

CITY OF LAKE ELSINORE

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

CITY OF LAKE ELSINORE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2014

PREPARED BY THE DEPARTMENT OF FINANCE

City of Lake Elsinore, California
Comprehensive Annual Financial Report
Year Ended June 30, 2014

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INTRODUCTORY SECTION



December 30, 2014

Honorable Mayor and City Council
Lake Elsinore, California

We are pleased to submit the June 30, 2014 Comprehensive Annual Financial Report (CAFR) for the City of Lake Elsinore (City), California. The report consists of management's representations concerning the finances of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. We believe the presented data is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP); is accurate in all material aspects; presented in a manner designed to fairly set forth the financial activity of its various funds; and includes all disclosure necessary to enable the reader to gain an understanding of the City's financial affairs.

The significant accounting policies of the City are described in the notes to the financial statements. These accounting policies have been reviewed by the City's independent certified public accountants and are in conformance with the recommendations of the Governmental Accounting Standards Board (GASB).

The City's Financial Statements have been examined by our independent auditors, Teaman, Ramirez & Smith, Inc.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The Financial Reporting Entity

For financial reporting purposes, in conformance with the criteria of Governmental Accounting Standard Board "Defining the Governmental Reporting Entity," this report includes the operating statements and statements of financial position of the City of Lake Elsinore, the Lake Elsinore Public Financing Authority, and the Lake Elsinore Recreation Authority. While each is a separate legal entity, the City Council, acting as Council and Board of Directors, exercises oversight responsibility for each. Each was organized for the benefit of the City and its residents and conducts all activity within its boundaries. They are therefore shown as blended Component Units. The Public Financing Authority is reported as a Debt Service Fund. The Recreation Authority is reported as a Debt Service Fund.

Because of the dissolution of the Redevelopment Agency of the City of Lake Elsinore, the agency is not shown as a component unit of the City of Lake Elsinore's financial statements. The Successor Agency to the Redevelopment Agency continues to carry out remaining activities of the Redevelopment Agency until activities are complete.

Local Economy

Lake Elsinore residents enjoy perfect climate, blue sky, clean air, world-famous thermal winds for aerial sports and, their crowning jewel, a sparkling 3,000 acre recreational lake for exciting water sports. All of this is set against the spectacular Ortega Mountains and Cleveland National Forest, providing opportunities for hiking, biking, bird watching or just plain

relaxing in the beauty that abounds in this outdoor recreation destination. The region's geographic location, competitive cost structure and sophisticated logistics have put it in a position to remain one of the fastest growing communities in the Inland Empire. The City has continued to work with the Chamber of Commerce and the Visitor's Bureau in its effort to encourage the expansion and relocation of industries that generate local sales tax and employment opportunities. The City has an Outlet Mall that generates a significant amount of retail sales tax for the City. The largest employer for 2014 was the Lake Elsinore Unified School District with approximately 2,368 employees.

Median household incomes within the City was \$64,327, with a median household size of 3.5 and median age of 30.5. The median housing price within the City was approximately \$222,500 which increased slightly over the prior year by \$500. The City's population increased from 55,428 to 56,718, in part because of new residential developments. The population growth of the City was one of the highest in the State between 2012 and 2013.

Services Provided

The City provides a wide range of municipal services for its citizens, including police protection, fire services, parks, community services, planning and development, public works, street lights, street maintenance, landscaping, capital improvements and general administration. Police and fire services are contracted through the County of Riverside.

Reporting Standards

For reporting purposes, the City has adopted the provisions of GASB Statement No. 1, which established the authoritative status of the pronouncements of its predecessor, the National Council on Governmental Accounting (NCGA), and of the accounting and financial reporting guidance contained in the Industry Audit Guide, Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants. Through widespread acceptance, pronouncements of the NCGA, GASB and the AICPA through its Industry Audit Guide, have long been acknowledged as the primary authoritative statements of GAAP applicable to state and local government.

Financial Statement Format

This report is organized into three sections: introductory, financial and statistical.

The introductory section includes a table of contents, this transmittal letter, the City's principal officers and its table of organization.

The financial section includes: (1) the Auditors' Report, (2) the Management's Discussion and Analysis (MD&A) which is intended to disclose any known significant events or decisions that affect the financial condition of the City, (3) the basic financial statements comprised of government-wide financial statements and fund financial statements which provide an overview of the City's financial position and result of operations, along with "notes" developed to ensure full disclosure and fair presentation, (4) required supplementary information, and (5) combining and individual fund financial statements and schedules designed to present detailed information on individual funds, to demonstrate compliance with finance-related legal and contractual requirements and to assure adequate disclosure at the individual fund entity level.

The statistical section, which is unaudited, provides financial data usually covering more than two years and other non-accounting data. The tables reflect financial trends, revenue capacity, debt capacity, demographics, and operating information of the City government.

Fund Descriptions

The various fund types used by the City and included in this report are as follows:

| <u>Fund Category</u> | <u>Fund Type</u> |
|-----------------------------|---|
| Governmental Funds | General Fund Special Revenue Funds Debt Service Funds Capital Project Funds Permanent Funds |
| Fiduciary Funds | Private-purpose Trust Funds Agency Funds |

A description of these funds is included in the "Notes to the Financial Statements."

Budgetary Control and Accounting Basis

Budgetary control is maintained at the departmental level. To facilitate reporting, budgetary control is maintained through computer-generated reports of the financial transactions of all City funds. These reports allow for timely review and continuous assessment of the City's financial condition. Capital Project expenditures are controlled at the project level.

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and various Boards. Budgets are adopted for the General Fund, Special Revenue Funds and certain Capital Project Funds. The level of budgetary control is maintained at the expenditure object level for fixed assets. Schedules of acquisitions of fixed assets at a cost of \$5,000 or more and infrastructure at a cost of \$50,000 or more are included.

Encumbrance accounting is utilized to assure effective budgetary control; purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end, and encumbrances outstanding at that time are reported as a reserve of fund balance for subsequent year expenditures.

In developing and modifying the City's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets and the reliability of financial records and maintaining accountability of assets.

The concept of reasonable assurance recognizes that the cost of control should not exceed its benefits. The evaluation of this cost benefit relationship rests with management. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP.

All internal control evaluations occur within the bounds as described. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

General Government Operations

Revenue for the governmental fund types totaled \$52,887,478 for fiscal year 2014-15. The amount of revenues from various sources is shown in the following tabulation and represents an overall decrease of \$516,309 or 1.0% from the 2012-13 fiscal year.

| Revenue Source | Amount | % of Total | \$ Change from Prior Year | % Change from Prior Year |
|-----------------------------------|----------------------|-------------------|--------------------------------------|---|
| Taxes | \$ 16,538,883 | 31.3% | \$ 1,121,710 | 7.3% |
| Licenses, Permits and Fees | 5,936,900 | 11.2% | 937,746 | 18.8% |
| Intergovernmental Revenues | 5,582,705 | 10.6% | 527,194 | 10.4% |
| Charges for Services | 2,409,558 | 4.6% | 662,845 | 37.9% |
| Fines and Forfeitures | 931,168 | 1.8% | 3,853 | 0.4% |
| Investment Income | 10,315,842 | 19.5% | (1,806,897) | -14.9% |
| Special Assessments | 1,641,557 | 3.1% | 55,951 | 3.5% |
| Contribution from Property Owners | 5,985,053 | 11.3% | (2,094,686) | -25.9% |
| Other | 3,545,812 | 6.7% | 75,975 | 2.2% |
| | <u>\$ 52,887,478</u> | <u>100%</u> | <u>\$ (516,309)</u> | <u>-1.0%</u> |

Significant revenue increases in the Governmental Fund Types occurred in charges for services, licenses, permits and fees, and intergovernmental revenues. Charges for services represents items such as development fees, code enforcement fees, event fees, and administrative fees. Decreases which occurred in investment income are related to the refunding of various tax allocation bonds.

Expenditures for governmental purposes totaled \$55,923,422 for fiscal year 2012-13. Levels of expenditures for major functions of the City are shown in the following tabulation:

| Expenditures | Amount | % of Total | \$ Change from Prior Year | % Change from Prior Year |
|------------------------|----------------------|-------------------|--------------------------------------|---|
| General Government | \$ 4,788,505 | 7.0% | \$ (859,950) | -15.2% |
| Public Safety | 14,093,095 | 20.5% | 1,753,503 | 14.2% |
| Community Development | 3,407,415 | 5.0% | 482,086 | 16.5% |
| Public Services | 7,107,120 | 10.3% | 335,110 | 4.9% |
| Community Services | 4,363,257 | 6.3% | 81,856 | 1.9% |
| Capital Expenditures | 8,992,686 | 13.1% | (1,897,124) | -17.4% |
| Bond Issue Costs | 1,485,399 | 2.2% | 225,340 | 17.9% |
| Debt Service and Costs | 24,476,389 | 35.6% | 12,669,623 | 107.3% |
| | <u>\$ 68,713,866</u> | <u>100%</u> | <u>\$ 12,790,444</u> | <u>22.9%</u> |

The net overall expenditure increased for the governmental fund types totaled \$12,790,444. Increases were primarily a result of one-time costs related to refunding of outstanding financing authority debt.

Cash Management

Cash during the year was invested in State Local Agency Investment Fund and Government-backed securities throughout the year.

| <u>Type of Security</u> | <u>% of Portfolio</u> | <u>% Permitted by Policy</u> |
|------------------------------|-----------------------|------------------------------|
| U.S. Treasury Bond / Notes | 25.31% | 100% |
| Federal Agency Bond / Notes | 25.87% | 100% |
| Corporate Notes | 21.98% | 30% |
| Local Agency Investment Fund | 25.06% | 100% |
| CAMP - Pooled Sweep Account | 0.24% | 100% |
| Certificates of Deposit | 1.26% | 25% |
| Municipal Bonds | 0.27% | 100% |

The City's investment policy continues to rely on safety and liquidity as primary concerns. The following table represents a summary of the investment policy limitations.

| <u>Type of Security</u> | <u>Maximum Percentage</u> |
|-------------------------------------|---------------------------|
| U.S. Treasury Bills | Unlimited |
| U.S. Treasury Bond / Notes | Unlimited |
| Federal Agency Bond / Notes | *Unlimited |
| Bankers Acceptances | 40.00% |
| Certificates of Deposit | 25.00% |
| Negotiable Certificates of Deposits | 30.00% |
| Commercial Paper | 15.00% |
| Medium Term Corporate Notes | 30.00% |
| Repurchase Agreements | Unlimited |
| Reverse Repurchase Agreements | 20.00% |
| LAIF (Local Agency Investment Fund) | Unlimited |
| CAMP - Pooled Sweep Account | Unlimited |

*No more than 40% in any one federal agency.

Risk Management

The City is a member of the Southern California Joint Powers Insurance Authority, which provides coverage for liability, facility, automobile, and workers compensation protection. The Authority utilizes a staff of risk managers to assist member agencies in all aspects of coverage and safety issues.

Debt Administration

The City of Lake Elsinore, not including the component units, has no outstanding bond debt as of June 30, 2014.

The City's Financing Authority, a joint powers authority between the City and Redevelopment Agency, was put in place to provide an economical and cost effective pool of funds to acquire authorized local public obligations.

Certain bonds issued and sold through the Financing Authority were authorized under the Marks-Roos Local Bond Pooling Act of 1985.

Vision Statement

The City Council's visionary statement guides Council and Staff's focus that is in line with Council's budgetary initiatives:

The City of Lake Elsinore will be the ultimate lake destination where all can live, work, play, build futures, and fulfill dreams.

Major Initiatives for the Year and Prospects for the Future

The City Council's budgetary and legislative priorities continue to be public safety and transportation; however, with the vision statement of focus on the "lake" and "play," Council's directive includes building recreation facilities and supporting sport venues. Though public safety and transportation take the lead, Council's dream extreme motto coupled with economic development will facilitate goals to becoming an ultimate lake destination. After all, we are the sports capital of the world where our residents and visitors can dream extreme.

Public Safety

The City Council has made public safety its number one operating budget priority. The public safety budget increased \$1,932,415 from the 2013 amounting to 13.7% of the total net increase in the governmental expenditures.

Transportation

Improving circulation to keep pace with growth is a major City Council goal. The strategies used by the City Council include partnerships with the Riverside County Transportation Commission, Caltrans, Lake Elsinore Unified School District, and other entities to prioritize transportation projects and funding.

Independent Audit

State statutes require an annual audit by independent certified public accountants. In support of independence, the firm of Teaman, Ramirez & Smith, Inc. was selected by the City Council this year. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements is included in the financial section of this report.

Awards

The City's Budget Office received the GFOA Distinguished Budget Presentation Award for its fiscal year 2013-14 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

We wish to express appreciation to the Finance Division staff for their dedicated service and contribution to the department during this fiscal year. Their efforts are reflected in this report and in other documents resulting from the annual financial management process. We also would like to thank the City's independent auditors, Teaman, Ramirez, & Smith, Inc. for their knowledge and efficiency.

The Mayor, members of the City Council and Management are to be commended for their interest and support in conducting financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

CITY OF LAKE ELSINORE



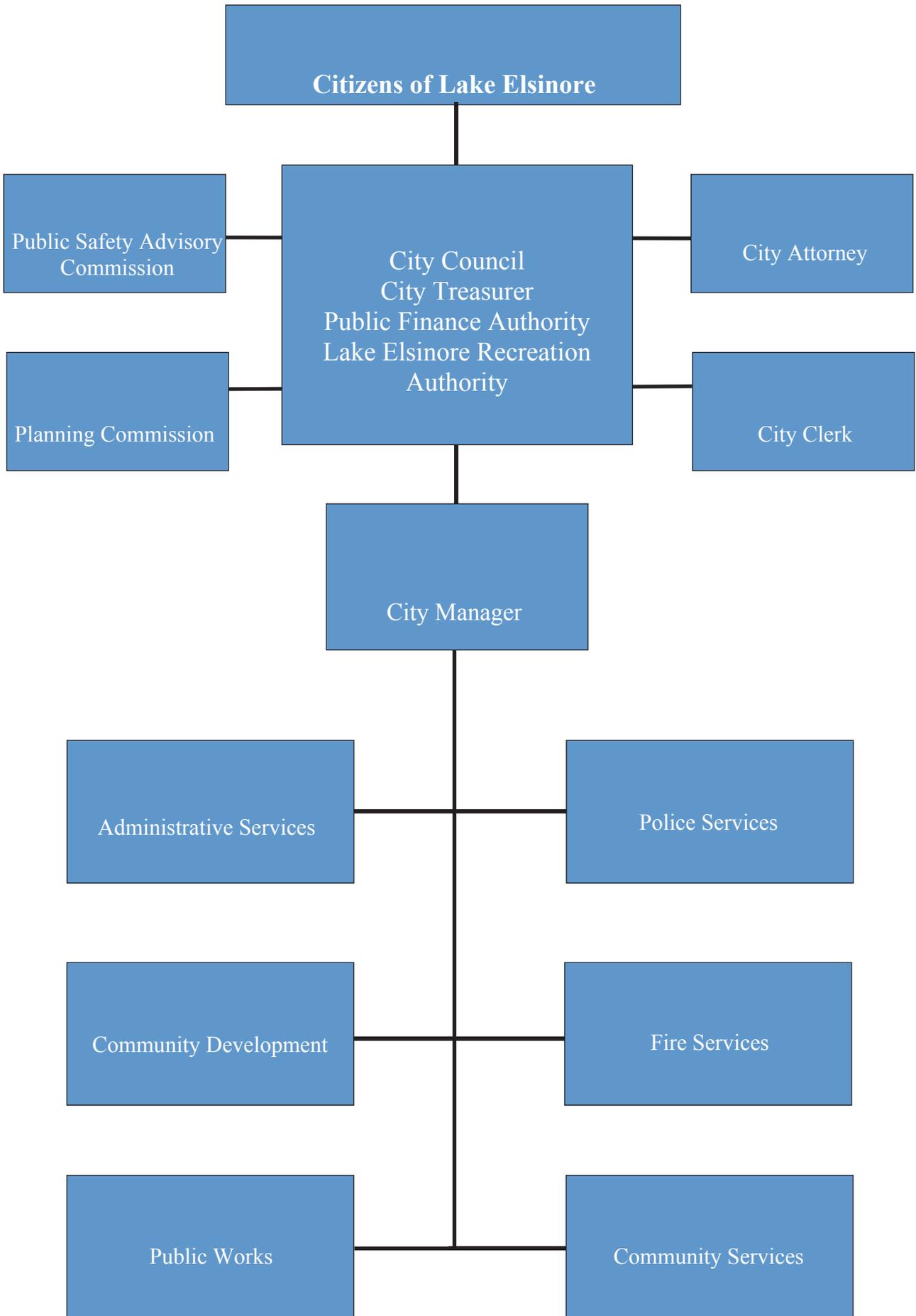
Grant Yates

City Manager



Jason Simpson

Director of Administrative Services



CITY OF LAKE ELSINORE DIRECTORY OF OFFICIALS*

ELECTED OFFICIALS

City Council members are elected to four-year staggered terms.

| NAME | POSITION |
|-----------------|---------------|
| Steve Manos | Mayor |
| Brian Tisdale | Mayor Pro Tem |
| Daryl Hickman | Councilmember |
| Robert E. Magee | Councilmember |
| Natasha Johnson | Councilmember |
| Allen Baldwin | Treasurer |

ADMINISTRATION

| NAME | POSITION |
|-------------------|-------------------------------------|
| Grant Yates | City Manager |
| Virginia Bloom | City Clerk |
| Barbara Leibold | City Attorney |
| Johnathan Skinner | Director of Community Services |
| Jason Simpson | Director of Administrative Services |
| Vince Demasse | Director of Public Works |
| Grant Taylor | Director of Community Development |

**At date of issuance*

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the City Council
City of Lake Elsinore
Lake Elsinore, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Elsinore, California (the "City") as of and for the year ended June 30, 2014, 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 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Elsinore, California, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 11 and 74 through 77 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, supplementary section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary section is the responsibility of management and was 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 supplementary section is 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 December 30, 2014, 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.



Riverside, California
December 30, 2014

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

As management of the City of Lake Elsinore (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of the Comprehensive Annual Financial Report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lake Elsinore exceeded its liabilities at the close of the most recent fiscal year by \$213.9 million (*net position*).
- The City's total net position decreased by \$5.6 million. The net decrease is primarily attributable to a decrease in loans receivable from the Successor Agency.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10.5 million or 38.1 percent of total General Fund expenditures. City Council has designated \$1.3 million of the \$10.5 million for future contingencies.
- The City of Lake Elsinore's total debt had a net decrease of \$8.4 million during the current fiscal year. The net decrease includes \$9.9 million loss on CFD and AD Investments and \$1.2 million net increase lease revenue bonds issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis section is intended to serve as an introduction to the City's basic financial statement, designed to communicate the information in an easily readable form. The City's Comprehensive Annual Financial Report (CAFR) is intended to provide the reader with information of the City's financial condition, results of operation, and accountability.

The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide reader with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are presented in the accrual basis to reveal if resources were used efficiently and effectively to meet operating objectives.

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

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

City of Lake Elsinore, California
Management's Discussion and Analysis

June 30, 2014

Government-wide Financial Statements - Continued

The governmental activities of the City include general government, public safety, community development, public services and community services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities, the Lake Elsinore Public Financing Authority and the Lake Elsinore Recreation Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12 - 13 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 of Lake Elsinore can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Low and Moderate Income Housing Special Revenue Fund, Public Financing Authority Debt Service Fund, Recreation Authority Debt Service Fund, and the Assessment Districts Capital Projects Fund, which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Lake Elsinore adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and certain Capital Projects Funds. A budgetary comparison statement has been provided for the General Fund and certain Special Revenue Funds to demonstrate compliance with this budget.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

Governmental Funds - Continued

The basic governmental fund financial statements can be found on pages 14 - 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Lake Elsinore's own programs. The accounting used for the fiduciary fund is much like that used by the proprietary funds, accrual basis of accounting.

The basic fiduciary fund financial statements can be found on pages 20 - 21 of this report.

Notes to the Basic Financial Statements

The notes 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 22 - 73 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found starting on pages 74 - 77 of this report. The combining statements referred to earlier in connecting with other governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 78 - 139 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$213.9 million at the close of the most recent fiscal year.

Condensed Statements of Net Position

| | Governmental Activities | |
|--------------------------------------|-------------------------|----------------|
| | 2014 | 2013 |
| Assets: | | |
| Current and other assets | \$ 243,062,499 | \$ 247,719,444 |
| Capital assets | 145,860,428 | 147,176,443 |
| Total Assets | 388,922,927 | 394,895,887 |
| Deferred Outflows of Resources: | | |
| Deferred charges on refunding | 2,620,342 | 1,321,579 |
| Total Deferred Outflows of Resources | 2,620,342 | 1,321,579 |

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Condensed Statements of Net Position - Continued

| | Governmental Activities | |
|----------------------------------|-------------------------|----------------|
| | 2014 | 2013 |
| Liabilities: | | |
| Long-term debt outstanding | 155,542,618 | 158,468,875 |
| Other liabilities | 22,072,771 | 18,246,802 |
| Total Liabilities | 177,615,389 | 176,715,677 |
| Net Position: | | |
| Net investment in capital assets | 131,965,428 | 147,176,443 |
| Restricted | 74,462,124 | 75,129,411 |
| Unrestricted | 7,500,328 | (2,804,065) |
| Total Net Position | \$ 213,927,880 | \$ 219,501,789 |

For the City, 61.7% of the net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net Position, 34.8%, represents resources that are subject to external restrictions on how they may be used. The balance of approximately \$7.5 million is *unrestricted net position*.

The City's total net position decreased by \$5.6 million. The net decrease is primarily attributable to a decrease in loans receivable from the Successor Agency. The most significant increase in revenues was for operating grants and contributions which increased by \$8,782,365. Most of the increase was from \$7,755,114 of contributions from Community Facilities Districts related to the advanced refunding of the Public Financing Authority's local agency bonds. For expenses, public safety increased by \$1.8 million because of \$547,974 and \$1,265,707 of additional costs of law enforcement and fire services provided by the County of Riverside. The City also had a special item for a loss on CFD investments of \$9.9 million as a result of restructuring those investments from the advance refunding of certain bonds.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

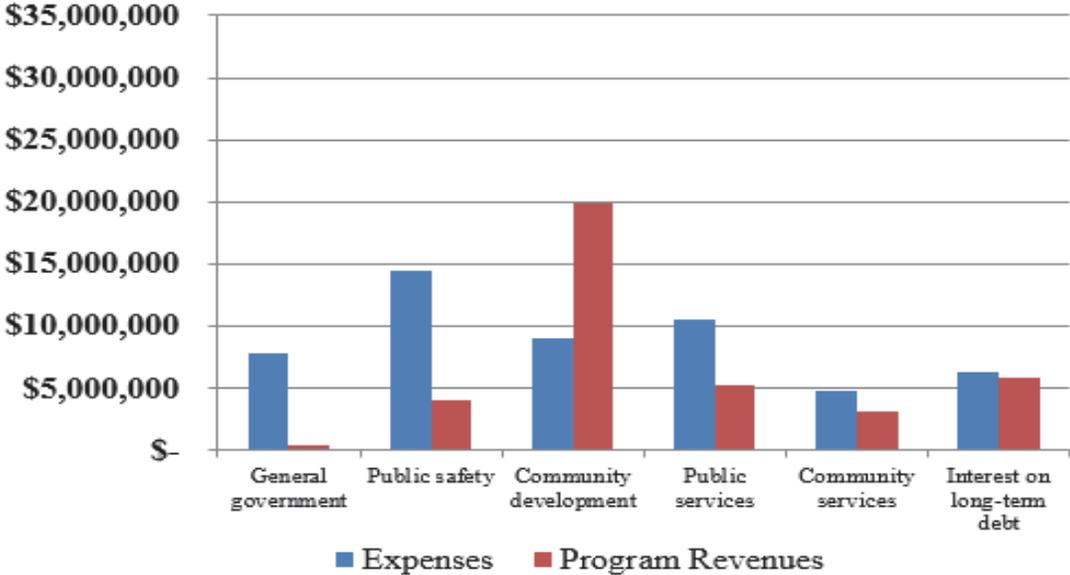
GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Condensed Statements of Revenues,
Expenses and Changes in Net Position

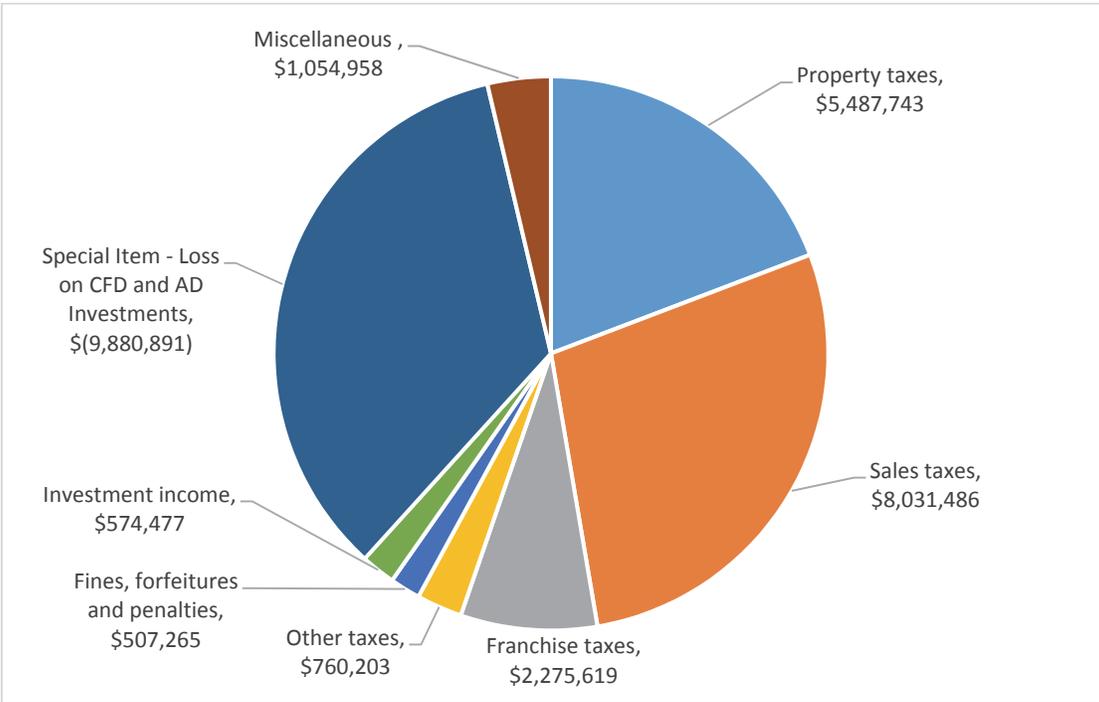
| | Governmental Activities | |
|--|-------------------------|----------------|
| | 2014 | 2013 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for services | \$ 11,233,257 | \$ 9,478,986 |
| Operating grants and contributions | 20,954,573 | 12,172,208 |
| Capital grants and contributions | 6,485,279 | 9,587,008 |
| General Revenues: | | |
| Taxes: | | |
| Property taxes | 5,487,743 | 5,804,265 |
| Sales taxes | 8,031,486 | 6,935,215 |
| Franchise taxes | 2,275,619 | 2,097,081 |
| Other taxes | 760,203 | 567,560 |
| Fines, forfeitures and penalties | 507,265 | 592,185 |
| Investment earnings | 574,477 | 689,149 |
| Miscellaneous | 1,054,958 | 688,105 |
| Total Revenues | 57,364,860 | 48,611,762 |
| Expenses: | | |
| General government | 7,836,775 | 8,833,983 |
| Public safety | 14,485,711 | 12,684,631 |
| Community development | 9,079,863 | 10,242,652 |
| Public services | 10,610,540 | 10,359,134 |
| Community services | 4,819,153 | 4,416,500 |
| Interest on long-term debt | 6,330,889 | 6,451,470 |
| Total Expenses | 53,162,931 | 52,988,370 |
| Change in net Position, before Special Item | 4,201,929 | (4,376,608) |
| Special Item – Loss on CFD and AD Investments | (9,880,891) | - |
| Change in net position | (5,678,962) | (4,376,608) |
| Net position at beginning of year | 219,501,789 | 228,071,614 |
| Prior period adjustment | 105,053 | (4,193,217) |
| Net position at beginning of year, as restated | 219,606,842 | 223,878,397 |
| Net position at end of year | \$ 213,927,880 | \$ 219,501,789 |

City of Lake Elsinore, California
Management's Discussion and Analysis
 June 30, 2014

Expenses and Program Revenues – Governmental Activities



Revenues by Sources – Governmental Activities



City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

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 is 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 the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$211.1 million, a decrease of \$5 million in comparison with the prior year. Of the \$211.1 million ending fund balance, a net \$9.5 million, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable*, \$1.3 million; *restricted*, \$199.2 million; or *assigned*, \$1.2 million for particular purposes

The General Fund is the chief operating fund of the City of Lake Elsinore. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10.5 million, while total fund balance was \$11.8 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 general fund balance represents 36.9% of total General Fund expenditures, while total fund balance represents 41.3% of that same amount.

The fund balance of the City's General Fund decreased by \$2,085,988 during the current fiscal year. The primary factor in this decrease is as follows:

- Public Safety expenditures increased by \$1.8 million as a result of increased public safety contract costs.

For the other major funds, the Low and Moderate Income Housing Special Revenue Fund's restricted fund balance increased by \$3.8 million mostly from investment earnings related to its loans receivable. The Public Financing Authority Debt Service Fund's restricted fund balance decreased by \$9.6 million. Almost all of this decrease is the result of the loss on Community Facilities Districts and Assessment Districts investments of \$9.9 million shown as a special item. The Recreation Authority Debt Service Fund's restricted fund balance increased by \$1.2 million from the issuance of a refunding bond.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget reflects a \$526,199 net decrease in appropriations, including transfers in and out and can be briefly summarized as follows:

- \$11,291 increase in general government activities
- \$266,500 decrease for public safety
- \$41,088 increase in community development

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS - Continued

- \$66,840 decrease in public services
- \$321,944 increase to community services
- \$569,520 decrease in capital outlay
- \$147,057 increase in transfers out
- \$439,719 decrease in transfers out
-

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$145.9 million (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, machinery and equipment, and infrastructure. The total decrease in the City of Lake Elsinore's investment in capital assets for the current fiscal year was 0.9%.

Major or notable capital asset events during the current fiscal year included the following:

- Downtown Seismic Retrofit
- Cultural Center Renovations
- Quint Aerial Fire Truck

Capital Assets at Year-End
(Net of Depreciation)

| | Governmental Activities | |
|-----------------------------------|-------------------------|-----------------------|
| | 2014 | 2013 |
| Land | \$ 2,926,422 | \$ 2,926,442 |
| Construction in progress | 3,389,506 | 2,304,346 |
| Buildings and structures | 12,474,807 | 12,658,773 |
| Improvements other than buildings | 11,520,899 | 11,984,662 |
| Machinery and equipment | 732,634 | 548,691 |
| Furniture and fixtures | 297,096 | 289,164 |
| Automotive equipment | 1,139,921 | 195,486 |
| Technology Equipment & Software | 53,960 | - |
| Infrastructure | 113,325,183 | 116,268,899 |
| Totals | \$ 145,860,428 | \$ 147,176,473 |

Additional information on the City of Lake Elsinore's capital assets can be found in note 6 of this report.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These issues include \$80.6 million of local agency revenue bonds, \$53.6 million of tax allocation bonds, \$13.9 million of revenue refunding bonds, and \$7.4 in OPEB obligation. Changes in long-term obligations result from defeasance of 1999 Series G and 2003 Series H local agency revenue bonds, refunding of 2000 Series A revenue refunding bonds, and three new issues of local agency revenue bonds 2013 Series B through C and 2014 Series A.

Outstanding Debt

| | Governmental Activities | |
|--|-------------------------|--------------------|
| | 2013 | 2012 |
| Local agency revenue bonds | \$ 80,570,000 | \$ 83,470,000 |
| Tax allocation bonds | 53,605,000 | 56,125,000 |
| Deferred amounts | (542,826) | (464,968) |
| Revenue refunding bonds | 13,858,051 | 12,565,000 |
| Other post-employment benefit obligation | 7,444,027 | 6,136,940 |
| Compensated absences | 608,366 | 636,903 |
| Totals | \$ 155,542,618 | \$ 158,468,875 |

Additional information on the City of Lake Elsinore's long-term debt can be found in note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property taxes are estimated to increase slightly for the next fiscal year due to anticipated growth as the housing market improves and property values increase.
- The retail sales trends increased each quarter in fiscal year 2014 and the projections are expecting this growth to continue during the next year.
- Investment earnings are estimated to remain low due to low interest rates.

These factors were considered in preparing the City of Lake Elsinore's budget for fiscal year 2014-15.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lake Elsinore's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lake Elsinore, Department of Administrative Services, 130 South Main Street, Lake Elsinore, California, 92530 or jsimpson@lake-elsinore.org.

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BASIC FINANCIAL STATEMENTS

City of Lake Elsinore, California
Statement of Net Position
June 30, 2014

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS | |
| Cash and Investments | \$ 45,915,541 |
| Restricted Cash and Investments | 94,252,112 |
| Accounts Receivable | 1,195,407 |
| Accrued Interest Receivable | 2,038,289 |
| Loans Receivable from Successor Agency | 83,997,210 |
| Notes Receivable | 11,837,000 |
| Interest Receivable on Notes | 1,109,691 |
| Due from Other Governments | 2,312,777 |
| Prepaid Items | 356,104 |
| Land Held for Resale | 48,368 |
| Capital Assets, Not Depreciated | |
| Land | 2,926,422 |
| Construction in Progress | 3,389,506 |
| Capital Assets, Net of Accumulated Depreciation | <u>139,544,500</u> |
| Total Assets | <u>388,922,927</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Charges on Refunding | <u>2,620,342</u> |
| Total Deferred Outflows of Resources | <u>2,620,342</u> |
| LIABILITIES | |
| Accounts Payable | 5,425,380 |
| Other Accrued Liabilities | 429,558 |
| Deposits and Other Liabilities | 12,540,183 |
| Interest Payable | 2,264,119 |
| Unearned Revenue | 1,413,531 |
| Noncurrent Liabilities: | |
| Due Within One Year | 6,915,387 |
| Due in More Than One Year | <u>148,627,231</u> |
| Total Liabilities | <u>177,615,389</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 131,965,428 |
| Restricted for: | |
| Debt Service | 1,361,913 |
| Low and Moderate Income Housing | 53,382,167 |
| Transportation and Public Works | 12,735,149 |
| Development | 1,783,849 |
| Public Facilities and Improvements | 4,794,141 |
| Other Purposes | 404,905 |
| Unrestricted | <u>7,500,328</u> |
| Total Net Position | <u>\$ 213,927,880</u> |

The accompanying notes are an integral part of this statement.

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City of Lake Elsinore, California
Statement of Activities
Year Ended June 30, 2014

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue |
|---|----------------------|----------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General Government | \$ 7,836,775 | \$ 460,808 | \$ | \$ 12,290 |
| Public Safety | 14,485,711 | 1,067,440 | 2,940,184 | (7,363,677) |
| Community Development | 9,079,863 | 5,018,102 | 9,158,157 | (10,478,087) |
| Public Services | 10,610,540 | 1,574,245 | 2,955,471 | 5,714,262 |
| Community Services | 4,819,153 | 3,112,662 | 13,265 | 758,727 |
| Interest on Long-term Debt | 6,330,889 | | 5,887,496 | (5,322,097) |
| | <u>\$ 53,162,931</u> | <u>\$ 11,233,257</u> | <u>\$ 20,954,573</u> | <u>\$ 6,485,279</u> |
| Total Governmental Activities | | | | (14,489,822) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes | | | | 5,487,743 |
| Sales Taxes | | | | 8,031,486 |
| Franchise Taxes | | | | 2,275,619 |
| Other Taxes | | | | 760,203 |
| Fines, Forfeitures and Penalties | | | | 507,265 |
| Investment Earnings | | | | 574,477 |
| Miscellaneous | | | | 1,054,958 |
| Special Item - Loss on CFD and AD Investments | | | | (9,880,891) |
| | | | | <u>8,810,860</u> |
| | | | | Change in Net Position |
| | | | | <u>(5,678,962)</u> |
| | | | | Net Position - Beginning of Year, As Previously Reported |
| | | | | 219,501,789 |
| | | | | Prior Period Adjustment |
| | | | | <u>105,053</u> |
| | | | | Net Position - Beginning of Year, As Restated |
| | | | | <u>219,606,842</u> |
| | | | | Net Position - End of Year |
| | | | | <u>\$ 213,927,880</u> |

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Balance Sheet
Governmental Funds
June 30, 2014

| | General Fund | Special Revenue Low and Moderate Income Housing | Debt Service Public Financing Authority |
|--|----------------------|--|--|
| ASSETS | | | |
| Cash and Investments | \$ 12,472,070 | \$ 9,301,547 | \$ 524,405 |
| Cash and Investments with Fiscal Agent | | | 92,400,442 |
| Accounts Receivable | 689,727 | 491,323 | |
| Accrued Interest Receivable | 1,411 | 517 | 181 |
| Loans Receivable from Successor Agency | | 30,392,210 | 53,605,000 |
| Notes Receivable | 1,000,000 | 10,837,000 | |
| Interest Receivable on Notes | 120,000 | 989,691 | |
| Due from Other Funds | 980,121 | | |
| Prepaid Items | 264,392 | | |
| Due from Other Governments | 1,345,381 | | |
| Land Held for Resale | | 48,368 | |
| Total Assets | <u>\$ 16,873,102</u> | <u>\$ 52,060,656</u> | <u>\$ 146,530,028</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 3,909,334 | \$ 752,209 | \$ |
| Other Accrued Liabilities | 365,243 | 7,422 | |
| Deposits and Other Liabilities | 598,999 | | 11,938,384 |
| Due to Other Funds | | | 17,562 |
| Unearned Revenue - Other | 4,214 | | |
| Total Liabilities | <u>4,877,790</u> | <u>759,631</u> | <u>11,955,946</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Interest on Loans Receivable | | 8,601,770 | |
| Unavailable Revenue - Interest on Notes Receivable | 120,000 | 989,691 | |
| Unavailable Revenue - Property Taxes and Assessments | 122,077 | | |
| Unavailable Revenue - Licenses, Permits and Fees | | | |
| Unavailable Revenue - Intergovernmental | | | |
| Total Deferred Inflows of Resources | <u>242,077</u> | <u>9,591,461</u> | <u>0</u> |
| FUND BALANCES | | | |
| Nonspendable | 1,264,392 | | |
| Restricted | | 41,709,564 | 134,574,082 |
| Assigned | | | |
| Unassigned | 10,488,843 | | |
| Total Fund Balances | <u>11,753,235</u> | <u>41,709,564</u> | <u>134,574,082</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 16,873,102</u> | <u>\$ 52,060,656</u> | <u>\$ 146,530,028</u> |

| <u>Debt Service</u> | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------|---------------------------------|---|---|
| <u>Recreation Authority</u> | <u>Assessment Districts</u> | | |
| \$ 1,131,810 | \$ 126,253 719,860 | \$ 23,491,266 | \$ 45,915,541 |
| | | 14,357 | 94,252,112 |
| | | 7,082 | 1,195,407 |
| | | | 9,191 |
| | | | 83,997,210 |
| | | | 11,837,000 |
| | | | 1,109,691 |
| 91,712 | | | 980,121 |
| | | 967,396 | 356,104 |
| | | | 2,312,777 |
| | | | 48,368 |
| <u>\$ 1,223,522</u> | <u>\$ 846,113</u> | <u>\$ 24,480,101</u> | <u>\$ 242,013,522</u> |
| \$ 25,670 | \$ | \$ 763,837 | \$ 5,425,380 |
| | | 56,893 | 429,558 |
| | | 2,800 | 12,540,183 |
| 25,670 | | 936,889 | 980,121 |
| | | 1,409,317 | 1,413,531 |
| <u>25,670</u> | <u>0</u> | <u>3,169,736</u> | <u>20,788,773</u> |
| | | | 8,601,770 |
| | | | 1,109,691 |
| | | 52,115 | 174,192 |
| | | 23,916 | 23,916 |
| | | 161,659 | 161,659 |
| <u>0</u> | <u>0</u> | <u>237,690</u> | <u>10,071,228</u> |
| 1,197,852 | 846,113 | 20,003 | 1,284,395 |
| | | 20,834,793 | 199,162,404 |
| | | 1,232,105 | 1,232,105 |
| | | (1,014,226) | 9,474,617 |
| <u>1,197,852</u> | <u>846,113</u> | <u>21,072,675</u> | <u>211,153,521</u> |
| <u>\$ 1,223,522</u> | <u>\$ 846,113</u> | <u>\$ 24,480,101</u> | <u>\$ 242,013,522</u> |

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City of Lake Elsinore, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

| | | |
|--|----|---------------|
| Fund Balances of Governmental Funds | \$ | 211,153,521 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p> | | 145,860,428 |
| <p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p> | | |
| Unavailable Revenue - Interest | | 9,711,461 |
| Unavailable Revenue - Property Taxes and Assessments | | 174,192 |
| Unavailable Revenue - Licenses, Permits and Fees | | 23,916 |
| Unavailable Revenue - Grants | | 161,659 |
| <p>Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.</p> | | |
| Interest on Loans and Investments | | 2,029,098 |
| <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p> | | |
| Deferred Charges on Refunding | | 2,620,342 |
| Interest Payable | | (2,264,119) |
| Long-term Liabilities | | (155,542,618) |
| | | (155,542,618) |
| Net Position of Governmental Activities | \$ | 213,927,880 |

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2014

| | General Fund | Special Revenue Low and Moderate Income Housing | Debt Service Public Financing Authority |
|---|----------------------|--|--|
| REVENUES | | | |
| Property Taxes | \$ 5,495,091 | \$ | \$ |
| Other Taxes | 11,043,792 | | |
| Licenses, Permits and Fees | 3,054,320 | | |
| Intergovernmental Revenues | 1,228,433 | | |
| Charges for Services | 2,409,558 | | |
| Fines, Forfeitures and Penalties | 486,958 | | |
| Investment Earnings | 168,608 | 3,912,527 | 5,935,811 |
| Special Assessments | | | |
| Contributions from Property Owners | 270,791 | | |
| Miscellaneous | 3,170,509 | 39,570 | 139,792 |
| | <u>27,328,060</u> | <u>3,952,097</u> | <u>6,075,603</u> |
| Total Revenues | | | |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 4,698,485 | | 53,467 |
| Public Safety | 13,292,875 | | |
| Community Development | 2,821,897 | 198,051 | |
| Public Services | 3,661,688 | | |
| Community Services | 3,085,068 | | |
| Capital Outlay | 21,885 | | |
| Debt Service: | | | |
| Bond Issuance Costs | | | 1,082,721 |
| Principal Retirement | | | 5,255,000 |
| Interest and Fiscal Charges | | | 5,666,685 |
| | <u>27,581,898</u> | <u>198,051</u> | <u>12,057,873</u> |
| Total Expenditures | | | |
| Excess of Revenues Over (Under) Expenditures | <u>(253,838)</u> | <u>3,754,046</u> | <u>(5,982,270)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Local Agency Revenue Bonds Issued | | | 25,335,000 |
| Payment to Refunding Bond Escrow Agent | | | (19,013,502) |
| Lease Revenue Refunding Bonds Issued | | | |
| Discounts on Bonds | | | (110,519) |
| Transfers In | 153,599 | | |
| Transfers Out | (1,985,749) | | |
| | <u>(1,832,150)</u> | <u>0</u> | <u>6,210,979</u> |
| Total Other Financing Sources (Uses) | | | |
| SPECIAL ITEM - Loss on CFD and AD Investments: | | | |
| | | | <u>(9,880,891)</u> |
| Net Change in Fund Balances | <u>(2,085,988)</u> | <u>3,754,046</u> | <u>(9,652,182)</u> |
| Fund Balances - Beginning, As Previously Reported | 13,839,223 | 37,955,518 | 144,226,264 |
| Prior Period Adjustments | | | |
| Fund Balances - Beginning, As Restated | <u>13,839,223</u> | <u>37,955,518</u> | <u>144,226,264</u> |
| Fund Balances - End of Year | <u>\$ 11,753,235</u> | <u>\$ 41,709,564</u> | <u>\$ 134,574,082</u> |

| Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|-------------------------|-------------------------|--------------------------------|--------------------------------|
| Recreation Authority | Assessment Districts | | |
| \$ | \$ | \$ | \$ 5,495,091 |
| | | | 11,043,792 |
| | | 2,882,580 | 5,936,900 |
| | | 4,354,272 | 5,582,705 |
| | | | 2,409,558 |
| | | 444,210 | 931,168 |
| 251 | 334 | 298,311 | 10,315,842 |
| | 5,714,262 | 1,641,557 | 1,641,557 |
| | | 195,941 | 5,985,053 |
| | | | 3,545,812 |
| 251 | 5,714,596 | 9,816,871 | 52,887,478 |
| | | | |
| 6,872 | 9,499 | 20,182 | 4,788,505 |
| | | 800,220 | 14,093,095 |
| | | 387,467 | 3,407,415 |
| | | 3,445,432 | 7,107,120 |
| | | 1,278,189 | 4,363,257 |
| | 5,692,852 | 3,277,949 | 8,992,686 |
| | | | |
| 402,678 | | | 1,485,399 |
| 13,130,000 | | | 18,385,000 |
| 424,704 | | | 6,091,389 |
| 13,964,254 | 5,702,351 | 9,209,439 | 68,713,866 |
| (13,964,003) | 12,245 | 607,432 | (15,826,388) |
| | | | |
| | | | 25,335,000 |
| | | | (19,013,502) |
| 14,460,000 | | | 14,460,000 |
| (38,525) | | | (149,044) |
| 761,282 | | 1,697,485 | 2,612,366 |
| | | (626,617) | (2,612,366) |
| 15,182,757 | 0 | 1,070,868 | 20,632,454 |
| | | | (9,880,891) |
| 1,218,754 | 12,245 | 1,678,300 | (5,074,825) |
| (20,902) | 833,868 | 19,289,322 | 216,123,293 |
| | | 105,053 | 105,053 |
| (20,902) | 833,868 | 19,394,375 | 216,228,346 |
| \$ 1,197,852 | \$ 846,113 | \$ 21,072,675 | \$ 211,153,521 |

City of Lake Elsinore, California
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (5,074,825)

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

Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense.

| | |
|----------------|-------------|
| Capital Outlay | 4,432,987 |
| Depreciation | (5,749,002) |

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 current financial resources of governmental funds. Neither transaction, however, has any effect on net position. These amounts are the effect of these differences in the treatment of long-term debt.

| | |
|---|--------------|
| Long-term Debt Principal Payments | 18,385,000 |
| Local Agency Revenue Bonds Issued | (25,335,000) |
| Lease Revenue Refunding Bonds Issued | (14,460,000) |
| Discounts on Bonds | 149,044 |
| Contributions from Community Facilities Districts | 7,755,114 |
| Payment to Refunding Bond Escrow Agent | 19,013,502 |
| Deferred Charges on Refunding | 227,203 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

| | |
|---|-------------|
| Amortization of Deferred Charges on Refunding | (197,056) |
| Amortization Bond Premium | 23,950 |
| Amortization of Bond Discount | (58,187) |
| Interest and Fiscal Charges | (235,410) |
| Other Post-Employment Benefit Obligation | (1,307,087) |
| Compensated Absences | 28,537 |

Some revenues reported in Statement of Activities are not considered to be available to finance current expenditures. These are the net effect of amounts accrued in the Statement of Activities in the prior year and revenues not reported in the governmental funds.

| | |
|----------------------------|-------------|
| Property Taxes | (7,348) |
| Licenses, Permits and Fees | 23,916 |
| Intergovernmental Revenue | (410,982) |
| Investment Earnings | (2,868,361) |
| Special Assessments | (14,957) |
| | (2,257,732) |

Change in Net Position of Governmental Activities \$ (5,678,962)

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

| | Successor Agency Private-purpose Trust Fund | Total Agency Funds |
|--|---|-----------------------|
| ASSETS | | |
| Cash and Investments | \$ 16,356,354 | \$ 3,861,613 |
| Cash and Investments with Fiscal Agent | | 35,288,079 |
| Interest Receivable | 1,173 | 293 |
| Due from Other Governments | | 755,837 |
| Deposits with Other Agencies | 5,191,594 | 6,325,232 |
| Land Held for Resale | 6,088,480 | |
| Capital Assets: | | |
| Land | 2,426,392 | |
| Buildings and Structures | 14,899,517 | |
| Improvements Other than Buildings | 571,037 | |
| Machinery and Equipment | 1,152,209 | |
| Furniture and Fixtures | 996 | |
| Less Accumulated Depreciation | (7,531,518) | |
| | 39,156,234 | 46,231,054 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charges on Refunding | 1,050,355 | |
| | 1,050,355 | 0 |
| LIABILITIES | | |
| Accounts Payable | 44,943 | 507,750 |
| Deposits and Other Liabilities | | 2,071,306 |
| Due to Other Governments | 4,387,841 | 526 |
| Due to the City of Lake Elsinore | 412,066 | |
| Due to Bond Holders | | 43,651,472 |
| Interest Payable | 875,347 | |
| Loans Payable | 83,384,937 | |
| Bonds Payable | 4,425,000 | |
| Other Long-term Liabilities | 5,193,938 | |
| | 98,724,072 | \$ 46,231,054 |
| NET POSITION | | |
| Net Position Held in Trust for Redevelopment (Deficit) | (58,517,483) | |
| | \$ (58,517,483) | |

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2014

| | Successor Agency Private-purpose Trust Fund |
|--------------------------------------|---|
| | |
| ADDITIONS | |
| Property Taxes | \$ 10,864,084 |
| Investment Earnings | 102,801 |
| | 10,966,885 |
| Total Additions | |
| DEDUCTIONS | |
| Contractual/Professional Services | 2,768,566 |
| Interest Expense | 3,297,694 |
| Depreciation Expense | 486,916 |
| | 6,553,176 |
| Total Deductions | |
| Change in Net Position | 4,413,709 |
| Net Position - Beginning | (62,931,192) |
| Net Position (Deficit) - End of Year | \$ (58,517,483) |

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

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City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The City of Lake Elsinore ("City") was incorporated April 23, 1888 under the General Laws of the State of California. The City operates under a Council-Member form of government and provides the following services: public safety (law enforcement) highways and streets, cultural recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Lake Elsinore include the financial activities of the City, the Successor Agency to the Lake Elsinore Redevelopment Agency, the Lake Elsinore Public Financing Authority and the Lake Elsinore Recreation Authority. In accordance with GASB Statement No. 14, the basic criteria for including an agency, institution, authority or other organization in a governmental unit's financial reporting entity is financial accountability. Financial accountability includes, but is not limited to 1) selection of the governing body, 2) imposition of will, 3) ability to provide a financial benefit to or impose financial burden on and 4) fiscal dependency.

There may, however, be factors other than financial accountability that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include scope of public service and special financing relationships.

Based upon the application of these criteria, an agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30, 2014 year end. All the component units are blended in these financial statements. The governing bodies of these component units are comprised of the City Council and the services they provide almost exclusively benefits the City of Lake Elsinore. A component unit financial statement for each component unit previously described may be obtained at 130 S. Main Street, Lake Elsinore, California 92530. The following is a brief review of each component unit included in the primary government's reporting entity.

The Lake Elsinore Public Financing Authority

The "Authority" is a joint exercise of powers between the City and the Lake Elsinore Redevelopment Agency created by a joint powers agreement dated July 25, 1989. The purpose of the Authority is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenues bonds are to be repaid solely from the revenues of certain public obligations. The Authority does not have taxing power. The City Council also acts as the governing body of the Authority. The Authority's activities are blended with those of the City in these financial statements and are reported as a debt service fund. On February 1, 2012, the Lake Elsinore Redevelopment Agency was dissolved and the City became the Successor Agency to the Lake Elsinore Redevelopment Agency.

The Lake Elsinore Recreation Authority

The "Recreation Authority" is a joint exercise of powers between the City and the Lake Elsinore Redevelopment Agency created by a joint powers agreement dated December 1, 1996. The purpose of the Recreation Authority is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenues bonds are to be repaid solely from the revenues of certain public obligations. The Recreation Authority does not have

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A) Reporting Entity - Continued

The Lake Elsinore Recreation Authority - Continued

taxing power. The City Council also acts as the governing body of the Recreation Authority. The Recreation Authority's activities are blended with those of the City in these financial statements and are reported as a debt service fund. On February 1, 2012, the Lake Elsinore Redevelopment Agency was dissolved and the City became the Successor Agency to the Lake Elsinore Redevelopment Agency.

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 67

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. This statement was issued to improve the financial reporting by state and local governmental pension plans. The statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trust or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trust covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. Statement No. 67 is effective for periods beginning after June 15, 2013. Currently, this statement has no effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 69

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement was issued to improve the financial reporting by state and local governments for government combinations and disposals of government operations. The term *government combinations* is used in this Statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfer of operations may be present in shared service arrangements, reorganizations, redistricting, annexations and arrangements in which an operation is transferred to a new government created to

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 69 - Continued

provide those services. In addition to providing guidance for reporting such activity, this Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. Statement No. 69 is effective for periods beginning after December 15, 2013. The City has elected not to early implement GASB No. 69 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 70

In April of 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement was issued to improve the recognition, measurement and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. As used in this Statement, a nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. Statement No. 70 is effective for periods beginning after June 15, 2013. Currently, this statement has no effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 71

In November of 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement 68*. This statement was issued to address an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributions entities. At the beginning of the period in which the provisions of Statement 68 are adopted, there may be circumstances in which it is not practical for a government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions. In such circumstances, the government should recognize a beginning deferred outflow of resources only for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year. Additionally, in those circumstances, no beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions should be recognized. Statement No. 71 is effective for periods beginning after June 15, 2014 and should be implemented simultaneously with the provisions of GASB Statement No. 68. The City has elected not to early implement GASB No. 68 and 71 and has not determined its effect on the City's financial statements.

C) Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Basis of Presentation - Continued

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no business-type activities or discretely presented component units. For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Direct payments have not been eliminated from the functional categories. Internal expenses and internal payments have been eliminated.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the government's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds. Fiduciary statements, even though excluded from the government-wide financial statements, represents private purpose trust funds and agency funds.

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the private-purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities and compensated absences which are

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's fiduciary funds consist of private purpose trust funds which are reported using the economic resources measurement focus and the agency funds which have no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

The *Low and Moderate Income Housing Special Revenue Fund* is used to account for funds to be used for low and moderate income projects. Expenditures for this fund are restricted to low and moderate income housing projects.

The *Public Financing Authority Debt Service Fund* is used to account for the accumulation of resources for, and the repayment of, long-term debt principal, interest and related costs of the Authority.

The *Recreation Authority Debt Service Fund* is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations of the component unit.

The *Assessment Districts Capital Project Fund* is used to account for transactions related to proceeds from assessment bonds and other resources used to acquire and construct certain capital facilities.

Additionally, the City reports the following fund types:

The *Private-purpose Trust Fund* is used to account for activities of the Successor Agency to the Lake Elsinore Redevelopment Agency.

The *Agency Funds* are used to account for money received by the City as an agent for individuals, other governments and other entities.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Project Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year.

F) Investments

Investments are reported at fair value, except for the investments in local obligations, which are reported at cost, because the investments are not transferable and the fair values are not affected by changes in interest rates. Investment earnings includes interest earnings, changes in fair value, any gains or losses related to the liquidation or sale of the investment.

G) Employee Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation, sick, holiday benefits and compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement. The amount recorded in accordance with GASB Statement 16 at June 30, 2014 was \$608,366.

H) Inter-fund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and such amounts are offset equally by a nonspendable fund balance which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

I) Risk Management

The City's Workers' Compensation losses are covered by a policy with the California State Compensation Board. The City's liability losses are covered under their participation in the California Joint Powers Insurance Authority ("JPIA").

J) Capital Assets

Capital assets, which include land, structures, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of 2 years or more. Infrastructure is capitalized if cost is in excess of \$50,000 and it has an expected useful life of 2 years or more. Capital assets acquired through lease obligations are valued at the present value

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) Capital Assets - Continued

of future lease payments at the date acquired. Donated capital assets are valued at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The range of lives used for depreciation purposes for each capital asset class is as follows:

| | |
|-----------------------------------|----------------|
| Buildings and Structures | 40 years |
| Improvements Other Than Buildings | 25 years |
| Machinery and Equipment | 5 - 8 years |
| Furniture and Fixtures | 5 years |
| Automotive Equipment | 5 years |
| Infrastructure | 35 - 100 years |

K) Property Tax Revenue

Property tax in California is levied according to Article 13-A of the California Constitution. The County of Riverside, California (the County) is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) as determined by the County Assessor.

Property taxes are levied by the County and shared with all other political jurisdictions within the County. These political jurisdictions and the County may levy an additional property tax override only after two-thirds approval of the jurisdictions' voters.

The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied provided that the revenue is collected during the year or within 60 days of year-end. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1, and are payable in two installments on November 1 and February 1. Such taxes become delinquent on December 10 and April 10, respectively.

L) Miscellaneous Revenues

Included in miscellaneous revenues for the governmental funds is \$1,917,662 of fire service tax credits, \$953,380 reimbursement revenues and \$674,770 other revenues. Miscellaneous revenues for the Statement of Activities include \$534,892 reimbursed revenues and \$520,066 other revenues.

M) Deferred Outflows/Inflows of Resources

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

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M) Deferred Outflows/Inflows of Resources - Continued

(expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge 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 refunding or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from interest on loans and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those amounts.

2) CASH AND INVESTMENTS

Cash and Investments are classified in the accompanying financial statements as follows:

| | |
|--|-----------------------|
| Statement of Net Position: | |
| Cash and Investments | \$ 45,915,541 |
| Restricted Cash and Investments | 94,252,112 |
| Statement of Fiduciary Net Position: | |
| Cash and Investments | 20,217,967 |
| Cash and Investments with Fiscal Agent | <u>35,288,079</u> |
| Total Cash and Investments | <u>\$ 195,673,699</u> |

Cash and investments consist of the following:

| | |
|--------------------------------------|-----------------------|
| Petty Cash | \$ 1,300 |
| Deposits with Financial Institutions | 4,449,383 |
| Investments | <u>191,223,016</u> |
| Total Cash and Investments | <u>\$ 195,673,699</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage Of Portfolio* | Maximum Investment In One Issuer |
|---|---------------------|--|--|
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Government Sponsored Agency Securities | 5 years | None | 40% |
| State and Local Agency Obligations | 5 years | None | 5% |
| Banker's Acceptances | 180 days | 40% | 10% |
| Insured or Collateralized Time Certificate of Deposits | 5 years | None | 5% |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | 5% |
| Repurchase Agreements | 30 days | None | 5% |
| Reverse Repurchase Agreements | 92 days | 10% | 5% |
| Medium-Term Corporate Notes | 5 years | 30% | 5% |
| Local Agency Investment Fund (LAIF) | N/A | None | \$50,000,000 |
| California Asset Management Program (CAMP) | N/A | None | 5% |
| Money Market Fund | N/A | 20% | 5% |

*Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by 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. Investments authorized for funds held by bond trustee include, United States Treasury Obligations, United States Government Sponsored Agency Securities, Guaranteed Investment Contracts, Commercial Paper, Local Agency Bonds, Banker's Acceptance and Money Market Mutual Funds. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Commercial Paper which is limited to 92 days and of Banker's Acceptances which are limited to one year.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk - Continued

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| <u>Investment Type</u> | | <u>12 Months or Less</u> | <u>13 to 24 Months</u> | <u>25 to 60 Months</u> | <u>More Than 60 Months</u> |
|--|------------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------------|
| Local Agency Investment Fund | \$ 22,565,163 | \$ 22,565,163 | \$ | \$ | \$ |
| Corporate Notes | 11,426,447 | | 2,388,299 | 9,038,148 | |
| Federal Agency Securities | 12,953,193 | | 5,286,584 | 7,666,609 | |
| U.S. Treasury Notes | 13,907,708 | 305,402 | 2,915,736 | 10,686,570 | |
| Municipal Bonds | 126,371 | | | 126,371 | |
| Certificate of Deposit | 572,651 | | 572,651 | | |
| California Asset Management Program Pool (CAMP) | 131,141 | 131,141 | | | |
| Held by Bond Trustee: | | | | | |
| Money Market Mutual Funds | 51,269,183 | 51,269,183 | | | |
| Local Obligation Bonds | <u>78,271,159</u> | <u>3,211,797</u> | <u>3,805,323</u> | <u>12,485,969</u> | <u>58,768,070</u> |
| Total | <u>\$ 191,223,016</u> | <u>\$ 77,482,686</u> | <u>\$ 14,968,593</u> | <u>\$ 40,003,667</u> | <u>\$ 58,768,070</u> |

Disclosures Relating to Credit Risk

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

The City's investment in local obligation bonds are secured by property taxes on the subordinate tax allocation bonds and special assessment taxes on property owned within the Community Facilities Districts or Special Assessment Districts. Due to the decline in property values and general economic conditions, there has been an increase in delinquent special assessment collections, resulting in foreclosures on property secured by the special assessments. The City may not be able to recover its investment in these local obligations bonds if collections of special assessments decline and foreclosure proceeds are not adequate to cover the investment balances.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk - Continued

| | | Minimum Legal Rating | AAA | AA | Other | Not Rated | Not Required to be Rated |
|--|------------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|------------------------------|--------------------------------|
| Local Agency Investment Fund | \$ 22,565,163 | N/A | \$ | \$ | \$ | \$ 22,565,163 | \$ |
| Corporate Notes | 11,426,447 | AA | 251,635 | 2,932,969 | 8,241,843 | | |
| Federal Agency Securities | 12,953,193 | N/A | | 12,953,193 | | | |
| U.S. Treasury Notes | 13,907,708 | N/A | | | | | 13,907,708 |
| Municipal Bonds | 126,371 | | | 126,371 | | | |
| Certificate of Deposit | 572,651 | | | | 572,651 | | |
| California Asset Management Program Pool (CAMP) | 131,141 | N/A | 131,141 | | | | |
| Held by Bond Trustee: | | | | | | | |
| Money Market Mutual Funds | 51,269,183 | | 51,269,183 | | | | |
| Local Obligation Bonds | <u>78,271,159</u> | | | | | <u>78,271,159</u> | |
| Total | \$ <u>191,223,016</u> | | \$ <u>51,651,959</u> | \$ <u>16,012,533</u> | \$ <u>8,814,494</u> | \$ <u>100,836,322</u> | \$ <u>13,907,708</u> |

The ratings for the other above are as follows:

| | |
|--------|---------------------|
| Other: | |
| AA+ | \$ 1,167,549 |
| AA- | 1,407,410 |
| A-1+ | 572,651 |
| A+ | 2,910,101 |
| A | 2,506,186 |
| A- | <u>250,597</u> |
| | <u>\$ 8,814,494</u> |

Concentration of Credit Risk

The investments policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments are as follows:

| Issuer | Investment Type | Reported Amount |
|--|-----------------------|-----------------|
| CFD 88-3 Special Tax Bonds, 2008 Series A | Local Obligation Bond | \$ 15,335,000 |
| AD 93-1 Refunding Improvement Bonds, 2012 Series A | Local Obligation Bond | \$ 14,807,783 |
| CFD 98-1 Special Tax Bonds, 2013 Series C | Local Obligation Bond | \$ 12,786,795 |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2014, \$3,008,706 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Local Agency Investment Fund

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Authority may invest up to \$50,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2014 was 0.22%. The carrying value and estimated market value of the LAIF Pool at June 30, 2014 was \$64,850,840,279 and \$64,870,214,443, respectively. The City's share of the Pool at June 30, 2014 was approximately 0.0348 percent.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$1,205,901,000. LAIF's and the Authority's exposure to risk (credit, market or legal) is not currently available.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. LAIF is also regulated by California Government Code Section 16429.

Investment in California Asset Management Program

The California Asset Management Program (the CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool (Participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (Individual Portfolios) by separate agreement with the Investment Advisor. The City has a separate account in the Investment Advisor to manage part of the CAMP portfolio.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Investment in California Asset Management Program - Continued

Investments in the Pools and Individual Portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CAMP may reject any investment and may limit the size of a Participant's account. The Pool seeks to maintain, but does not guarantee, a constant net asset value of \$1.00 per share. A Participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Requests for wire transfers must be made by 9:00 a.m. that day. Fair value of the Pool is determined by the fair value per share of the Pool's underlying portfolio.

Investment in Bonds

The Lake Elsinore Public Financing Authority has purchased subordinate tax allocation bonds and various Assessment District (AD) and Community Facilities District (CFD) bonds from the proceeds of revenue bonds issued by the Authority to facilitate the respective bond issues of the former Lake Elsinore Redevelopment Agency and the Districts.

The CFD and Assessment District Bonds are secured solely by assessments on property owners within the Districts. The subordinate tax allocation bonds are secured based upon an allocation of taxes from the former redevelopment agency's project areas. The repayment schedules of the bonds, and interest thereon, to the Authority are concurrent and sufficient to satisfy the debt service requirements of the respective Authority revenue bonds.

The CFD and Assessment District Bonds investments are summarized below.

| <u>Investment</u> | <u>Fair Value</u> |
|--|----------------------|
| CFD 88-3 Special Tax Bonds, 2008 Series A | \$ 15,335,000 |
| CFD 2003-2 Special Tax Bonds, 2010 Series A | 7,102,021 |
| Lake Elsinore Redevelopment Agency, 2011 Series Project Area II | 3,115,000 |
| Lake Elsinore Redevelopment Agency, 2011 Series Project Area III | 1,310,000 |
| CFD 95-1 Special Tax Bonds, 2011 Series | 1,068,860 |
| AD 93-1 Refunding Improvement Bonds, 2012 Series A | 14,807,783 |
| CFD 2005-5 Special Tax Bonds, 2012 Series A | 3,052,155 |
| CFD 2003-2 Special Tax Bonds, 2012 Series (Improvement Area C) | 5,191,871 |
| CFD 2006-1 Special Tax Bonds, 2013 Series (Improvement Area A) | 3,363,475 |
| CFD 88-3 Special Tax Bonds, 2013 Series B | 3,967,047 |
| CFD 98-1 Special Tax Bonds, 2013 Series C | 12,786,795 |
| CFD 2003-2 Special Tax Bonds, 2014 Series A (Improvement Area D) | <u>7,171,152</u> |
| | <u>\$ 78,271,159</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Cash and Investment by Entity

Cash and investments held by entity at June 30, 2013 are as follows:

| | <u>City of Lake Elsinore</u> | <u>Successor Agency</u> | <u>Public Financing Authority</u> | <u>Recreation Authority</u> | <u>Total</u> |
|--|----------------------------------|-----------------------------|---|---------------------------------|--------------------------|
| Petty Cash and Change Drawer | \$ 1,000 | \$ | \$ | \$ | \$ 1,000 |
| Deposits at Carrying Amount ⁽¹⁾ | 3,860,764 | 392,516 | 196,403 | | 4,449,683 |
| Local Agency Investment Fund | 11,403,556 | 10,833,605 | 328,002 | | 22,565,163 |
| Corporate Notes | 9,956,316 | 1,470,131 | | | 11,426,447 |
| Federal Agency Securities | 11,709,371 | 1,243,822 | | | 12,953,193 |
| U.S. Treasury Notes | 11,513,146 | 2,394,562 | | | 13,907,708 |
| Municipal Bonds | 126,371 | | | | 126,371 |
| Certificate of Deposits | 572,651 | | | | 572,651 |
| California Asset Management Program Pool (CAMP) | 109,423 | 21,718 | | | 131,141 |
| Held by Bond Trustee: | | | | | |
| Money Market Mutual Bonds | 36,008,090 | | 14,129,283 | 1,131,810 | 51,269,183 |
| Local Obligation Bonds | <u> </u> | <u> </u> | <u>78,271,159</u> | <u> </u> | <u>78,271,159</u> |
| Total Cash and Investments | <u>\$ 85,260,688</u> | <u>\$ 16,356,354</u> | <u>\$ 92,924,847</u> | <u>\$ 1,131,810</u> | <u>\$195,673,699</u> |

⁽¹⁾Net of deposits in transit and outstanding warrants.

3) LOANS RECEIVABLE FROM SUCCESSOR AGENCY

Management believes, in consultation with legal counsel, that the obligations of the dissolved Redevelopment Agency due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. Accordingly, the City has not recorded an allowance for uncollectible advances. The State of California Department of Finance (DOF) has audited the 1995 Loan from the Housing Fund and the City Bond Debt Service Advances as part of its review of the Recognized Obligation Payments Schedule (ROPS), and has not objected to the Successor Agency's repayment of those loans in accordance with the approved ROPS and applicable loan agreements. However, it is reasonably possible that a legal determination or a determination by DOF may be made at a later date that would be unfavorable to the City.

1995 Loan from Housing Fund

As of June 30, 2014, the Successor Agency owed the City, in its capacity as housing successor agency, \$26,642,210. The loans were made from the Low and Moderate Income Housing Special Revenue Fund from the 1995 Series A and 1999 Series C bond proceeds pursuant to that certain Housing Fund Loan Agreement dated December 1, 1995. The loan proceeds were deposited into the Rancho Laguna Special Revenue Fund, and then subsequently loaned to each of the three project areas as interfund loans in accordance with the loan agreement. The 1995 Series A and 1999 Series C bonds were

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

3) LOANS RECEIVABLE FROM SUCCESSOR AGENCY - Continued

1995 Loan from Housing Fund - Continued

refunded in fiscal year 2010 with the issuance of the 2010 Series A and 2010 Series B bonds. The loans payable include an original amount of \$18,040,440 and accrued interest of \$8,601,770. The loans from the Low and Moderate Income Housing Special Revenue Fund are repayable from all available revenues of the Successor Agency after payment of senior indebtedness in accordance with the governing loan agreement.

The issuer of the bonds sought court validation of the actions taken in connection with the 1995 Bonds under Code of Civil Procedure Section 869, et seq. On November 14, 1995, the Superior Court of the State of California in and for the County of Riverside validated the 1995 bond issues and the interfund and housing fund loan agreements relating to payment of the bond debt.

SERAF Advances from Housing Fund

Advances due to the City, in its capacity as housing successor agency, include the amount of \$3,750,000 loaned as a result of the suspension of a portion of the 20% set aside requirement to assist in the payment of the SERAF obligation for fiscal year 2010. This advance is to be repaid by the Successor Agency in installments beginning fiscal year 2014-2015. Repayment of the SERAF advances are limited by a formula set forth in AB 1484, have a priority over repayment of certain other advances, and shall not be made prior to the 2013-2014 fiscal year.

Public Finance Authority Loan Agreements

The Lake Elsinore Public Financing Authority ("Authority") entered into loan agreements with the former Redevelopment Agency ("Agency") whereby the Authority loaned the proceeds of 2010 Series A, B and C Tax Allocation Revenue Bonds and the 2011 Series A Tax Allocation Bonds issued by the Authority to the Agency to retire debt and provide funds for certain public improvements in Agency project areas. As a result of the dissolution of the Agency, the obligation to pay the loans to the Authority was transferred to the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore ("Successor Agency"). The principal and interest are payable in installment payments payable not less than three days to the due date on the related bonds payable (see Note 7).

The following table represents the outstanding balance of loans receivable from the Successor Agency at June 30, 2014:

| Tax Allocation Revenue Bonds | Loans Receivable Balance |
|---------------------------------|--------------------------------|
| 2010 Series A Issue | \$ 13,825,000 |
| 2010 Series B Issue | 8,660,000 |
| 2010 Series C Issue | 26,480,000 |
| 2011 Series A Issue | 4,640,000 |
| Total | \$ 53,605,000 |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

4) NOTES RECEIVABLE

The City has a note receivable in the amount of \$1,000,000 from Pottery Court Housing Associates, L.P. dated December 9, 2009. The proceeds of the loan assisted with the development of the Pottery Court Affordable Housing Project. This loan was funded with HOPE VI grant funds from the United States Department of Housing and Urban Development. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing on July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 75 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2014, the total outstanding balance of \$1,120,000 includes accrued interest of \$120,000.

The City's Low and Moderate Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$9,737,000 from Pottery Court Housing Associates, L.P. dated March 10, 2011. The proceeds of the loan assisted with the acquisition of property and development of the Pottery Court Affordable Housing Project. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 67.5 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2014, the total outstanding balance of \$10,686,358 includes interest of \$949,358.

The City's Low and Moderate Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$1,100,000 from LMV II Affordable, LP dated October 12, 2010. The proceeds of the loan assisted with the rehabilitation of 64 units of affordable housing for families of the Lakeview II Affordable Housing Project. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the second permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 30 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants evidencing completion of the rehabilitation. The release of construction covenants was recorded on August 8, 2012. At June 30, 2014, the total outstanding balance of \$1,140,333 includes interest of \$40,333.

5) LAND HELD FOR RESALE

The former Redevelopment Agency of the City of Lake Elsinore ("Agency") acquired land for development. As a result of the dissolution of the Agency, \$6,088,480 in land held for resale was transferred to the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore's private-purpose fiduciary trust fund and \$48,368 was retained by the City and reported in the Low and Moderate Income Housing Asset Special Revenue Fund. The land is being carried at the lower of cost or net realizable value.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

6) CAPITAL ASSETS

The following is a summary of changes in the Governmental Activities Capital Assets:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------------|---------------------------|---------------------------|
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 2,926,422 | \$ | \$ | \$ 2,926,422 |
| Construction in Progress | <u>2,304,346</u> | <u>3,890,765</u> | <u>(2,805,605)</u> | <u>3,389,506</u> |
| Total Capital Assets, Not Being Depreciated | <u>5,230,768</u> | <u>3,890,765</u> | <u>(2,805,605)</u> | <u>6,315,928</u> |
| Capital Assets, Being Depreciated | | | | |
| Building and Structures | 17,062,978 | 177,255 | | 17,240,233 |
| Improvements Other Than Buildings | 16,897,206 | 134,787 | | 17,031,993 |
| Machinery and Equipment | 2,476,578 | 332,312 | | 2,808,890 |
| Furniture and Fixtures | 883,165 | 84,603 | | 967,768 |
| Automotive Equipment | 2,114,753 | 1,034,717 | | 3,149,470 |
| Technology Equipment and Software | 0 | 53,960 | | 53,960 |
| Infrastructure | <u>187,155,557</u> | <u>1,530,193</u> | <u></u> | <u>188,685,750</u> |
| Total Capital Assets, Being Depreciated | <u>226,590,237</u> | <u>3,347,827</u> | <u>0</u> | <u>229,938,064</u> |
| Less Accumulated Depreciation: | | | | |
| Building and Structures | (4,404,205) | (361,221) | | (4,765,426) |
| Improvements Other Than Buildings | (4,912,544) | (598,550) | | (5,511,094) |
| Machinery and Equipment | (1,927,887) | (148,369) | | (2,076,256) |
| Furniture and Fixtures | (594,001) | (76,671) | | (670,672) |
| Automotive Equipment | (1,919,267) | (90,282) | | (2,009,549) |
| Infrastructure | <u>(70,886,658)</u> | <u>(4,473,909)</u> | <u></u> | <u>(75,360,567)</u> |
| Total Accumulated Depreciation | <u>(84,644,562)</u> | <u>(5,749,002)</u> | <u>0</u> | <u>(90,393,564)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>141,945,675</u> | <u>(2,401,175)</u> | <u>0</u> | <u>139,544,500</u> |
| Total Governmental Activities Capital Assets, Net | <u>\$ 147,176,443</u> | <u>\$ 1,489,590</u> | <u>\$ (2,805,605)</u> | <u>\$ 145,860,428</u> |

Depreciation expense was charged to functions/programs in the Statement of Activities as follows:

| | |
|--------------------------------|-------------------------|
| Governmental Activities: | |
| General Government | \$ 284,321 |
| Public Safety | 392,616 |
| Public Services | 4,616,169 |
| Community Services | <u>455,896</u> |
| Total Depreciation Expense | <u>\$ 5,749,002</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES

| | <u>Date of Issue</u> | <u>Years of Maturity</u> | <u>Rate of Interest</u> | <u>Amount Authorized</u> |
|-------------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Local Agency Revenue Bonds: | | | | |
| 1999 Series G | 2/99 | 2000-2016 | 5.00% - 5.80% | \$ 4,035,000 |
| 2003 Series H | 2/03 | 2004-2034 | 2.75% - 6.375% | 31,570,000 |
| 2008 Series A | 1/08 | 2009-2021 | 3.50% - 4.30% | 22,295,000 |
| 2010 Series A | 11/10 | 2014-2041 | 3.25% - 6.25% | 7,430,000 |
| 2011 Series A | 6/11 | 2013-2039 | 3.00% - 6.125% | 5,365,000 |
| 2011 Series B | 11/11 | 2013-2027 | 1.75% - 5.50% | 1,405,000 |
| 2012 Series A | 7/12 | 2014-2039 | 1.50% - 5.25% | 3,450,000 |
| 2012 Series B | 11/12 | 2015-2031 | 2.00% - 5.125% | 15,345,000 |
| 2012 Series C | 12/12 | 2016-2043 | 2.00% - 5.00% | 5,345,000 |
| 2013 Series A | 5/13 | 2016-2044 | 1.75% - 5.00% | 3,620,000 |
| 2013 Series B | 7/13 | 2015-2021 | 2.00% - 3.25% | 4,215,000 |
| 2013 Series C | 7/13 | 2014-2034 | 2.00% - 5.25% | 13,615,000 |
| 2014 Series A | 1/14 | 2017-2045 | 2.25% - 5.75% | 7,505,000 |
| Tax Allocation Revenue Bonds: | | | | |
| 2010 Series A | 2/10 | 2011-2034 | 2.00% - 5.25% | \$ 15,435,000 |
| 2010 Series B | 5/10 | 2011-2026 | 2.00% - 4.75% | 10,855,000 |
| 2010 Series C | 10/10 | 2012-2031 | 2.00% - 5.00% | 29,435,000 |
| 2011 Series A | 1/11 | 2013-2022 | 4.00% - 6.00% | 5,550,000 |
| Revenue Refunding Bonds: | | | | |
| 2000 Series A | 7/00 | 2005-2032 | Variable | 15,660,000 |
| 2013 Series A | 9/13 | 2014-2032 | 3.00% - 5.00% | 14,460,000 |

The following is summary of changes in long-term obligations:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-----------------------------|------------------------------|------------------|-----------------------------|---------------------------|--------------------------------|
| Public Financing Authority: | | | | | |
| Local Agency Revenue Bonds: | | | | | |
| 1999 Series G | \$ 910,000 | \$ | \$ (910,000) ⁽¹⁾ | \$ | |
| 2003 Series H | 25,500,000 | | (25,500,000) ⁽²⁾ | | |
| 2008 Series A | 15,320,000 | | (1,515,000) | 13,805,000 | 1,620,000 |
| 2010 Series A | 7,430,000 | | (10,000) | 7,420,000 | 20,000 |
| 2011 Series A | 5,230,000 | | (140,000) | 5,090,000 | 145,000 |
| 2011 Series B | 1,320,000 | | (75,000) | 1,245,000 | 80,000 |
| 2012 Series A | 3,450,000 | | (85,000) ⁽³⁾ | 3,365,000 | 40,000 |
| 2012 Series B | 15,345,000 | | | 15,345,000 | 615,000 |
| 2012 Series C | 5,345,000 | | | 5,345,000 | |
| 2013 Series A | 3,620,000 | | | 3,620,000 | |
| 2013 Series B | 0 | 4,215,000 | | 4,215,000 | 705,000 |
| 2013 Series C | 0 | 13,615,000 | | 13,615,000 | 475,000 |
| 2014 Series A | 0 | 7,505,000 | | 7,505,000 | |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|----------------------|------------------------|---------------------------|--------------------------------|
| Tax Allocation Revenue Bonds: | | | | | |
| 2010 Series A | \$ 14,140,000 | \$ | \$ (315,000) | \$ 13,825,000 | \$ 325,000 |
| 2010 Series B | 9,235,000 | | (575,000) | 8,660,000 | 590,000 |
| 2010 Series C | 27,645,000 | | (1,165,000) | 26,480,000 | 1,190,000 |
| 2011 Series A | <u>5,105,000</u> | | <u>(465,000)</u> | <u>4,640,000</u> | <u>485,000</u> |
| Subtotal | 139,595,000 | 25,335,000 | (30,755,000) | 134,175,000 | 6,290,000 |
| Add (Less) Deferred Amounts: | | | | | |
| Bond Premiums | 272,067 | | (23,950) | 248,117 | \$ |
| Bond Discounts | <u>(737,035)</u> | <u>(110,519)</u> | <u>56,611</u> | <u>(790,943)</u> | |
| Subtotal | 139,130,032 | 25,224,481 | (30,722,339) | 133,632,174 | 6,290,000 |
| Revenue Refunding Bonds: | | | | | |
| 2000 Series A | 12,565,000 | | (12,565,000) | 0 | |
| 2013 Series A | | 14,460,000 | (565,000) | 13,895,000 | 565,000 |
| Bond Discount | | (38,525) | 1,576 | (36,949) | |
| Other Post-Employment Benefit Obligation (Note 15) | 6,136,940 | 1,802,032 | (494,945) | 7,444,027 | |
| Compensation Absences | <u>636,903</u> | <u>35,153</u> | <u>(63,690)</u> | <u>608,366</u> | <u>60,387</u> |
| Total | <u>\$ 158,468,875</u> | <u>\$ 41,483,141</u> | <u>\$ (44,409,398)</u> | <u>\$ 155,542,618</u> | <u>\$ 6,915,387</u> |

⁽¹⁾ Includes bond call of \$625,000.

⁽²⁾ Includes bond defeasance of \$25,500,000.

⁽³⁾ Includes bond call of \$60,000.

A) Local Agency Revenue Bonds

In February 1990, the Public Financing Authority was authorized to issue \$500,000,000 in revenue bonds for the purpose of enabling the Public Financing Authority to acquire certain qualified obligations (the "Local Obligations") of the City or the former Redevelopment Agency for whose benefit the program has been designed, or of any other local agencies in the State of California, including Community Facilities District and Special Assessment District (the "Local Agencies"). The Bonds were issued to provide funds to finance the acquisition or construction of land, buildings, equipment and other capital improvements. The bonds will constitute special obligations of the Public Financing Authority and will be issued in Series from time to time pursuant to Supplemental Indentures. These bonds will be payable solely from the repayment by Local Agencies of their obligations and any available surplus revenues.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2008 Series A

In January 2008, \$22,295,000 principal amount of 2008 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds were issued to refund the 1997 Local Agency Revenue Bonds. The bonds are due in annual installments of \$940,000 to \$2,520,000 from September 1, 2008, through September 1, 2020; interest at 3.5% to 4.3%. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2008, at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$1,114,860, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,114,750.

Future debt requirements for the 2008 Series A Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 1,620,000 | \$ 526,010 | \$ 2,146,010 |
| 2016 | 1,720,000 | 459,210 | 2,179,210 |
| 2017 | 1,830,000 | 388,210 | 2,218,210 |
| 2018 | 1,945,000 | 312,710 | 2,257,710 |
| 2019 | 2,070,000 | 229,305 | 2,299,305 |
| 2020-2021 | <u>4,620,000</u> | <u>189,200</u> | <u>4,809,200</u> |
| Total | <u>\$ 13,805,000</u> | <u>\$ 2,104,645</u> | <u>\$ 15,909,645</u> |

2010 Series A

In November 2010, \$7,430,000 principal amount of 2010 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$10,000 to \$735,000 from September 1, 2013 through September 1, 2040; interest at 3.25% to 6.25%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2011 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$743,073, which is sufficient to cover the Bond Indenture Reserve Requirement of \$743,000.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2010 Series A - Continued

Future debt requirements for the 2010 Series A Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|----------------------|
| 2015 | \$ 20,000 | \$ 446,313 | \$ 466,313 |
| 2016 | 25,000 | 445,494 | 470,494 |
| 2017 | 40,000 | 444,225 | 484,225 |
| 2018 | 50,000 | 442,363 | 492,363 |
| 2019 | 60,000 | 440,025 | 500,025 |
| 2020-2024 | 525,000 | 2,135,418 | 2,660,418 |
| 2025-2029 | 990,000 | 1,933,894 | 2,923,894 |
| 2030-2034 | 1,665,000 | 1,543,069 | 3,208,069 |
| 2035-2039 | 2,635,000 | 880,468 | 3,515,468 |
| 2040-2041 | <u>1,410,000</u> | <u>90,000</u> | <u>1,500,000</u> |
| Total | <u>\$ 7,420,000</u> | <u>\$ 8,801,269</u> | <u>\$ 16,221,269</u> |

2011 Series A

In June 2011, \$5,365,000 principal amount of 2011 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$135,000 to \$370,000 from September 1, 2012 through September 1, 2038; interest at 3.0% to 6.125%. The bonds are subject to call and redemption on and after their stated maturity commencing September 1, 2016 at redemption price equal to principal amount. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$427,276, which is sufficient to cover the Bond Indenture Reserve Requirement of \$427,175.

Future debt requirements for the 2011 Series A Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 145,000 | \$ 277,525 | \$ 422,525 |
| 2016 | 145,000 | 273,175 | 418,175 |
| 2017 | 155,000 | 268,287 | 423,287 |
| 2018 | 160,000 | 262,375 | 422,375 |
| 2019 | 160,000 | 255,675 | 415,675 |
| 2020-2024 | 945,000 | 1,143,531 | 2,088,531 |
| 2025-2029 | 1,240,000 | 836,775 | 2,076,775 |
| 2030-2034 | 1,650,000 | 409,563 | 2,059,563 |
| 2035-2039 | <u>490,000</u> | <u>78,706</u> | <u>568,706</u> |
| Total | <u>\$ 5,090,000</u> | <u>\$ 3,805,612</u> | <u>\$ 8,895,612</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2011 Series B

In November 2011, \$1,405,000 principal amount of 2011 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$75,000 to \$120,000 from October 2012 through October 2026; interest at 1.75% to 5.50%. The bonds are subject to call and redemption on and after their stated maturity commencing October 1, 2012 at redemption price equal to principal amount. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$138,259, which is not sufficient to cover the Bond Indenture Reserve Requirement of \$139,113.

Future debt requirements for the 2011 Series B Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ 80,000 | \$ 57,874 | \$ 137,874 |
| 2016 | 75,000 | 55,556 | 130,556 |
| 2017 | 80,000 | 52,838 | 132,838 |
| 2018 | 85,000 | 49,638 | 134,638 |
| 2019 | 85,000 | 46,025 | 131,025 |
| 2020-2024 | 505,000 | 159,919 | 664,914 |
| 2025-2027 | <u>335,000</u> | <u>28,187</u> | <u>363,187</u> |
| Total | <u>\$ 1,245,000</u> | <u>\$ 450,037</u> | <u>\$ 1,695,037</u> |

2012 Series A

In July 2012, \$3,450,000 principal amount of 2012 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$25,000 to \$255,000 from September 1, 2013 through September 1, 2038. Interest payments ranging from 1.5% to 5.25% are due from March 1, 2013 through September 1, 2038. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2012 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$272,896, which is sufficient to cover the Bond Indenture Reserve Requirement of \$272,888.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2012 Series A - Continued

Future debt requirements for the 2012 Series A Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 40,000 | \$ 159,981 | \$ 199,981 |
| 2016 | 45,000 | 159,075 | 204,075 |
| 2017 | 55,000 | 157,881 | 212,881 |
| 2018 | 60,000 | 156,369 | 216,369 |
| 2019 | 65,000 | 154,569 | 219,569 |
| 2020-2024 | 440,000 | 730,394 | 1,170,394 |
| 2025-2029 | 665,000 | 613,422 | 1,278,422 |
| 2030-2034 | 895,000 | 410,156 | 1,305,156 |
| 2035-2039 | <u>1,100,000</u> | <u>144,113</u> | <u>1,244,113</u> |
| Total | <u>\$ 3,365,000</u> | <u>\$ 2,685,960</u> | <u>\$ 6,050,960</u> |

2012 Series B

In November 2012, \$15,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$615,000 to \$1,360,000 from September 2, 2014 through September 2, 2030. Interest payments ranging from 2.0% to 5.125% are due from March 2, 2013 through September 2, 2030. The bonds are subject to call and redemption prior to their stated maturity commencing March 2, 2013 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$1,429,747, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,429,700.

Future debt requirements for the 2012 Series B Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 615,000 | \$ 667,650 | \$ 1,282,650 |
| 2016 | 630,000 | 654,413 | 1,284,413 |
| 2017 | 655,000 | 638,319 | 1,293,319 |
| 2018 | 675,000 | 619,188 | 1,294,188 |
| 2019 | 705,000 | 597,166 | 1,302,166 |
| 2020-2024 | 4,055,000 | 2,535,252 | 6,590,252 |
| 2025-2029 | 5,370,000 | 1,397,075 | 6,767,075 |
| 2030-2031 | <u>2,640,000</u> | <u>137,350</u> | <u>2,777,350</u> |
| Total | <u>\$ 15,345,000</u> | <u>\$ 7,246,413</u> | <u>\$ 22,591,413</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2012 Series C

In December 2012, \$5,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$5,000 to \$1,200,000 from September 1, 2015 through September 1, 2042. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2013 through September 1, 2042. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2013 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$534,518, which is sufficient to cover the Bond Indenture Reserve Requirement of \$534,500.

Future debt requirements for the 2012 Series C Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|----------------------|
| 2015 | \$ | \$ 261,175 | \$ 261,175 |
| 2016 | 5,000 | 261,125 | 266,125 |
| 2017 | 5,000 | 261,019 | 266,019 |
| 2018 | 15,000 | 260,766 | 275,766 |
| 2019 | 20,000 | 260,281 | 280,281 |
| 2020-2024 | 190,000 | 1,285,522 | 1,475,522 |
| 2025-2029 | 405,000 | 1,225,625 | 1,630,625 |
| 2030-2034 | 700,000 | 1,095,500 | 1,795,500 |
| 2035-2039 | 1,105,000 | 872,625 | 1,977,625 |
| 2040-2043 | <u>2,900,000</u> | <u>379,500</u> | <u>3,279,500</u> |
| Total | <u>\$ 5,345,000</u> | <u>\$ 6,163,138</u> | <u>\$ 11,508,138</u> |

2013 Series A

In May 2013, \$3,620,000 principal amount of 2013 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$15,000 to \$310,000 from September 1, 2015 through September 1, 2043. Interest payments ranging from 1.75% to 5.0% are due from March 1, 2014 through September 1, 2043. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2014 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$325,511, which is sufficient to cover the Bond Indenture Reserve Requirement of \$325,500.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2013 Series A - Continued

Future debt requirements for the 2013 Series A Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ | \$ 169,631 | \$ 169,631 |
| 2016 | 15,000 | 169,500 | 184,500 |
| 2017 | 20,000 | 169,169 | 189,169 |
| 2018 | 25,000 | 168,672 | 193,672 |
| 2019 | 30,000 | 168,000 | 198,000 |
| 2020-2024 | 225,000 | 821,397 | 1,046,397 |
| 2025-2029 | 395,000 | 760,937 | 1,155,937 |
| 2030-2034 | 625,000 | 648,141 | 1,273,141 |
| 2035-2039 | 930,000 | 462,000 | 1,392,000 |
| 2040-2044 | <u>1,355,000</u> | <u>178,875</u> | <u>1,533,875</u> |
| Total | <u>\$ 3,620,000</u> | <u>\$ 3,716,322</u> | <u>\$ 7,336,322</u> |

2013 Series B

In June 6, 2013, \$4,215,000 principal amount of 2013 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$425,000 to \$705,000 from September 1, 2014 through September 1, 2020. Interest payments ranging from 2.00% to 3.25% are due from September 1, 2013 through September 1, 2020. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2013 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$421,514, which is sufficient to cover the Bond Indenture Reserve Requirement of \$421,500.

Future debt requirements for the 2013 Series B Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ 705,000 | \$ 95,513 | \$ 800,513 |
| 2016 | 685,000 | 81,613 | 766,613 |
| 2017 | 650,000 | 68,262 | 718,262 |
| 2018 | 620,000 | 54,012 | 674,012 |
| 2019 | 580,000 | 38,287 | 618,287 |
| 2020-2021 | <u>975,000</u> | <u>28,969</u> | <u>1,003,969</u> |
| Total | <u>\$ 4,215,000</u> | <u>\$ 366,656</u> | <u>\$ 4,581,656</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2013 Series C

In June 2013, \$13,615,000 principal amount of 2013 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$475,000 to \$1,025,000 from September 1, 2014 through September 1, 2033. Interest payments ranging from 2.00% to 5.25% are due from September 1, 2013 through September 1, 2033. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2033 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$1,082,892, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,082,856.

Future debt requirements for the 2013 Series C Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 475,000 | \$ 599,831 | \$ 1,074,831 |
| 2016 | 485,000 | 590,231 | 1,075,231 |
| 2017 | 495,000 | 579,194 | 1,074,194 |
| 2018 | 505,000 | 565,431 | 1,070,431 |
| 2019 | 525,000 | 549,981 | 1,074,981 |
| 2020-2024 | 2,890,000 | 2,456,041 | 5,346,041 |
| 2025-2029 | 3,600,000 | 1,709,663 | 5,309,663 |
| 2030-2034 | <u>4,640,000</u> | <u>633,938</u> | <u>5,273,938</u> |
| Total | <u>\$ 13,615,000</u> | <u>\$ 7,684,310</u> | <u>\$ 21,299,310</u> |

2014 Series A

In January 2014, \$7,505,000 principal amount of 2014 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$10,000 to \$705,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.25% to 5.75% are due from September 1, 2014 through September 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2023 at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$705,034, which is sufficient to cover the Bond Indenture Reserve Requirement of \$705,011.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2014 Series A

Future debt requirements for the 2014 Series A Local Agency Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|----------------------|
| 2015 | \$ | \$ 451,897 | \$ 451,897 |
| 2016 | | 416,069 | 416,069 |
| 2017 | 10,000 | 415,956 | 425,956 |
| 2018 | 20,000 | 415,594 | 435,594 |
| 2019 | 30,000 | 414,856 | 444,856 |
| 2020-2024 | 305,000 | 2,045,663 | 2,350,663 |
| 2025-2029 | 655,000 | 1,938,352 | 2,593,352 |
| 2030-2034 | 1,140,000 | 1,705,812 | 2,845,812 |
| 2035-2039 | 1,840,000 | 1,290,875 | 3,130,875 |
| 2040-2044 | 2,800,000 | 630,488 | 3,430,488 |
| 2045 | <u>705,000</u> | <u>20,269</u> | <u>725,269</u> |
| Total | <u>\$ 7,505,000</u> | <u>\$ 9,745,831</u> | <u>\$ 17,250,831</u> |

B) Tax Allocation Revenue Bonds

2010 Series A

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$1,475,328, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,469,480.

Future debt requirements for the 2010 Series A Tax Allocation Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 325,000 | \$ 660,106 | \$ 985,106 |
| 2016 | 330,000 | 651,106 | 981,106 |
| 2017 | 345,000 | 641,806 | 986,806 |
| 2018 | 350,000 | 630,944 | 980,944 |
| 2019 | 365,000 | 618,869 | 983,869 |
| 2020-2024 | 2,045,000 | 2,864,497 | 4,909,497 |
| 2025-2029 | 2,570,000 | 2,317,875 | 4,887,875 |
| 2030-2034 | <u>7,495,000</u> | <u>1,155,131</u> | <u>8,650,131</u> |
| Total | <u>\$ 13,825,000</u> | <u>\$ 9,540,334</u> | <u>\$ 23,365,334</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

B) Tax Allocation Revenue Bonds - Continued

2010 Series B

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; interest at 2.00% to 4.75%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$939,630, which is sufficient to cover the Bond Indenture Reserve Requirement of \$939,538.

Future debt requirements for the 2010 Series B Tax Allocation Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|----------------------|
| 2015 | \$ 590,000 | \$ 336,550 | \$ 926,550 |
| 2016 | 610,000 | 318,550 | 928,550 |
| 2017 | 630,000 | 299,950 | 929,950 |
| 2018 | 645,000 | 280,019 | 925,019 |
| 2019 | 670,000 | 257,394 | 927,394 |
| 2020-2024 | 3,765,000 | 840,609 | 4,605,609 |
| 2025-2026 | <u>1,750,000</u> | <u>83,541</u> | <u>1,833,541</u> |
| Total | <u>\$ 8,660,000</u> | <u>\$ 2,416,613</u> | <u>\$ 11,076,613</u> |

2010 Series C

In October 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; interest at 2.00% to 5.00%. The bonds are subject to call and redemption on or after their stated maturity commencing September 1, 2020, at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$2,222,613, which is sufficient to cover the Bond Indenture Reserve Requirement of \$2,222,395.

Future debt requirements for the 2010 Series C Tax Allocation Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2015 | \$ 1,190,000 | \$ 1,019,214 | \$ 2,209,214 |
| 2016 | 1,215,000 | 994,404 | 2,209,404 |
| 2017 | 1,240,000 | 965,995 | 2,205,995 |
| 2018 | 1,270,000 | 931,445 | 2,201,445 |
| 2019 | 1,310,000 | 891,926 | 2,201,926 |
| 2020-2024 | 7,250,000 | 3,708,396 | 10,958,396 |
| 2025-2029 | 8,870,000 | 2,029,397 | 10,899,397 |
| 2030-2031 | <u>4,135,000</u> | <u>205,337</u> | <u>4,340,337</u> |
| Total | <u>\$ 26,480,000</u> | <u>\$ 10,746,114</u> | <u>\$ 37,226,114</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

B) Tax Allocation Revenue Bonds - Continued

2011 Series A

In January 2011, \$5,550,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$445,000 to \$700,000 from September 1, 2012 through September 1, 2021; interest at 4.00% to 6.00%. The bonds are subject to call and redemption on or after their stated maturity commencing September 1, 2016, at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$555,054, which is sufficient to cover the Bond Indenture Reserve Requirement of \$539,623.

Future debt requirements for the 2011 Series A Tax Allocation Revenue Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 485,000 | \$ 246,481 | \$ 731,481 |
| 2016 | 505,000 | 223,550 | 728,550 |
| 2017 | 530,000 | 197,675 | 727,675 |
| 2018 | 555,000 | 169,163 | 724,163 |
| 2019 | 585,000 | 136,350 | 721,350 |
| 2020-2022 | <u>1,980,000</u> | <u>183,000</u> | <u>2,163,000</u> |
| Total | <u>\$ 4,640,000</u> | <u>\$ 1,156,219</u> | <u>\$ 5,796,219</u> |

C) Revenue Refunding Bonds

2013 Series A

In September 2013, \$14,460,000 principal amount of 2013 Revenue Refunding Bonds, Series A, was issued in accordance with the indenture to provide funds to advance refund the 2000 Revenue Refunding Bonds, Series A. The original purpose of the prior bonds was to finance the Authority's lease of certain City recreation facilities from the City for lease back to the City. The term bonds are due in annual installments of \$565,000 to \$1,075,000 from February 1, 2014 through February 1, 2032; interest rates varying from 3.00% to 5.00%. The bonds are subject to call and redemption prior to their stated maturity commencing February 1, 2024, at specified redemption prices. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$1,131,762, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,131,700.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

C) Revenue Refunding Bonds - Continued

2013 Series A - Continued

Future debt requirements for the 2013 Series A Revenue Refunding Bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 565,000 | \$ 564,050 | \$ 1,129,050 |
| 2016 | 580,000 | 547,100 | 1,127,100 |
| 2017 | 600,000 | 529,700 | 1,129,700 |
| 2018 | 620,000 | 511,700 | 1,131,700 |
| 2019 | 635,000 | 493,100 | 1,128,100 |
| 2020-2024 | 3,520,000 | 2,125,450 | 5,645,450 |
| 2025-2029 | 4,295,000 | 1,349,013 | 5,644,013 |
| 2030-2032 | <u>3,080,000</u> | <u>307,737</u> | <u>3,387,737</u> |
| Total | <u>\$ 13,895,000</u> | <u>\$ 6,427,850</u> | <u>\$ 20,322,850</u> |

D) Compensated Absences

Compensated absences are liquidated by the General Fund and are reported as a liability of the governmental activities.

E) Advance Refunding

Lake Elsinore Public Financing Authority 2003 Local Agency Revenue Bonds, Series H

In July 2013, the Lake Elsinore Public Financing Authority issued \$4,215,000 in Local Agency Revenue Bonds Series 2013B with interest rates of 2.00% to 3.25% and \$13,615,000 in Local Agency Revenue Bonds Series 2013C with interest rates of 2.00% to 5.25% to advance refund \$25,500,000 of the Lake Elsinore Public Financing Authority 2003 Local Agency Revenue Bonds, Series H. The net proceeds of \$14,741,711 (after payment of \$3,042,076 in underwriting fees and other issuance costs) plus an additional \$12,026,905 of prior funds and related sources were deposited in an irrevocable trust to provide funds for the future debt service payment on the refunded bonds. As a result, the Lake Elsinore Public Financing Authority 2003 Local Agency Revenue Bonds, Series H, are considered to be defeased and the liability of this bond has been removed from long-term debt.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,268,616. This amount is being amortized over the remaining life of the refunding debt as a deferred amount on refunding. The advance refunded the Lake Elsinore Public Financing Authority 2003 Local Agency Revenue Bonds, Series H, to reduce its total debt service payments over 20 years by \$17,128,724 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,669,169.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

7) LONG-TERM LIABILITIES - Continued

E) Advance Refunding - Continued

Lake Elsinore Recreation Authority 2000 Revenue Refunding Bonds, Series A

In 2013, the Lake Elsinore Recreation Authority issued \$14,460,000 in 2013 Revenue Refunding Bonds, Series A, with interest rates of 3.00% to 5.00% to advance refund \$12,565,000 of the Lake Elsinore Recreation Authority 2000 Revenue Refunding Bonds, Series A. The net proceeds of \$12,792,203 (after payment of \$536,097 in issuance costs and \$1,131,700 retained for a reserve account) were deposited in a prepayment account that refunded the bonds. As a result, the Lake Elsinore Recreation Authority 2000 Revenue Refunding Bonds, Series A, are considered to be defeased and the liability of this bond has been removed from long-term debt.

The reacquisition price exceeded the net carrying amount of the old debt by \$227,203. This amount is reflected as a deferred charge on refunding in the Statement of Net Position and amortized over the remaining life of the refunding debt. The Authority advance refunded the 2000 Revenue Refunding Bonds in order to change certain terms from the previous bond. Future savings on debt service payments and economic gains were not calculated since the advance refunding was for the purpose of changing the terms of the old debt and were not significant.

8) SPECIAL ASSESSMENT DISTRICT BONDS

The payment of these bonds is secured by valid assessment liens upon certain lands in each district and are not direct liabilities of the City. Reserves have been established to meet delinquencies should they occur. Neither the faith and credit nor the taxing power of the City of Lake Elsinore is pledged to the payment of the bonds. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay those delinquencies out of any other available funds. Therefore, the outstanding balances of these bonds are not reflected in these financial statements. A summary of Special Assessment Bonds outstanding, for which the City has no liability or commitment, or as follows:

| | <u>Original Issue</u> | <u>Bonds Outstanding at June 30, 2014</u> |
|--|-----------------------|---|
| Assessment District No. 93-1 Refunding Improvement Bonds, 2012 Series B | \$ 15,345,000 | \$ <u>15,345,000</u> |
| Total Assessment District Bonds | | \$ <u>15,345,000</u> |

9) COMMUNITY FACILITIES DISTRICT BONDS

These bonds are authorized pursuant to the Mello-Roos Community Facilities District Act of 1982 as amended, and are payable from special taxes levied on property within the Community Facility Districts according to a methodology approved by the voters within the District and by the City Council of the City of Lake Elsinore. Neither the faith and credit nor taxing power of the City of Lake Elsinore is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. Therefore, the outstanding

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

9) COMMUNITY FACILITIES DISTRICT BONDS - Continued

balances of these bonds are not reflected in these financial statements. A summary of Mello-Roos Bonds outstanding are as follows:

| | <u>Original Issue</u> | <u>Bonds Outstanding at June 30, 2014</u> |
|---|-----------------------|---|
| Community Facilities District 90-2 Tuscany Hills Public Improvements 2002 Series | \$ 14,470,000 | \$ 3,320,000 |
| Community Facilities District 95-1 Lake Elsinore City Center Public Improvements | 1,375,000 | 1,210,000 |
| Community Facilities District 2003-2 Canyon Hills 2004 Series A | 12,235,000 | 11,210,000 |
| Community Facilities District 2004-3 Rosetta Canyon 2005 Series A | 22,635,000 | 21,600,000 |
| Community Facilities District 2005-1 Serenity 2006 Series A | 9,180,000 | 8,495,000 |
| Community Facilities District 2005-2 Alberhill Ranch 2005 Series A | 24,680,000 | 23,490,000 |
| Community Facilities District 2005-6 City Center Townhomes 2006 Series A | 3,525,000 | 3,270,000 |
| Community Facilities District 90-2 Tuscany Hills Public Improvement 2007 Series A | 7,340,000 | 7,340,000 |
| Community Facilities District 2003-2 Canyon Hills 2006 Series A | 20,570,000 | 19,820,000 |
| Community Facilities District 2004-3 Rosetta Canyon 2006 Series A | 23,460,000 | 22,800,000 |
| Community Facilities District 2006-2 Viscaya 2006 Series A | 7,290,000 | 7,075,000 |
| Community Facilities District 88-3 West Lake Elsinore 2008 Series A | 24,670,000 | 15,335,000 |
| Community Facilities District 2003-2 Canyon Hills 2010 Series A | 7,430,000 | 7,420,000 |
| Community Facilities District 2005-5 Wasson Canyon 2012 Series A | 3,450,000 | 3,365,000 |
| Community Facilities District 2006-1 Summerly 2013 Series (Improvement Area A) | 3,620,000 | 3,620,000 |
| Community Facilities District 2003-2 Canyon Hills 2013 Series (Improvement Area C) | 5,345,000 | 5,345,000 |
| Community Facilities District 88-3 West Lake Elsinore 2013 Series B | 4,215,000 | 4,215,000 |
| Community Facilities District 98-1 Summerhill Public Improvements 2013 Series C | 13,615,000 | 13,615,000 |
| Community Facilities District 2003-2 Canyon Hills Improvement Area D 2014 Series A | 7,505,000 | <u>7,505,000</u> |
| Total Community Facilities District Bonds | | <u>\$ 190,050,000</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

10) MORTGAGE REVENUE BONDS

The City and Agency have entered into a bond and loan program to assist low and moderate income homebuyers of multi-family residential developments within the City limits. Although the City has arranged the financing program, these debts are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, or any political subdivision of the City, is pledged to repay the indebtedness. Accordingly, since these debts do not constitute an obligation of the City, they are not reflected in the accompanying financial statements. They are as follows:

| | <u>Original Issue</u> | <u>Bonds Outstanding at June 30, 2014</u> |
|--|-----------------------|---|
| Lakeside Village Project - Due January 1, 2031 | \$ 5,000,000 | \$ 3,696,123 |

11) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of normal operations, the City entered into numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying governmental fund financial statements generally reflect such transactions as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. Inter-fund transactions and inter-fund payables/receivables at year-end are not eliminated in the governmental fund financial statements.

Due To/From

Due to and from other funds are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--|---------------|
| General Fund | Other Governmental Funds | \$ 936,889 |
| General Fund | Public Financing Authority Debt Service Fund | 17,562 |
| General Fund | Recreation Authority Debt Service Fund | 25,670 |
| | Total | \$ 980,121 |

The General Fund loaned Other Governmental Funds \$980,121 to provide cash flows for expenditures.

Transfers In/Out

The compositions of the City's interfund transfer balances are as follows:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|--|--------------------------|---------------|
| General Fund | Other Governmental Funds | \$ 153,599 |
| Recreation Authority Debt Service Fund | General Fund | 761,282 |
| Other Governmental Funds | General Fund | 1,224,467 |
| Other Governmental Funds | Other Governmental Funds | 473,018 |
| | Total | \$ 2,612,366 |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

11) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

The transfers between the General Fund and the Other Governmental Funds were made to provide cash flows for expenditures. The transfers between the Recreation Authority Debt Service Fund and the General Fund were made to provide lease payments on long-term debt.

12) FUND BALANCE AND NET POSITION

The fund balances reported on the fund statements consist of the following categories:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (ordinance) by the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given. The City Council assigns fund balance, however, unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first. When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

12) FUND BALANCE AND NET POSITION - Continued

The details of the fund balances as of June 30, 2014 are presented below:

| | General Fund | Low and Moderate Income Housing Special Revenue Fund | Public Financing Authority Debt Service Fund | Recreation Authority Debt Service Fund |
|----------------------------------|----------------------|---|---|---|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid Items | \$ 264,392 | \$ | \$ | \$ |
| Notes Receivable | 1,000,000 | | | |
| Endowment Principal | | | | |
| Restricted for: | | | | |
| Debt Service | | | 134,574,082 | 1,197,852 |
| Low & Moderate Income Housing | | 41,709,564 | | |
| Transportation & Public Works | | | | |
| Development | | | | |
| Lighting & Landscape Maintenance | | | | |
| Public Facilities & Improvements | | | | |
| Other Purposes | | | | |
| Assigned: | | | | |
| Construction | | | | |
| Scholarships | | | | |
| Unassigned | <u>10,488,843</u> | _____ | _____ | _____ |
| Total Fund Balance | <u>\$ 11,753,235</u> | <u>\$ 41,709,564</u> | <u>\$ 134,574,082</u> | <u>\$ 1,197,852</u> |

| | Assessment Districts Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--|--------------------------------|--------------------------------|
| Fund Balances | | | |
| Nonspendable: | | | |
| Prepaid Items | \$ | \$ | \$ 264,392 |
| Notes Receivable | | | 1,000,000 |
| Endowment Principal | | 20,003 | 20,003 |
| Restricted for: | | | |
| Debt Service | | | 135,771,934 |
| Low & Moderate Income Housing | | 2,081,142 | 43,790,706 |
| Transportation & Public Works | | 12,688,987 | 12,688,987 |
| Development | | 1,783,849 | 1,783,849 |
| Lighting & Landscape Maintenance | | 310,594 | 310,594 |
| Public Facilities & Improvements | 846,113 | 3,948,028 | 4,794,141 |
| Other Purposes | | 22,193 | 22,193 |
| Assigned: | | | |
| Construction | | 1,221,252 | 1,221,252 |
| Scholarships | | 10,853 | 10,853 |
| Unassigned | _____ | <u>(1,014,226)</u> | <u>9,474,617</u> |
| Total Fund Balance | <u>\$ 846,113</u> | <u>\$ 21,072,675</u> | <u>\$ 211,153,521</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

12) FUND BALANCE AND NET POSITION - Continued

The details of other restricted purposes in the Statement of Net Position as of June 30, 2014 are presented below:

| | | |
|------------------------------------|----|---------|
| Lighting and Landscape Maintenance | \$ | 362,709 |
| Community Development | | |
| Nonexpendable | | 20,003 |
| Fire Protection | | 139 |
| Geothermal | | 19,816 |
| Education | | 2,238 |
| Total Net Position - Other | | |
| Restricted Purposes | \$ | 404,905 |

13) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

It is the City's intention to seek authority from the City Council to realign the current year's budget to reflect priority changes in the goals and objectives of the City. This realignment did not take place in the current year budget; therefore, expenditures exceeded appropriations in the following funds:

| | <u>Expenditures</u> | <u>Appropriations</u> | <u>Difference</u> |
|--|---------------------|-----------------------|-------------------|
| Low and Moderate Income Housing - Special Revenue Fund | \$ 198,051 | \$ 0 | \$ (198,051) |
| Assessment District - Capital Project Fund | 5,702,351 | 0 | (5,702,351) |
| Other Governmental Funds: | | | |
| Gas Tax - Special Revenue Fund | 2,184,200 | 2,127,364 | (56,836) |
| TDA Article 3 SB821 Pedestrian Sidewalk - Special Revenue Fund | 105,809 | 0 | (105,809) |
| SB1186 CAS Education - Special Revenue Fund | 750 | 0 | (750) |
| City-Wide Lighting and Landscaping - Special Revenue Fund | 1,619,677 | 1,463,325 | (156,352) |
| C.D.B.G. - Special Revenue Fund | 394,851 | 302,574 | (92,277) |
| City Hall/Public Works - Special Revenue Fund | 436,986 | 423,960 | (13,026) |
| Community Center - Special Revenue Fund | 11,139 | 0 | (11,139) |
| PEG Grant - Special Revenue Fund | 163,658 | 138,778 | (24,880) |
| Library Capital Improvement - Capital Project Fund | 9,616 | 9,481 | (135) |
| City Fire Protection - Capital Project Fund | 196,635 | 161,556 | (35,079) |

The following funds had a deficit fund balance at June 30, 2014. These deficits are expected to be eliminated through future revenues and transfers.

| | | <u>Amount</u> |
|---|----|---------------|
| Other Governmental Funds: | | |
| Supplemental Law Enforcement Service - Special Revenue Fund | \$ | (8,247) |
| Traffic Safety - Special Revenue Fund | | (52,809) |
| City-wide Lighting and Landscaping - Special Revenue Fund | | (205,887) |
| C.D.B.G. - Special Revenue Fund | | (7,812) |
| Animal Shelter - Special Revenue Fund | | (137,307) |
| Miscellaneous Grants - Special Revenue Fund | | (519,880) |
| N.P.D.E.S. - Special Revenue Fund | | (6,836) |
| TUMF - Capital Projects Fund | | (75,448) |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

14) PENSION PLAN

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. As of July 2005, the City was mandated by the State to participate in the risk pool. The risk pool combines the assets and liabilities across employers of the same risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

All full-time City employees are eligible to participate in PERS. Benefits vest after five (5) years of credited service. Employees are eligible for retirement at the age of 55 and are entitled to a monthly benefit of 2.5% of final compensation, the highest average monthly compensation earned during any period of three consecutive years, for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate. PERS also provides death and disability benefits. Upon separation from the plan, members' accumulated contributions are refundable with interest credited through the date of separation. Effective December 7, 2011, employees are eligible for retirement at the age of 60 and are entitled to a monthly benefit of 2.0% based on average monthly compensations earned during the final three years of employment.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. For employees who are covered by formulas modified to coordinate with social security, a rate of zero is charged for the first \$133.33 per month. Also, there is an additional charge for employees covered by the 1959 Survivor Benefit, \$2.00 per covered member per month. The City is required to contribute at an actuarially determined rate. These rates were determined as part of the June 30, 2011 actuarial valuation: the current rate is 22.820% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Miscellaneous Employees

For 2013-14, the City's annual pension cost for miscellaneous employees, of \$952,913 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2013-14 was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

| THREE YEAR TREND INFORMATION FOR PERS | | | |
|---------------------------------------|------------------------------|----------------------------------|---------------------------|
| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/12 | \$ 1,060,893 | 100% | \$ -0- |
| 6/30/13 | \$ 1,032,008 | 100% | \$ -0- |
| 6/30/14 | \$ 952,913 | 100% | \$ -0- |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

14) PENSION PLAN - Continued

Safety Employees

At one time, the City of Lake Elsinore had its own police force. It was disbanded and now the City contracts with the County Sherriff for police services. For 2013-14, the City's annual pension cost, for safety employees, of \$0 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2013-14 was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

| THREE YEAR TREND INFORMATION FOR PERS | | | | | |
|---------------------------------------|------------------------------|----------------------------------|---------------------------|----|-----|
| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation | | |
| 6/30/12 | \$ -0- | 100% | \$ -0- | \$ | -0- |
| 6/30/13 | \$ -0- | 100% | \$ -0- | \$ | -0- |
| 6/30/14 | \$ -0- | 100% | \$ -0- | \$ | -0- |

15) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits, the City provides post-employment benefits for retired employees. In accordance with City Resolution 89-42 dated September 1989, the City provides health insurance premiums costs to qualifying employees. Employees who began employment with the City prior to January 1, 2013 and who retire from the City on or after attaining age 55, with at least 5 years of service with the City, qualify to receive the post-employment benefit. The City pays 100% of the retirees' and authorized dependents monthly medical premiums.

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. Currently, contributions are not required from plan members. Contributions are funded on a pay-as-you-go basis. During the fiscal year ended June 30, 2014, the City elected to fund \$494,945 towards the unfunded accrued liability related to this benefit.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for fiscal year 2013-14 was \$1,709,128.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

15) OTHER POST-EMPLOYMENT BENEFITS - Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

| | | |
|--|----|------------------|
| Annual Required Contribution (ARC) | \$ | 1,709,128 |
| Interest on Net OPEB Obligation | | 260,820 |
| Adjustment to ARC | | <u>(167,916)</u> |
| Annual OPEB Cost | | 1,802,032 |
| Contributions Made | | <u>(494,945)</u> |
| Increase (Decrease) in Net OPEB Obligation | | 1,307,087 |
| Net OPEB Obligation - Beginning of Year | | <u>6,136,940</u> |
| | | |
| Net OPEB Obligation - End of Year | \$ | <u>7,444,027</u> |

Three-Year Trend Information

For fiscal year 2014, the City's annual OPEB cost (expense) of \$1,802,032 was equal to the ARC and interest on Net OPEB Obligation. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is presented below:

| Fiscal Year | Annual OPEB Cost | Actual Contributions (Net of Adjustments) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------|---------------------|---|--|------------------------|
| 6/30/12 | \$ 1,831,425 | \$ 427,567 | 23.35% | \$ 4,706,761 |
| 6/30/13 | \$ 1,909,165 | \$ 478,986 | 25.09% | \$ 6,136,940 |
| 6/30/14 | \$ 1,802,032 | \$ 494,945 | 27.47% | \$ 7,444,027 |

Funded Status and Funding Progress

As of July 1, 2011, the second actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$14,095,692 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,095,692. The covered payroll (annual payroll of active employees covered by the plan) was \$4,220,232 and the ratio of the UAAL to the covered payroll was 334.01%.

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

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

15) OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the frozen entry age method was used. The actuarial assumptions included a rate of return on assets of 4.25% per annum and a medical cost trend rates ranging from 5.0% to 9.5% for the first four years and an ultimate rate of 5.0% after four years, dental cost trend is 4% per year. The City's unfunded actuarial accrued liability is being amortized by level dollar contributions over twenty years as a level dollar amount.

16) DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. On August 20, 1996 the provisions of Internal Revenue Code (IRC) Section 457 were amended to require new plans to place all assets and income of the plans in trust for the exclusive benefit of participants and their beneficiaries. Plans in existence as of the date of this change must place the Plan assets and income in trust by January 1, 1999. Once the assets and income are placed in trust the City no longer owns the amounts deferred by employees and related income. Prior to this IRC Section 457 Amendment, the deferred amounts and related income remained as property of the City until withdrawn by the employee.

During the 1997-98 fiscal year, the City placed its Deferred Compensation Plan assets and related income in trust as allowed by IRC Section 457 and as a result the asset and corresponding liability are no longer presented in these financial statements. This change had no impact on the City's fund equity.

17) LIABILITY, PROPERTY AND PROTECTION

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for the property and other lines of coverage. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-insurance Programs of the Insurance Authority

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost reallocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

17) LIABILITY, PROPERTY AND PROTECTION - Continued

Self-insurance Programs of the Insurance Authority - Continued

The total refunding requirement for self-insurance program is estimated using actuarial models and prefunded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability Insurance

In the liability program claims are pooled separately between police and non-police 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 with 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 with the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3 million annual aggregate deductible is fully retained by Insurance Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety 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 with 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 in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability 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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

17) LIABILITY, PROPERTY AND PROTECTION - Continued

Purchased Insurance

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City's property currently has all-risk property protection in the amount of \$38,613,980. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority. Premiums are paid annually and are not subject to retroactive adjustments.

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 2013-14.

18) LITIGATION

The City is defendant in several other pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

19) SUCCESSOR AGENCY TRUST DISCLOSURES

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 Lake Elsinore (City) that previously had reported a redevelopment agency within the reporting entity 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 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill. 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 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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

Successor Agency Capital Assets

Capital assets activity was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Capital Assets, Not Depreciated | | | | |
| Land | \$ 2,426,392 | \$ | \$ | \$ 2,426,392 |
| Total Capital Assets Not Depreciated | <u>2,426,392</u> | <u>0</u> | <u>0</u> | <u>2,426,392</u> |
| Capital Assets, Depreciated | | | | |
| Building and Structures | 14,753,289 | 146,228 | | 14,899,517 |
| Improvements Other Than Buildings | 568,927 | 2,110 | | 571,037 |
| Machinery and Equipment | 1,137,208 | 15,001 | | 1,152,209 |
| Furniture and Fixtures | <u>996</u> | <u></u> | <u></u> | <u>996</u> |
| Total Capital Assets, Depreciated | <u>16,460,420</u> | <u>163,339</u> | <u>0</u> | <u>16,623,759</u> |
| Less Accumulated Depreciation: | | | | |
| Building and Structures | (5,867,394) | (430,415) | | (6,297,809) |
| Improvements Other Than Buildings | (203,836) | (35,8976) | | (239,732) |
| Machinery and Equipment | (972,376) | (20,605) | | (992,981) |
| Furniture and Fixtures | <u>(996)</u> | <u></u> | <u></u> | <u>(996)</u> |
| Total Accumulated Depreciation | <u>(7,044,602)</u> | <u>(486,916)</u> | <u>0</u> | <u>(7,531,518)</u> |
| Total Capital Assets, Depreciated, Net | <u>9,415,818</u> | <u>(323,577)</u> | <u></u> | <u>9,092,241</u> |
| Capital Assets, Net | <u>\$ 11,842,210</u> | <u>\$ (323,577)</u> | <u>\$ 0</u> | <u>\$ 11,518,633</u> |

Successor Agency Long-Term Liabilities

| | <u>Date of Issue</u> | <u>Years of Maturity</u> | <u>Rate of Interest</u> | <u>Amount Authorized</u> |
|--|--------------------------|------------------------------|-----------------------------|------------------------------|
| Loans Payable: | | | | |
| City of Lake Elsinore | Various | Various | Various | Various |
| Lake Elsinore Public Financing Authority | Various | Various | Various | \$ 61,275,000 |
| EVMWD Amber Ridge | 2/95 | 1999 - 2014 | 2.70% - 6.00% | 867,574 |
| Subordinate Tax | | | | |
| Allocation Revenue Bonds: | | | | |
| 2011 Series Project Area II | 4/11 | 2011 - 2034 | 3.60% - 7.65% | 3,260,000 |
| 2011 Series Project Area III | 4/11 | 2011 - 2039 | 3.60% - 7.75% | 1,350,000 |
| Developer Agreements: | | | | |
| Oak Grove Equities | 3/93 | 1995 - 2014 | 7.00% | 1,800,000 |
| Outlet Center | 12/89 | 1996 - 2015 | N/A | 2,140,000 |
| McMillin Summerly, LLC | 12/02 | N/A | N/A | 19,000,000 |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

Successor Agency Long-Term Liabilities - Continued

Long-term liability activity was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------|----------------|-------------------|
| Loans Payable: | | | | |
| City of Lake Elsinore (see Note 3) | \$ 33,594,070 | \$ 548,938 | \$ (3,750,798) | \$ 30,392,210 |
| Lake Elsinore Public Financing Authority | 56,125,000 | | (2,520,000) | 53,605,000 |
| EVMWD Amber Ridge | 115,335 | | (115,335) | 0 |
| Discounts | (659,674) | | 47,401 | (612,273) |
| Subtotal | 89,174,731 | 548,938 | (6,338,732) | 83,384,937 |
| Subordinate Tax Allocation Bonds: | | | | |
| 2011 Series Project Area II | 3,190,000 | | (75,000) | 3,115,000 |
| 2011 Series Project Area III | 1,330,000 | | (20,000) | 1,310,000 |
| Subtotal | 4,520,000 | 0 | (95,000) | 4,425,000 |
| Developer Agreements: | | | | |
| Oak Grove Equities | 2,602,706 | 95,010 | | 2,697,716 |
| Outlet Center | 1,915,036 | | (82,295) | 1,832,741 |
| McMillin Summerly, LLC | 584,465 | 79,016 | | 663,481 |
| Subtotal | 5,102,207 | 174,026 | (82,295) | 5,193,938 |
| Total | \$ 98,796,938 | \$ 722,964 | \$ (6,516,027) | \$ 93,003,875 |

A) Loans Payable

Public Financing Authority

Periodically the City of Lake Elsinore's Public Financing Authority (the "Authority") issued Tax Allocation Revenue Bonds for financing projects of the former Redevelopment Agency and to provide funds for the various debt obligations of the Agency. The proceeds of the bonds were loaned to the former Agency pursuant to loan agreements with the Authority in the principal amount of the bonds. Principal and interest are payable in installment payments not less than three business days prior to the due date on the bonds.

As a result of the dissolution of the Agency, the obligation to pay these loans was transferred to the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore ("Successor Agency"). The loans made from proceeds of the tax agency allocation bonds issued by the Public Financing Authority are shown as debt of the Successor Agency. Redevelopment property tax increment is pledged for payment of the debt issued. The Department of Finance has not objected to these loans as enforceable obligations of the Successor Agency. Redevelopment property tax trust fund monies (formerly known as property tax increment), continues to be distributed to the Successor Agency to pay the debt service on these bonds.

At June 30, 2014, outstanding principal under loan agreements between the Successor Agency and the Authority totaled \$53,605,000 based on 2010 Series A, Series B and Series C Tax Allocation Revenue Bonds and the 2011 Series A Tax Allocation Revenue Bonds as described below.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

A) Loans Payable - Continued

2010 Series A

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued by the Authority. Concurrently with this issuance of the bonds, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$13,170,000 of outstanding 1995 Series C Tax Allocation Revenue Bonds. The loan is payable in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The loan balance at June 30, 2014 is \$13,825,000. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$1,475,328, which is sufficient to cover the Bond Indenture Reserve Requirement.

2010 Series B

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued by the Authority. Concurrently with this issuance of the bonds, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$10,065,000 of outstanding 1995 Series A Tax Allocation Revenue Bonds. The advance refunding resulted in an economic gain of \$757,319 and a decrease in cash flow expenditures of \$893,956. Proceeds from the 2010 Series B bonds were invested in an escrow fund with a trustee, which together with earnings, will pay interest and principal on the bonds until fully retired. The 1995 Series A bonds are legally defeased and are no longer a liability of the Agency. The Series B loan is payable in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; and bears interest at 2.00% to 4.75%. The loan balance at June 30, 2014 is \$8,660,000. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$939,630, which is sufficient to cover the Bond Indenture Reserve Requirement.

2010 Series C

In November 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued by the Authority. Concurrently with the bond issuance, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$27,495,000 of outstanding 1999 Series A Tax Allocation Revenue Bonds. Tax revenues from Project Areas 1 and 2 are pledged for the repayment of the loan. In the event that tax revenues are not sufficient from Project Areas 1 and 2, the Agency covenanted to make interfund loans from Project Area 3 and the Low and Moderate Income Housing Fund to make the loan payment. The loan is payable in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; and bears interest at 2.00% to 5.00%. The loan balance at June 30, 2014 is \$26,480,000. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$2,222,613, which is sufficient to cover the Bond Indenture Reserve Requirement.

2011 Series A

In January 2011, \$5,550,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued by the Authority. Concurrently with this bond issuance, the principal amount was loaned to the Agency. The proceeds were used to provide funding for a boat launch ramp project benefitting Project Area 1. Tax revenues from Project Area 1 are pledged for repayment of the loan. In the event that tax revenues are not sufficient from Project Area 1, the Agency covenanted to make interfund loans from Project Areas 2 and 3 to make the loan payment. The pledge of Project Area 1 revenues to the loan is on a subordinate basis with respect to the 2010 Series C loan and on a parity basis with the 2010 Series A loan. The loan is payable in annual installments \$445,000 to \$700,000 from

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

A) Loans Payable - Continued

2011 Series A - Continued

September 1, 2012 through September 1, 2021, bearing interest rate at 4.00% to 6.00%. The loan balance at June 30, 2014, is \$4,640,000. At June 30, 2014, the Authority has a cash reserve balance for debt service of \$555,054 which is sufficient to cover the Bond Indenture Reserve Requirement.

Future debt requirements for the loans payable to the Public Financing Authority are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2015 | \$ 2,590,000 | \$ 2,262,351 | \$ 4,852,351 |
| 2016 | 2,660,000 | 2,187,611 | 4,847,611 |
| 2017 | 2,745,000 | 2,105,426 | 4,850,426 |
| 2018 | 2,820,000 | 2,011,570 | 4,831,570 |
| 2019 | 2,930,000 | 1,904,539 | 4,834,539 |
| 2020-2024 | 15,040,000 | 7,596,502 | 22,636,502 |
| 2025-2029 | 13,190,000 | 4,430,812 | 17,620,812 |
| 2030-2034 | <u>11,630,000</u> | <u>1,360,469</u> | <u>12,990,469</u> |
| Total | <u>\$ 53,605,000</u> | <u>\$ 23,859,280</u> | <u>\$ 77,464,280</u> |

B) Subordinate Tax Allocation Revenue Bonds

2011 Series Project Area II

In April 2011, \$3,260,000 principal amount of Subordinate Tax Allocation Revenue Bonds, Series 2011 Project Area II were issued to reimburse infrastructure costs to McMillin Summerly, LLP under an Amended and Restated Disposition and Development Agreement dated March 8, 2011. The bonds were issued as a private placement offering to the developer. In connection with the bonds, the Agency entered into a loan agreement with the Lake Elsinore Public Financing Authority to provide for funds for the Agency to purchase the bonds held by the developer. The term bonds are due in annual installments of \$70,000 to \$285,000 from September 1, 2012 through September 1, 2033; interest at 3.60% to 7.65%. The bonds are subject to call and redemption prior to their stated maturity at specified redemption prices.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

B) Subordinate Tax Allocation Revenue Bonds - Continued

2011 Series Project Area II - Continued

Future debt requirements for the Subordinate Tax Allocation Revenue Bonds Series 2011 Project Area II are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 80,000 | \$ 227,380 | \$ 307,380 |
| 2016 | 80,000 | 223,180 | 303,180 |
| 2017 | 85,000 | 218,597 | 303,597 |
| 2018 | 90,000 | 213,025 | 303,025 |
| 2019 | 95,000 | 206,550 | 301,550 |
| 2020-2024 | 595,000 | 915,593 | 1,510,593 |
| 2025-2029 | 855,000 | 645,469 | 1,500,469 |
| 2030-2034 | <u>1,235,000</u> | <u>250,346</u> | <u>1,485,346</u> |
| Total | <u>\$ 3,115,000</u> | <u>\$ 2,900,140</u> | <u>\$ 6,015,140</u> |

2011 Series Project Area III

In April 2011, \$1,350,000 principal amount of Subordinate Tax Allocation Revenue Bonds, Series 2011 Project Area III were issued to reimburse infrastructure costs to McMillin Summerly, LLP under an Amended and Restated Disposition and Development Agreement dated March 8, 2011. The bonds were issued as a private placement offering to the developer. In connection with the bonds, the Agency entered into a loan agreement with the Lake Elsinore Public Financing Authority to provide for funds for the Agency to purchase the bonds held by the developer. The term bonds are due in annual installments of \$20,000 to \$110,000 from September 1, 2012 through September 1, 2038; interest at 3.60% to 7.75%. The bonds are subject to call and redemption prior to their stated maturity at specified redemption prices.

Future debt requirements for the Subordinate Tax Allocation Revenue Bonds Series 2011 Project Area III are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 20,000 | \$ 97,827 | \$ 117,827 |
| 2016 | 20,000 | 96,778 | 116,778 |
| 2017 | 25,000 | 95,525 | 120,525 |
| 2018 | 25,000 | 93,938 | 118,938 |
| 2019 | 25,000 | 92,187 | 117,187 |
| 2020-2024 | 160,000 | 429,157 | 589,157 |
| 2025-2029 | 230,000 | 357,360 | 587,360 |
| 2030-2035 | 325,000 | 251,981 | 576,981 |
| 2035-2039 | <u>480,000</u> | <u>98,813</u> | <u>578,813</u> |
| Total | <u>\$ 1,310,000</u> | <u>\$ 1,613,566</u> | <u>\$ 2,923,566</u> |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

C) Developer Agreements

The former Redevelopment Agency of the City of Lake Elsinore (“Agency”) entered into several developer agreements for development within the City (project areas). The Agency’s significant commitments with certain developers consist of the following:

Oak Grove Equities

On March 12, 1993, the Agency entered into an Owner Participation Agreement with Oak Grove Equities. The Agency agreed to reimburse the developer \$1,800,000 for certain public improvements that were installed at the Lake Elsinore City Center. The \$1,800,000 accrues interest at 7.00% per annum. Installment payments are to be made each year on January 30th for approximately 20 years, continuing 19 years after the first installment date. Installment payments are calculated to be (1) in the amount of 100% of the sales tax in excess of \$200,000, but not to exceed \$200,000, and (2) 50% of the amount of any additional sales tax received in excess of \$400,000. Sales tax is not pledged for repayment. The obligation is a general obligation of the Agency and tax increment is not specifically pledged. As of June 30, 2014, the outstanding balance is \$2,697,716 for payment to Oak Grove Equities in accordance with the Agreement, which amount is included in long-term obligations. Any unpaid obligation on the 20th payment date, which is January 31, 2016, is to be forgiven and discharged.

Outlet Center

The Agency entered into an Owner Participation Agreement with NG/Chelsea Lake Elsinore Limited Partnership pertaining to the development of a factory retail outlet. The factory outlet center is located in Redevelopment Project Area I. Pursuant to the Agreement, the Agency is required to pay the annual special assessment levied by Assessment District 86-1. The bonds issued by Assessment District 86-1 mature in the year 2015 and the annual special assessment is approximately \$108,000. The outstanding balance as of June 30, 2014 is \$1,832,741 in accordance with the Agreement, which is included in long-term obligations.

McMillin Summerly LLC

On or about December 26, 2002, the Agency entered into a Disposition and Development Agreement (DDA) with Laing CP Lake Elsinore LLC and Civic Partners Elsinore LLC, as developer and master developer, respectively, covering an area of approximately 3,000 acres located in Project Areas II and III. As a result of the bankruptcy of the managing member of Laing CP Lake Elsinore LLC, Bank of America foreclosed on the property and later sold to McMillin Summerly LLC, who assumed the rights and obligations of the developer under the DDA pursuant to an Amended and Restated DDA entered into as of March 8, 2011. In the DDA, the Agency pledged 100% of the net tax increment generated by the property subject to the DDA to the developer and master developer, excluding, without limitation, moneys to be set aside in the former low and moderate income housing fund and funds payable under pass through agreements.

Property taxes accrued for payment as of June 30, 2014, is \$663,481 to the developer and master developer upon satisfaction of the terms of the DDA. A portion of the tax increment pledge reimburses the developer for construction of certain extraordinary infrastructure associated with the project. Developer’s reimbursement for construction of certain extraordinary infrastructure is limited to \$19,000,000, as adjusted in accordance with the terms of the DDA.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

C) Developer Agreements - Continued

McMillin Summerly LLC - Continued

The Agency issued two subordinate tax allocation bonds 2011 Series totaling \$4,610,000, the proceeds of which were used to reimburse the developer for construction of certain extraordinary infrastructure. Any unpaid reimbursement of extraordinary infrastructure is to be forgiven upon the expiration of the Agency's right to receive tax increment under its Redevelopment Plans for Project Areas II and III. The DDA prohibits further bonded indebtedness secured by tax increment generated by the project site, other than for specified project purposes.

D) Commitments and Contingencies

The Successor Agency has succeeded to the rights and obligations of the former Redevelopment Agency. The following represents the Successor Agency's significant commitments.

Lake Elsinore Stadium

The Successor Agency has succeeded to the Agency as the owner of Diamond Stadium. Diamond Stadium will require significant capital maintenance in future years. In addition, the Successor Agency will incur costs to operate and regularly maintain the Stadium. The cost of ongoing operation maintenance of the Stadium will vary based on how long the Successor Agency owns the Stadium, how much costs to operate and maintain the Stadium vary over time, and what kind of capital outlay is required over time to maintain the Stadium in its current condition. Capital expenses could be substantial and cannot be estimated at this time.

The Successor Agency and the Lake Elsinore Storm entered into a Stadium Interim Management Agreement dated January 1, 2013 to provide for the performance by the Lake Elsinore Storm of certain maintenance, upkeep, and operations of Diamond Stadium. The Management Agreement provides that the Successor Agency pay an aggregate management fee to the Lake Elsinore Storm in the amount of \$570,000 per annum. This amount is net of payments owed to the Successor Agency pursuant to a License Agreement, as amended, and includes payments by the Successor Agency due pursuant to a Stadium Field and Maintenance Agreement, as amended, and assignment of revenues pursuant to a Concession License Agreement, as amended. The Management Agreement expires on December 31, 2014.

Other Matters

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 unfavorable to the City.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

20) JOINT POWERS AGREEMENTS

On March 28, 2000, the City agreed to enter into a joint powers agreement under Proposition 13 with Elsinore Valley Municipal Water District and the Santa Ana Watersheds Project Authority to form the Lake Elsinore and San Jacinto Watersheds Authority. The Authority is due to receive \$15 million in Proposition 13 water bond proceeds to improve the Lake Elsinore and San Jacinto Watersheds Authority lake water quality. As of June 30, 2012, the Authority had minimal activity and according to the criteria in Note 1A, the Authority is not included in these financial statements.

In November 2010, the City agreed to enter into a joint powers agreement with the County of Riverside, City of Canyon Lake, City of Murrieta, City of Temecula and City of Wildomar to form the Southwest Communities Financing Authority (the Authority) to provide animal shelter services. The City contributes a prorated share of the Authority's debt service payments, costs of administrative services and operation of animal shelter. The City does not have measurable equity interest in the Authority. According to criteria in Note 1A, the Authority is not included in these financial statements.

In January 2004, the City entered into a joint powers agreement with the County of Riverside, the Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto and Temecula to form the Western Riverside County Regional Conservation Authority (the Conservation Authority). The purposes of the Conservation Authority are to acquire, administer, operate and maintain land and facilities for ecosystem conservation and habitat reserve for certain endangered species. The City's contributions to the Conservation Authority consist of a development mitigation fee imposed on all new development. The City does not have measurable equity interest in the Conservation Authority. According to criteria in Note 1A, the Conservation Authority is not included in these financial statements.

21) SUBSEQUENT EVENTS

In July 2014, \$18,210,000 principal amount of 2014 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described in Note 7A. The bonds are due in annual installments of \$260,000 to \$1,255,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 3.00% to 5.00% are due from September 1, 2014 through September 1, 2024. The bonds are subject to special mandatory redemption prior to their stated maturity commencing September 1, 2014 at specified redemption prices.

In October 2014, \$7,965,000 principal amount of 2014 California Communities Local Measure A Sales Tax Revenue Certificates of Participation, Series A, was issued by the City. The bonds were issued as part of the Total Road Improvement Program (TRIP) to finance certain local roadway and street projects. The bonds are due in annual installments of \$205,000 to \$480,000 from June 1, 2015 through June 1, 2039; interest at 2.50% to 5.00%.

22) PRIOR PERIOD ADJUSTMENTS

Included in the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances is a prior period adjustment of \$105,033. The adjustment was made to correct gas tax revenues that should have been accrued in the prior year.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2014

23) SPECIAL ITEM

The Lake Elsinore Public Financing Authority (the “Authority”) paid off and advanced refunded its 1999G and 2003H Local Agency Revenue Bonds. For the 1999G Local Agency Revenue Bond, there were amounts available to make a \$625,000 final payment on the bond, along with any related interest. With the final payment, the remaining investment in Assessment District 86-1 was cancelled which the Authority incurred a \$704,015 net loss on the investment. For the 2003H Local Agency Revenue Bonds, as part of the refunding, the investments in Assessment District 90-1A,

Community Facilities District 98-1 and Community Facilities District 88-3 were restructured to coincide with the issuance of the 2013B and 2013C Local Agency Revenue Bonds that refunded the 2013H Local Agency Revenue Bonds. The Authority incurred a \$6,632,982 net loss on investments for Assessment District 90-1A and Community Facilities District 98-1 as part of the restructuring related to the issuance of 2013C Local Agency Revenue Bonds. For the restructuring of Community Facilities District 88-3 investment, the Authority incurred a \$2,543,894 loss on investments related to the issuance of 2013B Local Agency Revenue Bonds.

REQUIRED SUPPLEMENTAL INFORMATION

**City of Lake Elsinore, California
 Schedule of Funding Progress
 Year Ended June 30, 2014**

Other Post-Employment Benefits Plan

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) - Entry Age (B) | Unfunded AAL (UAAL) (B - A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll [(B-A)/C] |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 07/01/08 | \$ - | \$ 8,791,806 | \$ 8,791,806 | 0% | \$ 5,280,551 | 166.49% |
| 07/01/11 | \$ - | \$ 14,095,692 | \$ 14,095,692 | 0% | \$ 4,220,232 | 334.00% |

City of Lake Elsinore, California
Budgetary Comparison Schedule
Budget and Actual - General Fund
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Property Taxes | \$ 5,537,970 | \$ 5,478,917 | \$ 5,495,091 | \$ 16,174 |
| Other Taxes | 10,382,676 | 10,515,727 | 11,043,792 | 528,065 |
| Licenses, Permits and Fees | 3,162,025 | 3,169,625 | 3,054,320 | (115,305) |
| Intergovernmental Revenues | 1,737,120 | 1,261,268 | 1,228,433 | (32,835) |
| Charges for Services | 2,514,100 | 2,077,570 | 2,409,558 | 331,988 |
| Fines, Forfeitures and Penalties | 439,900 | 440,200 | 486,958 | 46,758 |
| Investment Earnings | 195,000 | 195,000 | 168,608 | (26,392) |
| Contributions from Property Owners | | | 270,791 | 270,791 |
| Miscellaneous | 2,449,500 | 2,426,162 | 3,170,509 | 744,347 |
| Total Revenues | <u>26,418,291</u> | <u>25,564,469</u> | <u>27,328,060</u> | <u>1,763,591</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 4,964,692 | 4,975,983 | 4,698,485 | 277,498 |
| Public Safety | 13,862,694 | 13,596,194 | 13,292,875 | 303,319 |
| Community Development | 3,202,083 | 3,243,171 | 2,821,897 | 421,274 |
| Public Services | 3,392,864 | 3,326,024 | 3,661,688 | (335,664) |
| Community Services | 3,196,381 | 3,518,325 | 3,085,068 | 433,257 |
| Capital Outlay | 326,104 | 51,584 | 21,885 | 29,699 |
| Total Expenditures | <u>28,944,818</u> | <u>28,711,281</u> | <u>27,581,898</u> | <u>1,129,383</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(2,526,527)</u> | <u>(3,146,812)</u> | <u>(253,838)</u> | <u>2,892,974</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 696,906 | 549,849 | 153,599 | (396,250) |
| Transfers Out | <u>(1,200,000)</u> | <u>(760,281)</u> | <u>(1,985,749)</u> | <u>(1,225,468)</u> |
| Total Other Financing Sources (Uses) | <u>(503,094)</u> | <u>(210,432)</u> | <u>(1,832,150)</u> | <u>(1,621,718)</u> |
| Net Changes in Fund Balance | (3,029,621) | (3,357,244) | (2,085,988) | 1,271,256 |
| Fund Balance - Beginning of Year | <u>13,839,223</u> | <u>13,839,223</u> | <u>13,839,223</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 10,809,602</u> | <u>\$ 10,481,979</u> | <u>\$ 11,753,235</u> | <u>\$ 1,271,256</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Low and Moderate Income Housing
Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 3,912,527 | \$ 3,912,527 |
| Miscellaneous | | | 39,570 | 39,570 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>3,952,097</u> | <u>3,952,097</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | | | 198,051 | 198,051 |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>198,051</u> | <u>(198,051)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 0 | 3,754,046 | 3,754,046 |
| Fund Balance - Beginning of Year | <u>37,955,518</u> | <u>37,955,518</u> | <u>37,955,518</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 37,955,518</u></u> | <u><u>\$ 37,955,518</u></u> | <u><u>\$ 41,709,564</u></u> | <u><u>\$ 3,754,046</u></u> |

City of Lake Elsinore, California
Notes to Required Supplementary Information
June 30, 2014

1. BUDGETS AND BUDGETARY DATA

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and estimated revenues and other means of financing.
- 2) Public hearings are conducted at City Council meetings to obtain public input.
- 3) Prior to July 1, the budget is adopted by Council action.
- 4) The City Manager is authorized to transfer funds appropriated with respect to those classifications designed as other services and material and supplies within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to the capital outlay classification within the same department only. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are considered a single department. Revenues are budgeted on a line item basis.
- 5) The legal level of budgetary control is maintained at the departmental level. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Fund types to assist in controlling expenditures and enforcing revenue provisions. Capital Projects Fund types are budgeted on a project by project basis. All appropriations lapse at the end of the fiscal year, except for capital projects which are carried forward until such time as the project is completed or terminated.
- 6) Budgets for the General, certain Special Revenue and certain Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted and as further amended by the City Council.
- 7) Budget information is presented for the General, certain Special Revenue and certain Capital Projects Fund types. Formal budgeting policies are not required for the Debt Service Fund and, therefore, the financial statement of those funds are not included in the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

SUPPLEMENTARY SCHEDULES

City of Lake Elsinore, California
Other Governmental Funds
June 30, 2014

Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted by law or City Council resolution to expenditure for specific purposes.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of redevelopment projects and administrative expenses.

Permanent Fund - Endowment Trust is used to account for receipts used for payment of high school scholarships.

City of Lake Elsinore, California
Combining Balance Sheet
Other Governmental Funds
June 30, 2014

| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Endowment Trust | Total Other Governmental Funds |
|---|-----------------------------|------------------------------|---|--------------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 10,252,666 | \$ 13,207,745 | \$ 30,855 | \$ 23,491,266 |
| Accounts Receivable | 14,357 | | | 14,357 |
| Accrued Interest Receivable | 881 | 6,200 | 1 | 7,082 |
| Due from Other Governments | 948,788 | 18,608 | | 967,396 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 11,216,692</u> | <u>\$ 13,232,553</u> | <u>\$ 30,856</u> | <u>\$ 24,480,101</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 672,595 | \$ 91,242 | \$ | \$ 763,837 |
| Other Accrued Liabilities | 56,893 | 0 | | 56,893 |
| Deposits and Other Liabilities | 2,800 | | | 2,800 |
| Due to Other Funds | 859,394 | 77,495 | | 936,889 |
| Unearned Revenue - Other | 1,392,756 | 16,561 | | 1,409,317 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>2,984,438</u> | <u>185,298</u> | <u>0</u> | <u>3,169,736</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Special Assessments | 52,115 | | | 52,115 |
| Unavailable Revenue - Licenses, Permits and Fees | 23,916 | | | 23,916 |
| Unavailable Revenue - Intergovernmental | 161,659 | | | 161,659 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Deferred Inflows of Resources | <u>237,690</u> | <u>0</u> | <u>0</u> | <u>237,690</u> |
| FUND BALANCES | | | | |
| Nonspendable | | | 20,003 | 20,003 |
| Restricted | 8,933,342 | 11,901,451 | | 20,834,793 |
| Assigned | | 1,221,252 | 10,853 | 1,232,105 |
| Unassigned | (938,778) | (75,448) | | (1,014,226) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>7,994,564</u> | <u>13,047,255</u> | <u>30,856</u> | <u>21,072,675</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 11,216,692</u> | <u>\$ 13,232,553</u> | <u>\$ 30,856</u> | <u>\$ 24,480,101</u> |

City of Lake Elsinore, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2014

| | Special Revenue Funds | Capital Projects Funds | Permanent Fund Endowment Trust | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|---|--------------------------------------|
| REVENUES | | | | |
| Licenses, Permits, Fees | \$ 1,889,854 | \$ 992,726 | \$ | \$ 2,882,580 |
| Intergovernmental Revenues | 4,352,466 | 1,806 | | 4,354,272 |
| Fines, Forfeitures and Penalties | 444,210 | | | 444,210 |
| Investment Earnings | 105,787 | 192,350 | 174 | 298,311 |
| Special Assessments | 1,641,557 | | | 1,641,557 |
| Miscellaneous | 109,433 | 86,508 | | 195,941 |
| Total Revenues | 8,543,307 | 1,273,390 | 174 | 9,816,871 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | 20,182 | | 20,182 |
| Public Safety | 800,220 | | | 800,220 |
| Community Development | 204,319 | 183,148 | | 387,467 |
| Public Services | 3,271,494 | 173,938 | | 3,445,432 |
| Community Services | 1,268,573 | 9,616 | | 1,278,189 |
| Capital Outlay | 2,675,497 | 602,452 | | 3,277,949 |
| Total Expenditures | 8,220,103 | 989,336 | 0 | 9,209,439 |
| Excess (Deficiency) of Revenues over Expenditures | 323,204 | 284,054 | 174 | 607,432 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 628,809 | 1,068,676 | | 1,697,485 |
| Transfers Out | (284,111) | (342,506) | | (626,617) |
| Total Other Financing Sources (Uses) | 344,698 | 726,170 | 0 | 1,070,868 |
| Net Change in Fund Balances | 667,902 | 1,010,224 | 174 | 1,678,300 |
| Fund Balances - Beginning, As Previously Reported | 7,221,609 | 12,037,031 | 30,682 | 19,289,322 |
| Prior Period Adjustments | 105,053 | | | 105,053 |
| Fund Balances - Beginning, As Restated | 7,326,662 | 12,037,031 | 30,682 | 19,394,375 |
| Fund Balances - End of Year | <u>\$ 7,994,564</u> | <u>\$ 13,047,255</u> | <u>\$ 30,856</u> | <u>\$ 21,072,675</u> |

City of Lake Elsinore, California
Other Special Revenue Funds
June 30, 2014

Supplemental Law Enforcement Service - to account for receipts and expenditures of money related to the citizens option for public safety grant.

Justice Assistance Grant (J.A.G.) Program - to account for grant monies received from the U.S. Department of Justice. Expenditures for this fund are restricted to local law enforcement.

Office of Traffic and Safety - to account for monies received under federal and state programs to enforce traffic safety laws.

Traffic Offender - to account for administrative fees generated from charges to drivers who have been arrested for DUI, who are driving on suspended/revoked licenses, or have never been issued a driver's license. These funds may only be used to further the traffic safety goals of the City of Lake Elsinore and are subject to OTS audit.

Gas Tax - to account for receipts and expenditures of money apportioned under the Street and Highway Code of the State of California.

Transportation - Measure A - to account for revenues derived from half-cent sales tax and for expenditures to improve the City's transportation system in response to traffic congestion.

TDA Article 3, SB821 Pedestrian Sidewalk - to account for expenditures financed by the Local Transportation Commission Article 3 grant program and use on bicycle and pedestrian facility projects.

SB1186 CAS Education - to account for required state fees imposed on business licenses for the development of educational resources on federal and state disability laws for businesses.

Traffic Safety - to account for expenditures financed by revenue generated from enforcement of California vehicle codes and City ordinances. These restricted funds may be used only for traffic signals, school crossing guards, and other related traffic safety expenditures.

City-wide Lighting and Landscape - to account for revenues derived from annual assessments which are used to pay the costs incurred by the City for landscape maintenance and street light maintenance.

Lighting and Landscape Maintenance District (L.L.M.D No. 1) - to account for revenues derived from annual assessments which are used to pay the costs incurred by the City for landscape maintenance and street light maintenance within the District.

Geothermal - to account for cash bond held by the City, as required by the State, for the City owned geothermal well. Interest earned is available for City use.

AB2766 Air Pollution - to account for South Coast Air Quality Board receipts, representing revenues collected by the Department of Motor Vehicles. The City is committed to spend revenues to reduce air pollution from mobile sources.

Community Development Block Grant (C.D.B.G.) - to account for grant monies received from a federal pass-through agency not accounted for in the other funds.

Cost Recovery System - to account for receipts of deposits. Deposits may be paid by developers used to pay for plans and permits or by citizens for facility rentals.

Developer Agreement Revenue/Trust - to account for development fees based on developer agreements.

City of Lake Elsinore, California
Other Special Revenue Funds
June 30, 2014

Affordable Housing in Lieu - to account for collection of fees assessed to developers and for expenditures made on affordable housing projects.

City Hall/Public Works - to account for collection of fees assessed to developers and for expenditures made on City Hall and Public Works facilities projects.

Community Center - to account for collection of fees assessed to developers and for expenditures made on Community Center facilities projects.

Lake Side Facilities - to account for collection of fees assessed to developers and for expenditure made on Lake Side facilities projects.

Animal Shelter - to account for collection of fees assessed developers and for expenditures made on animal shelter facilities projects.

Camino del Norte - to account for fees assessed to developers and for expenditures made on the Camino del Norte projects.

Miscellaneous Grants - to account for miscellaneous Federal, State and County grants requiring segregated fund accounting.

National Pollutant Discharge System (N.P.D.E.S.) - to account for fees assessed to property owners for the N.P.D.E.S., which is mandated by the federal government. This requires cities to clean up storm water runoff.

PEG Grant - to account for public access cable channel grant revenue provided by cable franchisees based on subscribers. Funds are used for PEG access equipment, production equipment, as well as renovation or construction of PEG access facilities.

City of Lake Elsinore, California
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2014

| | Supplemental Law Enforcement Service | Justice Assistance Grant Program | Office of Traffic and Safety | Traffic Offender | Gas Tax |
|--|---|--|------------------------------------|---------------------|---------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ | \$ | \$ | \$ 30,317 | \$ 1,269,394 |
| Accounts Receivable | | | | | |
| Accrued Interest Receivable | 3 | | | 3 | 178 |
| Due from Other Governments | | | | | 168,778 |
| | <u>3</u> | | | <u>3</u> | <u>168,778</u> |
| Total Assets | <u>\$ 3</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 30,320</u> | <u>\$ 1,438,350</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 8,250 | \$ | \$ | \$ | \$ 75,929 |
| Other Accrued Liabilities | | | | | 20,249 |
| Deposits and Other Liabilities | | | | | |
| Due to Other Funds | | | | | |
| Unearned Revenue - Other | | | | | |
| | <u>8,250</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>96,178</u> |
| Total Liabilities | <u>8,250</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>96,178</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenue - Special Assessments | | | | | |
| Unavailable Revenue - Licenses, Permits and Fees | | | | | |
| Unavailable Revenue - Intergovernmental | | | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCES | | | | | |
| Restricted | | | | 30,320 | 1,342,172 |
| Unassigned | (8,247) | 0 | 0 | | |
| | <u>(8,247)</u> | <u>0</u> | <u>0</u> | <u>30,320</u> | <u>1,342,172</u> |
| Total Fund Balances | <u>(8,247)</u> | <u>0</u> | <u>0</u> | <u>30,320</u> | <u>1,342,172</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 3</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 30,320</u> | <u>\$ 1,438,350</u> |

| Transportation Measure A | TDA Article 3 SB821 Pedestrian Sidewalk | SB1186 CAS Education | Traffic Safety | City-wide Lighting and Landscaping | L.L.M.D. No. 1 | Geothermal | AB2766 Air Pollution |
|--------------------------|---|----------------------|------------------|------------------------------------|-------------------|------------------|----------------------|
| \$ 988,891 | \$ | \$ 2,424 | \$ | \$ 20,735 | \$ 327,078 | \$ 21,516 | \$ 205,372 |
| 109 | | | | | 33 | | 18 |
| 205,285 | 87,908 | | 32,176 | 85,515 | 3,996 | | 17,857 |
| <u>\$ 1,194,285</u> | <u>\$ 87,908</u> | <u>\$ 2,424</u> | <u>\$ 32,176</u> | <u>\$ 106,250</u> | <u>\$ 331,107</u> | <u>\$ 21,516</u> | <u>\$ 223,247</u> |
| \$ 23,645 | \$ | \$ 186 | \$ 80,958 | \$ 262,395 | \$ 18,140 | \$ | \$ |
| 12,286 | | | 4,027 | | | | |
| | 82,895 | | | | | 1,700 | 1,100 |
| 35,931 | 82,895 | 186 | 84,985 | 262,395 | 18,140 | 1,700 | 1,100 |
| | | | | 49,742 | 2,373 | | |
| 29,082 | | | | | | | |
| 29,082 | 0 | 0 | 0 | 49,742 | 2,373 | 0 | 0 |
| 1,129,272 | 5,013 | 2,238 | (52,809) | (205,887) | 310,594 | 19,816 | 222,147 |
| 1,129,272 | 5,013 | 2,238 | (52,809) | (205,887) | 310,594 | 19,816 | 222,147 |
| <u>\$ 1,194,285</u> | <u>\$ 87,908</u> | <u>\$ 2,424</u> | <u>\$ 32,176</u> | <u>\$ 106,250</u> | <u>\$ 331,107</u> | <u>\$ 21,516</u> | <u>\$ 223,247</u> |

Continued

City of Lake Elsinore, California
Combining Balance Sheet
Other Special Revenue Funds - Continued
June 30, 2014

| | C.D.B.G. | Cost Recovery System | Developer Agreement Revenue/Trust | Affordable Housing In-Lieu | City Hall / Public Works |
|---|-------------------|-------------------------|---|----------------------------------|-----------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ | \$ 1,475,293 | \$ 1,748,564 | \$ 2,080,923 | \$ 926,501 |
| Accounts Receivable | | | | | |
| Accrued Interest Receivable | | | 83 | 219 | 113 |
| Due from Other Governments | 183,205 | | | | |
| Total Assets | \$ 183,205 | \$ 1,475,293 | \$ 1,748,647 | \$ 2,081,142 | \$ 926,614 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 5,287 | \$ 82,537 | \$ 850 | \$ | \$ 16,306 |
| Other Accrued Liabilities | 6,633 | | | | 13,698 |
| Deposits and Other Liabilities | | | | | |
| Due to Other Funds | 179,097 | | | | |
| Unearned Revenue - Other | | 1,392,756 | | | |
| Total Liabilities | 191,017 | 1,475,293 | 850 | 0 | 30,004 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenue - Special Assessments | | | | | |
| Unavailable Revenue - Licenses, Permits and Fees | | | | | |
| Unavailable Revenue - Intergovernmental | | | | | |
| Total Deferred Inflows of Resources | 0 | 0 | 0 | 0 | 0 |
| FUND BALANCES | | | | | |
| Restricted | | | 1,747,797 | 2,081,142 | 896,610 |
| Unassigned | (7,812) | | | | |
| Total Fund Balances | (7,812) | 0 | 1,747,797 | 2,081,142 | 896,610 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 183,205 | \$ 1,475,293 | \$ 1,748,647 | \$ 2,081,142 | \$ 926,614 |

| Community Center | Lake Side Facilities | Animal Shelter | Camino del Norte | Miscellaneous Grants | N.P.D.E.S. | PEG Grant | Total Other Special Revenue Funds |
|-------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|-----------------------------------|
| \$ 337,645 | \$ 709,747 | \$ | \$ 36,048 | \$ | \$ 23,916 | \$ 48,302 | \$ 10,252,666 |
| 35 | 79 | | 4 | | | 14,357 | 14,357 |
| | | | | 140,152 | 23,916 | 4 | 881 |
| <u>\$ 337,680</u> | <u>\$ 709,826</u> | <u>\$ 0</u> | <u>\$ 36,052</u> | <u>\$ 140,152</u> | <u>\$ 47,832</u> | <u>\$ 62,663</u> | <u>\$ 948,788</u> |
| \$ | \$ | \$ | \$ | \$ 93,523 | \$ 4,589 | \$ | \$ 672,595 |
| | | 137,307 | | 433,932 | 26,163 | | 56,893 |
| | | | | | | | 2,800 |
| | | | | | | | 859,394 |
| | | | | | | | <u>1,392,756</u> |
| <u>0</u> | <u>0</u> | <u>137,307</u> | <u>0</u> | <u>527,455</u> | <u>30,752</u> | <u>0</u> | <u>2,984,438</u> |
| | | | | | | | 52,115 |
| | | | | | 23,916 | | 23,916 |
| | | | | 132,577 | | | <u>161,659</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>132,577</u> | <u>23,916</u> | <u>0</u> | <u>237,690</u> |
| 337,680 | 709,826 | (137,307) | 36,052 | (519,880) | (6,836) | 62,663 | 8,933,342 |
| | | | | | | | (938,778) |
| <u>337,680</u> | <u>709,826</u> | <u>(137,307)</u> | <u>36,052</u> | <u>(519,880)</u> | <u>(6,836)</u> | <u>62,663</u> | <u>7,994,564</u> |
| <u>\$ 337,680</u> | <u>\$ 709,826</u> | <u>\$ 0</u> | <u>\$ 36,052</u> | <u>\$ 140,152</u> | <u>\$ 47,832</u> | <u>\$ 62,663</u> | <u>\$ 11,216,692</u> |

City of Lake Elsinore, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year Ended June 30, 2014

| | Supplemental Law Enforcement Service | Justice Assistance Grant Program | Office of Traffic and Safety | Traffic Offender | Gas Tax |
|--|---|--|------------------------------------|---------------------|---------------------|
| REVENUES | | | | | |
| Licenses, Permits and Fees | \$ | \$ | \$ | \$ 86,250 | \$ |
| Intergovernmental Revenues | 108,333 | | 65,969 | | 1,730,509 |
| Fines, Forfeitures and Penalties | | | | | |
| Investment Earnings | 185 | | | 506 | 24,263 |
| Special Assessments | | | | | |
| Miscellaneous | | | | | 840 |
| Total Revenues | <u>108,518</u> | <u>0</u> | <u>65,969</u> | <u>86,756</u> | <u>1,755,612</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public Safety | 57,460 | | 23,043 | 88,828 | |
| Community Development | | | | | |
| Public Services | | | | | 1,443,078 |
| Community Services | | | | | |
| Capital Outlay | 14,754 | | | 27,741 | 741,122 |
| Total Expenditures | <u>72,214</u> | <u>0</u> | <u>23,043</u> | <u>116,569</u> | <u>2,184,200</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>36,304</u> | <u>0</u> | <u>42,926</u> | <u>(29,813)</u> | <u>(428,588)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | | 13,569 | | | 154,928 |
| Transfers Out | (32,117) | | (515) | | (500) |
| Total Other Financing Sources (Uses) | <u>(32,117)</u> | <u>13,569</u> | <u>(515)</u> | <u>0</u> | <u>154,428</u> |
| Net Change in Fund Balances | <u>4,187</u> | <u>13,569</u> | <u>42,411</u> | <u>(29,813)</u> | <u>(274,160)</u> |
| Fund Balances - Beginning, As Previously Reported | (12,434) | (13,569) | (42,411) | 60,133 | 1,511,279 |
| Prior Period Adjustments | | | | | 105,053 |
| Fund Balances - Beginning, As Restated | <u>(12,434)</u> | <u>(13,569)</u> | <u>(42,411)</u> | <u>60,133</u> | <u>1,616,332</u> |
| Fund Balances - End of Year | <u>\$ (8,247)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 30,320</u> | <u>\$ 1,342,172</u> |

| Transportation Measure A | TDA Article 3 SB821 Pedestrian Sidewalk | SB1186 CAS Education | Traffic Safety | City-wide Lighting and Landscaping | L.L.M.D. No. 1 | Geothermal | AB2766 Air Pollution |
|--------------------------|---|----------------------|----------------|------------------------------------|---------------------------|------------|----------------------|
| \$ 1,062,444 | \$ 87,908 | \$ 2,239 | \$ | \$ | \$ | \$ | \$ 68,631 |
| 12,376 | 177 | 22 | 444,210 37 | 1,405,562 6,591 | 3,586 235,995 3,485 | 3 | 2,387 |
| 1,090 | | | | | | | |
| 1,075,910 | 88,085 | 2,261 | 444,247 | 1,412,153 | 243,066 | 3 | 71,018 |
| | | | 562,672 | | | | |
| 501,283 | 17,360 | 750 | | 773,440 846,237 | 68,438 76,149 | | 55,503 |
| 385,573 | 88,449 | | | | | | 15,640 |
| 886,856 | 105,809 | 750 | 562,672 | 1,619,677 | 144,587 | 0 | 71,143 |
| 189,054 | (17,724) | 1,511 | (118,425) | (207,524) | 98,479 | 3 | (125) |
| | | | 75,905 | | (35,000) | | 41,401 |
| 0 | 0 | 0 | 75,905 | 0 | (35,000) | 0 | 41,401 |
| 189,054 | (17,724) | 1,511 | (42,520) | (207,524) | 63,479 | 3 | 41,276 |
| 940,218 | 22,737 | 727 | (10,289) | 1,637 | 247,115 | 19,813 | 180,871 |
| 940,218 | 22,737 | 727 | (10,289) | 1,637 | 247,115 | 19,813 | 180,871 |
| \$ 1,129,272 | \$ 5,013 | \$ 2,238 | \$ (52,809) | \$ (205,887) | \$ 310,594 | \$ 19,816 | \$ 222,147 |

Continued

City of Lake Elsinore, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds - Continued
Year Ended June 30, 2014

| | C.D.B.G. | Cost Recovery System | Developer Agreement Revenue/Trust | Affordable Housing In-Lieu | City Hall/ Public Works |
|--|-------------------|-------------------------|---|----------------------------------|----------------------------|
| REVENUES | | | | | |
| Licenses, Permits and Fees | \$ | \$ | \$ 261,000 | \$ 547,472 | \$ 241,821 |
| Intergovernmental Revenues | 361,987 | | | | |
| Fines, Forfeitures and Penalties | | | | | |
| Investment Earnings | | | 6,072 | 24,845 | 15,941 |
| Special Assessments | | | | | |
| Miscellaneous | 876 | | | | |
| Total Revenues | <u>362,863</u> | <u>0</u> | <u>267,072</u> | <u>572,317</u> | <u>257,762</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public Safety | | | | | |
| Community Development | 204,319 | | | | |
| Public Services | | | | 406 | 183,751 |
| Community Services | | | | | |
| Capital Outlay | 190,532 | | 17,000 | | 253,235 |
| Total Expenditures | <u>394,851</u> | <u>0</u> | <u>17,000</u> | <u>406</u> | <u>436,986</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(31,988)</u> | <u>0</u> | <u>250,072</u> | <u>571,911</u> | <u>(179,224)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | | | | | |
| Transfers Out | | | | | (38,738) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(38,738)</u> |
| Net Change in Fund Balances | <u>(31,988)</u> | <u>0</u> | <u>250,072</u> | <u>571,911</u> | <u>(217,962)</u> |
| Fund Balances - Beginning, As Previously Reported | 24,176 | 0 | 1,497,725 | 1,509,231 | 1,114,572 |
| Prior Period Adjustments | | | | | |
| Fund Balances - Beginning, As Restated | <u>24,176</u> | <u>0</u> | <u>1,497,725</u> | <u>1,509,231</u> | <u>1,114,572</u> |
| Fund Balances - End of Year | <u>\$ (7,812)</u> | <u>\$ 0</u> | <u>\$ 1,747,797</u> | <u>\$ 2,081,142</u> | <u>\$ 896,610</u> |

| Community Center | Lake Side Facilities | Animal Shelter | Camino del Norte | Miscellaneous Grants | N.P.D.E.S | PEG Grant | Total Other Special Revenue Funds |
|-------------------|----------------------|---------------------|------------------|----------------------|-------------------|------------------|-----------------------------------|
| \$ 161,865 | \$ 231,363 | \$ 103,356 | \$ | \$ 866,685 | \$ 198,828 | \$ 55,660 | \$ 1,889,854 |
| | | | | | | | 4,352,466 |
| | | | | | | | 444,210 |
| 3,820 | 9,151 | 253 | 517 | | | 1,646 | 105,787 |
| | | | | | | | 1,641,557 |
| | | | | 595 | | 95,956 | 109,433 |
| <u>165,685</u> | <u>240,514</u> | <u>103,609</u> | <u>517</u> | <u>867,280</u> | <u>198,828</u> | <u>153,262</u> | <u>8,543,307</u> |
| | | | | | | | |
| | | | | 68,217 | | | 800,220 |
| | | | | | | | 204,319 |
| 614 | 11,133 | 302,256 | | 33,096 | 168,137 | 26,252 | 3,271,494 |
| 10,525 | 41,107 | | | 32,184 | | | 1,268,573 |
| | | | | 752,413 | | 137,406 | 2,675,497 |
| <u>11,139</u> | <u>52,240</u> | <u>302,256</u> | <u>0</u> | <u>885,910</u> | <u>168,137</u> | <u>163,658</u> | <u>8,220,103</u> |
| | | | | | | | |
| 154,546 | 188,274 | (198,647) | 517 | (18,630) | 30,691 | (10,396) | 323,204 |
| | | | | | | | |
| | | | | 343,006 | | | 628,809 |
| (5,007) | | | | (172,234) | | | (284,111) |
| | | | | | | | |
| (5,007) | 0 | 0 | 0 | 170,772 | 0 | 0 | 344,698 |
| <u>149,539</u> | <u>188,274</u> | <u>(198,647)</u> | <u>517</u> | <u>152,142</u> | <u>30,691</u> | <u>(10,396)</u> | <u>667,902</u> |
| | | | | | | | |
| 188,141 | 521,552 | 61,340 | 35,535 | (672,022) | (37,527) | 73,059 | 7,221,609 |
| | | | | | | | |
| | | | | | | | 105,053 |
| <u>188,141</u> | <u>521,552</u> | <u>61,340</u> | <u>35,535</u> | <u>(672,022)</u> | <u>(37,527)</u> | <u>73,059</u> | <u>7,326,662</u> |
| <u>\$ 337,680</u> | <u>\$ 709,826</u> | <u>\$ (137,307)</u> | <u>\$ 36,052</u> | <u>\$ (519,880)</u> | <u>\$ (6,836)</u> | <u>\$ 62,663</u> | <u>\$ 7,994,564</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Supplemental Law Enforcement Service
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 100,000 | \$ 100,000 | \$ 108,333 | \$ 8,333 |
| Investment Earnings | | | 185 | 185 |
| Total Revenues | <u>100,000</u> | <u>100,000</u> | <u>108,518</u> | <u>8,518</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 100,000 | 100,000 | 57,460 | 42,540 |
| Capital Outlay | | | 14,754 | |
| Total Expenditures | <u>100,000</u> | <u>100,000</u> | <u>72,214</u> | <u>27,786</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>0</u> | <u>0</u> | <u>36,304</u> | <u>(36,304)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | | (32,117) | 32,117 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>(32,117)</u> | <u>32,117</u> |
| Net Change in Fund Balance | 0 | 0 | 4,187 | (4,187) |
| Fund Balance - Beginning of Year | <u>(12,434)</u> | <u>(12,434)</u> | <u>(12,434)</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ (12,434)</u> | <u>\$ (12,434)</u> | <u>\$ (8,247)</u> | <u>\$ 0</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Justice Assistance Grant Program
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 10,000 | \$ 10,000 | \$ | \$ (10,000) |
| Total Revenues | 10,000 | 10,000 | 0 | (10,000) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 10,000 | | 0 | 0 |
| Total Expenditures | 10,000 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 10,000 | 0 | 10,000 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | 13,569 | (13,569) |
| Total Other Financing Sources (Uses) | 0 | 10,000 | 13,569 | (3,569) |
| Net Change in Fund Balance | 0 | 20,000 | 13,569 | 6,431 |
| Fund Balance - Beginning of Year | (13,569) | (13,569) | (13,569) | 0 |
| Fund Balance - End of Year | \$ (13,569) | \$ 6,431 | \$ 0 | \$ 6,431 |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Office of Traffic and Safety
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 50,000 | \$ 68,400 | \$ 65,969 | \$ (2,431) |
| Total Revenues | 50,000 | 68,400 | 65,969 | (2,431) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 50,000 | 50,000 | 23,043 | 26,957 |
| Total Expenditures | 50,000 | 50,000 | 23,043 | 26,957 |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 18,400 | 42,926 | 24,526 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | | (515) | (515) |
| Total Other Financing Sources (Uses) | 0 | 0 | (515) | (515) |
| Net Change in Fund Balance | 0 | 18,400 | 42,411 | 24,011 |
| Fund Balance - Beginning of Year | (42,411) | (42,411) | (42,411) | 0 |
| Fund Balance - End of Year | <u>\$ (42,411)</u> | <u>\$ (24,011)</u> | <u>\$ 0</u> | <u>\$ 24,011</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Traffic Offender
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 121,000 | \$ 121,000 | \$ 86,250 | \$ (34,750) |
| Investment Earnings | | | 506 | 506 |
| Total Revenues | <u>121,000</u> | <u>121,000</u> | <u>86,756</u> | <u>(34,244)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 90,000 | 90,000 | 88,828 | 1,172 |
| Capital Outlay | <u>31,000</u> | <u>31,000</u> | <u>27,741</u> | <u>3,259</u> |
| Total Expenditures | <u>121,000</u> | <u>121,000</u> | <u>116,569</u> | <u>4,431</u> |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 0 | (29,813) | (29,813) |
| Fund Balance - Beginning of Year | <u>60,133</u> | <u>60,133</u> | <u>60,133</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 60,133</u></u> | <u><u>\$ 60,133</u></u> | <u><u>\$ 30,320</u></u> | <u><u>\$ (29,813)</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Gas Tax
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 1,543,504 | \$ 1,543,504 | \$ 1,730,509 | \$ 187,005 |
| Investment Earnings | | | 24,263 | 24,263 |
| Miscellaneous | | | 840 | 840 |
| Total Revenues | <u>1,543,504</u> | <u>1,543,504</u> | <u>1,755,612</u> | <u>212,108</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 1,167,187 | 1,841,592 | 1,443,078 | 398,514 |
| Capital Outlay | 391,820 | 285,772 | 741,122 | (455,350) |
| Total Expenditures | <u>1,559,007</u> | <u>2,127,364</u> | <u>2,184,200</u> | <u>(56,836)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(15,503)</u> | <u>(583,860)</u> | <u>(428,588)</u> | <u>155,272</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | 154,928 | 154,928 |
| Transfers Out | | | (500) | (500) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>154,428</u> | <u>154,428</u> |
| Net Change in Fund Balance | <u>(15,503)</u> | <u>(583,860)</u> | <u>(274,160)</u> | <u>309,700</u> |
| Fund Balance - Beginning, As Previously Reported | 1,511,279 | 1,511,279 | 1,511,279 | 0 |
| Prior Period Adjustment | | | 105,053 | 105,053 |
| Fund Balance - Beginning, As Restated | <u>1,511,279</u> | <u>1,511,279</u> | <u>1,616,332</u> | <u>105,053</u> |
| Fund Balance - End of Year | <u>\$ 1,495,776</u> | <u>\$ 927,419</u> | <u>\$ 1,342,172</u> | <u>\$ 414,753</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Transportation Measure A
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------------|----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 57,036 | \$ 993,000 | \$ 1,062,444 | \$ 69,444 |
| Investment Earnings | | | 12,376 | 12,376 |
| Miscellaneous | | | 1,090 | 1,090 |
| | <u>57,036</u> | <u>993,000</u> | <u>1,075,910</u> | <u>82,910</u> |
| Total Revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 57,036 | 931,629 | 501,283 | 430,346 |
| Capital Outlay | 865,000 | 438,000 | 385,573 | 52,427 |
| | <u>922,036</u> | <u>1,369,629</u> | <u>886,856</u> | <u>482,773</u> |
| Total Expenditures | | | | |
| Excess (Deficiency) of Revenues over Expenditures | (865,000) | (376,629) | 189,054 | 565,683 |
| Fund Balance - Beginning of Year | <u>940,218</u> | <u>940,218</u> | <u>940,218</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 75,218</u></u> | <u><u>\$ 563,589</u></u> | <u><u>\$ 1,129,272</u></u> | <u><u>\$ 565,683</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
TDA Article 3 SB821 Pedestrian Sidewalk
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ | \$ 87,908 | \$ 87,908 | \$ 0 |
| Investment Earnings | | | 177 | 177 |
| Total Revenues | <u>0</u> | <u>87,908</u> | <u>88,085</u> | <u>177</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | 17,360 | (17,360) |
| Capital Outlay | | | 88,449 | (88,449) |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>105,809</u> | <u>(105,809)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 87,908 | (17,724) | (105,632) |
| Fund Balance - Beginning of Year | <u>22,737</u> | <u>22,737</u> | <u>22,737</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 22,737</u> | <u>\$ 110,645</u> | <u>\$ 5,013</u> | <u>\$ (105,632)</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
SB1186 CAS Education
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ | \$ | \$ 2,239 | \$ 2,239 |
| Investment Earnings | | | 22 | 22 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>2,261</u> | <u>2,261</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | 750 | (750) |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>750</u> | <u>(750)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 0 | 1,511 | 1,511 |
| Fund Balance - Beginning of Year | <u>727</u> | <u>727</u> | <u>727</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 727</u> | <u>\$ 727</u> | <u>\$ 2,238</u> | <u>\$ 1,511</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Traffic Safety
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines, Forfeitures and Penalties | \$ 605,000 | \$ 605,000 | \$ 444,210 | \$ (160,790) |
| Investment Earnings | | | 37 | 37 |
| Total Revenues | <u>605,000</u> | <u>605,000</u> | <u>444,247</u> | <u>(160,753)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | <u>605,000</u> | <u>605,000</u> | <u>562,672</u> | <u>42,328</u> |
| Total Expenditures | <u>605,000</u> | <u>605,000</u> | <u>562,672</u> | <u>42,328</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>0</u> | <u>0</u> | <u>(118,425)</u> | <u>(118,425)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | <u>75,905</u> | <u>75,905</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>75,905</u> | <u>75,905</u> |
| Net Change in Fund Balance | 0 | 0 | (42,520) | (42,520) |
| Fund Balance - Beginning of Year | <u>(10,289)</u> | <u>(10,289)</u> | <u>(10,289)</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ (10,289)</u> | <u>\$ (10,289)</u> | <u>\$ (52,809)</u> | <u>\$ (42,520)</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
City-Wide Lighting and Landscaping
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Special Assessments | \$ 1,392,000 | \$ 1,383,494 | \$ 1,405,562 | \$ 22,068 |
| Miscellaneous | | | 6,591 | 6,591 |
| Total Revenues | <u>1,392,000</u> | <u>1,383,494</u> | <u>1,412,153</u> | <u>28,659</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 530,000 | 530,000 | 773,440 | (243,440) |
| Community Services | 770,000 | 933,325 | 846,237 | 87,088 |
| Total Expenditures | <u>1,300,000</u> | <u>1,463,325</u> | <u>1,619,677</u> | <u>(156,352)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>92,000</u> | <u>(79,831)</u> | <u>(207,524)</u> | <u>(127,693)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(30,000)</u> | | | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(30,000)</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 62,000 | (79,831) | (207,524) | (127,693) |
| Fund Balance - Beginning of Year | <u>1,637</u> | <u>1,637</u> | <u>1,637</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 63,637</u> | <u>\$ (78,194)</u> | <u>\$ (205,887)</u> | <u>\$ (127,693)</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
L.L.M.D. No. 1
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 3,586 | \$ 3,586 |
| Special Assessments | 218,153 | 228,557 | 235,995 | 7,438 |
| Miscellaneous | | | 3,485 | 3,485 |
| Total Revenues | <u>218,153</u> | <u>228,557</u> | <u>243,066</u> | <u>14,509</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 65,000 | 61,000 | 68,438 | (7,438) |
| Community Services | <u>115,000</u> | <u>118,500</u> | <u>76,149</u> | <u>42,351</u> |
| Total Expenditures | <u>180,000</u> | <u>179,500</u> | <u>144,587</u> | <u>34,913</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>38,153</u> | <u>49,057</u> | <u>98,479</u> | <u>49,422</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(35,000)</u> | <u>(35,000)</u> | <u>(35,000)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(35,000)</u> | <u>(35,000)</u> | <u>(35,000)</u> | <u>0</u> |
| Net Change in Fund Balance | 3,153 | 14,057 | 63,479 | 49,422 |
| Fund Balance - Beginning of Year | <u>247,115</u> | <u>247,115</u> | <u>247,115</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 250,268</u> | <u>\$ 261,172</u> | <u>\$ 310,594</u> | <u>\$ 49,422</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Geothermal
Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment Earnings | \$ 245 | 245 | \$ 3 | \$ (242) |
| Total Revenues | <u>245</u> | <u>245</u> | <u>3</u> | <u>(242)</u> |
| EXPENDITURES | | | | |
| Capital Outlay | | | | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues over Expenditures | 245 | 245 | 3 | (242) |
| Fund Balance - Beginning of Year | <u>19,813</u> | <u>19,813</u> | <u>19,813</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 20,058</u> | <u>\$ 20,058</u> | <u>\$ 19,816</u> | <u>(242)</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
AB2766 Air Pollution
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 53,512 | \$ 87,418 | \$ 68,631 | \$ (18,787) |
| Investment Earnings | | | 2,387 | 2,387 |
| Total Revenues | <u>53,512</u> | <u>87,418</u> | <u>71,018</u> | <u>(16,400)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 146,930 | 140,930 | 55,503 | 85,427 |
| Capital Outlay | | 25,576 | 15,640 | 9,936 |
| Total Expenditures | <u>146,930</u> | <u>166,506</u> | <u>71,143</u> | <u>95,363</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(93,418)</u> | <u>(79,088)</u> | <u>(125)</u> | <u>78,963</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | 41,401 | 41,401 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>41,401</u> | <u>41,401</u> |
| Net Change In Fund Balances | <u>(93,418)</u> | <u>(79,088)</u> | <u>41,276</u> | <u>120,364</u> |
| Fund Balance - Beginning of Year | <u>180,871</u> | <u>180,871</u> | <u>180,871</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 87,453</u> | <u>\$ 101,783</u> | <u>\$ 222,147</u> | <u>\$ 120,364</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
C.D.B.G
Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|---------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 65,000 | \$ 223,744 | \$ 361,987 | \$ 138,243 |
| Miscellaneous | | | 876 | 876 |
| Total Revenues | <u>65,000</u> | <u>223,744</u> | <u>362,863</u> | <u>139,119</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | 256,023 | 256,021 | 204,319 | 51,702 |
| Capital Outlay | | 46,553 | 190,532 | (143,979) |
| Total Expenditures | <u>256,023</u> | <u>302,574</u> | <u>394,851</u> | <u>(92,277)</u> |
| Excess (Deficiency) of Revenues over Expenditures | (191,023) | (78,830) | (31,988) | 46,842 |
| Fund Balance - Beginning of Year | <u>24,176</u> | <u>24,176</u> | <u>24,176</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ (166,847)</u></u> | <u><u>\$ (54,654)</u></u> | <u><u>\$ (7,812)</u></u> | <u><u>\$ 46,842</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Developer Agreement Revenue/Trust
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ | \$ | \$ 261,000 | 261,000 |
| Investment Earnings | 6,000 | 6,000 | 6,072 | 72 |
| Total Revenues | 6,000 | 6,000 | 267,072 | 261,072 |
| EXPENDITURES | | | | |
| Capital Outlay | | 17,000 | 17,000 | 0 |
| Total Expenditures | 0 | 17,000 | 17,000 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 6,000 | (11,000) | 250,072 | 261,072 |
| Fund Balance - Beginning of Year | 1,497,725 | 1,497,725 | 1,497,725 | 0 |
| Fund Balance - End of Year | <u>\$ 1,503,725</u> | <u>\$ 1,486,725</u> | <u>\$ 1,747,797</u> | <u>\$ 261,072</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Affordable Housing In-Lieu
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 70,000 | \$ 70,000 | \$ 547,472 | \$ 477,472 |
| Investment Earnings | | | 24,845 | 24,845 |
| Total Revenues | <u>70,000</u> | <u>70,000</u> | <u>572,317</u> | <u>502,317</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | 50,000 | 406 | 49,594 |
| Total Expenditures | <u>0</u> | <u>50,000</u> | <u>406</u> | <u>49,594</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>70,000</u> | <u>20,000</u> | <u>571,911</u> | <u>551,911</u> |
| Fund Balance - Beginning of Year | <u>1,509,231</u> | <u>1,509,231</u> | <u>1,509,231</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 1,579,231</u></u> | <u><u>\$ 1,529,231</u></u> | <u><u>\$ 2,081,142</u></u> | <u><u>\$ 551,911</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
City Hall/Public Works
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 213,576 | \$ 213,576 | \$ 241,821 | \$ 28,245 |
| Investment Earnings | | | 15,941 | 15,941 |
| Total Revenues | <u>213,576</u> | <u>213,576</u> | <u>257,762</u> | <u>44,186</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | 36,592 | 183,751 | (147,159) |
| Capital Outlay | 35,000 | 387,368 | 253,235 | 134,133 |
| Total Expenditures | <u>35,000</u> | <u>423,960</u> | <u>436,986</u> | <u>(13,026)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>178,576</u> | <u>(210,384)</u> | <u>(179,224)</u> | <u>31,160</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | | (38,738) | (38,738) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>(38,738)</u> | <u>(38,738)</u> |
| Net Change in Fund Balance | <u>178,576</u> | <u>(210,384)</u> | <u>(217,962)</u> | <u>(7,578)</u> |
| Fund Balance - Beginning of Year | <u>1,114,572</u> | <u>1,114,572</u> | <u>1,114,572</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 1,293,148</u> | <u>\$ 904,188</u> | <u>\$ 896,610</u> | <u>\$ (7,578)</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Community Center
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 143,880 | \$ 143,880 | \$ 161,865 | \$ 17,985 |
| Investment Earnings | | | 3,820 | 3,820 |
| Total Revenues | <u>143,880</u> | <u>143,880</u> | <u>165,685</u> | <u>21,805</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | | 614 | (614) |
| Capital Outlay | | | 10,525 | (10,525) |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>11,139</u> | <u>(11,139)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>143,880</u> | <u>143,880</u> | <u>154,546</u> | <u>10,666</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | | (5,007) | (5,007) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>(5,007)</u> | <u>(5,007)</u> |
| Net Change in Fund Balance | <u>143,880</u> | <u>143,880</u> | <u>149,539</u> | <u>5,659</u> |
| Fund Balance - Beginning of Year | <u>188,141</u> | <u>188,141</u> | <u>188,141</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 332,021</u></u> | <u><u>\$ 332,021</u></u> | <u><u>\$ 337,680</u></u> | <u><u>\$ 5,659</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Lake Side Facilities
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 205,656 | \$ 205,656 | \$ 231,363 | \$ 25,707 |
| Investment Earnings | | | 9,151 | 9,151 |
| Total Revenues | <u>205,656</u> | <u>205,656</u> | <u>240,514</u> | <u>34,858</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | 200,000 | 332,764 | 11,133 | 321,631 |
| Capital Outlay | | | 41,107 | (41,107) |
| Total Expenditures | <u>200,000</u> | <u>332,764</u> | <u>52,240</u> | <u>280,524</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>5,656</u> | <u>(127,108)</u> | <u>188,274</u> | <u>315,382</u> |
| Fund Balance - Beginning of Year | <u>521,552</u> | <u>521,552</u> | <u>521,552</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 527,208</u></u> | <u><u>\$ 394,444</u></u> | <u><u>\$ 709,826</u></u> | <u><u>\$ 315,382</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Animal Shelter
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------------|----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 224,000 | \$ 224,000 | \$ 103,356 | \$ (120,644) |
| Investment Earnings | | | 253 | 253 |
| Total Revenues | <u>224,000</u> | <u>224,000</u> | <u>103,609</u> | <u>(120,391)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | <u>200,000</u> | <u>332,764</u> | <u>302,256</u> | <u>30,508</u> |
| Total Expenditures | <u>200,000</u> | <u>332,764</u> | <u>302,256</u> | <u>30,508</u> |
| Excess (Deficiency) of Revenues over Expenditures | 24,000 | (108,764) | (198,647) | (89,883) |
| Fund Balance - Beginning of Year | <u>61,340</u> | <u>61,340</u> | <u>61,340</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 85,340</u></u> | <u><u>\$ (47,424)</u></u> | <u><u>\$ (137,307)</u></u> | <u><u>\$ (89,883)</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Camino Del Norte
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 500 | \$ 500 | \$ | \$ (500) |
| Investment Earnings | | | 517 | 517 |
| Total Revenues | <u>500</u> | <u>500</u> | <u>517</u> | <u>17</u> |
| EXPENDITURES | | | | |
| Capital Outlay | | | | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues over Expenditures | 500 | 500 | 517 | 17 |
| Fund Balance - Beginning of Year | <u>35,535</u> | <u>35,535</u> | <u>35,535</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 36,035</u> | <u>\$ 36,035</u> | <u>\$ 36,052</u> | <u>\$ 17</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Miscellaneous Grants
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ | \$ 796,158 | \$ 866,685 | \$ 70,527 |
| Miscellaneous | | | 595 | 595 |
| Total Revenues | <u>0</u> | <u>796,158</u> | <u>867,280</u> | <u>71,122</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | | | 68,217 | (68,217) |
| Public Services | | 761,358 | 33,096 | 728,262 |
| Community Services | | 34,800 | 32,184 | 2,616 |
| Capital Outlay | | 407,531 | 752,413 | (344,882) |
| Total Expenditures | <u>0</u> | <u>1,203,689</u> | <u>885,910</u> | <u>317,779</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>0</u> | <u>(407,531)</u> | <u>(18,630)</u> | <u>388,901</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | 343,006 | 343,006 |
| Transfers Out | | | (172,234) | (172,234) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>170,772</u> | <u>170,772</u> |
| Net Change in Fund Balance | 0 | (407,531) | 152,142 | 559,673 |
| Fund Balance - Beginning of Year | <u>(672,022)</u> | <u>(672,022)</u> | <u>(672,022)</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ (672,022)</u> | <u>\$ (1,079,553)</u> | <u>\$ (519,880)</u> | <u>\$ 559,673</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
N.P.D.E.S.
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|--------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 170,578 | \$ 176,177 | \$ 198,828 | 22,651 |
| Total Revenues | <u>170,578</u> | <u>176,177</u> | <u>198,828</u> | <u>22,651</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 170,578 | 412,209 | 168,137 | 244,072 |
| Capital Outlay | <u>241,631</u> | | | <u>0</u> |
| Total Expenditures | <u>412,209</u> | <u>412,209</u> | <u>168,137</u> | <u>244,072</u> |
| Excess (Deficiency) of Revenues over Expenditures | (241,631) | (236,032) | 30,691 | 266,723 |
| Fund Balance - Beginning of Year | <u>(37,527)</u> | <u>(37,527)</u> | <u>(37,527)</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ (279,158)</u></u> | <u><u>\$ (273,559)</u></u> | <u><u>\$ (6,836)</u></u> | <u><u>\$ 266,723</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
PEG Grant
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------------|-------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ | \$ | \$ 55,660 | \$ 55,660 |
| Investment Earnings | | | 1,646 | 1,646 |
| Miscellaneous | | | 95,956 | 95,956 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>153,262</u> | <u>153,262</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | 26,252 | (26,252) |
| Capital Outlay | | 138,778 | 137,406 | 1,372 |
| Total Expenditures | <u>0</u> | <u>138,778</u> | <u>163,658</u> | <u>(24,880)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 0 | (138,778) | (10,396) | 128,382 |
| Fund Balance - Beginning of Year | <u>73,059</u> | <u>73,059</u> | <u>73,059</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 73,059</u></u> | <u><u>\$ (65,719)</u></u> | <u><u>\$ 62,663</u></u> | <u><u>\$ 128,382</u></u> |

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City of Lake Elsinore, California
Other Capital Projects Funds
June 30, 2014

Miscellaneous General Project - to account for miscellaneous general projects of the City.

Park Improvement and Development - to account for the improvement and development of parks that are financed by developer fees.

Street Capital Improvements - to account for general capital improvements of streets within the City that are financed by development fees.

Storm Drains - to account for the capital improvements of upgrading the storm drains within the City that are financed by the development fees.

Library Capital Improvement - to account for general capital improvements necessary for the upgrade and maintenance of the Public Libraries within the City. Financed by development fees, upgrades include the purchase of reading material.

Signalization Improvement - to account for general improvements and repairs to signal lights within the City that are financed by development fees.

Traffic Impact - to account for projects related to traffic improvements, financed by development fees.

City Fire Protection - to account for the construction of fire facilities financed by development fees.

Public Improvement In-Lieu - to account for special designated improvements to City property, financed by development fees.

Fire Station - to account for deposits and expenditures related to Fire Station Construction.

Transportation Uniform Mitigation Fee (TUMF) - to account for multi-jurisdictional development impact fee paid for by new development to provide the transportation infrastructure necessary to accommodate new development.

Boat Launch Construction - to account for proceeds and expenditures related to the construction of a new City boat launch.

City of Lake Elsinore, California
Combining Balance Sheet
Other Capital Projects Funds
Year Ended June 30, 2014

| | Miscellaneous General Project | Park Improvement and Development | Street Capital Improvements | Storm Drains |
|--|-------------------------------------|---|--------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | |
| Cash and Investments | \$ 1,281,719 | \$ 384,161 | \$ 14,063 | \$ 5,668,731 |
| Cash and Investments with Fiscal Agent | | | | |
| Accrued Interest Receivable | 186 | 45 | 2 | 648 |
| Due from Other Governments | | | | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 1,281,905</u> | <u>\$ 384,206</u> | <u>\$ 14,065</u> | <u>\$ 5,669,379</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 60,653 | \$ 2,759 | \$ | \$ |
| Accrued Liabilities | | | | |
| Due to Other Funds | | | | |
| Unearned Revenue - Other | | | | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>60,653</u> | <u>2,759</u> | <u>0</u> | <u>0</u> |
| FUND BALANCES | | | | |
| Restricted | | 381,447 | 14,065 | 5,669,379 |
| Assigned | 1,221,252 | | | |
| Unassigned | | | | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>1,221,252</u> | <u>381,447</u> | <u>14,065</u> | <u>5,669,379</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,281,905</u> | <u>\$ 384,206</u> | <u>\$ 14,065</u> | <u>\$ 5,669,379</u> |

| <u>Library Capital Improvement</u> | <u>Signalization Improvement</u> | <u>Traffic Impact</u> | <u>City Fire Protection</u> | <u>Public Improvement In-Lieu</u> | <u>Fire Station</u> | <u>TUMF</u> |
|--|--------------------------------------|---------------------------|---------------------------------|---|-------------------------|------------------|
| \$ 1,591,066 | \$ 190,450 | \$ 3,203,268 | \$ 3,490 | \$ 862,234 | \$ | \$ |
| 179 | 17 | 363 | 4,661 | 99 | | 18,608 |
| <u>\$ 1,591,245</u> | <u>\$ 190,467</u> | <u>\$ 3,203,631</u> | <u>\$ 8,151</u> | <u>\$ 862,333</u> | <u>\$ 0</u> | <u>\$ 18,608</u> |
| \$ | \$ 89 | \$ 14,000 | \$ 8,012 | \$ 5,729 | \$ | \$ |
| | | | | | | 77,495 16,561 |
| <u>0</u> | <u>89</u> | <u>14,000</u> | <u>8,012</u> | <u>5,729</u> | <u>0</u> | <u>94,056</u> |
| 1,591,245 | 190,378 | 3,189,631 | 139 | 856,604 | | (75,448) |
| <u>1,591,245</u> | <u>190,378</u> | <u>3,189,631</u> | <u>139</u> | <u>856,604</u> | <u>0</u> | <u>(75,448)</u> |
| <u>\$ 1,591,245</u> | <u>\$ 190,467</u> | <u>\$ 3,203,631</u> | <u>\$ 8,151</u> | <u>\$ 862,333</u> | <u>\$ 0</u> | <u>\$ 18,608</u> |

Continued

City of Lake Elsinore, California
Combining Balance Sheet
Other Capital Projects Funds - Continued
June 30, 2014

| | <u>Boat Launch Construction</u> | <u>Total Other Capital Projects Funds</u> |
|--|-------------------------------------|---|
| ASSETS | | |
| Cash and Investments | \$ 8,563 | \$ 13,207,745 |
| Cash and Investments with Fiscal Agent | | 0 |
| Accrued Interest Receivable | | 6,200 |
| Due from Other Governments | | 18,608 |
| | <hr/> | <hr/> |
| Total Assets | <u>\$ 8,563</u> | <u>\$ 13,232,553</u> |
| LIABILITIES | | |
| Accounts Payable | \$ | \$ 91,242 |
| Accrued Liabilities | | 0 |
| Due to Other Funds | | 77,495 |
| Unearned Revenue - Other | | 16,561 |
| | <hr/> | <hr/> |
| Total Liabilities | <u>0</u> | <u>185,298</u> |
| FUND BALANCES | | |
| Restricted | 8,563 | 11,901,451 |
| Assigned | | 1,221,252 |
| Unassigned | | (75,448) |
| | <hr/> | <hr/> |
| Total Fund Balances | <u>8,563</u> | <u>13,047,255</u> |
| Total Liabilities and Fund Balances | <u>\$ 8,563</u> | <u>\$ 13,232,553</u> |

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City of Lake Elsinore, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Capital Projects Funds
Year Ended June 30, 2014

| | Miscellaneous General Project | Park Improvement and Development | Street Capital Improvements | Storm Drains |
|--|-------------------------------------|---|--------------------------------|---------------------|
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ | \$ 119,552 | \$ | \$ 151,070 |
| Intergovernmental Revenues | | | | |
| Investment Earnings | 23,807 | 5,390 | 202 | 80,958 |
| Miscellaneous | 12,290 | 805 | | |
| Total Revenues | <u>36,097</u> | <u>125,747</u> | <u>202</u> | <u>232,028</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 20,182 | | | |
| Public Services | | | | |
| Community Development | 141,944 | 34,755 | | |
| Community Services | | | | |
| Capital Outlay | 402,891 | 9,597 | | |
| Total Expenditures | <u>565,017</u> | <u>44,352</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(528,920)</u> | <u>81,395</u> | <u>202</u> | <u>232,028</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 1,068,676 | | | |
| Transfers Out | (342,506) | | | |
| Total Other Financing Sources (Uses) | <u>726,170</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balances | 197,250 | 81,395 | 202 | 232,028 |
| Fund Balances - Beginning | <u>1,024,002</u> | <u>300,052</u> | <u>13,863</u> | <u>5,437,351</u> |
| Fund Balances - End of Year | <u>\$ 1,221,252</u> | <u>\$ 381,447</u> | <u>\$ 14,065</u> | <u>\$ 5,669,379</u> |

| <u>Library Capital Improvement</u> | <u>Signalization Improvement</u> | <u>Traffic Impact</u> | <u>City Fire Protection</u> | <u>Public Improvement In-Lieu</u> | <u>Fire Station</u> | <u>TUMF</u> |
|--|--------------------------------------|---------------------------|---------------------------------|---|-------------------------|--------------------|
| \$ 89,250 | \$ | \$ 337,273 | \$ 236,312 | \$ 59,269 | \$ | \$ |
| 22,176 | 2,110 | 44,245 | 981 | 12,321 | | 1,806 |
| | 65,455 | 395 | | | | 7,563 |
| <u>111,426</u> | <u>67,565</u> | <u>381,913</u> | <u>237,293</u> | <u>71,590</u> | <u>0</u> | <u>9,369</u> |
| | 28,404 | 57,932 | 12,488 | 45,263 | 19 | 29,832 |
| 9,616 | | | 184,147 | | | |
| <u>9,616</u> | <u>28,404</u> | <u>57,932</u> | <u>196,635</u> | <u>45,263</u> | <u>19</u> | <u>29,832</u> |
| <u>101,810</u> | <u>39,161</u> | <u>323,981</u> | <u>40,658</u> | <u>26,327</u> | <u>(19)</u> | <u>(20,463)</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 101,810 | 39,161 | 323,981 | 40,658 | 26,327 | (19) | (20,463) |
| <u>1,489,435</u> | <u>151,217</u> | <u>2,865,650</u> | <u>(40,519)</u> | <u>830,277</u> | <u>19</u> | <u>(54,985)</u> |
| <u>\$ 1,591,245</u> | <u>\$ 190,378</u> | <u>\$ 3,189,631</u> | <u>\$ 139</u> | <u>\$ 856,604</u> | <u>\$ 0</u> | <u>\$ (75,448)</u> |

Continued

City of Lake Elsinore, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Capital Projects Funds - Continued
Year Ended June 30, 2014

| | <u>Boat Launch Construction</u> | <u>Total Other Capital Projects Funds</u> |
|--|-------------------------------------|---|
| REVENUES | | |
| Licenses, Permits and Fees | \$ | \$ 992,726 |
| Intergovernmental Revenues | | 1,806 |
| Investment Earnings | 160 | 192,350 |
| Miscellaneous | | 86,508 |
| | <u>160</u> | <u>1,273,390</u> |
| EXPENDITURES | | |
| Current: | | |
| General Government | | 20,182 |
| Public Services | | 173,938 |
| Community Development | 6,449 | 183,148 |
| Community Services | | 9,616 |
| Capital Outlay | 5,817 | 602,452 |
| | <u>12,266</u> | <u>989,336</u> |
| Total Expenditures | | |
| | <u>12,266</u> | <u>989,336</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(12,106)</u> | <u>284,054</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In | | 1,068,676 |
| Transfers Out | | (342,506) |
| | | <u>726,170</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>726,170</u> |
| Net Change in Fund Balances | (12,106) | 1,010,224 |
| Fund Balances - Beginning | <u>20,669</u> | <u>12,037,031</u> |
| Fund Balances - End of Year | <u>\$ 8,563</u> | <u>\$ 13,047,255</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
Miscellaneous
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 23,807 | \$ 23,807 |
| Miscellaneous | | 500,000 | 12,290 | (487,710) |
| Total Revenues | | 0 | 36,097 | 36,097 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | 1,027,663 | 20,182 | 1,007,481 |
| Community Development | | 1,047,816 | 141,944 | 905,872 |
| Capital Outlay | 2,223,000 | 2,115,786 | 402,891 | 1,712,895 |
| Total Expenditures | 2,223,000 | 4,191,265 | 565,017 | 3,626,248 |
| Excess (Deficiency) of Revenues over Expenditures | (2,223,000) | (4,191,265) | (528,920) | 3,662,345 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 2,223,000 | 2,043,000 | 1,068,676 | (974,324) |
| Transfers Out | | | (342,506) | (342,506) |
| Total Other Financing Sources (Uses) | 2,223,000 | 2,043,000 | 726,170 | (1,316,830) |
| Net Change in Fund Balance | (4,446,000) | (2,148,265) | 197,250 | 2,345,515 |
| Fund Balance - Beginning of Year | 1,024,002 | 1,024,002 | 1,024,002 | 0 |
| Fund Balance - End of Year | \$ (3,421,998) | \$ (1,124,263) | \$ 1,221,252 | \$ 2,345,515 |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Park Improvement and Development
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits, and Fees | \$ 422,400 | \$ 422,400 | \$ 119,552 | \$ (302,848) |
| Investment Earnings | | | 5,390 | 5,390 |
| Miscellaneous | | | 805 | 805 |
| | <hr/> | | <hr/> | |
| Total Revenues | 422,400 | 422,400 | 125,747 | (296,653) |
| <hr/> | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | | | 34,755 | (34,755) |
| Capital Outlay | 552,000 | 558,956 | 9,597 | (549,359) |
| | <hr/> | | <hr/> | |
| Total Expenditures | 552,000 | 558,956 | 44,352 | 514,604 |
| <hr/> | | | | |
| Excess (Deficiency) of Revenues over Expenditures | (129,600) | (136,556) | 81,395 | 217,951 |
| <hr/> | | | | |
| Fund Balance - Beginning of Year | 300,052 | 300,052 | 300,052 | 0 |
| <hr/> | | | | |
| Fund Balance End of Year | <u>\$ 170,452</u> | <u>\$ 163,496</u> | <u>\$ 381,447</u> | <u>\$ 217,951</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Street Capital Improvements
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ 250 | \$ 250 | \$ 202 | \$ (48) |
| Total Revenues | 250 | 250 | 202 | (48) |
| EXPENDITURES | | | | |
| Capital Outlay | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 250 | 250 | 202 | (48) |
| Fund Balance - Beginning of Year | 13,863 | 13,863 | 13,863 | 0 |
| Fund Balance - End of Year | <u>\$ 14,113</u> | <u>\$ 14,113</u> | <u>\$ 14,065</u> | <u>\$ (48)</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Storm Drains
Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|----------------------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Licenses, Permits, and Fees | \$ 170,000 | \$ 170,000 | \$ 151,070 | \$ (18,930) |
| Investment Earnings | | | 80,958 | 80,958 |
| Total Revenues | <u>170,000</u> | <u>170,000</u> | <u>232,028</u> | <u>62,028</u> |
| EXPENDITURES | | | | |
| Capital Outlay | | | | 0 |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues over Expenditures | 170,000 | 170,000 | 232,028 | 62,028 |
| Fund Balance - Beginning of Year | <u>5,437,351</u> | <u>5,437,351</u> | <u>5,437,351</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 5,607,351</u></u> | <u><u>\$ 5,607,351</u></u> | <u><u>\$ 5,669,379</u></u> | <u><u>\$ 62,028</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Library Capital Improvement
Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|----------------------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Licenses, Permits, and Fees | \$ | \$ | \$ 89,250 | \$ 89,250 |
| Investment Earnings | 39,996 | 39,996 | 22,176 | (17,820) |
| Total Revenues | <u>39,996</u> | <u>39,996</u> | <u>111,426</u> | <u>71,430</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | 9,481 | 9,616 | (135) |
| Total Expenditures | <u>0</u> | <u>9,481</u> | <u>9,616</u> | <u>(135)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 39,996 | 30,515 | 101,810 | 71,295 |
| Fund Balance - Beginning of Year | <u>1,489,435</u> | <u>1,489,435</u> | <u>1,489,435</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 1,529,431</u></u> | <u><u>\$ 1,519,950</u></u> | <u><u>\$ 1,591,245</u></u> | <u><u>\$ 71,295</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Signalization Improvement
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ 2,000 | \$ 2,000 | \$ 2,110 | \$ 110 |
| Miscellaneous | | | 65,455 | 65,455 |
| Total Revenues | <u>2,000</u> | <u>2,000</u> | <u>67,565</u> | <u>65,565</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 96,941 | 96,941 | 28,404 | 68,537 |
| Capital Outlay | | 23,966 | | 23,966 |
| Total Expenditures | <u>0</u> | <u>23,966</u> | <u>28,404</u> | <u>23,966</u> |
| Excess (Deficiency) of Revenues over Expenditures | 2,000 | (21,966) | 39,161 | 61,127 |
| Fund Balance - Beginning of Year | <u>151,217</u> | <u>151,217</u> | <u>151,217</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 153,217</u> | <u>\$ 129,251</u> | <u>\$ 190,378</u> | <u>\$ 61,127</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Traffic Impact
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 361,416 | \$ 361,416 | \$ 337,273 | \$ (24,143) |
| Investment Earnings | | | 44,245 | 44,245 |
| Miscellaneous | | | 395 | 395 |
| | <u>361,416</u> | <u>361,416</u> | <u>381,913</u> | <u>20,497</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | 597,574 | 57,932 | 539,642 |
| Capital Outlay | 185,000 | 26,362 | | 26,362 |
| | <u>185,000</u> | <u>623,936</u> | <u>57,932</u> | <u>566,004</u> |
| Excess (Deficiency) of Revenues over Expenditures | 176,416 | (262,520) | 323,981 | 586,501 |
| Fund Balance - Beginning of Year | <u>2,865,650</u> | <u>2,865,650</u> | <u>2,865,650</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 3,042,066</u></u> | <u><u>\$ 2,603,130</u></u> | <u><u>\$ 3,189,631</u></u> | <u><u>\$ 586,501</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
City Fire Protection
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 39,996 | \$ 39,996 | \$ 236,312 | \$ 196,316 |
| Investment Earnings | | | 981 | 981 |
| Total Revenues | <u>39,996</u> | <u>39,996</u> | <u>237,293</u> | <u>197,297</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | 103,350 | 12,488 | 90,862 |
| Capital Outlay | | 58,206 | 184,147 | (125,941) |
| Total Expenditures | <u>0</u> | <u>161,556</u> | <u>196,635</u> | <u>(35,079)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 39,996 | (121,560) | 40,658 | 162,218 |
| Fund Balance - Beginning of Year | <u>(40,519)</u> | <u>(40,519)</u> | <u>(40,519)</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ (523)</u> | <u>\$ (162,079)</u> | <u>\$ 139</u> | <u>\$ 162,218</u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
Public Improvement In-Lieu
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 77,639 | \$ 77,639 | \$ 59,269 | \$ (18,370) |
| Investment Earnings | | | 12,321 | 12,321 |
| Total Revenues | <u>77,639</u> | <u>77,639</u> | <u>71,590</u> | <u>(6,049)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | 72,238 | 45,263 | 26,975 |
| Total Expenditures | <u>0</u> | <u>72,238</u> | <u>45,263</u> | <u>26,975</u> |
| Excess (Deficiency) of Revenues over Expenditures | 77,639 | 5,401 | 26,327 | 20,926 |
| Fund Balance - Beginning of Year | <u>830,277</u> | <u>830,277</u> | <u>830,277</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ 907,916</u></u> | <u><u>\$ 835,678</u></u> | <u><u>\$ 856,604</u></u> | <u><u>\$ 20,926</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
TUMF
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------------|---------------------------|---------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 631,099 | \$ 631,099 | \$ 1,806 | \$ (629,293) |
| Miscellaneous | | | 7,563 | 7,563 |
| Total Revenues | <u>631,099</u> | <u>631,099</u> | <u>9,369</u> | <u>(621,730)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | <u>631,099</u> | <u>631,137</u> | <u>29,832</u> | <u>601,305</u> |
| Total Expenditures | <u>631,099</u> | <u>631,137</u> | <u>29,832</u> | <u>601,305</u> |
| Excess (Deficiency) of Revenues over Expenditures | 0 | (38) | (20,463) | (20,425) |
| Fund Balance - Beginning of Year | <u>(54,985)</u> | <u>(54,985)</u> | <u>(54,985)</u> | <u>0</u> |
| Fund Balance - End of Year | <u><u>\$ (54,985)</u></u> | <u><u>\$ (55,023)</u></u> | <u><u>\$ (75,448)</u></u> | <u><u>\$ (20,425)</u></u> |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
Boat Launch Construction
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 160 | \$ 160 |
| Total Revenues | 0 | 0 | 160 | 160 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | 17,861 | 6,449 | 11,412 |
| Capital Outlay | | | 5,817 | (5,817) |
| Total Expenditures | 0 | 17,861 | 12,266 | 5,595 |
| Excess (Deficiency) of Revenues over Expenditures | 0 | (17,861) | (12,106) | 5,755 |
| Fund Balance - Beginning | 20,669 | 20,669 | 20,669 | 0 |
| Fund Balance - End of Year | \$ 20,669 | \$ 2,808 | \$ 8,563 | \$ 5,755 |

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Assessment Districts
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ 2,000 | \$ 2,000 | \$ 334 | \$ (1,666) |
| Contributions from Property Owners | | | 5,714,262 | 5,714,262 |
| Total Revenues | <u>2,000</u> | <u>2,000</u> | <u>5,714,596</u> | <u>5,712,596</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | | 9,499 | (9,499) |
| Capital Outlay | | | 5,692,852 | (5,692,852) |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>5,702,351</u> | <u>(5,702,351)</u> |
| Excess (Deficiency) of Revenues over Expenditures | 2,000 | 2,000 | 12,245 | 10,245 |
| Fund Balance - Beginning of Year | <u>833,868</u> | <u>833,868</u> | <u>833,868</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 835,868</u> | <u>\$ 835,868</u> | <u>\$ 846,113</u> | <u>\$ 10,245</u> |

City of Lake Elsinore, California
Permanent Fund
June 30, 2014

Endowment Trust - to account for assets held by the City as a trustee capacity for the Adolph Korn Estate. Money is held for the purpose of building a nurses home for a proposed hospital within the City. Until that time, interest earnings from the estate are used as a scholarship fund for college tuition for students seeking a degree in the nursing field.

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Permanent Fund
Endowment Trust
Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 174 | \$ 174 |
| Total Revenues | 0 | 0 | 174 | 174 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 | 174 | (174) |
| Fund Balance - Beginning of Year | 30,682 | 30,682 | 30,682 | 0 |
| Fund Balance - End of Year | \$ 30,682 | \$ 30,682 | \$ 30,856 | \$ 174 |

City of Lake Elsinore, California
Agency Funds
June 30, 2014

Developer Deposit Trust - to account for receipts of deposits paid by Developers.

Assessment Districts - to account for receipts of special assessments and taxes that will be used to pay interest and principal on Community Facilities and Assessment Districts bonds.

Lake Maintenance - to account for receipts made by Elsinore Valley Municipal Water District and the City to jointly fund the purchase of water to keep the lake level stabilized.

Destratification Equipment Replacement Fund - to account for receipts made by Elsinore Valley Municipal Water District, Riverside County and the City to replace equipment for the axial flow pump destratification system in the lake.

City of Lake Elsinore, California
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

| | Developer Deposit Trust | Assessment Districts | Lake Maintenance | Destratification Equipment Replacement | Total Agency Funds |
|---|-------------------------------|-------------------------|---------------------|--|--------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 1,253,082 | \$ 2,515,586 | \$ | \$ 92,945 | \$ 3,861,613 |
| Cash and Investments with Fiscal Agent | | 34,717,025 | 571,054 | | 35,288,079 |
| Accrued Interest Receivable | | 284 | | 9 | 293 |
| Due from Other Governments | | 722,504 | | 33,333 | 755,837 |
| Deposits with Other Agencies | | 6,325,232 | | | 6,325,232 |
| | <u>\$ 1,253,082</u> | <u>\$ 44,280,631</u> | <u>\$ 571,054</u> | <u>\$ 126,287</u> | <u>\$ 46,231,054</u> |
| Total Assets | <u>\$ 1,253,082</u> | <u>\$ 44,280,631</u> | <u>\$ 571,054</u> | <u>\$ 126,287</u> | <u>\$ 46,231,054</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 3,000 | \$ 504,750 | \$ | \$ | \$ 507,750 |
| Deposits and Other Liabilities | 1,249,556 | 124,409 | 571,054 | 126,287 | 2,071,306 |
| Due to Other Governments | 526 | | | | 526 |
| Due to Bondholders | | 43,651,472 | | | 43,651,472 |
| | <u>\$ 1,253,082</u> | <u>\$ 44,280,631</u> | <u>\$ 571,054</u> | <u>\$ 126,287</u> | <u>\$ 46,231,054</u> |
| Total Liabilities | <u>\$ 1,253,082</u> | <u>\$ 44,280,631</u> | <u>\$ 571,054</u> | <u>\$ 126,287</u> | <u>\$ 46,231,054</u> |

City of Lake Elsinore, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|----------------------|----------------------|----------------------|
| DEVELOPER DEPOSIT TRUST | | | | |
| ASSETS | | | | |
| Cash and Investments | \$ 1,168,746 | \$ 263,371 | \$ 179,035 | \$ 1,253,082 |
| Total Assets | <u>\$ 1,168,746</u> | <u>\$ 263,371</u> | <u>\$ 179,035</u> | <u>\$ 1,253,082</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 46,711 | \$ 117,590 | \$ 161,301 | \$ 3,000 |
| Deposits and Other Liabilities | 1,122,035 | 262,844 | 135,323 | 1,249,556 |
| Due to Other Governments | <u>0</u> | <u>526</u> | | <u>526</u> |
| Total Liabilities | <u>\$ 1,168,746</u> | <u>\$ 380,960</u> | <u>\$ 296,624</u> | <u>\$ 1,253,082</u> |
| ASSESSMENT DISTRICTS | | | | |
| ASSETS | | | | |
| Cash and Investments | \$ 1,945,040 | \$ 13,790,548 | \$ 13,220,002 | \$ 2,515,586 |
| Cash and Investments with Fiscal Agent | 39,887,287 | 19,892,767 | 25,063,029 | 34,717,025 |
| Accrued Interest Receivable | 165 | 288 | 169 | 284 |
| Due from Other Governments | 307,059 | 722,504 | 307,059 | 722,504 |
| Deposits with Other Agencies | <u>3,844,939</u> | <u>3,239,876</u> | <u>759,583</u> | <u>6,325,232</u> |
| Total Assets | <u>\$ 45,984,490</u> | <u>\$ 37,645,983</u> | <u>\$ 39,349,842</u> | <u>\$ 44,280,631</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 629,956 | \$ 2,365,145 | \$ 2,490,351 | \$ 504,750 |
| Deposits and Other Liabilities | 35,000 | 5,642,543 | 5,553,134 | 124,409 |
| Due to Other Governments | 22,899 | 10,400 | 33,299 | 0 |
| Due to Bondholders | <u>45,296,635</u> | <u>52,964,825</u> | <u>54,609,988</u> | <u>43,651,472</u> |
| Total Liabilities | <u>\$ 45,984,490</u> | <u>\$ 60,982,913</u> | <u>\$ 62,686,772</u> | <u>\$ 44,280,631</u> |
| LAKE MAINTENANCE | | | | |
| ASSETS | | | | |
| Cash and Investments with Fiscal Agent | \$ 699,787 | \$ 1,086,385 | \$ 1,215,118 | \$ 571,054 |
| Total Assets | <u>\$ 699,787</u> | <u>\$ 1,086,385</u> | <u>\$ 1,215,118</u> | <u>\$ 571,054</u> |
| LIABILITIES | | | | |
| Deposits and Other Liabilities | \$ 699,787 | \$ 1,300,177 | \$ 1,428,910 | \$ 571,054 |
| Total Liabilities | <u>\$ 699,787</u> | <u>\$ 1,300,177</u> | <u>\$ 1,428,910</u> | <u>\$ 571,054</u> |

City of Lake Elsinore, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2014

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|----------------------|----------------------|----------------------|
| DESTRATIFICATION EQUIPMENT | | | | |
| ASSETS | | | | |
| Cash and Investments | \$ 75,189 | \$ 17,954 | \$ 198 | \$ 92,945 |
| Accrued Interest Receivable | 4 | 9 | 4 | 9 |
| Due from Other Governments | | 33,333 | | 33,333 |
| | <u>75,193</u> | <u>51,296</u> | <u>202</u> | <u>126,287</u> |
| Total Assets | <u>\$ 75,193</u> | <u>\$ 51,296</u> | <u>\$ 202</u> | <u>\$ 126,287</u> |
| LIABILITIES | | | | |
| Deposits and Other Liabilities | <u>\$ 75,193</u> | <u>\$ 51,291</u> | <u>\$ 197</u> | <u>\$ 126,287</u> |
| Total Liabilities | <u>\$ 75,193</u> | <u>\$ 51,291</u> | <u>\$ 197</u> | <u>\$ 126,287</u> |
| KANGAROO RAT | | | | |
| ASSETS | | | | |
| Cash and Investments | <u>\$ 6,812</u> | <u>\$ 33,758</u> | <u>\$ 40,570</u> | <u>\$ 0</u> |
| Total Assets | <u>\$ 6,812</u> | <u>\$ 33,758</u> | <u>\$ 40,570</u> | <u>\$ 0</u> |
| LIABILITIES | | | | |
| Accounts Payable | <u>\$ 6,812</u> | <u>\$ 21,908</u> | <u>\$ 28,720</u> | <u>\$ 0</u> |
| Total Liabilities | <u>\$ 6,812</u> | <u>\$ 21,908</u> | <u>\$ 28,720</u> | <u>\$ 0</u> |
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and Investments | \$ 3,195,787 | \$ 14,105,631 | \$ 13,439,805 | \$ 3,861,613 |
| Cash and Investments with Fiscal Agent | 40,587,074 | 20,979,152 | 26,278,147 | 35,288,079 |
| Accrued Interest Receivable | 169 | 297 | 173 | 293 |
| Due from Other Governments | 307,059 | 755,837 | 307,059 | 755,837 |
| Deposits with Other Agencies | <u>3,844,939</u> | <u>3,239,876</u> | <u>759,583</u> | <u>6,325,232</u> |
| Total Assets | <u>\$ 47,935,028</u> | <u>\$ 39,080,793</u> | <u>\$ 40,784,767</u> | <u>\$ 46,231,054</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 683,479 | \$ 2,504,643 | \$ 2,680,372 | \$ 507,750 |
| Deposits and Other Liabilities | 1,932,015 | 7,256,855 | 7,117,564 | 2,071,306 |
| Due to Other Governments | 22,899 | 10,926 | 33,299 | 526 |
| Due to Bondholders | <u>45,296,635</u> | <u>52,964,825</u> | <u>54,609,988</u> | <u>43,651,472</u> |
| Total Liabilities | <u>\$ 47,935,028</u> | <u>\$ 62,737,249</u> | <u>\$ 64,441,223</u> | <u>\$ 46,231,054</u> |

STATISTICAL SECTION

City of Lake Elsinore, California
Statistical Section Contents
June 30, 2014

The City of Lake Elsinore's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health. The statistical section offers operational, economic, and historical data that provide a context for assessing the City's economic condition.

| CONTENTS | PAGES |
|--|--------------|
| Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and financial health have changed over time. | 141 - 150 |
| Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | 151 - 156 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. | 157 - 162 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. | 163 - 164 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | 165 - 168 |

City of Lake Elsinore, California
Net Position By Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

| | Fiscal Year | | | |
|--|--------------------------|---------------------------|---------------------------|---------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| GOVERNMENTAL ACTIVITIES | | | | |
| Net Investment in | | | | |
| Capital Assets | \$ 79,194,299 | \$ 86,605,543 | \$ 97,369,896 | \$ 125,539,928 |
| Restricted | 76,616,021 | 135,197,478 | 173,307,658 | 151,937,522 |
| Unrestricted | (103,129,508) | (93,977,441) | (92,504,071) | (96,240,481) |
| Total Governmental Activites Net Position | <u>\$ 52,680,812</u> | <u>\$ 127,825,580</u> | <u>\$ 178,173,483</u> | <u>\$ 181,236,969</u> |

Source: City Finance Department

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 141,550,858 | \$ 142,968,348 | \$ 141,427,875 | \$ 134,976,102 | \$ 147,176,443 | \$ 131,965,428 |
| 122,099,858 | 110,984,917 | 134,777,767 | 141,619,986 | 75,129,411 | 74,462,124 |
| <u>(96,792,528)</u> | <u>(93,859,128)</u> | <u>(110,573,961)</u> | <u>(48,524,474)</u> | <u>(2,804,065)</u> | <u>7,500,328</u> |
| <u>\$ 166,858,188</u> | <u>\$ 160,094,137</u> | <u>\$ 165,631,681</u> | <u>\$ 228,071,614</u> | <u>\$ 219,501,789</u> | <u>\$ 213,927,880</u> |

City of Lake Elsinore, California
Changes in Net Position
Expenses and Program Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|--|------------------------|----------------------|-----------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| EXPENSES | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 12,208,992 | \$ 12,700,900 | \$ 10,414,729 | \$ 8,195,897 |
| Public Safety | 7,375,602 | 8,369,753 | 11,686,158 | 14,293,269 |
| Community Development | 3,083,947 | 12,009,611 | 21,514,552 | 32,342,175 |
| Public Services | 8,404,675 | 8,739,770 | 9,867,133 | 10,861,673 |
| Community Services | 3,994,151 | 3,519,545 | 6,801,741 | 6,013,006 |
| Interest on Long-term Debt | 11,077,433 | 11,146,325 | 11,531,570 | 10,145,830 |
| Total Governmental Activities Expenses | <u>46,144,800</u> | <u>56,485,904</u> | <u>71,815,883</u> | <u>81,851,850</u> |
| PROGRAM REVENUES | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | 10,081,980 | 12,199,668 | 9,204,517 | 6,885,167 |
| Public Safety | 39,824 | 44,919 | - | - |
| Community Development | 4,864,686 | 11,334,631 | 4,362,650 | 3,960,353 |
| Public Services | 70,631 | 73,260 | - | - |
| Community Services | 1,658,146 | 1,677,140 | 1,364,513 | 1,422,754 |
| Operating Grants and Contributions | 3,586,701 | 2,600,374 | 5,043,547 | 4,109,188 |
| Capital Grants and Contributions | 4,332,067 | 49,777,269 | 42,085,516 | 2,159,798 |
| Total Governmental Activities Program Revenues | <u>24,634,035</u> | <u>77,707,261</u> | <u>62,060,743</u> | <u>18,537,260</u> |
| NET REVENUES (EXPENSES) | | | | |
| Governmental Activities | (21,510,765) | 21,221,357 | (9,755,140) | (63,314,590) |
| Total Net Revenues (Expenses) | <u>\$ (21,510,765)</u> | <u>\$ 21,221,357</u> | <u>\$ (9,755,140)</u> | <u>\$ (63,314,590)</u> |

Source: City Finance Department

| | | Fiscal Year | | | | | | | | | |
|----|---------------------|-------------|---------------------|------|---------------------|------|---------------------|----|---------------------|----|---------------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | | | | |
| \$ | 10,562,122 | \$ | 10,252,727 | \$ | 11,079,707 | \$ | 11,944,507 | \$ | 8,833,983 | \$ | 7,836,775 |
| | 13,139,389 | | 11,022,531 | | 11,212,605 | | 11,911,363 | | 12,684,631 | | 14,485,711 |
| | 31,976,146 | | 15,847,532 | | 16,060,065 | | 4,989,313 | | 10,242,652 | | 9,079,863 |
| | 14,123,738 | | 14,812,199 | | 8,145,956 | | 9,834,764 | | 10,359,134 | | 10,610,540 |
| | 4,737,856 | | 4,295,719 | | 4,704,242 | | 7,010,026 | | 4,416,500 | | 4,819,153 |
| | 10,168,917 | | 10,509,806 | | 7,674,342 | | 8,835,312 | | 6,451,470 | | 6,330,889 |
| | <u>84,708,168</u> | | <u>66,740,514</u> | | <u>58,876,917</u> | | <u>54,525,285</u> | | <u>52,988,370</u> | | <u>53,162,931</u> |
| | 4,828,438 | | 3,181,706 | | 3,167,346 | | 3,035,324 | | 456,760 | | 460,808 |
| | - | | - | | - | | - | | 700,069 | | 1,067,440 |
| | 1,064,036 | | 924,493 | | 1,508,526 | | 1,247,117 | | 4,381,899 | | 5,018,102 |
| | - | | - | | - | | - | | 1,117,800 | | 1,574,245 |
| | 1,482,146 | | 1,578,779 | | 1,586,602 | | 1,578,318 | | 2,822,458 | | 3,112,662 |
| | 6,482,888 | | 4,561,669 | | 3,292,972 | | 3,306,452 | | 12,172,208 | | 20,954,573 |
| | - | | - | | 6,573,426 | | 4,539,293 | | 9,587,008 | | 6,485,279 |
| | <u>13,857,508</u> | | <u>10,246,647</u> | | <u>16,128,872</u> | | <u>13,706,504</u> | | <u>31,238,202</u> | | <u>38,673,109</u> |
| | (70,850,660) | | (56,493,867) | | (42,748,045) | | (40,818,781) | | (21,750,168) | | (14,489,822) |
| \$ | <u>(70,850,660)</u> | \$ | <u>(56,493,867)</u> | \$ | <u>(42,748,045)</u> | \$ | <u>(40,818,781)</u> | \$ | <u>(21,750,168)</u> | \$ | <u>(14,489,822)</u> |

City of Lake Elsinore, California
Changes in Net Position
General Revenues, Special and Extraordinary Items
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 |
| GENERAL REVENUES | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property Taxes | \$ 16,521,561 | \$ 23,190,099 | \$ 26,685,369 | \$ 33,307,785 |
| Sales Taxes | 6,133,299 | 6,367,466 | 7,836,334 | 8,148,355 |
| Franchise Taxes | 1,138,484 | 1,473,018 | 1,688,010 | 1,768,178 |
| Other Taxes | 731,100 | 1,093,484 | 1,020,788 | 770,024 |
| Fines, Forfeitures and Penalties | 427,975 | 481,065 | 599,894 | 918,619 |
| Investment Earnings | 8,236,698 | 11,217,026 | 17,220,975 | 14,271,312 |
| Miscellaneous | 3,400,243 | 4,852,432 | 5,839,608 | 7,193,803 |
| Special Item | | | | |
| Loss on CFD and AD Investments | - | - | - | - |
| Extraordinary Item | | | | |
| Gain on Dissolution of Redevelopment Agency | - | - | - | - |
| Total General Revenues, Special and Extraordinary Items | <u>36,589,360</u> | <u>48,674,590</u> | <u>60,890,978</u> | <u>66,378,076</u> |
| CHANGES IN NET POSITION | | | | |
| Governmental Activities | 15,078,595 | 69,895,947 | 51,135,838 | 3,063,486 |
| Total Changes in Net Position | <u>\$ 15,078,595</u> | <u>\$ 69,895,947</u> | <u>\$ 51,135,838</u> | <u>\$ 3,063,486</u> |

Source: City Finance Department

| Fiscal Year | | | | | |
|------------------------|-----------------------|---------------------|----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 31,590,868 | \$ 25,904,948 | \$ 24,237,023 | \$ 14,698,032 | \$ 5,804,265 | \$ 5,487,743 |
| 6,414,419 | 6,236,748 | 7,190,695 | 7,444,947 | 6,935,215 | 8,031,486 |
| 1,824,890 | 1,792,699 | 1,913,807 | 2,002,550 | 2,097,081 | 2,275,619 |
| 751,794 | 519,001 | 483,556 | 538,402 | 567,560 | 760,203 |
| 937,506 | 733,792 | 972,457 | 1,850,398 | 592,185 | 507,265 |
| 9,334,141 | 7,470,635 | 7,782,639 | 8,031,256 | 689,149 | 574,477 |
| 5,768,257 | 6,661,239 | 5,705,412 | 6,992,813 | 688,105 | 1,054,958 |
| - | - | - | - | - | (9,880,891) |
| - | - | - | 61,700,316 | - | - |
| 56,621,875 | 49,319,062 | 48,285,589 | 103,258,714 | 17,373,560 | 8,810,860 |
| (14,228,785) | (7,174,805) | 5,537,544 | 62,439,933 | (4,376,608) | (5,678,962) |
| <u>\$ (14,228,785)</u> | <u>\$ (7,174,805)</u> | <u>\$ 5,537,544</u> | <u>\$ 62,439,933</u> | <u>\$ (4,376,608)</u> | <u>\$ (5,678,962)</u> |

City of Lake Elsinore, California
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| GENERAL FUND | | | | |
| Reserved | \$ 9,744,980 | \$ 8,796,782 | \$ 9,936,859 | \$ 9,476,355 |
| Unreserved | 8,067,151 | 15,829,308 | 10,496,356 | 9,285,492 |
| Total General Fund | <u>\$ 17,812,131</u> | <u>\$ 24,626,090</u> | <u>\$ 20,433,215</u> | <u>\$ 18,761,847</u> |
| | | | | |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Reserved | \$ 126,093,490 | \$ 185,264,579 | \$ 215,008,475 | \$ 188,270,868 |
| Unreserved, Reported In | | | | |
| Special Revenue Funds | 5,010,728 | 6,382,838 | 7,921,415 | 10,731,428 |
| Debt Service Funds | (7,503,643) | (11,915,554) | (10,006,673) | (5,375,005) |
| Capital Projects Funds | 7,608,315 | 9,141,046 | 13,041,510 | 8,824,274 |
| Total All Other Governmental Funds | <u>\$ 131,208,890</u> | <u>\$ 188,872,909</u> | <u>\$ 225,964,727</u> | <u>\$ 202,451,565</u> |
| | | | | |
| GENERAL FUND | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Unassigned | - | - | - | - |
| Total General Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Note: GASB 54 was implemented in fiscal year 2011, prior years have no comparable data for these categories of fund balance.

Source: City Finance Department

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 8,580,684 | \$ 8,589,723 | \$ - | \$ - | \$ - | \$ - |
| 8,762,248 | 6,327,596 | - | - | - | - |
| <u>\$ 17,342,932</u> | <u>\$ 14,917,319</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 163,768,859 | \$ 161,473,544 | \$ - | \$ - | \$ - | \$ - |
| 5,241,416 | 6,999,090 | - | - | - | - |
| (3,841,954) | (28,305,645) | - | - | - | - |
| 2,966,273 | 5,497,137 | - | - | - | - |
| <u>\$ 168,134,594</u> | <u>\$ 145,664,126</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ 4,027,179 | \$ 2,505,503 | \$ 1,821,906 | \$ 1,264,392 |
| - | - | 10,788,602 | 11,826,885 | 12,017,317 | 10,488,843 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,815,781.00</u> | <u>\$ 14,332,388</u> | <u>\$ 13,839,223</u> | <u>\$ 11,753,235</u> |
| \$ - | \$ - | \$ 84,348,929 | \$ 76,688,811 | \$ 20,003 | \$ 20,003 |
| - | - | 105,281,543 | 79,292,713 | 202,134,812 | 199,162,404 |
| - | - | 11,255,852 | 12,548,403 | 1,034,681 | 1,232,105 |
| - | - | (38,062,318) | (987,601) | (905,426) | (1,014,226) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 162,824,006</u> | <u>\$ 167,542,326</u> | <u>\$ 202,284,070</u> | <u>\$ 199,400,286</u> |

City of Lake Elsinore, California
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|---------------------|----------------------|----------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| REVENUES | | | | |
| Property Taxes | \$ 16,521,561 | \$ 23,190,099 | \$ 26,685,369 | \$ 33,307,785 |
| Other Taxes | 7,192,270 | 9,265,130 | 10,503,108 | 10,741,363 |
| Licenses, Permits and Fees | 9,133,887 | 18,047,742 | 7,775,477 | 6,266,086 |
| Intergovernmental Revenues | 3,586,701 | 2,600,374 | 2,700,185 | 4,109,188 |
| Charges for Services | 6,019,081 | 5,712,480 | 5,791,690 | 4,579,433 |
| Fines, Forfeitures and Penalties | 427,975 | 481,065 | 599,894 | 918,619 |
| Investment Earnings | 8,302,080 | 11,290,353 | 17,268,845 | 14,237,891 |
| Special Assessments | 1,562,300 | 1,569,396 | 1,364,513 | 1,422,754 |
| Contributions from Property Owners | - | 49,777,269 | 42,085,516 | 2,159,798 |
| Miscellaneous | 3,400,242 | 4,852,433 | 5,839,608 | 7,193,803 |
| Total Revenues | 56,146,097 | 126,786,341 | 120,614,205 | 84,936,720 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 6,673,543 | 5,319,941 | 8,548,606 | 6,190,346 |
| Public Safety | 7,375,602 | 8,369,753 | 11,686,158 | 14,293,269 |
| Community Development | 3,083,947 | 5,853,938 | 3,481,278 | 4,549,297 |
| Public Services | 7,067,549 | 7,385,171 | 8,431,702 | 9,321,939 |
| Community Services | 3,306,649 | 2,823,109 | 6,063,747 | 5,221,331 |
| Pass-through Payments | 3,957,978 | 5,671,146 | 7,006,699 | 9,878,294 |
| Set Aside Suspension | - | - | - | - |
| SERAF Payments | - | - | - | - |
| Capital Outlay | 2,055,243 | 17,094,933 | 25,236,661 | 49,056,332 |
| Debt Service | | | | |
| Payment to Refunding Bond Escrow Agent | - | - | - | - |
| Bond Issuance Costs | - | - | - | 1,213,789 |
| Principal Retirement | 3,828,484 | 4,023,167 | 4,979,674 | 3,872,984 |
| Interest and Fiscal Charges | 11,008,078 | 11,097,091 | 11,492,802 | 10,132,679 |
| Total Expenditures | 48,357,073 | 67,638,249 | 86,927,327 | 113,730,260 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 7,789,024 | 59,148,092 | 33,686,878 | (28,793,540) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 5,423,965 | 1,823,891 | 7,089,415 | 6,412,891 |
| Transfers Out | (5,423,965) | (1,823,891) | (7,089,415) | (6,412,891) |
| Debt Issuance | 391,811 | 81,065 | - | - |
| Loans Issued | - | - | - | - |
| Loan Payments | - | - | - | - |
| Premium on Bonds | - | - | - | 274,026 |
| Bond Discount | - | - | - | (3,117) |
| Refunding Bonds Issued | - | - | - | 22,295,000 |
| Tax Allocation Bonds Issued | - | - | - | - |
| Capital Debt Issued | - | - | - | 3,265,000 |
| Payment to Refunded Bond Escrow Agent | - | - | - | (22,221,899) |
| Total Other Financing Sources (Uses) | 391,811 | 81,065 | - | 3,609,010 |
| Net Change in Fund Balances before Special and Extraordinary Items | 8,180,835 | 59,229,157 | 33,686,878 | (25,184,530) |
| Extraordinary/Special Items | - | - | - | - |
| Net Change in Fund Balances | \$ 8,180,835 | \$ 59,229,157 | \$ 33,686,878 | \$ (25,184,530) |
| Debt Service as a Percentage of Noncapital Expenditures | 32.0% | 29.9% | 26.7% | 23.5% |

The City of Lake Elsinore has elected to show ten years of data for this schedule. The fiscal year of 2012 takes into account the dissolution of the Redevelopment Agency of the City of Lake Elsinore.

Source: City Finance Department

| Fiscal Year | | | | | | |
|------------------------|------------------------|----------------------|---------------------|----------------------|-----------------------|--|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| \$ 31,590,868 | \$ 25,429,344 | \$ 24,443,046 | \$ 14,738,584 | \$ 5,844,498 | \$ 5,495,091 | |
| 9,071,246 | 8,517,826 | 9,557,873 | 9,911,400 | 9,572,675 | 11,043,792 | |
| 2,267,568 | 2,587,918 | 3,291,938 | 2,908,091 | 4,999,154 | 5,936,900 | |
| 3,630,144 | 7,322,908 | 4,680,095 | 6,193,777 | 5,055,511 | 5,582,705 | |
| 3,548,413 | 1,594,774 | 1,383,934 | 1,374,351 | 1,746,713 | 2,409,558 | |
| 937,506 | 733,792 | 972,457 | 1,850,398 | 927,315 | 931,168 | |
| 9,445,099 | 7,928,611 | 7,147,497 | 7,180,018 | 12,122,739 | 10,315,842 | |
| 1,482,146 | 1,578,779 | 1,586,602 | 1,578,318 | 1,585,606 | 1,641,557 | |
| - | - | 5,352,614 | 1,221,184 | 8,079,739 | 5,985,053 | |
| 5,768,257 | 6,910,516 | 5,608,837 | 7,384,749 | 3,469,837 | 3,545,812 | |
| <u>67,741,247</u> | <u>62,604,468</u> | <u>64,024,893</u> | <u>54,340,870</u> | <u>53,403,787</u> | <u>52,887,478</u> | |
| 6,479,795 | 6,797,320 | 8,904,165 | 7,467,755 | 5,871,649 | 4,788,505 | |
| 13,139,389 | 11,022,531 | 11,212,605 | 11,911,364 | 12,339,592 | 14,093,095 | |
| 4,662,003 | 3,049,501 | 18,805,484 | 1,608,782 | 2,925,329 | 3,407,415 | |
| 12,202,971 | 12,901,064 | 6,221,286 | 7,800,095 | 6,772,010 | 7,107,120 | |
| 3,750,267 | 3,313,082 | 3,714,646 | 5,963,873 | 4,281,401 | 4,363,257 | |
| 9,647,322 | 7,782,513 | 7,655,170 | 3,542,473 | - | - | |
| - | 3,750,000 | - | - | - | - | |
| - | 6,976,853 | 1,436,411 | - | - | - | |
| 38,113,875 | 4,394,834 | 2,931,038 | 10,268,753 | 10,889,810 | 8,992,686 | |
| - | 1,987,745 | 1,832,080 | - | - | - | |
| - | 1,584,965 | 1,874,527 | 238,290 | 1,260,059 | 1,485,399 | |
| 5,469,538 | 6,037,770 | 6,928,822 | 6,091,578 | 5,725,000 | 18,385,000 | |
| 10,066,977 | 10,318,720 | 9,046,095 | 7,951,971 | 6,081,766 | 6,091,389 | |
| <u>103,532,137</u> | <u>79,916,898</u> | <u>80,562,329</u> | <u>62,844,934</u> | <u>56,146,616</u> | <u>68,713,866</u> | |
| <u>(35,790,890)</u> | <u>(17,312,430)</u> | <u>(16,537,436)</u> | <u>(8,504,064)</u> | <u>(2,742,829)</u> | <u>(15,826,388)</u> | |
| 4,386,162 | 4,500,694 | 6,186,205 | 2,509,613 | 2,235,297 | 1,851,084 | |
| (4,386,162) | (4,500,694) | (6,186,205) | (2,509,613) | (2,235,297) | (1,851,084) | |
| - | - | - | - | - | - | |
| - | 26,290,000 | 47,780,000 | - | - | - | |
| - | (23,235,000) | (27,495,000) | - | - | - | |
| - | - | - | - | 120,640 | 14,460,000 | |
| - | (166,785) | (621,302) | (30,000) | (23,125) | (149,044) | |
| - | 26,290,000 | 29,435,000 | 1,405,000 | 27,760,000 | 25,335,000 | |
| - | - | 10,160,000 | - | - | - | |
| - | - | - | - | - | - | |
| - | (22,082,648) | (25,662,920) | (1,345,000) | (3,244,386) | (19,013,502) | |
| - | 7,095,567 | 33,595,778 | 30,000 | 24,613,129 | 20,632,454 | |
| (35,790,890) | (10,216,863) | 17,058,342 | (8,474,064) | 21,870,300 | 4,806,066 | |
| - | - | - | 11,708,991 | - | (9,880,891) | |
| <u>\$ (35,790,890)</u> | <u>\$ (10,216,863)</u> | <u>\$ 17,058,342</u> | <u>\$ 3,234,927</u> | <u>\$ 21,870,300</u> | <u>\$ (5,074,825)</u> | |
| 23.7% | 26.4% | 25.4% | 27% | 29% | 40% | |

City of Lake Elsinore, California
Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Property Taxes | Sales Taxes | Franchise Taxes | Other Taxes | Total |
|---------------------------------|-------------------|--------------|--------------------|-------------|---------------|
| 2005 | \$ 16,521,561 | \$ 6,133,299 | \$ 1,138,484 | \$ 731,100 | \$ 24,524,444 |
| 2006 | 23,190,099 | 6,367,466 | 1,473,018 | 1,093,484 | 32,124,067 |
| 2007 | 26,685,369 | 7,836,334 | 1,688,010 | 1,020,788 | 37,230,501 |
| 2008 | 33,307,785 | 8,148,355 | 1,768,178 | 770,024 | 43,994,342 |
| 2009 | 31,590,868 | 6,414,419 | 1,824,890 | 751,794 | 40,581,971 |
| 2010 | 25,904,948 | 6,236,748 | 1,792,699 | 519,001 | 34,453,396 |
| 2011 | 24,237,023 | 7,190,695 | 1,913,807 | 483,556 | 33,825,081 |
| 2012 | 14,698,032 | 7,444,947 | 2,002,550 | 538,402 | 24,683,931 |
| 2013 | 5,804,265 | 6,935,215 | 2,097,081 | 567,560 | 15,404,121 |
| 2014 | 5,487,743 | 8,031,486 | 2,275,619 | 760,203 | 16,555,051 |

Note: Property taxes significantly decreased in 2012 and in subsequent years due to the dissolution of the Lake Elsinore Redevelopment Agency on February 1, 2012.

Sources: City of Lake Elsinore Finance Department

City of Lake Elsinore, California
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of taxable value)

| AGENCY | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City Basic Levy (1) | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Menifee School Dist. | 0.01625 | 0.01435 | 0.00578 | 0.00549 | 0.02370 | 0.03254 | 0.03436 | 0.03486 | 0.03543 | 0.03421 |
| Metropolitan Water Dist. | 0.00580 | 0.00520 | 0.00470 | 0.00450 | 0.00430 | 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 |
| Perris School Dist. | 0.00000 | 0.00000 | 0.00000 | 0.02999 | 0.02894 | 0.02485 | 0.01983 | 0.01983 | 0.01800 | 0.02524 |
| Perris Union High School | <u>0.01192</u> | <u>0.02350</u> | <u>0.03222</u> | <u>0.02110</u> | <u>0.02031</u> | <u>0.02686</u> | <u>0.03126</u> | <u>0.03429</u> | <u>0.03429</u> | <u>0.06970</u> |
| Total Direct & Overlapping (2) Tax Rates | 1.03397 | 1.04305 | 1.04270 | 1.06108 | 1.07725 | 1.08855 | 1.08915 | 1.09268 | 1.09122 | 1.13265 |
| City's Share of 1% Levy Per Prop 13 (3) | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 |
| GENERAL OBLIGATION DEBT RATE | | | | | | | | | | |
| RDA Basic Rate (4) | 1.00580 | 1.00520 | 1.00470 | 1.00450 | 1.00430 | 1.00430 | 1.00370 | 1.00370 | 0.00000 | 0.00000 |
| Total Direct Rate (5) | <u>0.58855</u> | <u>0.57688</u> | <u>0.54010</u> | <u>0.51623</u> | <u>0.51775</u> | <u>0.53513</u> | <u>0.53306</u> | <u>0.52110</u> | <u>0.51923</u> | <u>0.08908</u> |

Notes:

(1) In 1978, the voters of the State of California passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

(4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Data Source: Riverside County Assessor 2004/05 - 2013/14 Tax Rate Table

Source: Riverside County Assessor 2004/05 - 2013/14 Tax Rate Table

City of Lake Elsinore, California
Principal Property Tax Payers
Current Year Compared to 2005

| TAXPAYER | 2014 | | 2005 | |
|-----------------------------------|------------------------|---|------------------------|---|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value ⁽¹⁾ | Taxable Assessed Value | Percent of Total City Taxable Assessed Value ⁽²⁾ |
| Ridgestone Partners, LP | \$ 39,783,960 | 0.99% | \$ - | 0.00% |
| Pacific Aggregates, Inc. | 34,436,890 | 0.85% | - | 0.00% |
| Mohr Affinity, LLC | 30,763,400 | 0.76% | - | 0.00% |
| Diamond Stadium Group | 23,718,272 | 0.59% | - | 0.00% |
| Rivers Edge Apartments, LLC | 23,529,369 | 0.58% | - | 0.00% |
| Pacific Clay Products, Inc. | 18,348,502 | 0.46% | - | 0.00% |
| Lake Elsinore Marketplace | 17,299,661 | 0.43% | - | 0.00% |
| Walmart Stores, Inc. | 17,045,634 | 0.42% | - | 0.00% |
| Elsinore Veto | 17,006,198 | 0.42% | - | 0.00% |
| Costco Wholesale | 16,948,604 | 0.42% | - | 0.00% |
| MCG Outlet Centers, LP | - | 0.00% | 79,298,546 | 3.48% |
| Pardee Grossman Cottonwood Canyon | - | 0.00% | 27,788,867 | 1.22% |
| Albertsons, Inc. | - | 0.00% | 15,242,430 | 0.67% |
| Comcast of California VII, Inc. | - | 0.00% | 13,388,068 | 0.59% |
| Wares Delaware Corporation | - | 0.00% | 13,087,716 | 0.58% |
| Oak Grove Equities | - | 0.00% | 12,858,401 | 0.56% |
| Blue Canary, Inc. | - | 0.00% | 11,638,279 | 0.51% |
| SB Ventures II | - | 0.00% | 9,798,071 | 0.43% |
| California Harbor, LP | - | 0.00% | 9,774,206 | 0.43% |
| Louis F. Depasquale | - | 0.00% | 8,727,638 | 0.38% |
| | <u>\$ 238,880,490</u> | <u>5.93%</u> | <u>\$ 201,602,222</u> | <u>8.86%</u> |

(1) 2013-14 Local Secured Assessed Valuation: \$ 4,031,499,407

(2) 2004-05 Local Secured Assessed Valuation: \$ 2,276,109,121

City of Lake Elsinore, California
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|--|---|--------------------|---------------------------------------|---------------------------|--------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2005 | \$ 1,327,699 | \$ 1,163,204 | 87.61% | \$ 35,392 | \$ 1,198,595 | 90.28% |
| 2006 | 1,446,320 | 1,254,066 | 86.71% | 47,445 | 1,301,510 | 89.99% |
| 2007 | 1,714,890 | 1,485,890 | 86.65% | 80,918 | 1,566,808 | 91.36% |
| 2008 | 2,208,181 | 1,797,013 | 81.38% | 157,326 | 1,954,340 | 88.50% |
| 2009 | 2,230,658 | 1,650,569 | 73.99% | 250,474 | 1,901,043 | 85.22% |
| 2010 | 1,894,552 | 1,643,583 | 86.75% | 209,977 | 1,853,560 | 97.84% |
| 2011 | 1,900,256 | 1,767,798 | 93.03% | 121,988 | 1,889,786 | 99.45% |
| 2012 | 1,874,319 | 1,770,492 | 94.46% | 67,549 | 1,838,040 | 98.06% |
| 2013 | 1,844,800 | 1,767,808 | 95.83% | 64,528 | 1,832,336 | 99.32% |
| 2014 | 1,935,629 | 1,822,844 | 94.17% | 50,284 | 1,873,128 | 96.77% |

Note:

The amounts presented include City of Lake Elsinore property taxes only (excludes Redevelopment Agency taxes).

Sources: County of Riverside, Auditor-Controller
City of Lake Elsinore Finance Department

City of Lake Elsinore, California
Assessed Value and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Entire City | | |
|---------------------------------|------------------|---------------|------------------------------|
| | Secured | Unsecured | Taxable Assessed Value |
| 2005 | \$ 2,182,644,610 | \$ 93,464,511 | \$ 2,276,109,121 |
| 2006 | 2,782,774,310 | 88,656,079 | 2,871,430,389 |
| 2007 | 3,586,250,650 | 84,372,528 | 3,670,623,178 |
| 2008 | 4,805,770,856 | 119,986,192 | 4,925,757,048 |
| 2009 | 4,813,251,955 | 114,156,049 | 4,927,408,004 |
| 2010 | 3,957,216,079 | 104,903,811 | 4,062,119,890 |
| 2011 | 3,780,316,703 | 148,435,245 | 3,928,751,948 |
| 2012 | 3,777,595,058 | 145,931,118 | 3,923,526,176 |
| 2013 | 3,666,499,221 | 167,898,562 | 3,834,397,783 |
| 2014 | 3,888,934,354 | 142,565,053 | 4,031,499,407 |

Notes:
n/a=not available

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: Riverside County Assessor 2003/04-2012/13 Combined Tax Rolls

Successor Redevelopment Agency Portion

| Secured | Unsecured | Taxable Assessed Value | Total Direct Tax Rate |
|------------------|---------------|------------------------------|-----------------------------|
| \$ 1,309,466,152 | \$ 88,347,530 | \$ 1,397,813,682 | 0.58855% |
| 1,614,383,654 | 82,665,786 | 1,697,049,440 | 0.57688% |
| 1,917,886,856 | 79,195,924 | 1,997,082,780 | 0.54010% |
| 2,393,710,398 | 100,647,142 | 2,494,357,540 | 0.51623% |
| 2,411,198,603 | 91,268,375 | 2,502,466,978 | 0.51775% |
| 2,077,411,999 | 83,367,167 | 2,160,779,166 | 0.53513% |
| 1,998,889,644 | 79,994,003 | 2,078,883,647 | 0.53306% |
| 1,955,649,172 | 78,927,893 | 2,034,577,065 | 0.52110% |
| 1,880,967,030 | 110,109,381 | 1,991,076,411 | 0.51923% |
| 1,938,704,040 | 89,830,332 | 2,028,534,372 | 0.08908% |

City of Lake Elsinore, California
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Governmental Activities | | | | |
|---------------------------------|----------------------------------|----------------------------|--|--|-----------------------------------|
| | Local Agency Revenue Bonds | Tax Allocation Bonds | Subordinate Tax Allocation Bonds | Revenue/ Revenue Refunding Bonds | Developer/ Owner Agreements |
| 2005 | \$ 58,285,000 | \$ 57,320,000 | \$ - | \$ 15,375,000 | \$ 4,718,010 |
| 2006 | 57,160,000 | 56,280,000 | - | 15,075,000 | 4,396,460 |
| 2007 | 55,845,000 | 55,175,000 | - | 14,760,000 | 3,933,650 |
| 2008 | 58,755,000 | 54,010,000 | - | 14,435,000 | 3,635,257 |
| 2009 | 56,745,000 | 52,785,000 | - | 14,095,000 | 3,441,041 |
| 2010 | 53,725,000 | 54,545,000 | - | 13,740,000 | 3,263,574 |
| 2011 | 64,220,000 | 60,080,000 | 4,610,000 | 13,365,000 | 3,070,763 |
| 2012 | 61,835,000 | 58,580,000 | - | 12,975,000 | - |
| 2013 | 83,470,000 | 56,125,000 | - | 12,565,000 | - |
| 2014 | 80,570,000 | 53,605,000 | - | 13,895,000 | - |

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City Finance Department; California State Department of Finance

| Governmental Activities (Continued) | | | | |
|-------------------------------------|-------------------|-------------------------------|-------------------------------|-----------------|
| Notes/ Loans Payable | Capitalized Lease | Total Governmental Activities | Percentage of Personal Income | Debt per Capita |
| \$ 1,055,676 | \$ 306,398 | \$ 137,060,084 | 20.93% | \$ 3,817 |
| 1,012,501 | 234,021 | 134,157,982 | 18.28% | 3,513 |
| 403,126 | 166,532 | 130,283,308 | 15.30% | 3,165 |
| 356,589 | 93,478 | 131,285,324 | 12.75% | 2,760 |
| 307,542 | 20,316 | 127,393,899 | 11.76% | 2,572 |
| 256,720 | - | 125,530,294 | 11.78% | 2,494 |
| 204,046 | - | 145,549,809 | 14.79% | 2,855 |
| - | - | 133,390,000 | 12.40% | 2,516 |
| - | - | 152,160,000 | 13.95% | 2,745 |
| - | - | 148,070,000 | 13.49% | 2,611 |

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City of Lake Elsinore, California
Direct and Overlapping Debt
June 30, 2014

| | | | |
|---|-----------------------|-------------------------|------------------------|
| 2013-14 Assessed Valuation | | \$ 4,031,499,407 | |
| Redevelopment Agency Incremental Valuation | | 2,028,534,372 | |
| Adjusted Assessed Valuation | | <u>\$ 6,060,033,779</u> | |
| | <u>Percentage</u> | <u>Outstanding</u> | <u>City's Share of</u> |
| | <u>Applicable (1)</u> | <u>Debt 6/30/14</u> | <u>Overlapping</u> |
| | | | <u>Debt 6/30/14</u> |
| OVERLAPPING TAX AND ASSESSMENT DEBT | | | |
| Riverside County Flood Control District, Zone No. 3 Benefit AD | 60.856% | \$ 1,705,000 | \$ 1,037,595 |
| Metropolitan Water District | 0.169% 0 | 132,275,000 | 223,545 |
| Perris Union High School District | 1.431% | 83,862,260 | 1,200,069 |
| Menifee Union School District | 2.382% | 44,823,922 | 1,067,706 |
| Perris School District | 0.323% | 11,426,242 | 36,907 |
| Lake Elsinore Unified School District CFDs | 100.000% | 23,683,327 | 23,683,327 |
| Perris Union High School District CFD No. 92-1 | 3.497% | 32,985,000 | 1,153,485 |
| City of Lake Elsinore CFD No. 88-3 | 100.000% | 19,550,000 | 19,550,000 |
| City of Lake Elsinore CFD No. 90-2 | 100.000% | 11,450,000 | 11,450,000 |
| City of Lake Elsinore CFD No. 95-1 | 100.000% | 1,205,000 | 1,205,000 |
| City of Lake Elsinore CFD No. 98-1 | 100.000% | 13,615,000 | 13,615,000 |
| City of Lake Elsinore CFD No. 2003-2 | 100.000% | 51,500,000 | 51,500,000 |
| City of Lake Elsinore CFD No. 2004-3 | 100.000% | 44,465,000 | 44,465,000 |
| City of Lake Elsinore CFD No. 2005-1 | 100.000% | 8,495,000 | 8,495,000 |
| City of Lake Elsinore CFD No. 2005-2 | 100.000% | 23,290,000 | 23,290,000 |
| City of Lake Elsinore CFD No. 2005-5 | 100.000% | 3,425,000 | 3,425,000 |
| City of Lake Elsinore CFD No. 2005-6 | 100.000% | 3,270,000 | 3,270,000 |
| City of Lake Elsinore CFD No. 2006-1 Area No. 1 | 100.000% | 3,620,000 | 3,620,000 |
| City of Lake Elsinore CFD No. 2006-2 | 100.000% | 7,075,000 | 7,075,000 |
| Elsinore Valley Metropolitan Water District CFD No. 2003-1 | 100.000% | 3,634,000 | 3,634,000 |
| City of Lake Elsinore 1915 Act Bonds | 100.000% | 16,774,253 | 16,774,253 |
| Total Overlapping Tax and Assessment Debt | | | <u>\$ 239,770,887</u> |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | |
| Riverside County General Fund Obligations | 1.924% | \$ 692,656,315 | 13,326,708 |
| Riverside County Pension Obligations | 1.924% | 334,515,000 | 6,436,069 |
| Riverside County Board of Education Certificates of Participation | 1.924% | 2,700,000 | 51,948 |
| Mt. San Jacinto Community College District General Fund Obligations | 6.131% | 11,390,000 | 698,321 |
| Lake Elsinore Unified School District Certificates of Participation | 43.190% | 35,804,665 | 15,464,035 |
| Perris Union High School District General Fund Obligations | 1.431% | 9,196,529 | 131,602 |
| Menifee and Perris School District Certificates of Participation | 2.382 & 0.23% | 12,594,043 | 136,094 |
| City of Lake Elsinore General Fund Obligations | 100.000% | 13,895,000 | 13,895,000 |
| Elsinore Water District Certificates of Participation | 72.868% | 65,747 | 47,909 |
| Total Gross Direct and Overlapping General Fund Debt | | | <u>50,187,685</u> |
| Less Riverside County General Fund Self-supporting Obligations | | | <u>(178,612)</u> |
| Total Net Direct and Overlapping General Fund Debt | | | <u>\$ 50,009,074</u> |
| OVERLAPPING TAX INCREMENT DEBT | 100.000% | 58,030,000 | 58,030,000 |
| Gross Combined Total Debt (2) | | | <u>\$ 354,227,952</u> |
| Net Total Direct and Overlapping Debt | | | <u>\$ 347,809,961</u> |

Notes:

*(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

*(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

*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 the City. 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 repaying the debt, of each overlapping government.

City of Lake Elsinore, California
Legal Debt Margin Information
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Assessed Valuation | \$ 2,243,178,491 | \$ 2,851,510,537 | \$ 3,648,621,060 | \$ 4,887,272,022 |
| Conversion Percentage | 25% | 25% | 25% | 25% |
| Adjusted Assessed Valuation | 560,794,623 | 712,877,634 | 912,155,265 | 1,221,818,006 |
| Debt Limit Percentage | 15% | 15% | 15% | 15% |
| Debt Limit | 84,119,193 | 106,931,645 | 136,823,290 | 183,272,701 |
| Total Net Debt Applicable to Limitation | - | - | - | - |
| Legal Debt Margin | <u>\$ 84,119,193</u> | <u>\$ 106,931,645</u> | <u>\$ 136,823,290</u> | <u>\$ 183,272,701</u> |
| Total Debt Applicable to the Limit as a Percentage of Debt Limit | 0.0% | 0.0% | 0.0% | 0.0% |

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

Sources:
HDL, Coren & Cone
Riverside County Assessor Tax Roll

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 4,886,177,664 | \$ 4,062,119,890 | \$ 3,928,751,948 | \$ 3,923,526,176 | \$ 3,834,397,783 | \$ 4,031,499,407 |
| <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> |
| 1,221,544,416 | 1,015,529,973 | 982,187,987 | 980,881,544 | 958,599,446 | 1,007,874,852 |
| <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| 183,231,662 | 152,329,496 | 147,328,198 | 147,132,232 | 143,789,917 | 151,181,228 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 183,231,662</u> | <u>\$ 152,329,496</u> | <u>\$ 147,328,198</u> | <u>\$ 147,132,232</u> | <u>\$ 143,789,917</u> | <u>\$ 151,181,228</u> |
| 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

City of Lake Elsinore, California
Pledged-Revenue Coverage
 Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Successor Redevelopment Tax Increment Revenue | Tax Allocation Bonds | | Coverage | Tax Allocation Bonds |
|---------------------------------|--|----------------------|--------------|----------|----------------------------|
| | | Debt Service | | | |
| | | Principal | Interest | | |
| 2005 | \$ 13,136,081 | \$ 1,300,793 | \$ 3,629,620 | 2.66 | \$ 57,320,000 |
| 2006 | 18,500,277 | 1,932,704 | 3,888,298 | 3.18 | 56,280,000 |
| 2007 | 21,112,545 | 2,307,832 | 4,108,847 | 3.29 | 55,175,000 |
| 2008 | 26,484,367 | 1,688,978 | 3,663,448 | 4.95 | 54,010,000 |
| 2009 | 24,892,412 | 1,761,323 | 3,558,405 | 4.68 | 52,785,000 |
| 2010 | 19,877,054 | 1,295,000 | 3,304,802 | 4.32 | 54,545,000 |
| 2011 | 19,004,495 | 1,195,000 | 2,315,314 | 5.41 | 60,080,000 |
| 2012 | 9,451,004 | 1,500,000 | 1,071,681 | 3.68 | 58,580,000 |
| 2013 | 10,090,329 | 2,455,000 | 1,050,131 | 2.88 | 56,125,000 |
| 2014 | 10,864,084 | 2,520,000 | 2,333,745 | 2.24 | 53,605,000 |

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City Finance Department

City of Lake Elsinore, California
Demographic and Economic Statistics
 Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Population (1) | Personal Income (In Thousands) (2) | Per Capita Personal Income (3) | Unemployment Rate (4) |
|---------------------------------|---------------------|---|---|-------------------------------|
| 2005 | 35,905 | \$ 654,965 | \$ 18,242 | 5.8% |
| 2006 | 38,185 | 734,050 | 19,224 | 5.2% |
| 2007 | 41,164 | 851,375 | 20,683 | 4.9% |
| 2008 | 47,567 | 1,029,928 | 21,652 | 5.8% |
| 2009 | 49,528 | 1,083,488 | 21,876 | 8.2% |
| 2010 | 50,324 | 1,065,544 | 21,174 | 13.2% |
| 2011 | 50,983 | 984,074 | 19,302 | 14.3% |
| 2012 | 53,024 | 1,075,380 | 20,281 | 13.2% |
| 2013 | 55,430 | 1,090,807 | 19,679 | 9.3% |
| 2014 | 56,718 | 1,097,663 | 19,353 | 8.1% |

Sources:

HDL, Coren & Cone

(1) Population: California State Department of Finance

(2, 3) Income Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date.

(4) Unemployment Date: California State Employment Development Department

City of Lake Elsinore, California
Principal Employers
 Current Year Compared to 2005

| | 2014 | | 2005 | |
|---------------------------------------|------------------------|------------------------------------|------------------------|------------------------------------|
| | Number of Employees | Percent of Total Employment* | Number of Employees | Percent of Total Employment* |
| EMPLOYMENT | | | | |
| Estimated Total Employment* | | 18,000 (1) | | 11,000 |
| EMPLOYER | | | | |
| Lake Elsinore Unified School District | 2,368 | 13.16% | - (4) | 0.00% |
| M & M Framing | 500 | 2.78% | - (3) | 0.00% |
| Stater Bros (3 locations) | 297 | 1.65% | 168 (2) | 1.53% |
| Lake Elsinore Hotel & Casino | 260 | 1.44% | - (4) | 0.00% |
| Walmart | 237 | 1.32% | 245 (2) | 2.23% |
| Costco | 220 | 1.22% | - (3) | 0.00% |
| E.V.M.W.D. | 160 | 0.89% | 149 | 1.35% |
| Home Depot | 140 | 0.78% | - (3) | 0.00% |
| Cardenas Market | 138 | 0.77% | - (3) | 0.00% |
| Target | 125 | 0.69% | - | (3) 0.00% |
| Total Top 10 Employers | 4,445 | 24.69% | 562 | 5.11% |

Notes:

- (1) Total City Labor Force provided by EDD Labor Force Data.
- (2) Source from City Business License History for 2005
- (3) Data not available or Company not in business for 2005
- (4) Information unknown for 2005

Source:

MuniServices, LLC provided statistics for 2013. City archives provided statistics for 2004.
 Results based on direct correspondence with City's local businesses.

City of Lake Elsinore, California
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Government | 18 | 21 | 26 | 26 | 20 | 20 | 17 | 24 | 22 | 24 |
| Community Services (Includes Public Works) | 36 | 41 | 52 | 52 | 41 | 42 | 47 | 42 | 43 | 47 |
| Community Development | 17 | 20 | 23 | 23 | 21 | 14 | 11 | 10 | 14 | 14 |
| Total | <u>71</u> | <u>82</u> | <u>101</u> | <u>101</u> | <u>82</u> | <u>76</u> | <u>75</u> | <u>76</u> | <u>79</u> | <u>85</u> |

Note: Police and Fire services are provided by the County of Riverside.

Source: City Finance Department

City of Lake Elsinore, California
Operating Indicators
by Function
Last Ten Fiscal Years

| FUNCTION | Fiscal Year | | | |
|--|-------------|------------|------------|-----------|
| | 2005 | 2006 | 2007 | 2008 |
| Police | | | | |
| Lake Related Boating Enforcement Citations | 703 | 808 | 625 | 100 |
| Hazardous Traffic Violations | 1,500 | 2,376 | 2,500 | 5,000 |
| DUI Arrests | n/a | n/a | n/a | n/a |
| Fire | | | | |
| Calls | 3,391 | 3,610 | 3,567 | 3,778 |
| Fire Suppression Equipment | 3 | 3 | 3 | 3 |
| Public Works | | | | |
| Centerline Miles of Paved Surface Streets Maintained | 140 | 140 | 143 | 155 |
| Centerline Miles of Dirt Surface Streets Maintained | 21 | 13 | 12 | 10 |
| Weed Abatement-lots Cleaned | 552 | 706 | 700 | 581 |
| Community Development | | | | |
| Construction Permits Issued | 3,516 | 4,260 | 2,527 | 1,604 |
| Property Value Per Permits (Estimated in 000's) | \$ 242,988 | \$ 462,204 | \$ 153,013 | \$ 78,680 |
| New Home Building Permits Issued | 1,317 | 1,355 | 450 | 74 |
| Parks and Recreation | | | | |
| Daily Lake Use Passes Sold | 26,530 | 34,835 | 32,018 | 36,000 |

n/a=not available

Source: City of Lake Elsinore, Various Departments

| Fiscal Year | | | | | |
|-------------|-----------|-----------|-----------|------------|------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| n/a | 444 | 244 | 384 | 204 | 425 |
| n/a | 1,561 | 1,200 | 1,358 | 2,155 | 2,848 |
| n/a | 261 | n/a | 241 | 216 | 197 |
| 3,876 | 4,007 | 3,950 | 3,944 | 4,554 | 4,484 |
| 3 | 3 | 3 | 3 | 4 | 4 |
| 174 | 173 | 173 | 174 | 189 | 189 |
| 9 | 9 | 9 | 9 | 9 | 9 |
| 390 | 365 | 470 | 452 | 360 | 414 |
| 505 | 771 | 829 | 760 | 909 | 972 |
| \$ 21,474 | \$ 42,848 | \$ 50,899 | \$ 43,381 | \$ 124,755 | \$ 121,773 |
| 43 | 211 | 223 | 210 | 660 | 626 |
| 25,230 | 23,765 | 19,577 | 20,702 | 21,413 | 20,183 |

City of Lake Elsinore, California
Capital Asset Statistics
by Function
Last Ten Fiscal Years

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Fire Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Public Works Street Miles | 153.3 | 156 | 157 | 157 | 157 | 157 | 157 | 157 | 157 | 157 |
| Lake, Parks, & Recreation Parks | 12 | 12 | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 |
| Beaches and Recreation Facilities | 8 | 8 | 8 | 8 | 8 | 10 | 10 | 10 | 10 | 10 |
| Libraries | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Stadium Amphitheater Seats | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 |
| Lake Surface Acres | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 |
| Lakeshore Miles | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 |

Source: City of Lake Elsinore, Various Departments