	+100%	-22%	-37%	-9%	-22%	+3%	-13%	+20%

Colleges Only

Year	Murder	Rape	Robbery	Assault	Burglary	Theft	Auto Theft	Arson
2014	0	4	0	1	28	196	2	2
2015	0	2	0	1	38	201	9	0
2016	0	0	1	1	39	153	5	2
2017	0	0	3	1	24	157	6	0
2018	0	1	2	0	22	199	4	0
2017 v 2018	0	+1	-1	-1	-2	+42	-2	0
% +/-	0%	100%	-33%	-100%	-8%	+27%	-33%	0%

City Overall

Year	Murder	Rape	Robbery	Assault	Burglary	Theft	Auto Theft	Arson
2014	0	5	16	18	205	607	41	6
2015	1	12	15	36	249	674	62	1
2016	0	8	29	28	290	607	63	6
2017	0	9	30	35	279	593	67	5
2018	1	8	19	31	220	647	57	6
2017 v 2018	+1	-1	-11	-4	-59	+54	-10	+1
% +/-	+100%	-11%	-37%	-11%	-21%	+9%	-15%	+20%

Overall, there were 59 crimes against persons reported in 2018, compared to 74 in 2017, which represents a decrease of 20%. There were 930 property crimes reported in 2018, compared to 944 in 2017, which represents a decrease of 1.5%.

In 2018, the City (not including the Colleges) saw a 20% decrease in crimes against persons (with 56 crimes reported in 2018 compared to 70 reported crimes in 2017) and a nearly 7% decrease in property crimes (705 reported in 2018 compared to 757 reported in 2017).

The Claremont Colleges' crimes against persons continues to remain low, with 3 crimes against persons reported in 2018. Property crimes at the Colleges increased by 20% in 2018 (225 reported in 2018 versus 187 in 2017). This increase in property crimes will be discussed later in this report.

The bulk of Claremont's crime has always been property related crime. This year, 2018, was no different with property crime accounting for 94% of the Part I crimes reported. The following chart indicates the most common types of thefts included in those statistics:

Year	Bike Theft Colleges	Bike Theft City	Theft Unlocked Vehicle	Auto Burglary	Residential Burglary	Commercial Burglary	Auto Theft
2013	81	35	41	115	159	121	68
2014	122	61	88	90	154	51	41
2015	147	59	97	94	167	82	62
2016	85	46	91	88	198	92	63
2017	72	41	90	98	168	111	67
2018	104	31	93	108	143	77	57

Over the last three years overall bike thefts within the City declined by nearly 35% (a total of 135 thefts in 2018 compared to 206 in 2015). In 2018, bike thefts within the City (not including Colleges) decreased by 24%. This may be attributed to the Police Department being very proactive over the last several years with the use of GPS equipped bikes to increase apprehension of suspected bike thieves operating within the City. In 2018, the Police Department also worked in partnership with the City's Community Services Department to develop a notification and removal process for abandoned bicycles. Damaged or abandoned bicycles may signal to offenders that it is safe to steal bicycles and that bicycle theft is not a priority. By increasing our apprehension rate and removing abandoned bicycles, it appears that the message has been sent to the offenders that the Police Department takes bicycle theft seriously.

As mentioned previously in this report, thefts from the Colleges increased by 27% in 2018 (199 thefts reported in 2018 compared to 157 in 2017). In 2018, there were 104 bike thefts and 25 thefts of longboards/skateboards which accounts for 65% of the reported thefts within the Colleges (129 of the 199 thefts).

There were 93 preventable thefts from unlocked vehicles in 2018, which is a slight increase from 2017, when there were 90. These 93 unlocked vehicles were easy targets for thieves with most occurring in the middle of the night or early morning hours. Laptops, tablets, wallets, purses and other valuables are often left in plain sight and the unlocked vehicle makes the taking all that much easier. Year after year, we present similar statistics and continue to remind residents to remove valuables and lock the doors when leaving their vehicles unattended.

Auto burglaries with forced entry increased by 10% in 2018, with 108 reported auto burglaries reported compared to 98 in 2017. This represents a nearly 23% increase over the last two years. Auto burglaries doubled at apartment complexes with 38 occurring in 2018 compared to 19 in 2017. Auto burglaries off Mt. Baldy Road continue to be a concern with 28 occurring in 2018. Although this is a slight decrease from 2017, when 31 were committed, it remains a focus of concern; especially considering there were only 7 burglaries off Mt. Baldy Road in 2016.

A majority of the burglaries off of Mt. Baldy Road occurred at Evey Canyon. In 2017, the use of the Evey Canyon trailhead off Mt. Baldy Road grew in popularity. Trailheads are typically higher theft areas as suspects smash vehicle windows and steal visible property, including purses, gym bags, and laptops. The Police Department has utilized various means to identify suspects, which led to 29% of the burglaries occurring off Mt. Baldy Road in 2018 being solved with an arrest (8 arrests). Visitors in the area are encouraged to remove valuables from their vehicles when leaving them unattended.

For the second straight year, residential burglaries have decreased. In 2017, there was a 15% reduction (198 in 2016 compared to 168 burglaries in 2017) and in 2018, there was another nearly 15% reduction (143 burglaries in 2018 compared to 168 in 2017). This is a nearly 28% reduction over a two-year period. This reduction can be attributed to use of crime analysis software, redirecting patrol coverage, and public outreach. Volunteers in marked patrol units were assigned to specific areas of the city that were identified as being targeted based on crime analysis. The volunteers served as an extra set of eyes and ears providing notification to uniformed officers if suspicious activity was observed. The community also deserves recognition, as many residential burglaries were thwarted in 2018 by calls from observant community members reporting suspicious behavior and/or vehicles driving in their neighborhoods.

For the first time in four years, commercial burglaries were reduced. There was a nearly 31% reduction with 77 commercial burglaries reported in 2018 compared to 111 in 2017.

Just as the increase in 2017 was attributed to the 21 burglaries that occurred at a single self-storage facility, we can attribute, in part, the reduction of commercial burglaries to maintaining a low level of burglaries at that same self-storage facility with 7 burglaries occurring in 2018, compared to 21 the previous year. The Police Department addressed the concern by working with management to increase security at the location. Removing the statistics related to that specific location, we still saw a 22% reduction (70 commercial burglaries in 2018 compared to 90 in 2017).

The Department's Automated License Plate Reader (ALPR) system continues to be a valuable resource. During 2018, the ALPR system alerted patrol officers to the presence of 52 stolen vehicles being driven into Claremont, resulting in arrests of the drivers. Since 2012, the year the system was implemented, we have recovered over 490 stolen vehicles. Although impossible to provide statistics of the crimes that these arrests prevent, there is no doubt that these arrests prevent further crime. All too often, those persons we arrest driving stolen vehicles in our community are looking to commit crimes in Claremont. Our ability to identify those suspects in their stolen cars quickly prevents other crimes from being committed.

The Police Department also utilizes Bair Analytics, software that allows the Department to analyze where crimes are occurring so that resources can be allocated appropriately. A volunteer from the Police Department's Community Patrol Volunteer Program uses this software to provide weekly statistics as to where the residential and commercial burglaries are occurring. Using this information, the Department deploys decoy patrol vehicles and their personnel accordingly.

The Police Department will continue to work in partnership with the community in crime prevention and reduction sending the message, "See Something Say Something." The campaign is an effort to encourage the community to be part of the solution by reporting suspicious activity immediately.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item addresses the Council Priority to deploy resources to impact crime and traffic collision rates.

Sustainability Plan - This item does not apply to the goals of Sustainability Plan.

Economic Sustainability Plan - This item does not apply to the recommendations outlines in the Economic Sustainability Plan.

General Plan - This item relates to the following goals of the General Plan:

6-1: Work to promote a safe community in which residents can live, work and play.

6-9: Provide effective and comprehensive policing services and enforce laws in an equitable way.

6-9.8: Initiate proactive crime suppression and prevention strategies throughout the community.

2018-19 Budget - This item addresses the following goals and objectives of the Police Department's Work Plan:

PS-1: Effectively manage department operations.

PS-3: Maintain a safe community, in which citizens can reside, work and visit.

PS-9: Investigate all reported crimes occurring in the community with an emphasis on clearing investigations through identification, arrest and prosecution of suspects.

PS-10: Initiate proactive crime suppression and prevention strategies throughout the community.

PS-29: Provide crime and traffic research and analysis to department staff in an effort to reduce crime and traffic related incidents.

PS-33: Effectively utilize technology and deploy resources to impact crime and traffic safety in the community.

Youth and Family Master Plan - This item does relate to the Police Department objectives in the Youth and Family Master Plan by:

Objective 8. Provide a Safe, Secure and Sustainable Environment.

CEQA REVIEW

Receiving and filing the 2018 Part 1 Crime Data Report is not subject to the California Environmental Quality Act (Pub. Resources Code, Sec. 21000 et seq.) (“CEQA”) pursuant to Sections 15060(c)(2) (the activities will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activities are not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. CEQA Guidelines Section 15378(b)(5) excludes continued administrative activities and organization activities that will not result in a direct or indirect physical change in the environment from the definition of “project.”

Moreover, even if the report were a project, it would be subject to the CEQA exemptions contained in CEQA Guideline Section 15306 because the report merely consists of information collection, and Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Ordinance will have a significant effect on the environment. The receiving and filing of the 2018 Part 1 Crime Data Report by the City Council will not have a significant effect on the environment because the action will not result in or lead to a physical change in Claremont. Therefore, no additional environmental review is needed at this time.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Shelly Vander Veen
Police Chief



Claremont City Council

Agenda Report

File #: 2769

Item No: 10.

TO: TARA SCHULTZ, CITY MANAGER
FROM: SHELLEY DESAUTELS, CITY CLERK
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

SECOND READING AND ADOPTION OF AN ORDINANCE AMENDING THE CLAREMONT MUNICIPAL CODE TO ADD CHAPTER 2.10, ADOPTING, ESTABLISHING, AND IMPLEMENTING A BY-DISTRICT METHOD OF ELECTION, VOTING DISTRICT MAP AND ELECTION SEQUENCE

SUMMARY

On February 12, 2019, the City Council conducted the fourth and fifth public hearings related to establishment and implementation of a by-district method of election for Claremont. At the fourth public hearing, the City Council received public input. Following the close of the public hearing, the City Council deliberated, and formally selected Map 124a as the voting map of the City, and Districts 1 and 5 as those seats which will be voted on at the November 2020 General Municipal Election.

At the fifth public hearing also held on February 12, the City Council introduced the Ordinance establishing and implementing by-district elections, incorporating Map 124a and an election sequence commencing with Districts 1 and 5 in November 2020. Map 124a is attached to this report as an exhibit to the Ordinance.

It was discussed that following the release of 2020 Federal Census data, minor redistricting may be necessary prior to the November 2022 election (Districts 2, 3 and 4).

RECOMMENDATION

Staff recommends that the City Council waive further reading and adopt AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA, ESTABLISHING AND IMPLEMENTING BY-DISTRICT ELECTIONS, incorporating selection of District Voting Map 124a, and an election sequence commencing with Districts 1 and 5 at the November 2020 election.

FINANCIAL REVIEW

The estimated cost of the transition to district elections, which consists of hiring a demographer (NDC) and additional City Attorney time, will be approximately \$75,000, including the four additional public workshops that were attended by the City's demographer. The City Council already appropriated these funds at its November 27, 2018 and January 8, 2019 hearings.

The cost to prepare this report and publish the Ordinance is estimated \$746 and is included in the budget of the Administrative Services Department.

ANALYSIS

As required by Elections Code Section 10010, Resolution No. 2018-67 set forth a tentative schedule for the required public hearings. The first two hearings, held on January 8 and 17, 2019, were required to be conducted for the purpose of receiving public comment regarding the composition of the yet to be formed voting districts before any draft maps are considered by the City Council. The City Council then considered, discussed, and took public comment on draft voting district maps submitted by both the public and NDC at public hearings on February 4 and 12, 2019. While not required by law, the City Council also held four weekend workshops to allow the public additional opportunities to provide comment and participate in the process. The workshops were held on January 13 and February 9, 2019. Through the outreach process, the City received 31 community maps and numerous public comments.

The Ordinance (Attachment) will amend the City's Municipal Code to add new Chapter 2.10 implementing a by-district system of election, establishing districts (Map 124a), and the election sequence (Districts 1 and 5 in November 2020; Districts 2, 3 and 4 in November 2022).

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents and finds the following:

Council Priorities - This item does not relate to the Council Priorities.

Sustainability Plan - This item does not relate to the Sustainability Plan.

Economic Sustainability Plan - This item does relate to the Economic Sustainability Plan.

General Plan - This item does relate to the General Plan.

2018-19 Budget - This is an unbudgeted item, and therefore does not relate to the 2018-19 Budget.

Youth and Family Master Plan - This item does not relate to the Youth and Family Master Plan.

CEQA REVIEW

In accordance with the California Environmental Quality Act (CEQA), this matter is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect

on the environment in accordance with Section 15061(b)(3) of the Guidelines. The proposed action, beginning the transition from at-large to by-district elections, does not result in a physical change to the environment that can be associated with the action. Therefore, CEQA does not apply, and no environmental review is needed.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and on the City website.

Submitted by:

Shelley Desautels
City Clerk

Attachment:

Ordinance Establishing By-District Elections

ORDINANCE NO. 2019-**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLAREMONT, CALIFORNIA ESTABLISHING AND IMPLEMENTING BY-DISTRICT ELECTIONS (GOV. CODE § 34886 & ELEC. CODE §10010)**

WHEREAS, the City of Claremont currently elects its members of the City Council using an at-large method of election where candidates may reside in any part of the City and each member of the City Council is elected by the voters of the entire City; and

WHEREAS, while the City Council of the City of Claremont strongly believes that the interests of all of the City's residents have been fully and fairly represented under the City's current at-large method of election, the City Council nonetheless finds that moving to a by-district method of election is in the best interest of the City and its taxpayers because of the status of State law – specifically, the California Voting Rights Act – and the significant litigation costs that could result if the City tries to maintain its current at-large method of election; and

WHEREAS, California Government Code Section 34886, effective January 1, 2017, permits the City Council, notwithstanding any other provision of law, to change the City's method of election by ordinance to a "by-district" system in which each member of the City Council is elected only by the voters in the district in which the candidate resides; and

WHEREAS, under the provisions of California Elections Code Section 10010, a city that changes from an at-large city council method of election to a by-district city council method of election requires a total of five public hearings, which includes at least two public hearings regarding potential voting district boundaries prior to the release and consideration of any draft voting district maps, and two public hearings following the release of draft voting district map(s); and

WHEREAS, at a regular meeting of the City Council of the City of Claremont held on the 27th day of November, 2018, the City Council adopted Resolution 2018-67 that expressed the City's intent to transition to a by-district method of election, initiated the process, and adopted the schedule for a series of public hearings regarding the proposed change; and

WHEREAS, thereafter, at a regular meeting and special meeting of the City Council of the City of Claremont, held on the 8th and 17th days of January, 2019 (respectively), pursuant to California Elections Code Section 10010(a)(1), the City Council held public hearings where the public was invited to provide input regarding the composition of the City's voting districts before any draft maps were drawn, and the City Council of the City of Claremont considered and discussed the same; and

WHEREAS, at the regular meeting of the City Council of the City of Claremont held on the 8th day of January, 2019, the City Council adopted Resolution No. 2019-06

defining the mandatory and permissive criteria it would consider when drawing voting district maps; and

WHEREAS, thereafter, at a special and a regular meeting of the City Council of the City of Claremont held on the 4th and 12th days of February, 2019 (respectively), pursuant to California Elections Code Section 10010(a)(2), the City Council held public hearings where the public was invited to provide input regarding the content of the draft maps that had been released at least seven (7) days before each meeting, as well as the proposed sequence of elections, and the City Council of the City of Claremont considered and discussed the same; and

WHEREAS, at the regular meeting of the City Council of the City of Claremont held on the 12th day of February, 2019, the City Council held a final public hearing on the proposal to establish district boundaries, reviewed additional public input, formally selected the voting district map and the election sequence attached to, incorporated in, and set forth in this Ordinance, which was introduced for a first reading at the same regular meeting of the City Council of the City of Claremont; and

WHEREAS, at the regular meeting of the City Council of the City of Claremont held on the 26th day of February, 2019, the City Council of the City of Claremont conducted a second reading and adopted the Ordinance; and

WHEREAS, the purpose of this Ordinance is to enact, pursuant to California Government Code Section 34886, an Ordinance providing for the election of members of the City Council of the City of Claremont by-district in five single-member districts as reflected as an Exhibit to this Ordinance, in furtherance of the purposes of the California Voting Rights Act of 2001 (Chapter 1.5 (commencing with Section 14025) of Division 14 of the Elections Code) ("CVRA") and to implement the guarantees of Section 7 of Article 1 and of Section 1 of Article II of the California Constitution; and

WHEREAS, the ability of the City to adopt a by-district method of election by ordinance, pursuant to Government Code section 34886, in furtherance of the purposes of the CVRA, is a matter of statewide concern and supersedes all other provisions of California and local law.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF CLAREMONT DOES ORDAIN AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct, and incorporated by reference as if fully set forth herein.

SECTION 2. Chapter 2 of the Claremont Municipal Code is hereby amended by adding a new Chapter 2.10, "District Elections," to read as follows:

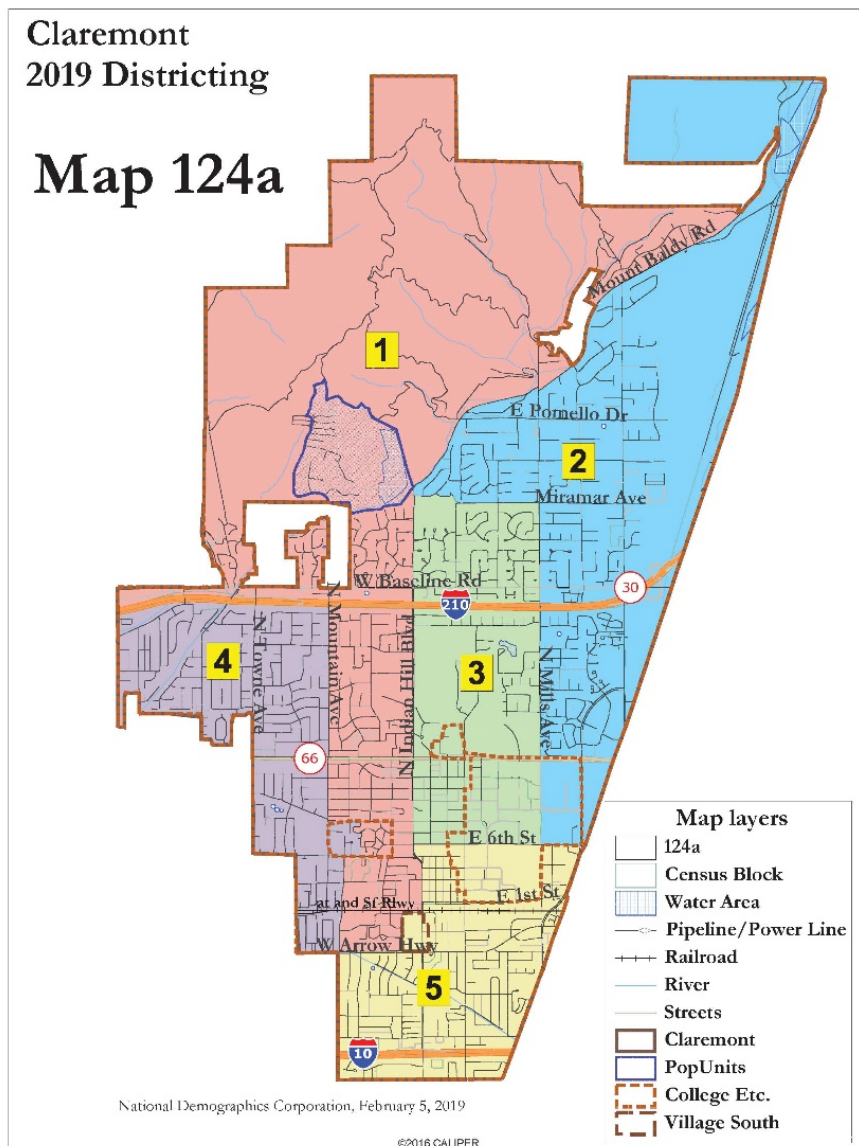
12.10.010 By-District Electoral System.

Pursuant to California Government Code Section 34886 and the schedule established in Section 12.10.030 of this Chapter, beginning in November 2020, the

five members of the City Council shall be elected on a by-district basis from five (5) single-member Council Districts. The City's by-district electoral system shall be conducted in accordance with California Government Code Section 34871, subdivision (a).

12.10.020 Establishment of City Council Electoral Districts.

A. The five members of the City Council shall be elected on a by-district basis, as that term is defined in California Government Code Section 34871, subdivision (a), from the five Council Districts depicted on the following map, which shall continue in effect until they are amended or repealed in accordance with law:



B. Members of the City Council shall be elected in the electoral districts established by this Section and subsequently reapportioned pursuant to applicable State and federal law.

C. Except as provided in subdivision D herein and notwithstanding any other provision of this Article, once this Ordinance is fully phased in, each member of the City Council elected to represent a district must reside in that district and be a registered voter in that district, and any candidate for City Council must live in, and be a registered voter in, the district in which he or she seeks election at the time nomination papers are issued, pursuant to California Government Code section 34882 and Elections Code section 10227. Termination of residency in a district by a member of the City Council shall create an immediate vacancy for that Council district unless a substitute residence within the district is established within thirty (30) days after the termination of residency.

D. Notwithstanding any other provision of this Section, and consistent with the requirements of California Government Code Section 36512, the members of the City Council in office at the time the Ordinance codified in this Chapter takes effect shall continue in office until the expiration of the full term to which he or she was elected and until his or her successor is qualified. At the end of the term of each member of the City Council that member of the City Council's successor shall be elected on a by-district basis in the districts established in this Section and as provided in this Article.

12.10.030 Election Schedule

Except as otherwise required by California Government Code Section 36512, the members of the City Council shall be elected from Council Districts 1 and 5 beginning at the General Municipal Election in November 2020, and every four years thereafter, as such Council Districts shall be amended. Members of the City Council shall be elected from Council Districts 2, 3 and 4 beginning at the General Municipal Election in November 2022, and every four years thereafter, as such Council Districts shall be amended.

SECTION 3. A map showing the districts described in this Ordinance and codified in Section 12.10.020 of the City of Claremont Municipal Code is attached hereto as an Exhibit and incorporated herein by reference.

SECTION 4. If necessary to facilitate the implementation of this Ordinance, the City Clerk is authorized to make technical adjustments to the district boundaries that do not substantively affect the populations in the districts, the eligibility of candidates, or the residence of elected officials within any district. The City Clerk shall consult with the City Manager and City Attorney concerning any technical adjustments deemed necessary and shall advise the City Council of any such adjustments required in the implementation of the districts.

SECTION 5. In the event at any time in the future the California Voting Rights Act is amended, found to be unconstitutional, or otherwise is no longer applicable to the City, the City Council expressly indicates its intention that the by-district election method be re-examined, and on behalf of itself and all future City Councils, expressly reserves its right to repeal or modify this Ordinance.

SECTION 6. To the extent the terms and provisions of this Ordinance may be inconsistent or in conflict with the terms or conditions of any prior City ordinance, motion, resolution, rule or regulation governing the same subject, the terms of this Ordinance shall prevail with respect to the subject matter thereof.

SECTION 7. In interpreting this Ordinance or resolving any ambiguity, this Ordinance shall be interpreted in a manner that effectively accomplishes its stated purposes, consistent with applicable law.

SECTION 8. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, then such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Claremont hereby declares the Council would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that anyone or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

INTRODUCED at a regular meeting of the City Council of the City of Claremont held on the 12th day of February 2019, and thereafter,

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Claremont held on the ____ day of _____, 2019.

Mayor, City of Claremont

ATTEST:

City Clerk, City of Claremont

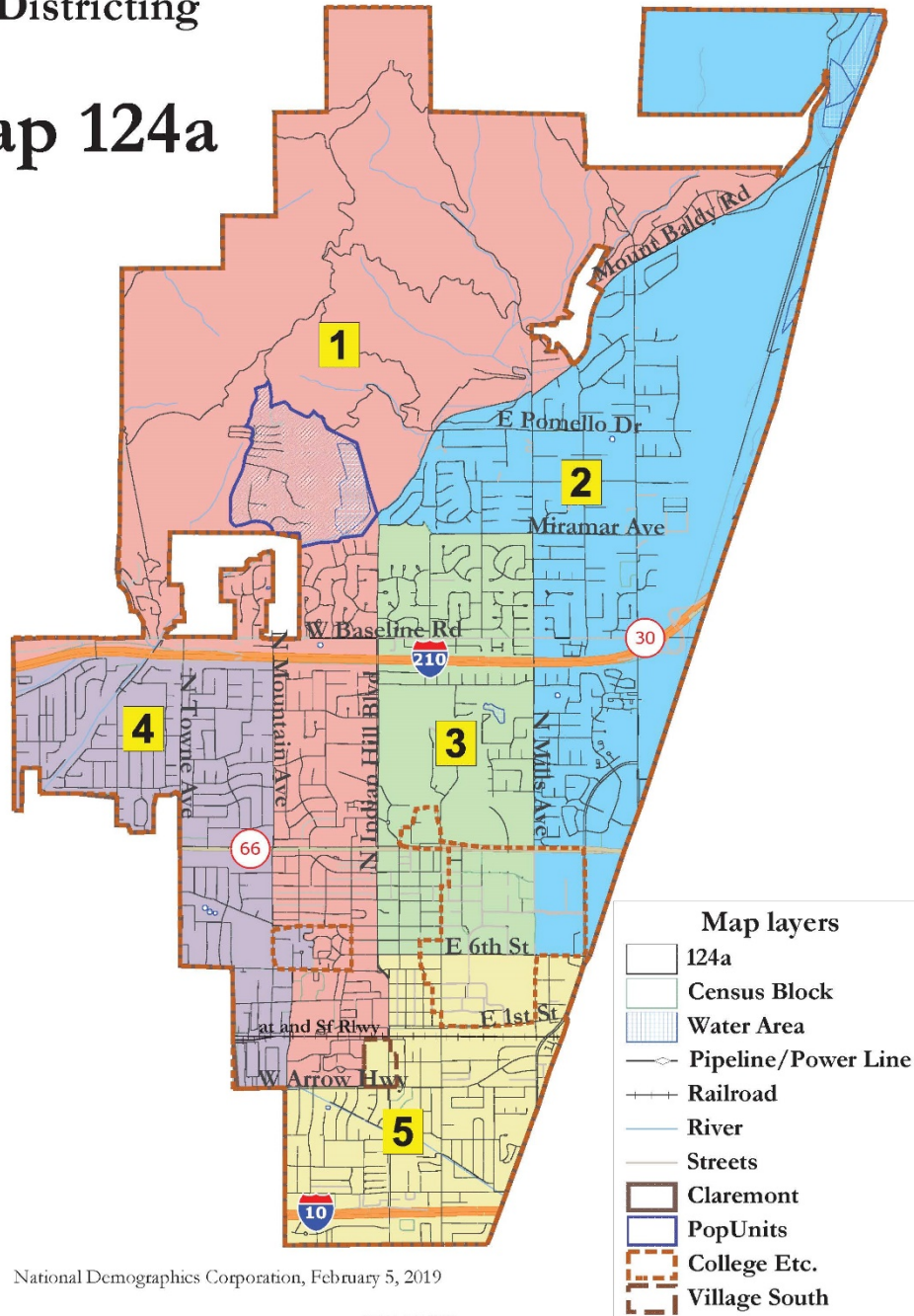
APPROVED AS TO FORM:



City Attorney, City of Claremont

Claremont
2019 Districting

Map 124a



National Demographics Corporation, February 5, 2019

©2016 CALIPER



Claremont City Council

Agenda Report

File #: 2759

Item No: 11.

TO: TARA SCHULTZ, CITY MANAGER
FROM: ADAM PIRRIE, FINANCE DIRECTOR
DATE: FEBRUARY 26, 2019

Reviewed by:
City Manager: TS
Finance Director: AP

SUBJECT:

2018-19 MID-YEAR BUDGET REPORT

SUMMARY

The mid-year budget review for the current fiscal year comes after the adoption of a budget with conservative projections for growth in both revenues and expenditures. The current update is focused on financial results through December 31, 2018, the end of the second quarter of the 2018-19 fiscal year.

Through the midpoint of the 2018-19 fiscal year, the City has received sufficient revenues to suggest that full-year budgetary estimates are realistic, and that the City is on track to meet or exceed those full-year projections.

Expenditures through December 31, 2018 are generally in line with expectations of fifty percent of full-year expenditures that could be reasonably expected at the midpoint of the fiscal year. Therefore, staff is confident that full-year expenditures will remain within budgeted constraints by the end of the fiscal year.

Financial results for the City's General Fund, as well as the other major fund categories, are presented in more detail in the remainder of this report.

RECOMMENDATION

Staff recommends that the City Council receive and file the 2018-19 Mid-Year Budget Report.

ALTERNATIVE TO RECOMMENDATION

In addition to the staff recommendation, there is the following alternative:

- Request additional information.

FINANCIAL REVIEW

Financial data through December 31, 2018 indicates that for the full-year, revenues are likely to meet or exceed budgetary estimates, and that expenditures are generally expected to remain within the constraints of the budget. Any significant variances from the budget are discussed further in this report.

The staff cost to prepare this report and administer this project is estimated at \$1,500 and is included in the operating budget of the Financial Services Department.

ANALYSIS

In June 2018, the City Council adopted an operating and capital improvement budget for 2018-19 that included \$50,478,330 in revenues and transfers in from other funds.

Subsequent amendments have been made to the budget to account for grant awards and financing proceeds for a number of capital improvement projects taking place in Claremont. The resulting adjusted total revenue budget for the City is \$63,077,907.

This total revenue budget is spread across a number of fund categories, representing more than thirty distinct funds used to account for a wide variety of programs and activities.

Total City revenues by fund category are shown in the figure below:

Revenues/Transfers In	2018-19 Adopted Budget	2018-19 Adjusted Budget	2018-19 Actual Through December	2018-19 % Through December
General Fund	26,235,854	26,453,246	8,593,181	32.48%
Special Revenue Funds	9,102,253	12,979,253	3,501,556	26.98%
Capital Projects Funds	672,450	9,177,635	239,166	2.61%
Enterprise Funds	8,688,092	8,688,092	4,211,062	48.47%
Internal Service Funds	2,220,495	2,220,495	1,138,252	51.26%
Other Funds	3,559,186	3,559,186	582,781	16.37%
Total	50,478,330	63,077,907	18,265,997	28.96%

Through December 31, 2018, \$18,265,997 in total revenues and transfers in had been received, representing 29% of the full-year budget. This is typical for this point in the fiscal year, as much of the City's revenue is received toward the end of the fiscal year.

Total expenditures and transfers out to other funds reflected in the original adopted budget amounted to \$52,693,310. Subsequent amendments to the budget for the capital projects, grants, and the carryover of funds from the prior year for projects that were not completed have resulted in an

adjusted total budget of \$72,361,496.

Expenditures through December 31, 2018 totaled \$23,726,988 or 32.8% of the full-year budget. Given the current status of expenditures, it is expected that the City will remain within the constraints of the current budget.

The figure below shows total expenditures and transfers out to other funds at December 31, 2018:

Expenditures/Transfers Out	2018-19 Adopted Budget	2018-19 Adjusted Budget	2018-19 Actual Through December	2018-19 % Through December
General Fund	26,234,367	26,499,620	13,458,903	50.79%
Special Revenue Funds	9,535,456	19,321,274	3,262,939	16.89%
Capital Projects Funds	505,850	8,976,005	95,041	1.06%
Enterprise Funds	10,351,266	10,718,121	4,064,589	37.92%
Internal Service Funds	2,507,185	3,287,290	1,194,144	36.33%
Other Funds	3,559,186	3,559,186	1,651,374	46.40%
Total	52,693,310	72,361,496	23,726,988	32.79%

General Fund

General Fund revenues and transfers in for 2018-19 were originally budgeted at \$26,234,854. Adjustments for Police Department grants have resulted in an adjusted General Fund revenue budget of \$26,453,46 for 2018-19.

At December 31, 2018, \$8,593,181 of budgeted revenues had been received, representing 32.5% of the full-year budget. This is typical for General Fund revenues as most of the major sources of revenue are received in the latter part of the fiscal year. At the same point in 2017-18, \$8,444,961 in General Fund revenues had been received, which amounted to approximately 32.2% of full-year revenues.

The figure below shows 2018-19 General Fund revenues and transfers in as of December 31, 2018:

Revenues/Transfers In	2018-19 Adopted Budget	2018-19 Adjusted Budget	2018-19 Actual Through December	2018-19 % Through December
Property Tax	9,826,000	9,826,000	2,108,222	21.46%
Sales Tax	4,795,000	4,795,000	1,690,488	35.26%
Transient Occupancy Tax	1,400,000	1,400,000	588,038	42.00%
Business License Tax	890,000	890,000	352,853	39.65%
Utility User Tax	4,430,000	4,430,000	1,890,431	42.67%
Other Taxes	735,000	735,000	144,589	19.67%
Licenses & Permits	739,700	739,700	337,221	45.59%
Fines & Forfeitures	590,500	590,500	207,662	35.17%
Use of Money & Property	536,856	536,856	236,168	43.99%
Charges for Services	1,306,411	1,306,411	646,545	49.49%
Miscellaneous Revenues	986,387	1,203,779	390,963	32.48%
Total	26,235,854	26,453,246	8,593,181	32.48%

The major General Fund revenues, which represent a cumulative 92% of the budget, and their budgetary highlights at December 31, 2018, are as follows:

Property Tax - To date, \$2,108,222 in property tax revenues have been received from Los Angeles County, representing approximately 21.5% of the full-year budget. At the same time last year, approximately 20.8% of full-year actual revenues were received by December 31.

Sales Tax - Sales tax revenues received through the second quarter of the fiscal year amounted to \$1,690,488. In the prior year, \$1,422,390 in sales tax revenue had been received by the midpoint of the fiscal year. The percentage increase over the prior year amounts to approximately 18.9%. This apparent increase is due to a change in the way the California Department of Tax and Fee Administration (CDTFA) allocates sales tax to cities. Sales tax remittances are now made one month in arrears, based on actual receipts, whereas previously, sales tax receipts were based on estimates, with quarterly true up payments.

Transient Occupancy Tax (TOT) - TOT revenues through December 31, 2018 were \$588,038 compared with \$604,971 through the second quarter of 2017-18. This represents a decrease of \$16,933 or 2.8% over the prior year. The apparent decrease in TOT receipts is misleading and was the result of the City Hall holiday closure during the last week in December. Due to the closure, TOT receipts that would usually have been received in December were delayed until January. Those delayed payments amounted to \$35,938. Accounting for these delayed payments, TOT revenues are actually higher than the previous year by \$19,005 or 3.1%.

Business License Tax - With revenues to date of \$352,853, Business License tax revenues for the current year are \$36,595 or 11.6% higher than at the same point in the prior fiscal year, when \$316,258 in revenues had been received. By the end of the fiscal year, staff anticipates that Business License revenues will meet the full-year budget of \$890,000.

Utility User Tax (UUT) - At December 31, 2018, UUT revenues totaled \$1,890,431. Through the second quarter of 2017-18, these revenues totaled \$1,978,353. Revenues reflect a decrease of 4.4% over the same period in the prior year, driven largely by lower UUT revenues related to water and telephone.

Other Taxes - Other taxes include franchise fees and property transfer taxes. Through December 31,

2018, these revenues amounted to \$144,589, representing 19.7% of the full-year budget. At the same point in the prior fiscal year, \$135,172 in revenues had been received. Current year revenues for the first half of the fiscal year represent an increase of \$9,417 or 7.0% over the prior year. Much of this revenue comes from franchise taxes paid by utility companies, which is typically received in the latter part of the fiscal year.

Licenses and Permits - Revenues from public works, grading, and building permits totaled \$337,221 at December 31, 2018. Current year revenues reflect a decrease of \$266,613 or 44.2% over revenues of \$603,834 through the second quarter of the prior year. Revenues in the prior year were unusually high, driven by significant development activity. In spite of the apparent decrease in revenues, staff expects that the full-year budget of \$739,700 will be met.

Fines and Forfeitures - Revenues from parking, traffic and code enforcement citations amounted to \$207,662 at December 31, 2018. At the same point in the prior year, revenues totaled \$221,755. Current year revenues reflect a decrease over the prior year of \$14,093 or 6.4%. Traffic fine revenue is down from prior years, and year-to-date figures only represent two months of additional revenues from the recently approved increase in parking citation fees. The budget for the current year was reduced during the budget development process, and staff anticipates that the increase in parking citation fees will result in revenues that meet the full-year budget of \$590,500 by the end of the year.

Charges for Services - Revenues through the end of the second quarter totaled \$646,545, compared with prior year revenues for the same period of \$567,326. These revenues represent an increase of \$79,219 or 14.0% over the prior year. Staff expects full-year revenues to be in line with the budget of \$1,306,411.

Overall, General Fund revenues through the midpoint of the current fiscal year are \$148,220 higher than at the same point in the prior fiscal year.

General Fund expenditures and transfers out for 2018-19 were originally budgeted at \$26,234,367. The adjusted budget of \$26,499,620 represents amendments to the budget for Police Department grants and the carryover of funds from the prior year for projects that were not completed.

The figure below shows 2018-19 General Fund expenditures and transfers out as of December 31, 2018:

Expenditures/Transfers Out	2018-19 Adopted Budget	2018-19 Adjusted Budget	2018-19 Actual Through December	2018-19 % Through December
Administrative Services	4,523,128	4,626,660	3,549,576	76.72%
Financial Services	813,718	813,718	404,610	49.72%
Community Development	3,002,427	3,002,427	1,324,420	44.11%
Police	11,636,122	11,797,842	6,135,226	52.00%
Community Services	1,770,434	1,770,434	884,143	49.94%
Human Services	2,655,970	2,655,970	1,160,926	43.71%
Transfers Out to Other Funds	1,832,568	1,832,568	-	0.00%
Total	26,234,367	26,499,620	13,458,903	50.79%

At December 31, 2018, the total General Fund expenditures and transfers out amounted to

\$13,458,903, or 50.8% of the adjusted budget for the year. Given that one would reasonably expect 50% of the budget to have been expended at this point in the fiscal year, results to date show that the City is generally on track to remain within budgetary constraints.

Of the City's operating departments, the Administrative Services Department, with 76.7% of its budget expended, significantly exceeded the 50% threshold for the first half of the fiscal year. This was primarily due to the payment in July of approximately \$3.2 million for the City's general liability and workers' compensation insurance deposits for the year.

All other departments expended between 43.7% and 52.0% of their General Fund budgets through the second quarter of 2018-19. Given these year-to-date figures, General Fund expenditures appear likely to remain within budgeted amounts for the full year.

General Fund Reserves

At December 31, 2017, the Operating and Environmental Emergency Reserve balance amounted to \$5,520,541. This amount represents 21.0% of the adopted 2018-19 General Fund operating expenditures and transfers out. The City's Reserve Policy requires that the City maintain a reserve balance equal to or exceeding 25% of General Fund operating expenditures and transfers out. This reserve fund is intended for use in natural or fiscal emergencies, and the use of funds requires approval of the City Council.

As staff identifies General Fund budget surpluses, it will continue to be a priority to increase the Operating and Environmental Emergency Reserve balance to levels exceeding the requirements of the Reserve Policy.

Special Revenue Funds

Special Revenue Funds include those funds whose revenues are committed to specific purposes or projects. The City has seventeen active Special Revenue Funds that provide funding for a variety of activities, including supplemental public safety services, the operation of the City's impound lot, street repairs and upgrades, transportation programs, landscaping and streetlight maintenance, the senior meal program, housing rehabilitation, and economic development.

Revenues for the City's Special Revenue Funds totaled \$3,501,556 compared with a full-year budget of \$12,979,253. Receipts through December 31, 2018 represent 27.0% of the budget for the full year.

Expenditures for the Special Revenue Funds total \$3,262,939 against a full-year budget of \$19,321,274. These figures represent 16.9% of the 2018-19 budget expended through December 31, 2018. All Special Revenue Funds' expenditures through December 31 indicate that they will not exceed budgetary constraints by the end of the year.

Capital Projects Funds

Capital Projects Funds are restricted in use to the funding of capital projects. The City has four active capital projects funds.

Revenues to date in the City's Capital Projects Funds totaled \$239,166 at December 31, 2018. These revenues represent 2.6% of the full-year budget of \$9,177,635.

Expenditures in the Capital Projects Funds totaled \$95,041 at December 31, 2018, out of a total budget of \$8,976,005, representing approximately 1.1%. Given year-to-date expenditures, it is anticipated that the Capital Projects Funds expenditures will end the year within the constraints of the current budget.

Enterprise Funds

The City operates four Enterprise Funds to provide transportation, sewer, sanitation and cemetery services. The activities of these funds are intended to be supported solely by revenues from fees charged for services provided.

At December 31, 2018, the City's Enterprise Funds had generated revenues of \$4,211,062 versus a budget for 2018-19 of \$8,688,092. These revenues represent 48.5% of full-year budgeted revenues for the year. All of the City's Enterprise Funds are on track to meet budgetary revenue estimates by the end of the fiscal year.

Expenditures in the Enterprise Funds stand at \$4,064,589 as of December 31, 2018. This represents 37.9% of the full-year budget of \$10,718,121. Given year-to-date expenditures, it is anticipated that the Enterprise Fund expenditures will end the year within the constraints of the current budget.

Internal Service Funds

The City's Internal Service Funds provide motor fleet and technology services to support each of the City's operating departments. Revenues for Internal Service Funds come from fees charged internally to each department for services provided.

At December 31, 2018, Internal Service Fund revenues totaled \$1,138,252 out of a total revenue budget of \$2,220,495. This amounted to 51.3% of the full-year budget.

Expenditures through the end of the second quarter of the fiscal year totaled \$1,194,144, representing 36.3% of the full-year budget of \$3,287,290. Internal Service Fund expenditures are expected to remain within budgeted amounts for the full year.

Other Funds

In addition to the funds already discussed, the City also operates a Debt Service Fund and a Successor Agency Fund. The Debt Service Fund, as its name suggests, is used to account for the expenditure of funds to make payments on outstanding debt obligations of the City. The Successor Agency Fund was established in the wake of the dissolution of redevelopment agencies in California to begin the wind down of the affairs of the former Claremont Redevelopment Agency,

Revenues in Other Funds amounted to \$582,781 at December 31, 2018, representing 16.4% of the full-year budget of \$3,559,186.

Expenditures totaled \$1,651,374 of a budgeted \$3,519,186, representing 46.4% of the full-year budget.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City's strategic and visioning documents

and finds the following:

Council Priorities - This item applies to the City Council Priority Goal entitled "Maintain Financial Stability".

Sustainability Plan - This item does not apply to the goals of the Sustainability Plan.

Economic Sustainability Plan - This item does not apply to the recommendations outlined in the Economic Sustainability Plan.

General Plan - This item relates to the General Plan Implementation Measure I-18: Continue to maintain accurate records of City revenues, investments, fund balances, expenditures, employee related costs, and other financial matters. Provide periodic updates to City Manager and City Council on the City's financial condition.

2018-19 Budget - This item meets the Financial Services Department Work Plan Goal FS-1: Provide administrative support to the City Council, City Manager, and all operating departments on a daily and long-range planning basis.

Youth and Family Master Plan - This item does not apply to the goals and objectives in the Youth and Family Master Plan.

CEQA REVIEW

This item is not subject to environmental review under the California Environmental Quality Act (CEQA). Under CEQA Guidelines Section 15378(b)(5), continued administrative activities and organization activities that will not result in a direct or indirect physical change in the environment are not CEQA projects. Moreover, under CEQA Guidelines Section 15378(b)(4), government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment are not CEQA projects.

The acceptance of the mid-year budget report is an organizational activity of the government which involves the fiscal activities but does not commit to any specific project, as such, this item is not a CEQA project. Even if it was determined to be a CEQA project, pursuant to CEQA Guidelines Section 15061(b)(3), CEQA does not apply to this item because there is no potential for causing a significant effect on the environment. The acceptance of a mid-year budget report will not have a significant effect on the environment because the action will not result in or lead to a physical change in Claremont. Therefore, no additional environmental review is needed at this time.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

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Finance Director