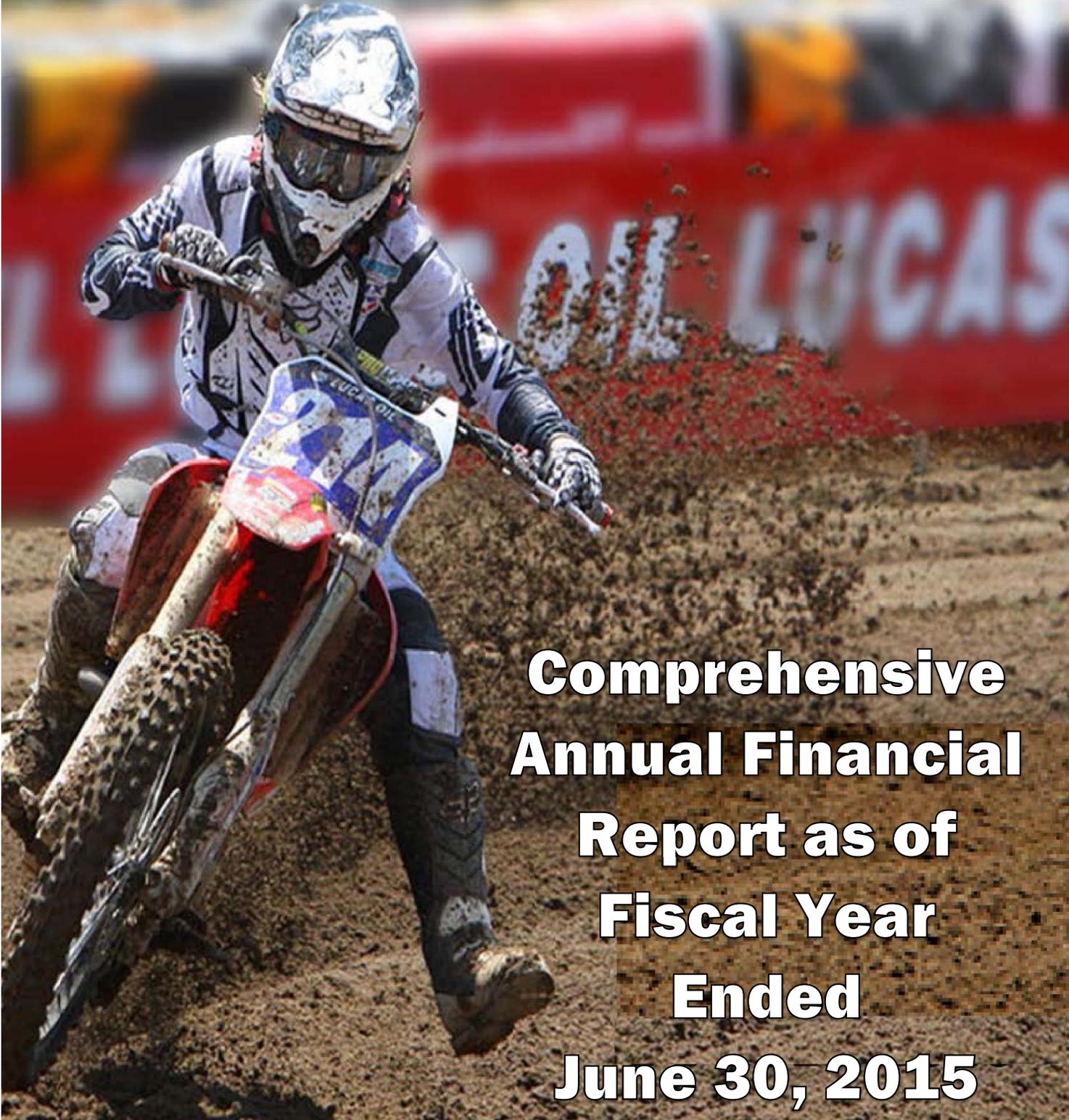


LAKE ELSINORE

CALIFORNIA



**Comprehensive
Annual Financial
Report as of
Fiscal Year
Ended
June 30, 2015**



On the Cover:

Vicki Golden - a three time gold medal winner in the X Games Women's Moto X, practices and races at the Lake Elsinore Motocross Park. Golden was also the first woman to compete in freestyle Moto X against an otherwise all-male field, and the first woman to place in the top 10 in the male-dominant Amsoil Arenacross.

CITY OF LAKE ELSINORE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

PREPARED BY THE DEPARTMENT OF FINANCE

City of Lake Elsinore, California
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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City of Lake Elsinore, California
Comprehensive Annual Financial Report
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Introductory Section





January 29, 2016

Honorable Mayor and City Council
Lake Elsinore, California

We are pleased to submit the June 30, 2015 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. 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, our crowning jewel, a sparkling 3,000 acre recreational lake for exciting water sports. All of this is set against the spectacular

Honorable Mayor and City Council
January 29, 2016

Ortega Mountains and Cleveland National Forest, providing opportunities for hiking, biking, bird watching or relaxing in the beauty that abounds in this outdoor recreation destination.

The region's geographic location, competitive cost structure and sophisticated logistics facilitates one of the fastest growing communities in the Inland Empire. The City's population is 56,688 with the median age of 28.7. The median housing price with the City is approximately \$295,000 which is a median increase of 4.80% from the prior year.

The City's Economic Development Department 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.

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 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 \$68,979,248 for fiscal year 2014-15. The amount of revenues from various sources is shown in the following tabulation and represents an overall increase of \$16,091,770 or 30.4% from the 2013-14 fiscal year.

Revenue Source	Amount	% of Total	\$ Change from Prior Year	% Change from Prior Year
Taxes	\$ 17,955,079	25.9%	\$ 1,416,196	8.6%
Licenses, Permits and Fees	4,655,325	6.7%	(1,281,575)	-21.6%
Intergovernmental Revenues	5,812,486	8.4%	229,781	4.1%
Charges for Services	3,189,138	4.6%	779,580	32.4%
Fines and Forfeitures	1,088,411	1.6%	157,243	16.9%
Investment Income	7,972,858	11.6%	(2,342,984)	-22.7%
Special Assessments	1,671,595	2.4%	30,038	1.8%
Contribution from Property Owners	22,535,167	32.6%	16,550,114	276.5%
Other	4,099,189	5.9%	553,377	15.6%
	<u>\$ 68,979,248</u>	<u>100%</u>	<u>\$ 16,091,770</u>	<u>30.4%</u>

Significant revenue increases in the Governmental Fund Types occurred in charges for services, fines and forfeitures, and contribution from property owners. Contribution from property owners relates to bond proceeds received for related infrastructure cost for the Summerly, Serenity, Canyon Hills, and Rosetta Canyon development projects.

Expenditures for governmental purposes totaled \$66,666,854 for fiscal year 2014-15. 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	\$ 4,611,722	6.9%	\$ (176,783)	-3.7%
Public Safety	18,163,150	27.2%	4,070,055	28.9%
Community Development	6,200,761	9.3%	2,793,346	82.0%
Public Services	6,551,578	9.8%	(555,542)	-7.8%
Community Services	4,174,545	6.3%	(188,712)	-4.3%
Capital Expenditures	11,123,256	16.7%	2,130,570	23.7%
Bond Issue Costs	2,445,261	3.7%	1,485,399	100.0%
Debt Service and Costs	13,396,581	20.1%	(11,079,808)	-45.3%
	<u>\$ 66,666,854</u>	<u>100%</u>	<u>\$ (3,379,039)</u>	<u>-2.2%</u>

The net overall expenditure decrease for the governmental fund types totaled \$3,379,039. Increases from public safety, capital improvements, and community development were offset by decreased debt service costs as a result from bond refunding.

Cash Management

Cash during the year was invested in State Local Agency Investment Fund and Government-backed securities throughout the year. A portion of invested cash is managed by the PFM Asset Management, LLC. The City's portfolio is shown below.

<u>Type of Security</u>	<u>% of Portfolio</u>	<u>% Permitted by Policy</u>
U.S. Treasuries	28.15%	100%
Federal Agencies	16.37%	100%
Municipal Bonds	0.69%	100%
Certificate of Deposit	6.49%	25%
Agency CMO	0.35%	40%
Corporate Notes	22.10%	30%
CAMP - Pooled Sweep Account	0.26%	100%
Local Agency Investment Fund	25.58%	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 / Note	Unlimited
Municipal Bond / Note	Unlimited
Federal Agency Collateralized Mortgage Obligation	40%
Federal Agency Bond / Note	Unlimited
Banker's Acceptance	40%
Certificates of Deposit	25%
Negotiable Certificates of Deposit	30%
Commercial Paper	15%
Corporate Note	30%
Repurchase Agreements	Unlimited
Reverse Repurchase Agreements	20%
LAIIF (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, 2013.

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.

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.

Major Initiatives for the Year and Prospects for the Future

The City Council's budgetary and legislative priorities are updated annually and are included in the Operating Budget. The City Council established key initiatives of public safety, recreation, transportation, economic development, image, education, and service. With the vision statement of focus on the "lake" and "play," Council's directive includes building recreation facilities and supporting sport venues. A few initiatives are highlighted below.

Public Safety

The City Council has made public safety its number one operating budget priority. The public safety budget increased \$4,070,055 from the 2014 amounting to 28.9% increase.

Recreation

The City offered free boating on Wednesdays and Sundays for eight weeks during the summer to increase tourism, economic development, and enjoyment of Lake Elsinore.

Transportation

The City secured more than \$8 million in bond financing to establish an implement a full scale pavement management program that will complete critical roadway improvements such as the added deceleration lane to the Highway I15 off ramp at Diamond Drive.

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.

Honorable Mayor and City Council
January 29, 2016

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

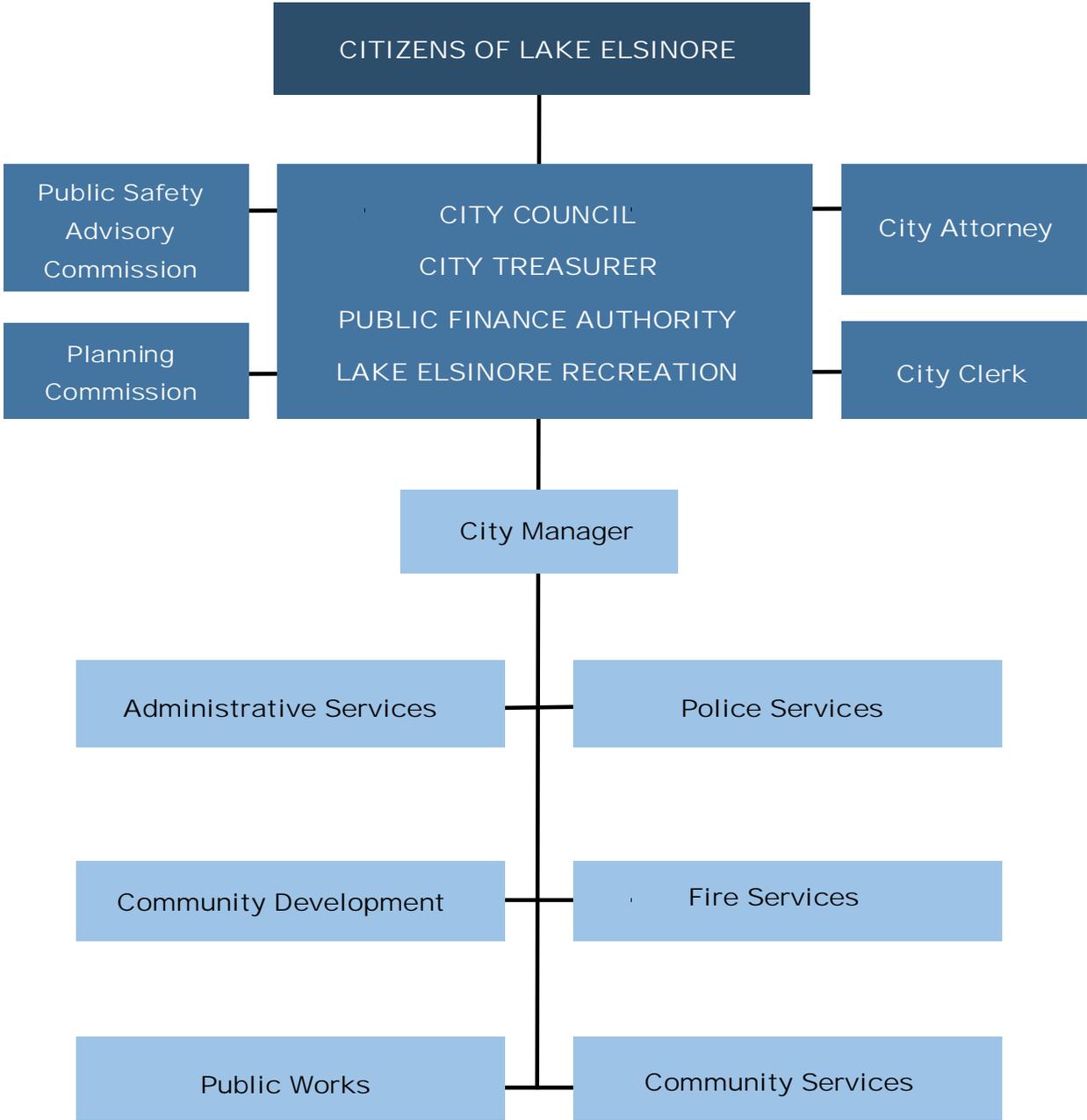


Grant Yates
City Manager



Jason Simpson
Director of Administrative Services

CITY OF LAKE ELSINORE
ORGANIZATION CHART



**CITY OF LAKE ELSINORE
DIRECTORY OF OFFICIALS***

ELECTED OFFICIALS

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

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

ADMINISTRATION

NAME	POSITION
Grant Yates	City Manager
Susan Domen	City Clerk
Barbara Leibold	City Attorney
Johnathan Skinner	Director of Community Services
Jason Simpson	Director of Administrative Services
Vacant	Director of Public Works
Grant Taylor	Director of Community Development

**At January 19, 2016*

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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, 2015, 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, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 87 through 99 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 January 29, 2016, 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

January 29, 2016

Management's Discussion and Analysis



City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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 \$216 million (*net position*).
- The City's total net position increased by \$2 million. The net increase is primarily attributable to an increase in cash and investments that is restricted for debt service, transportation and public works, and public facilities and improvements.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11 million or 31.75 percent of total General Fund expenditures. City Council has designated 17.5% or \$1.9 million of the \$11 million for future contingencies.
- The City of Lake Elsinore's total long-term debt had a net increase of \$138.4 million during the current fiscal year. The net increase includes \$7.9 million in total road improvement program bonds and \$113.4 million increase in local agency revenue bonds. Additionally, a \$7.3 million increase is related to net pension liability.

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.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2015

Government-wide Financial Statements - Continued

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).

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.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2015

Governmental Funds - Continued

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.

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 - 86 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 87 - 99 of this report. Immediately following the required supplementary information, the supplementary schedules present the governmental fund statements. Combining and individual fund statements and schedules can be found on pages 100 - 163 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 \$215.9 million at the close of the most recent fiscal year.

Condensed Statements of Net Position

	Governmental Activities	
	2015	2014
Assets:		
Current and other assets	\$ 396,135,556	\$ 243,062,499
Capital assets	149,872,564	145,860,428
Total Assets	546,008,120	388,922,927

City of Lake Elsinore, California
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Condensed Statements of Net Position - Continued

	Governmental Activities	
	2015	2014
Deferred Outflows of Resources:		
Deferred charges on refunding	3,176,594	
Pension Related Items	1,151,156	2,620,342
Total Deferred Outflows of Resources	4,327,750	2,620,342
Liabilities:		
Long-term debt outstanding	293,942,992	155,542,618
Other liabilities	38,632,534	22,072,771
Total Liabilities	332,575,526	177,615,389
Deferred Inflows of Resources:		
Pension Related Items	1,812,082	2,620,342
Total Deferred Outflows of Resources	1,812,082	2,620,342
Net Position:		
Net investment in capital assets	137,914,627	131,965,428
Restricted	90,537,124	74,462,124
Unrestricted	(12,503,489)	7,500,328
Total Net Position	\$ 215,948,262	\$ 213,927,880

For the City, 63.9% 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, 41.9%, represents resources that are subject to external restrictions on how they may be used. The deficit balance of approximately (\$12.5) million is *unrestricted net position* reflect the fact that governmental activities raise resources based on when liabilities are expected to be paid, rather than when they are incurred. Most governments do not have sufficient current resources on hand to cover current and long-term liabilities. The deficit in and of itself should not be considered an economic or financial difficulty; however, it does measure how far the City has committed the government's future tax revenues for purposes other than capital acquisition.

The City's total net position increased by \$2 million. The net increase is primarily attributable to an increase capital assets and an increase in local agency bonds for the Public Financing Authority. The most significant increase in revenues was for operating grants and contributions which increased by \$14.6 million. Most of the increase was from contributions from Community Facilities Districts for public improvements. Expenses in public safety increased by \$4.1 million because of increased costs for 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 \$4.5 million as a result of restructuring investments from the advance refunding of certain bonds.

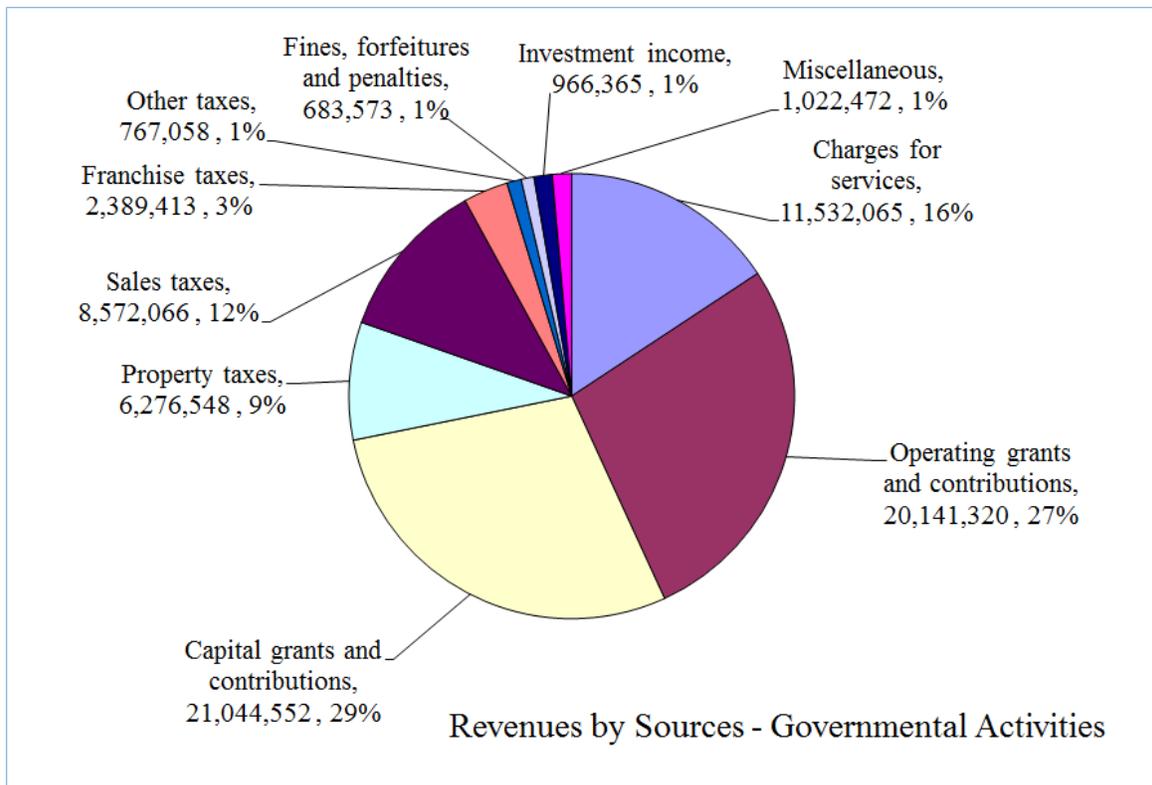
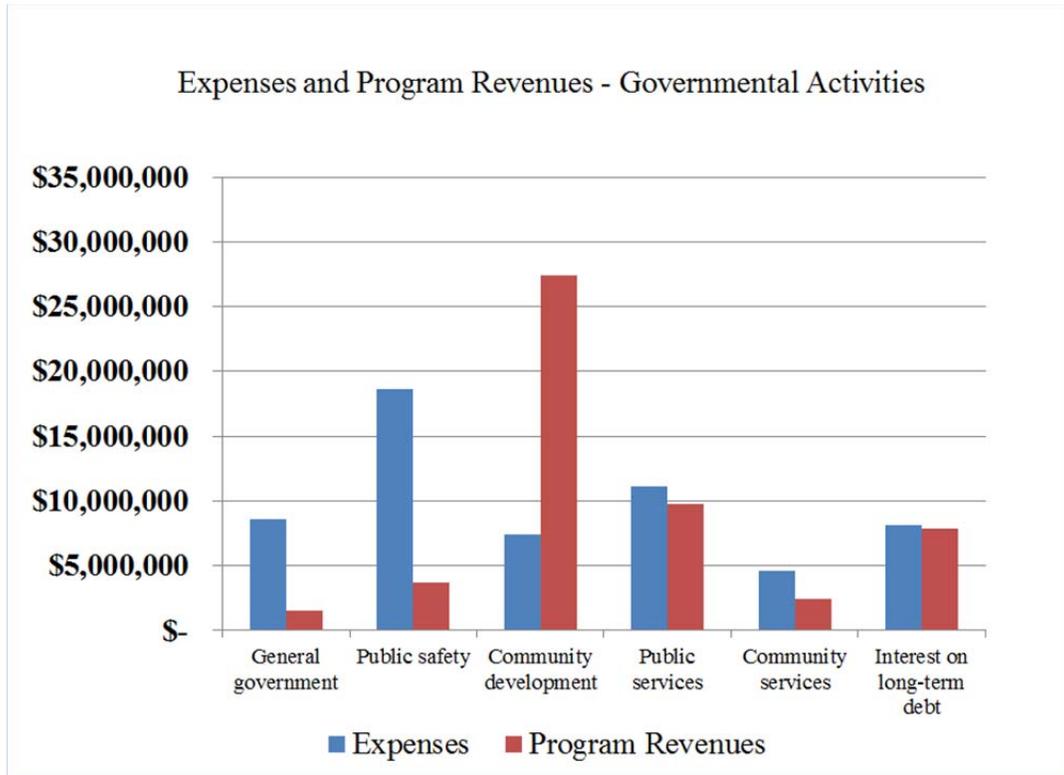
City of Lake Elsinore, California
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GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Condensed Statements of Revenues,
Expenses and Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues:		
Program Revenues:		
Charges for services	\$ 11,532,065	\$ 11,233,257
Operating grants and contributions	20,141,320	20,954,573
Capital grants and contributions	21,044,552	6,485,279
General Revenues:		
Taxes:		
Property taxes	6,276,548	5,487,743
Sales taxes	8,572,066	8,031,486
Franchise taxes	2,389,413	2,275,619
Other taxes	767,058	760,203
Fines, forfeitures and penalties	683,573	507,265
Investment earnings	966,365	574,477
Miscellaneous	1,022,472	1,054,958
Total Revenues	73,395,432	57,364,860
Expenses:		
General government	8,617,841	7,836,775
Public safety	18,626,488	14,485,711
Community development	7,391,688	9,079,863
Public services	11,162,854	10,610,540
Community services	4,652,536	4,819,153
Interest on long-term debt	8,097,248	6,330,889
Total Expenses	58,548,655	53,162,931
Change in net Position, before Special Item	14,846,777	4,201,929
Special Item – Loss on CFD and AD Investments	(4,502,385)	(9,880,891)
Change in net position	10,344,392	(5,678,962)
Net position at beginning of year	213,927,880	219,501,789
Prior period adjustment	(8,324,010)	105,053
Net position at beginning of year, as restated	205,603,870	219,606,842
Net position at end of year	\$ 215,948,262	\$ 213,927,880

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

June 30, 2015

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 \$348.1 million, an increase of \$137 million in comparison with the prior year. Of the \$348.1 million ending fund balance, a net \$9.6 million, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable, \$1.2 million; restricted, \$335.4 million; or assigned, \$1.9 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 \$11 million, while total fund balance was \$12 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 31.75% of total General Fund expenditures, while total fund balance represents 34.69% of that same amount.

The fund balance of the City's General Fund increased by \$217,708 during the current fiscal year. The primary factor is an increase from contributions from property owners, which relates to community facilities districts bond proceeds for infrastructure and improvements.

For the other major funds, the Low and Moderate Income Housing Special Revenue Fund's restricted fund balance increased by \$1 million mostly from investment earnings related to its loans receivable. The Public Financing Authority Debt Service Fund's restricted fund balance increased by \$119 million as the result of the Local Agency Revenue and Revenue Refunding Bonds issued. A portion of these bonds were used for advanced refunding of other bonds. The Recreation Authority Debt Service Fund's restricted fund balance increased by \$528,000 from advanced funding for debt service which is being held as reserve with the fiscal agent.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original - versus - Final: The difference between the original budget and the final amended budget reflects \$732,439 net decrease in appropriations, including transfers, mainly as a result in the City's continued efforts to cut costs and remain fiscally responsible to constituents. Original budget was decreased by \$1,399,962 net in licenses, permits and fees, intergovernmental revenues, charges for services, fines and penalty type revenues. Original budget was decreased by \$461,139 net in contributions from property owners and miscellaneous revenues. Original budget was decreased by \$153,613 net in governmental services expenditures and \$989,703 net decrease in public works, community development and lake service expenditures. Finally, budget was decreased by \$1,619,769 net in non-departmental services and capital outlay expenditures.

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

June 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS - Continued

Revenue Variances: Property and other tax revenues were higher than budget by \$869,903 resulting from increased property values and increased sales tax in general consumer goods. Licenses, permits, fees, intergovernmental revenues, charges, and fine revenues combined were higher than budgeted by \$235,493 resulting from less permits issued than anticipated offset by increased intergovernmental revenues. Investment earnings, contributions from property owners and miscellaneous revenues were higher than budgeted by \$581,544 as a result of bond refunding and issuance activities.

Expenditure Variances: General government expenditures were higher than budgeted by \$142,378 resulting from unforeseen increased legal costs and increased costs for new software implementation, offset by savings from a reduction in staff in the City Clerk's office. Public safety, fire, and animal services expenditures were less than the final budget by \$499,656 resulting from reduction of contracted services and close monitoring of spending. Community Development expenditures were less than budgeted by \$291,318 because less plan checks were needed and the East Lake Specific Plan required less funds than anticipated. Community Services Department experienced loss in key staff resulting in spending less than budgeted by \$134,888. Finally, Public Works and Lake Maintenance combined were higher than budgeted by \$263,248 because of loss of the Director and Engineer. This loss generated increased contracted services to facilitate and complete capital project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$150 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 1.03%. Major or notable capital asset events during the current fiscal year included the following:

- New Financial System Software
- Electric Vehicle Charging Stations
- Veteran's Memorial

Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 2,926,422	\$ 2,926,422
Construction in progress	7,296,848	3,389,506
Buildings and structures	13,911,547	12,474,807
Improvements other than buildings	11,479,450	11,520,899
Machinery and equipment	589,243	732,634
Furniture and fixtures	221,023	297,096
Automotive equipment	1,094,685	1,139,921
Technology Equipment & Software	306,037	53,960
Infrastructure	112,047,309	113,325,183
Totals	\$ 149,872,564	\$ 145,860,428

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, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These issues include \$194 million of local agency revenue bonds, \$51 million of tax allocation bonds, \$13.3 million of revenue refunding bonds, and \$8.7 in OPEB obligation. Changes in long-term obligations resulted from the issuance of Certificate of participation bonds, series 2014A, for the total road improvement program along with the inclusion of the net pension liability for eligible employees. Other changes included the defeasance of 2008 Series A, 2010 Series A, and 2011 Series B local agency revenue bonds with four new issues of local agency revenue bonds 2014 Series B, 2015 through 2015 Series B.

	Outstanding Debt	
	Governmental Activities	
	2015	2014
Local agency revenue bonds	\$ 193,965,000	\$ 80,570,000
Tax allocation bonds	51,015,000	53,605,000
Deferred amounts	11,068,587	(542,826)
Revenue refunding bonds	13,295,152	13,858,051
Certificate of participation bonds	7,859,283	0
Net pension liability	7,292,642	0
Other post-employment benefit obligation	8,707,294	7,444,027
Compensated absences	740,034	608,366
Totals	\$ 293,942,992	\$ 155,542,618

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 an assumed increase of assessed valuations.
- Because of the City's marketing and economic development efforts, retail sales taxes are anticipated to increase.
- Community facility district's (CFD) assessments are estimated to increase as a result of the increased annexations of developments. Some CFD revenues are earmarked for services such as law, fire, and paramedic that will offset the increased costs of those services.

These factors were considered in preparing the City of Lake Elsinore's budget for fiscal year 2015-16.

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, 2015

	Governmental Activities
ASSETS	
Cash and Investments	\$ 47,793,717
Restricted Cash and Investments	245,554,363
Accounts Receivable	820,381
Accrued Interest Receivable	3,622,293
Loans Receivable from Successor Agency	80,713,048
Notes Receivable	11,837,000
Interest Receivable on Notes	1,248,314
Due from Other Governments	4,369,569
Prepaid Items	128,502
Land Held for Resale	48,369
Capital Assets, Not Depreciated	10,223,270
Capital Assets, Net of Accumulated Depreciation	139,649,294
Total Assets	546,008,120
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Refunding	3,176,594
Pension Related Items	1,151,156
Total Deferred Outflows of Resources	4,327,750
LIABILITIES	
Accounts Payable	8,411,386
Other Accrued Liabilities	1,135,976
Deposits and Other Liabilities	22,436,871
Interest Payable	3,772,374
Unearned Revenue	2,875,927
Noncurrent Liabilities:	
Due Within One Year	7,449,003
Due in More Than One Year	286,493,989
Total Liabilities	332,575,526
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	1,812,082
Total Deferred Inflows of Resources	1,812,082
NET POSITION	
Net Investment in Capital Assets	137,914,627
Restricted for:	
Debt Service	9,002,244
Low and Moderate Income Housing	54,054,939
Transportation and Public Works	10,109,653
Public Facilities and Improvements	15,737,984
Other Purposes	1,632,304
Unrestricted	(12,503,489)
Total Net Position	\$ 215,948,262

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, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 8,617,841	\$ 1,464,689	\$ 61,644	\$	\$ (7,091,508)
Public Safety	18,626,488	1,427,632	2,310,513		(14,888,343)
Community Development	7,391,688	3,905,472	4,117,017	19,351,082	19,981,883
Public Services	11,162,854	2,329,172	5,731,146	1,693,470	(1,409,066)
Community Services	4,652,536	2,405,100	13,962		(2,233,474)
Interest on Long-term Debt	8,097,248		7,907,038		(190,210)
Total Governmental Activities	<u>\$ 58,548,655</u>	<u>\$ 11,532,065</u>	<u>\$ 20,141,320</u>	<u>\$ 21,044,552</u>	<u>(5,830,718)</u>
General Revenues:					
Taxes:					
Property Taxes					6,276,548
Sales Taxes					8,572,066
Franchise Taxes					2,389,413
Other Taxes					767,058
Fines, Forfeitures and Penalties					683,573
Investment Earnings					966,365
Miscellaneous					1,022,472
Special Item - Loss on CFD and AD Investments					(4,502,385)
Total General Revenues and Special Item					16,175,110
Change in Net Position					10,344,392
Net Position - Beginning of Year, As Previously Reported					213,927,880
Prior Period Adjustment					(8,324,010)
Net Position - Beginning of Year, As Restated					205,603,870
Net Position - End of Year					<u>\$ 215,948,262</u>

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Special Revenue Low and Moderate Income Housing	Debt Service Public Financing Authority
ASSETS			
Cash and Investments	\$ 14,569,856	\$ 10,914,612	\$ 507,647
Cash and Investments with Fiscal Agent			224,552,406
Accounts Receivable	645,485		
Accrued Interest Receivable	28,266	13,512	233
Loans Receivable from Successor Agency		29,698,048	51,015,000
Notes Receivable	1,000,000	10,837,000	
Interest Receivable on Notes	150,000	1,098,314	
Due from Other Funds	740,969		
Prepaid Items	16,468		23,485
Due from Other Governments	1,746,180		
Land Held for Resale		48,369	
	<u>18,897,224</u>	<u>52,609,855</u>	<u>276,098,771</u>
Total Assets	<u>\$ 18,897,224</u>	<u>\$ 52,609,855</u>	<u>\$ 276,098,771</u>
LIABILITIES			
Accounts Payable	\$ 5,545,386	\$ 932,244	\$
Other Accrued Liabilities	1,054,627		
Deposits and Other Liabilities			22,435,171
Due to Other Funds			
Unearned Revenue - Other	27,429		
	<u>6,627,442</u>	<u>932,244</u>	<u>22,435,171</u>
Total Liabilities	<u>6,627,442</u>	<u>932,244</u>	<u>22,435,171</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Interest on Loans Receivable		8,153,865	
Unavailable Revenue - Interest on Notes Receivable	150,000	1,098,314	
Unavailable Revenue - Property Taxes and Assessments	148,839		
Unavailable Revenue - Intergovernmental			
	<u>298,839</u>	<u>9,252,179</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>298,839</u>	<u>9,252,179</u>	<u>0</u>
FUND BALANCES			
Nonspendable	1,016,468		23,485
Restricted		42,425,432	253,640,115
Assigned			
Unassigned	10,954,475		
	<u>11,970,943</u>	<u>42,425,432</u>	<u>253,663,600</u>
Total Fund Balances	<u>11,970,943</u>	<u>42,425,432</u>	<u>253,663,600</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,897,224</u>	<u>\$ 52,609,855</u>	<u>\$ 276,098,771</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>
<u>Recreation</u>	<u>Assessment</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Authority</u>	<u>Districts</u>	<u>Funds</u>	<u>Funds</u>
\$	\$	\$	\$
1,726,580	126,638	21,674,964	47,793,717
	12,107,783	7,167,594	245,554,363
		174,896	820,381
		60,089	102,100
			80,713,048
			11,837,000
			1,248,314
			740,969
88,549			128,502
		2,623,389	4,369,569
			48,369
<u>\$ 1,815,129</u>	<u>\$ 12,234,421</u>	<u>\$ 31,700,932</u>	<u>\$ 393,356,332</u>
\$	\$	\$	\$
570		1,933,186	8,411,386
		81,349	1,135,976
		1,700	22,436,871
		740,969	740,969
		2,848,498	2,875,927
<u>570</u>	<u>0</u>	<u>5,605,702</u>	<u>35,601,129</u>
			8,153,865
			1,248,314
		44,134	192,973
		28,850	28,850
<u>0</u>	<u>0</u>	<u>72,984</u>	<u>9,624,002</u>
88,549		20,003	1,148,505
1,726,010	12,234,421	25,389,144	335,415,122
		1,929,497	1,929,497
		(1,316,398)	9,638,077
<u>1,814,559</u>	<u>12,234,421</u>	<u>26,022,246</u>	<u>348,131,201</u>
<u>\$ 1,815,129</u>	<u>\$ 12,234,421</u>	<u>\$ 31,700,932</u>	<u>\$ 393,356,332</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, 2015

Fund Balances of Governmental Funds	\$	348,131,201
<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>		149,872,564
<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		9,402,179
Unavailable Revenue - Property Taxes and Assessments		192,973
Unavailable Revenue - Grants		28,850
<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		3,520,193
<p>Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period.</p>		
Pension Related Deferred Outflows of Resources		1,151,156
Pension Related Deferred Inflows of Resources		(1,812,082)
<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		3,176,594
Interest Payable		(3,772,374)
Long-term Liabilities		(293,942,992)
Net Position of Governmental Activities	\$	<u><u>215,948,262</u></u>

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
Year Ended June 30, 2015

	General Fund	Special Revenue Low and Moderate Income Housing	Debt Service Public Financing Authority
REVENUES			
Property Taxes	\$ 6,249,786	\$	\$
Other Taxes	11,705,293		
Licenses, Permits and Fees	2,760,512		
Intergovernmental Revenues	1,912,981		
Charges for Services	3,189,138		
Fines, Forfeitures and Penalties	683,574		
Investment Earnings	143,058	1,053,644	6,501,845
Special Assessments			
Contributions from Property Owners	3,184,087		
Miscellaneous	3,628,726		60,422
Total Revenues	33,457,155	1,053,644	6,562,267
EXPENDITURES			
Current:			
General Government	4,336,598		242,115
Public Safety	18,163,150		
Community Development	3,392,086	337,776	
Public Services	5,070,855		
Community Services	3,433,817		
Capital Outlay	107,567		
Debt Service:			
Issuance Costs			2,139,954
Principal Retirement			6,270,000
Interest and Fiscal Charges			5,501,545
Total Expenditures	34,504,073	337,776	14,153,614
Excess of Revenues Over (Under) Expenditures	(1,046,918)	715,868	(7,591,347)
OTHER FINANCING SOURCES (USES)			
Local Agency Revenue and Revenue Refunding Bonds Issued			137,845,000
Payment to Refunding Bond Escrow Agent			(18,492,833)
Certificates of Participation Issued			
Premium on Bonds and Certificates of Participation			11,927,390
Discounts on Bonds			(96,307)
Transfers In	3,165,803		
Transfers Out	(1,914,539)		
Sale of Capital Assets	13,362		
Total Other Financing Sources (Uses)	1,264,626	0	131,183,250
SPECIAL ITEM - Loss on CFD and AD Investment			(4,502,385)
Net Change in Fund Balances	217,708	715,868	119,089,518
Fund Balances - Beginning, As Previously Reported	11,753,235	41,709,564	134,574,082
Prior Period Adjustments			
Fund Balances - Beginning, As Restated	11,753,235	41,709,564	134,574,082
Fund Balances - End of Year	<u>\$ 11,970,943</u>	<u>\$ 42,425,432</u>	<u>\$ 253,663,600</u>

The accompanying notes are an integral part of this statement.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Recreation Authority	Assessment Districts		
\$	\$	\$	\$
			6,249,786
			11,705,293
		1,894,813	4,655,325
		3,899,505	5,812,486
			3,189,138
		404,837	1,088,411
277	463	273,571	7,972,858
		1,671,595	1,671,595
	19,351,080		22,535,167
<u>25,670</u>		<u>384,371</u>	<u>4,099,189</u>
<u>25,947</u>	<u>19,351,543</u>	<u>8,528,692</u>	<u>68,979,248</u>
8,239		24,770	4,611,722
			18,163,150
	2,457,107	13,792	6,200,761
		1,480,723	6,551,578
		740,728	4,174,545
	5,456,681	5,559,008	11,123,256
		305,307	2,445,261
565,000		330,000	7,165,000
<u>564,050</u>		<u>165,986</u>	<u>6,231,581</u>
<u>1,137,289</u>	<u>7,913,788</u>	<u>8,620,314</u>	<u>66,666,854</u>
<u>(1,111,342)</u>	<u>11,437,755</u>	<u>(91,622)</u>	<u>2,312,394</u>
			137,845,000
	(49,447)		(18,542,280)
		7,965,000	7,965,000
		224,283	12,151,673
			(96,307)
1,728,049		6,054,094	10,947,946
		(9,033,407)	(10,947,946)
			13,362
<u>1,728,049</u>	<u>(49,447)</u>	<u>5,209,970</u>	<u>139,336,448</u>
			(4,502,385)
<u>616,707</u>	<u>11,388,308</u>	<u>5,118,348</u>	<u>137,146,457</u>
1,197,852	846,113	21,072,675	211,153,521
		(168,777)	(168,777)
<u>1,197,852</u>	<u>846,113</u>	<u>20,903,898</u>	<u>210,984,744</u>
<u>\$ 1,814,559</u>	<u>\$ 12,234,421</u>	<u>\$ 26,022,246</u>	<u>\$ 348,131,201</u>

The accompanying notes are an integral part of this statement.

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, 2015

Net change in fund balances - total governmental funds \$ 137,146,457

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	9,846,068
Depreciation	(5,833,932)

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	7,165,000
Local Agency Revenue and Revenue Refunding Bonds Issued	(137,845,000)
Certificates of Participation Issued	(7,965,000)
Premiums on Bonds and Certificates of Participation	(12,151,673)
Discounts on Bonds	96,307
Contributions from Community Facilities Districts	3,358,953
Payment to Refunding Bond Escrow Agent	18,542,280

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	(445,276)
Net Change in Deferred Outflows and Inflows of Resources	
Related to Pensions	(1,615,296)
Amortization of Bond Premium	147,815
Amortization of Bond Discount	(59,951)
Interest and Fiscal Charges	(1,508,255)
Net Change in the Net Pension Liability	1,816,961
Net Change in the Other Post-Employment Benefit Obligation	(1,263,267)
Compensated Absences	(131,668)

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	26,762
Licenses, Permits and Fees	(23,916)
Intergovernmental Revenue	(132,809)
Investment Earnings	1,181,813
Special Assessments	(7,981)

Change in Net Position of Governmental Activities \$ 10,344,392

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency Private-purpose Trust Fund	Total Agency Funds
ASSETS		
Cash and Investments	\$ 12,119,268	\$ 5,140,736
Cash and Investments with Fiscal Agent	50,942	16,020,935
Accounts Receivable	49,761	
Interest Receivable	14,065	9,222
Due from Other Governments		16,667
Deposits with Other Agencies	6,537,149	15,898,020
Land Held for Resale	6,088,480	
Capital Assets:		
Land	2,426,392	
Buildings and Structures	15,299,757	
Improvements Other than Buildings	571,037	
Machinery and Equipment	1,152,209	
Furniture and Fixtures	996	
Less Accumulated Depreciation	(8,034,974)	
Total Assets	36,275,082	37,085,580
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding	987,394	
Total Deferred Outflows of Resources	987,394	0
LIABILITIES		
Accounts Payable	128,772	134,795
Deposits and Other Liabilities		2,115,308
Due to Other Governments	3,863,886	
Due to Bond Holders		34,835,477
Interest Payable	849,693	
Loans Payable	80,148,177	
Bonds Payable	4,325,000	
Other Long-term Liabilities	3,660,859	
Total Liabilities	92,976,387	\$ 37,085,580
NET POSITION		
Net Position Held in Trust for Redevelopment (Deficit)	(55,713,911)	
Total Net Position	\$ (55,713,911)	

The accompanying notes are an integral part of this statement.

City of Lake Elsinore, California
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	\$ 10,070,883
Investment Earnings	94,769
	10,165,652
DEDUCTIONS	
Contractual/Professional Services	3,525,235
Project Costs	133,783
Interest Expense	3,199,606
Depreciation Expense	503,456
	7,362,080
Total Deductions	7,362,080
Change in Net Position	2,803,572
Net Position - Beginning	(58,517,483)
Net Position (Deficit) - End of Year	\$ (55,713,911)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements



City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015 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, 2015

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. 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 implemented GASB No. 68 which is reflected in 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 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. Currently, this statement has no 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

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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. 70 - Continued

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 implemented GASB No. 68 and 71 which is reflected in the City's financial statements.

Governmental Accounting Standard Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for periods beginning after June 15, 2015. The City has elected not to early implement GASB No. 72 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 73

In June of 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement was issued to improve the usefulness of information about pensions for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and also amends certain provisions of

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

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

Governmental Accounting Standard Board Statement No. 73 - Continued

Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. Statement No. 73 requirements that addresses accounting and financial reporting by employers and governmental nonemployer contributing entities is effective for fiscal years beginning after June 15, 2016, except those provisions that address financial reporting for assets accumulated for purposes of providing those pensions which are effective for fiscal years beginning after June 15, 2015. Statement No. 73 requirements for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City has elected not to early implement GASB No. 73 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement was issued to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and assessing accountability. This Statement replaces Statements no. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Statement No. 74 is effective for fiscal years beginning after June 15, 2016. The City has elected not to early implement GASB No. 74 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement was issued to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The City has elected not to early implement GASB No. 75 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 76

In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement was issued to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements for state and local

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

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

Governmental Accounting Standard Board Statement No. 76 - Continued

governmental entities in conformity with GAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76 is effective for periods beginning after June 15, 2015 and should be applied retroactively. The City has elected not to early implement GASB No. 76 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to provide financial statement users needed information about certain limitations on a government's ability to raise resources and for financial reporting purposes requires disclosure on tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. Statement No. 77 is effective for periods beginning after December 15, 2015. The City has elected not to early implement GASB No. 77 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.

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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

C) Basis of Presentation - Continued

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, deferred outflows/inflows of resources, 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 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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

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

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.

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 No. Statement 16 at June 30, 2015 was \$740,034.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

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 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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

K) Property Tax Revenue - Continued

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 \$2,193,315 of fire service tax credits, \$627,840 reimbursement revenues, \$288,735 insurance related revenues and \$989,299 other revenues. Miscellaneous revenues for the Statement of Activities include \$98,478 reimbursed revenues, \$288,735 insurance related revenues and \$635,259 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 (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. One 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. The City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (*pension related items*), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 14), which are amortized by an actuarial determined period.

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 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. The City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (*pension related items*), is reported only in the government-wide statement of net position. These amounts (see Note 14) are amortized by an actuarial determined period.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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

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, liabilities, deferred outflows/inflows of resources 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	\$ 47,793,717
Restricted Cash and Investments	245,554,363
Statement of Fiduciary Net Position:	
Cash and Investments	17,260,004
Cash and Investments with Fiscal Agent	<u>16,071,877</u>
Total Cash and Investments	<u>\$ 326,679,961</u>

Cash and investments consist of the following:

Petty Cash	\$ 1,300
Deposits with Financial Institutions	13,215,050
Investments	<u>313,463,611</u>
Total Cash and Investments	<u>\$ 326,679,961</u>

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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

2) CASH AND INVESTMENTS - Continued

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

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%	30%
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, 2015

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	\$ 12,247,614	\$ 12,247,614	\$	\$	\$
Corporate Notes	11,582,769	1,363,104	4,149,845	6,069,820	
Federal Agency Securities	8,946,137		2,482,874	6,463,263	
U.S. Treasury Notes	15,332,776		6,117,451	9,215,325	
Municipal Bonds	353,914			353,914	
Certificate of Deposit	3,195,536		3,095,473	100,063	
California Asset Management Program Pool (CAMP)	178,625	178,625			
Held by Bond Trustee:					
Money Market Mutual Funds	61,644,686	61,644,686			
Local Obligation Bonds	<u>199,981,554</u>	<u>4,166,917</u>	<u>5,598,061</u>	<u>19,149,181</u>	<u>171,067,395</u>
Total	<u>\$ 313,463,611</u>	<u>\$ 79,600,946</u>	<u>\$ 21,443,704</u>	<u>\$ 41,351,566</u>	<u>\$171,067,395</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, 2015

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk

		Minimum Legal Rating	AAA	AA+	Other	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 12,247,614	N/A	\$	\$	\$	\$ 12,247,614	\$
Corporate Notes	11,582,769	AA	253,548	699,159	10,630,062		
Federal Agency Securities	8,946,137	N/A		8,946,137			
U.S. Treasury Notes	15,332,776	N/A					15,332,776
Municipal Bonds	353,914				353,914		
Certificate of Deposit	3,195,536				3,195,536		
California Asset Management Program Pool (CAMP)	178,625	N/A	178,625				
Held by Bond Trustee:							
Money Market Mutual Funds	61,644,686		61,644,686				
Local Obligation Bonds	<u>199,981,554</u>					<u>199,981,554</u>	
Total	\$ <u>313,463,611</u>		\$ <u>62,076,859</u>	\$ <u>9,645,296</u>	\$ <u>14,179,512</u>	\$ <u>212,229,168</u>	\$ <u>15,332,776</u>

The ratings for the other above are as follows:

Other:	
AA	\$ 3,017,028
AA-	3,079,492
A-1+	650,406
A-1	1,147,361
A+	2,760,625
A	3,323,948
A-	<u>200,652</u>
	<u>\$ 14,179,512</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 2003-2, 2014 Series (Improvement Areas A & C)	Local Obligation Bond	\$ 18,570,135
CFD 2003-2, 2015 Series (Improvement Area B)	Local Obligation Bond	\$ 27,958,351
CFD 2004-3-1, 2015 Series (Improvement Area 1)	Local Obligation Bond	\$ 22,766,628
CFD 2004-3-2, 2015 Series (Improvement Area 2)	Local Obligation Bond	\$ 25,053,588
CFD 2005-2, 2015 Series (Improvement Area 2)	Local Obligation Bond	\$ 22,864,176

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, \$12,320,549 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, 2015 was 0.28%. The carrying value and estimated market value of the LAIF Pool at June 30, 2015 was \$69,614,988,609 and \$69,641,162,418, respectively. The City's share of the Pool at June 30, 2015 was approximately 0.0176 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 \$1,447,948,000. 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, 2015

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>
Lake Elsinore Redevelopment Agency, 2011 Series Project Area II	\$ 3,035,000
Lake Elsinore Redevelopment Agency, 2011 Series Project Area III	1,290,000
AD 93-1 Refunding Improvement Bonds, 2012 Series A	14,213,579
CFD 2005-5 Special Tax Bonds, 2012 Series A	3,024,711
CFD 2003-2 Special Tax Bonds, 2012 Series (Improvement Area C)	5,197,291
CFD 2006-1 Special Tax Bonds, 2013 Series (Improvement Area A)	3,372,245
CFD 88-3 Special Tax Bonds, 2013 Series B	3,301,719
CFD 98-1 Special Tax Bonds, 2013 Series C	12,354,819
CFD 2003-2 Special Tax Bonds, 2014 Series A (Improvement Area D)	7,182,249
CFD 2003-2 Special Tax Bonds, 2014 Series (Improvement Areas A and C)	18,570,135
CFD 95-1 Special Tax Bonds, 2015 Series	1,116,383
CFD 2003-2 Special Tax Bonds, 2015 Series (Improvement Area B)	27,958,351
CFD 2004-3-1 Special Tax Bonds, 2015 Series (Improvement Area 1)	22,766,628
CFD 2004-3-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	25,053,588
CFD 2005-1 Special Tax Bonds, 2015 Series	8,849,775
CFD 2005-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	22,864,176
CFD 2005-6 Special Tax Bonds, 2015 Series	3,051,086
CFD 2006-2 Special Tax Bonds, 2015 Series	6,313,526
CFD 2006-1 Special Tax Bonds, 2015 Series (Improvement Area B)	2,876,293
CFD 88-3 Special Tax Bonds, 2015 Series	<u>7,590,000</u>
	<u>\$ 199,981,554</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

2) CASH AND INVESTMENTS - Continued

Cash and Investment by Entity

Cash and investments held by entity at June 30, 2015 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	\$ 1,300	\$	\$	\$	\$ 1,300
Deposits at Carrying Amount ⁽¹⁾	6,197,612	6,838,596	178,842		13,215,050
Local Agency Investment Fund	11,828,989	89,821	328,804		12,247,614
Corporate Notes	10,163,049	1,419,720			11,582,769
Federal Agency Securities	7,755,357	1,190,780			8,946,137
U.S. Treasury Notes	13,042,664	2,290,112			15,332,776
Municipal Bonds	323,651	30,263			353,914
Certificate of Deposits	2,995,761	199,775			3,195,536
California Asset Management					
Program Pool (CAMP)	118,424	60,201			178,625
Held by Bond Trustee:					
Money Market Mutual Bonds	35,296,311	50,942	24,570,853	1,726,580	61,644,686
Local Obligation Bonds	<u> </u>	<u> </u>	<u>199,981,554</u>	<u> </u>	<u>199,981,554</u>
 Total Cash and Investments	 <u>\$ 87,723,118</u>	 <u>\$ 12,170,210</u>	 <u>\$ 225,060,053</u>	 <u>\$ 1,726,580</u>	 <u>\$ 326,679,961</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, 2015, the Successor Agency owed the City, in its capacity as housing successor agency, \$26,194,304. 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 refunded in fiscal year 2010 with the issuance of the 2010 Series A and 2010 Series B bonds. The loans payable include an

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

3) LOANS RECEIVABLE FROM SUCCESSOR AGENCY - Continued

1995 Loan from Housing Fund - Continued

original amount of \$18,040,440 and accrued interest of \$8,153,864. During the fiscal year, accrued interest of \$527,338 was earned on the outstanding loans. 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 a loan of \$3,750,000 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. The balance of the loan as of June 30, 2015 is \$3,503,744.

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, 2015:

Tax Allocation Revenue Bonds	Loans Receivable Balance
2010 Series A Issue	\$ 13,500,000
2010 Series B Issue	8,070,000
2010 Series C Issue	25,290,000
2011 Series A Issue	4,155,000
Total	\$ 51,015,000

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, the total outstanding balance of \$1,150,000 includes accrued interest of \$150,000.

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, 2015, the total outstanding balance of \$10,978,468 includes interest of \$1,046,981.

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, 2015, the total outstanding balance of \$1,151,333 includes interest of \$51,333.

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 \$48,369 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, 2015

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>3,389,506</u>	<u>8,171,540</u>	<u>(4,264,198)</u>	<u>7,296,848</u>
 Total Capital Assets, Not Being Depreciated	 <u>6,315,928</u>	 <u>8,171,540</u>	 <u>(4,264,198)</u>	 <u>10,223,270</u>
Capital Assets, Being Depreciated				
Building and Structures	17,240,233	1,799,261		19,039,494
Improvements Other Than Buildings	17,031,993	561,997		17,593,990
Machinery and Equipment	2,808,890	20,477		2,829,367
Furniture and Fixtures	967,768	8,911		976,679
Automotive Equipment	3,149,470	57,836		3,207,306
Technology Equipment and Software	53,960	268,075		322,035
Infrastructure	<u>188,685,750</u>	<u>3,222,169</u>	<u></u>	<u>191,907,919</u>
 Total Capital Assets, Being Depreciated	 <u>229,938,064</u>	 <u>5,938,726</u>	 <u>0</u>	 <u>235,876,790</u>
Less Accumulated Depreciation:				
Building and Structures	(4,765,426)	(362,521)		(5,127,947)
Improvements Other Than Buildings	(5,511,094)	(603,446)		(6,114,540)
Machinery and Equipment	(2,076,256)	(163,868)		(2,240,124)
Furniture and Fixtures	(670,672)	(84,984)		(755,656)
Automotive Equipment	(2,009,549)	(103,072)		(2,112,621)
Technology Equipment and Software	0	(15,998)		(15,998)
Infrastructure	<u>(75,360,567)</u>	<u>(4,500,043)</u>	<u></u>	<u>(79,860,610)</u>
 Total Accumulated Depreciation	 <u>(90,393,564)</u>	 <u>(5,833,932)</u>	 <u>0</u>	 <u>(96,227,496)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>139,544,500</u>	 <u>104,794</u>	 <u>0</u>	 <u>139,649,294</u>
 Total Governmental Activities Capital Assets, Net	 <u>\$ 145,860,428</u>	 <u>\$ 8,276,334</u>	 <u>\$ (4,264,198)</u>	 <u>\$ 149,872,564</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

6) CAPITAL ASSETS - Continued

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

Governmental Activities:	
General Government	\$ 262,633
Public Safety	466,225
Public Services	4,659,130
Community Services	<u>445,944</u>
 Total Depreciation Expense	 <u>\$ 5,833,932</u>

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:				
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
2014 Series B	7/14	2016-2041	3.00% - 5.00%	18,210,000
2015 Series	2/15	2016-2041	2.00% - 5.00%	108,845,000
2015 Series A	2/15	2017-2045	2.00% - 3.65%	3,200,000
2015 Series B	5/15	2017-2021	2.00% - 5.00%	7,590,000
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:				
2013 Series A	9/13	2014-2032	3.00% - 5.00%	\$ 14,460,000
Certificates of Participation:				
2014 Series A	10/4	2015-2039	2.00% - 5.00%	\$ 7,965,000

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

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:					
2008 Series A	\$ 13,805,000	\$	\$ (13,805,000) ⁽¹⁾	\$ 0	\$
2010 Series A	7,420,000		(7,420,000) ⁽²⁾	0	
2011 Series A	5,090,000		(145,000)	4,945,000	145,000
2011 Series B	1,245,000		(1,245,000) ⁽³⁾	0	
2012 Series A	3,365,000		(40,000)	3,325,000	45,000
2012 Series B	15,345,000		(615,000)	14,730,000	630,000
2012 Series C	5,345,000			5,345,000	5,000
2013 Series A	3,620,000			3,620,000	15,000
2013 Series B	4,215,000		(705,000)	3,510,000	685,000
2013 Series C	13,615,000		(475,000)	13,140,000	485,000
2014 Series A	7,505,000			7,505,000	
2014 Series B		18,210,000		18,210,000	260,000
2015 Series		108,845,000		108,845,000	1,660,000
2015 Series A		3,200,000		3,200,000	
2015 Series B		7,590,000		7,590,000	
Tax Allocation Revenue Bonds:					
2010 Series A	13,825,000		(325,000)	13,500,000	330,000
2010 Series B	8,660,000		(590,000)	8,070,000	610,000
2010 Series C	26,480,000		(1,190,000)	25,290,000	1,215,000
2011 Series A	4,640,000		(485,000)	4,155,000	505,000
Subtotal	134,175,000	137,845,000	(27,040,000)	244,980,000	6,590,000
Add (Less) Deferred Amounts:					
Bond Premiums	248,117	11,927,390	(277,520)	11,897,987	
Bond Discounts	(790,943)	(96,307)	57,850	(829,400)	
Subtotal	133,632,174	149,676,083	(27,259,670)	256,048,587	6,590,000
Revenue Refunding Bonds:					
2013 Series A	13,895,000		(565,000)	13,330,000	580,000
Bond Discount	(36,949)		2,101	(34,848)	
Certificates of Participation:					
2014 Series A	0	7,965,000	(330,000)	7,635,000	205,000
Premiums		224,283		224,283	
Net Pension Liability	0	9,795,849 ⁽⁴⁾	(2,503,207)	7,292,642	
Other Post-Employment					
Benefit Obligation (Note 15)	7,444,027	1,818,869	(555,602)	8,707,294	
Compensation Absences	608,366	192,505	(60,837)	740,034	74,003
Total	<u>\$155,542,618</u>	<u>\$169,672,589</u>	<u>\$ (31,272,215)</u>	<u>\$293,942,992</u>	<u>\$ 7,449,003</u>

⁽¹⁾ Includes bond defeasance of \$12,185,000.

⁽²⁾ Includes bond defeasance of \$7,420,000.

⁽³⁾ Includes bond defeasance of \$1,165,000.

⁽⁴⁾ Includes a prior period adjustment of \$9,109,603 to record the beginning net pension liability. See Note 22.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

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.

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, 2015, the Authority has a cash reserve balance for debt service of \$427,294, 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
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	175,000	248,019	423,019
2021-2025	990,000	1,090,850	2,080,850
2026-2030	1,310,000	761,750	2,071,750
2031-2035	1,445,000	316,659	1,761,659
2036-2039	<u>405,000</u>	<u>51,297</u>	<u>456,297</u>
Total	<u>\$ 4,945,000</u>	<u>\$ 3,528,087</u>	<u>\$ 8,473,087</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

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, 2015, the Authority has a cash reserve balance for debt service of \$264,335, which is sufficient to cover the Bond Indenture Reserve Requirement of \$264,325.

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

Year Ending June 30,	Principal	Interest	Total
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	75,000	152,328	227,328
2021-2025	475,000	712,734	1,187,734
2026-2030	705,000	580,078	1,285,078
2031-2035	920,000	368,550	1,288,550
2036-2039	<u>925,000</u>	<u>100,144</u>	<u>1,025,144</u>
Total	<u>\$ 3,325,000</u>	<u>\$ 2,541,728</u>	<u>\$ 5,866,728</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

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, 2015, the Authority has a cash reserve balance for debt service of \$1,429,753, 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
2016	\$ 630,000	\$ 654,413	\$ 1,284,413
2017	655,000	638,319	1,293,319
2018	675,000	619,187	1,294,187
2019	705,000	597,166	1,302,166
2020	735,000	571,947	1,306,947
2021-2025	4,270,000	2,349,475	6,619,475
2026-2030	5,700,000	1,113,406	6,813,406
2031	<u>1,360,000</u>	<u>34,850</u>	<u>1,394,850</u>
Total	<u>\$ 14,730,000</u>	<u>\$ 6,578,763</u>	<u>\$ 21,308,763</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, the Authority has a cash reserve balance for debt service of \$534,520, 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
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	25,000	259,588	284,588
2021-2025	230,000	1,277,384	1,507,384
2026-2030	455,000	1,206,550	1,661,550
2031-2035	770,000	1,058,750	1,828,750
2036-2040	1,200,000	815,000	2,015,000
2041-2043	<u>2,620,000</u>	<u>241,500</u>	<u>2,861,500</u>
Total	<u>\$ 5,345,000</u>	<u>\$ 5,901,963</u>	<u>\$ 11,246,963</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

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, 2015, the Authority has a cash reserve balance for debt service of \$325,512, which is sufficient to cover the Bond Indenture Reserve Requirement of \$325,500.

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

Year Ending June 30,	Principal	Interest	Total
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	35,000	167,100	202,100
2021-2025	255,000	812,859	1,067,859
2026-2030	435,000	743,103	1,178,103
2031-2035	680,000	617,663	1,297,663
2036-2040	1,005,000	413,625	1,418,625
2041-2044	<u>1,120,000</u>	<u>117,000</u>	<u>1,237,000</u>
Total	<u>\$ 3,620,000</u>	<u>\$ 3,546,691</u>	<u>\$ 7,166,691</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2013 Series B

In July 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, 2015, the Authority has a cash reserve balance for debt service of \$421,516, 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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 685,000	\$ 81,613	\$ 766,613
2017	650,000	68,262	718,262
2018	620,000	54,012	674,012
2019	580,000	38,288	618,288
2020	550,000	22,063	572,063
2021	<u>425,000</u>	<u>6,906</u>	<u>431,906</u>
Total	<u>\$ 3,510,000</u>	<u>\$ 271,144</u>	<u>\$ 3,781,144</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2013 Series C

In July 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, 2015, the Authority has a cash reserve balance for debt service of \$1,082,897, 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
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	540,000	532,994	1,072,994
2021-2025	3,000,000	2,338,585	5,338,585
2026-2030	3,785,000	1,515,806	5,300,806
2031-2034	<u>3,805,000</u>	<u>412,256</u>	<u>4,217,256</u>
Total	<u>\$ 13,140,000</u>	<u>\$ 7,084,478</u>	<u>\$ 20,224,478</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

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, 2015, the Authority has a cash reserve balance for debt service of \$705,147, which is sufficient to cover the Bond Indenture Reserve Requirement of \$705,011.

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

Year Ending June 30,	Principal	Interest	Total
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	40,000	413,669	453,669
2021-2025	365,000	2,031,275	2,396,275
2026-2030	740,000	1,904,022	2,644,022
2031-2035	1,260,000	1,639,431	2,899,431
2036-2040	2,010,000	1,180,187	3,190,187
2041-2045	<u>3,030,000</u>	<u>462,875</u>	<u>3,492,875</u>
Total	<u>\$ 7,505,000</u>	<u>\$ 9,293,934</u>	<u>\$ 16,798,934</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2014 Series B

In July 2014, \$18,210,000 principal amount of 2014 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$260,000 to \$660,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 3.00% to 5.00% are due from March 1, 2015 through September 1, 2040. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2024 at specified redemption prices. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$1,468,117, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,467,905.

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 260,000	\$ 842,631	\$ 1,102,631
2017	370,000	798,238	1,168,238
2018	400,000	785,688	1,185,688
2019	435,000	771,075	1,206,075
2020	480,000	753,863	1,233,863
2021-2025	3,125,000	3,378,287	6,503,287
2026-2030	4,240,000	2,606,425	6,846,425
2031-2035	5,595,000	1,522,437	7,117,437
2036-2040	2,645,000	507,656	3,152,656
2041	<u>660,000</u>	<u>16,500</u>	<u>676,500</u>
Total	<u>\$ 18,210,000</u>	<u>\$ 11,982,800</u>	<u>\$ 30,192,800</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2015 Series

In February 2015, \$108,845,000 principal amount of 2015 Series Local Agency Revenue Bonds, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$655,000 to \$8,405,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 2.0% to 5.0% are due from September 1, 2015 through September 1, 2040. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2025 at specified redemption prices. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$9,267,427, which is sufficient to cover the Bond Indenture Reserve Requirement of \$9,267,239.

Future debt requirements for the 2015 Series Local Agency Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,660,000	\$ 4,939,072	\$ 6,599,072
2017	1,645,000	5,149,100	6,794,100
2018	1,825,000	5,103,175	6,928,175
2019	2,040,000	5,034,250	7,074,250
2020	2,250,000	4,948,450	7,198,450
2021-2025	15,280,000	22,780,625	38,060,625
2026-2030	23,225,000	18,076,675	41,301,675
2031-2035	34,155,000	11,082,975	45,237,975
2036-2040	26,110,000	2,725,875	28,835,875
2041	<u>655,000</u>	<u>16,375</u>	<u>671,375</u>
Total	<u>\$ 108,845,000</u>	<u>\$ 79,856,572</u>	<u>\$ 188,701,572</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2015 Series A

In February 2015, \$3,200,000 principal amount of 2015 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$30,000 to \$235,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.0% to 3.625% are due from September 1, 2015 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, 2015, the Authority has a cash reserve balance for debt service of \$230,154, which is sufficient to cover the Bond Indenture Reserve Requirement of \$230,148.

Future debt requirements for the 2015 Series A Local Agency Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$	\$ 110,728	\$ 110,728
2017	30,000	106,569	136,569
2018	35,000	105,919	140,919
2019	40,000	105,169	145,169
2020	40,000	104,369	144,369
2021-2025	275,000	505,756	780,756
2026-2030	400,000	457,572	857,572
2031-2035	560,000	379,641	939,641
2036-2040	775,000	263,181	1,038,181
2041-2045	<u>1,045,000</u>	<u>99,234</u>	<u>1,144,234</u>
Total	<u>\$ 3,200,000</u>	<u>\$ 2,238,138</u>	<u>\$ 5,438,138</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

A) Local Agency Revenue Bonds - Continued

2015 Series B

In May 2015, \$7,590,000 principal amount of 2015 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$1,270,000 to \$1,810,000 from September 1, 2016 through September 1, 2020. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2016 through September 1, 2020. The bonds are not subject to call and redemption prior to their stated maturity. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$285,075, which is sufficient to cover the Bond Indenture Reserve Requirement of \$285,075.

Future debt requirements for the 2015 Series B Local Agency Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$	\$ 185,132	\$ 185,132
2017	1,270,000	321,533	1,591,533
2018	1,410,000	251,650	1,661,650
2019	1,500,000	200,500	1,700,500
2020	1,600,000	130,500	1,730,500
2021	1,810,000	45,250	1,855,250
Total	<u>\$ 7,590,000</u>	<u>\$ 1,134,565</u>	<u>\$ 8,724,565</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

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, 2015, the Authority has a cash reserve balance for debt service of \$1,494,024, 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
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	380,000	605,356	985,356
2021-2025	2,130,000	2,775,347	4,905,347
2026-2030	2,695,000	2,179,669	4,874,669
2031-2034	<u>6,905,000</u>	<u>777,131</u>	<u>7,682,131</u>
Total	<u>\$ 13,500,000</u>	<u>\$ 8,880,228</u>	<u>\$ 22,380,228</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, the Authority has a cash reserve balance for debt service of \$939,593, 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
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	690,000	231,450	921,450
2021-2025	3,930,000	671,444	4,601,444
2026	<u>895,000</u>	<u>21,256</u>	<u>916,256</u>
Total	<u>\$ 8,070,000</u>	<u>\$ 2,080,063</u>	<u>\$ 10,150,063</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

B) Tax Allocation Revenue Bonds - Continued

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, 2015, the Authority has a cash reserve balance for debt service of \$2,221,625, which is not 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
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	1,350,000	848,676	2,198,676
2021-2025	7,525,000	3,417,975	10,942,975
2026-2030	9,265,000	1,623,605	10,888,605
2031	<u>2,115,000</u>	<u>52,875</u>	<u>2,167,875</u>
Total	<u>\$ 25,290,000</u>	<u>\$ 9,726,901</u>	<u>\$ 35,016,901</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, the Authority has a cash reserve balance for debt service of \$555,033, 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
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	620,000	100,200	720,200
2021-2022	<u>1,360,000</u>	<u>82,800</u>	<u>1,442,800</u>
Total	<u>\$ 4,155,000</u>	<u>\$ 909,738</u>	<u>\$ 5,064,738</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, 2015, the Authority has a cash reserve balance for debt service of \$1,131,801, 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, 2015

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
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	655,000	474,050	1,129,050
2021-2025	3,655,000	1,991,200	5,646,200
2026-2030	4,485,000	1,159,481	5,644,418
2031-2032	<u>2,100,000</u>	<u>157,469</u>	<u>2,257,469</u>
Total	<u>\$ 13,330,000</u>	<u>\$ 5,863,800</u>	<u>\$ 19,193,800</u>

D) Certificates of Participation

In October 2014, \$7,965,000 principal amount of Certificates of Participation, Series 2014A, was issued for various street improvement projects. The certificates are due in annual installments of \$205,000 to \$480,000 from June 1, 2015 through June 1, 2039. Interest payments ranging from 2.00% to 5.00% are due from June 1, 2015 through June 1, 2039. The certificates are subject to call and redemption prior to their stated maturity commencing June 1, 2032 at specified redemption prices. The reserve requirement is covered by an insurance policy.

Future debt requirements for the Certificates of Participation, Series 2014A, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 205,000	\$ 290,688	\$ 495,688
2017	215,000	284,537	499,537
2018	220,000	275,938	495,938
2019	235,000	264,937	499,937
2020	240,000	255,537	495,537
2021-2025	1,305,000	1,176,063	2,481,063
2026-2030	1,515,000	973,550	2,488,550
2031-2035	1,895,000	598,250	2,493,250
2036-2039	<u>1,805,000</u>	<u>184,200</u>	<u>1,989,200</u>
Total	<u>\$ 7,635,000</u>	<u>\$ 4,303,700</u>	<u>\$ 11,938,700</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

D) Certificates of Participation - Continued

Revenues Pledged

The City has pledged a portion of future Measure A revenues to repay the Certificates of Participation 2014 Series A. The City's certificates of participation is payable solely from the Measure A revenues. Total principal and interest remaining on the certificates of participation is \$11,938,700, payable through fiscal year 2039. For the current year, principal and interest paid by Measure A revenues were \$330,000 and \$165,986, respectively.

E) Compensated Absences

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

F) Advance Refunding

Lake Elsinore Public Financing Authority 2008 Local Agency Revenue Bonds, Series A

In May 2015, the Authority issued \$7,590,000 in Local Agency Revenue Bonds Series 2015B with interest rates of 2.00% to 5.00% to advance refund \$12,185,000 of the Lake Elsinore Public Financing Authority 2008 Local Agency Revenue Bonds, Series A. The net proceeds of \$8,931,138 (after payments for reserves, underwriting fees and other issuance costs) plus an additional \$3,709,967 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 2008 Local Agency Revenue Bonds, Series A, are considered to be defeased and the liability of this bond has been removed from the long-term debt of the Authority.

The reacquisition price exceeded the net carrying amount of the old debt by \$326,399 (includes \$129,706 remaining premium on the 2008A bond). 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 2008 Local Agency Revenue Bonds, Series A, to reduce its total debt service payments over 6 years by \$3,072,265 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,912,945.

Lake Elsinore Public Financing Authority 2010 Local Agency Revenue Bonds, Series A

In July 2014, the Authority issued \$18,210,000 in Local Agency Revenue Bonds Series 2014B with interest rates of 3.00% to 5.00%, which a portion of the proceeds was used to advance refund \$7,420,000 of the Lake Elsinore Public Financing Authority 2010 Local Agency Revenue Bonds, Series A. The net proceeds of \$7,281,944 (after payments for reserves, underwriting fees and other issuance costs) plus an additional \$743,274 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 2010 Local Agency Revenue Bonds, Series A, are considered to be defeased and the liability of this bond has been removed from the long-term debt of the Authority.

The reacquisition price exceeded the net carrying amount of the old debt by \$605,218. 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 2010 Local Agency Revenue Bonds, Series A, to reduce its total debt service payments over 26 years by \$2,326,692 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,451,082.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES - Continued

F) Advance Refunding - Continued

Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series B

In February 2015, the Authority issued \$108,845,000 in Local Agency Revenue Bonds Series 2015 with interest rates of 2.00% to 5.00%, which a portion of the proceeds was used to advance refund \$1,165,000 of the Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series B. The net proceeds of \$1,044,841 (after payment for reserves, underwriting fees and other issuance costs) plus an additional \$148,474 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 2011 Local Agency Revenue Bonds, Series B, are considered to be defeased and the liability of this bond has been removed from the long-term debt of the Authority.

The reacquisition price exceeded the net carrying amount of the old debt by \$69,910. This amount was not significant and was expensed in the current year. The advance refunded the Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series B, to reduce its total debt service payments over 12 years by \$249,680 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$200,591.

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, 2015</u>
Assessment District No. 93-1 Refunding Improvement Bonds, 2012 Series B	\$ 15,345,000	\$ 14,730,000
Total Assessment District Bonds		\$ 14,730,000

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, 2015

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, 2015</u>
Community Facilities District 90-2 Tuscany Hills Public Improvements 2002 Series	\$ 14,470,000	\$ 2,030,000
Community Facilities District 90-2 Tuscany Hills Public Improvement 2007 Series A	7,340,000	7,340,000
Community Facilities District 2005-5 Wasson Canyon 2012 Series A	3,450,000	3,325,000
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	3,510,000
Community Facilities District 98-1 Summerhill Public Improvements 2013 Series C	13,615,000	13,140,000
Community Facilities District 2003-2 Canyon Hills Improvement Area D 2014 Series A	7,505,000	7,505,000
Community Facilities District 2003-2 IA-A Canyon Hills (2014 Series)	10,895,000	10,895,000
Community Facilities District 2003-2 IA-C Canyon Hills (2014 Series)	7,315,000	7,315,000
Community Facilities District 95-1 Lake Elsinore City Center Public Improvements (2015 Series)	1,030,000	1,030,000
Community Facilities District 2003-2 Improvement Area B Canyon Hills (2015 Series)	25,795,000	25,795,000
Community Facilities District 2004-3-1 Improvement Area 1 Rosetta Canyon (2015 Series)	21,005,000	21,005,000
Community Facilities District 2004-3-1 Improvement Area 2 Rosetta Canyon (2015 Series)	23,115,000	23,115,000
Community Facilities District 2005-1 Serenity (2015 Series)	8,165,000	8,165,000
Community Facilities District 2005-2 Improvement Area A Alberhill Ranch (2015 Series)	21,095,000	21,095,000
Community Facilities District 2005-6 City Center Townhomes (2015 Series)	2,815,000	2,815,000
Community Facilities District 2006-2 Viscaya (2015 Series)	5,825,000	5,825,000
Community Facilities District 2006-1 Improvement Area B Summerly (2015 Series)	3,200,000	3,200,000
Community Facilities District 88-3 West Lake Elsinore (2015 Series)	7,590,000	7,590,000
Total Community Facilities District Bonds		\$ 183,660,000

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015</u>
Lakeside Village Project - Due January 1, 2031	\$ 5,000,000	\$ 3,687,977

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	\$ 740,969
	Total	<u>\$ 740,969</u>

The General Fund loaned Other Governmental Funds \$740,969 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	\$ 3,165,803
Recreation Authority Debt Service Fund	General Fund	1,728,049
Other Governmental Funds	General Fund	186,490
Other Governmental Funds	Other Governmental Funds	<u>5,867,604</u>
	Total	<u>\$ 10,947,946</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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. The transfers between Other Governmental Funds were made for capital related projects.

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, 2015

12) FUND BALANCE AND NET POSITION - Continued

The details of the fund balances as of June 30, 2015 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	\$ 16,468	\$	\$ 23,485	\$ 88,549
Notes Receivable	1,000,000			
Endowment Principal				
Restricted for:				
Debt Service			253,640,115	1,726,010
Low & Moderate Income Housing		42,425,432		
Transportation & Public Works				
Development				
Lighting & Landscape Maintenance				
Public Facilities & Improvements				
Other Purposes				
Assigned:				
Construction				
Scholarships				
Unassigned	<u>10,954,475</u>			
Total Fund Balance	<u>\$ 11,970,943</u>	<u>\$ 42,425,432</u>	<u>\$ 253,663,600</u>	<u>\$ 1,814,559</u>

	Assessment Districts Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances			
Nonspendable:			
Prepaid Items	\$	\$	\$ 128,502
Notes Receivable			1,000,000
Endowment Principal		20,003	20,003
Restricted for:			
Debt Service			255,366,125
Low & Moderate Income Housing		2,377,328	44,802,760
Transportation & Public Works		17,940,086	17,940,086
Development		1,176,313	1,176,313
Lighting & Landscape Maintenance		359,698	359,698
Public Facilities & Improvements	12,234,421	3,503,563	15,737,984
Other Purposes		32,156	32,156
Assigned:			
Construction		1,918,492	1,918,492
Scholarships		11,005	11,005
Unassigned		<u>(1,316,398)</u>	<u>9,638,077</u>
Total Fund Balance	<u>\$ 12,234,421</u>	<u>\$ 26,022,246</u>	<u>\$ 348,131,201</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

12) FUND BALANCE AND NET POSITION - Continued

The details of other restricted purposes in the Statement of Net Position as of June 30, 2015 are presented below:

Development	\$	1,176,313
Lighting and Landscape Maintenance		403,832
Community Development		
Nonexpendable		20,003
Fire Protection		8,507
Geothermal		19,889
Education		<u>3,760</u>
Total Net Position - Other Restricted Purposes	\$	<u>1,632,304</u>

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	\$ 337,776	\$ 0	\$ (337,776)
Assessment District - Capital Project Fund	7,913,788	0	(7,913,788)
Other Governmental Funds:			
Gas Tax - Special Revenue Fund	299,620	291,438	(8,182)
SB1186 CAS Education - Special Revenue Fund	724	0	(724)
City Hall/Public Works - Special Revenue Fund	78,132	68,565	(9,567)
Lake Side Facilities - Special Revenue Fund	34,430	0	(34,430)
PEG Grant - Special Revenue Fund	56,679	0	(56,679)
Miscellaneous General Projects - Capital Project Fund	24,804	0	(24,804)
Library Capital Improvement - Capital Project Fund	20,000	0	(20,000)
Signalization Improvement - Capital Project Fund	35,111	0	(35,111)
Traffic Impact - Capital Project Fund	25,883	0	(25,883)
Road Improvement Program - Capital Project Fund	824,647	0	(824,647)
Boat Launch Construction - Capital Project Fund	6,292	0	(6,292)

The following funds had a deficit fund balance at June 30, 2015. These deficits are expected to be eliminated through future revenues and transfers.

	<u>Amount</u>
Other Governmental Funds:	
City-wide Lighting and Landscaping - Special Revenue Fund	\$ (39,256)
C.D.B.G. - Special Revenue Fund	(150,255)
Animal Shelter - Special Revenue Fund	(87,195)
PEG - Special Revenue Fund	(17,088)
TUMF - Capital Projects Fund	(83,058)
Capital Improvement Plan - Capital Projects Fund	(949,474)

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

14) PENSION PLAN

A) General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas	2.0% at 55	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-55+	52-67+
Monthly Benefits, as a % of Eligible Compensation	1.46% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	8%	6.25%
Required Employer Contribution Rates	24.34%	6.237%

	Miscellaneous 2nd Tier	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas	2.0% at 60	2% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55 - 60	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.092% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	1.5%	6.25%
Required Employer Contribution Rates	8.005%	6.237%

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

14) PENSION PLAN - Continued

A. General Information about the Pension Plans - Continued

	Safety⁽²⁾	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas	0.5% at 55	N/A
Benefit Vesting Schedule	5 Years Service	N/A
Benefit Payments	Monthly for Life	N/A
Retirement Age	50	N/A
Monthly Benefits, as a % of Eligible Compensation	0.5%	N/A
Required Employee Contribution Rates	N/A	N/A
Required Employer Contribution Rates	N/A	N/A

⁽¹⁾ For employees hired on or after January 1, 2013, they are included in their respective PEPRAs (California Public Employees' Pension Reform Act) Plans with the above provisions and benefits.

⁽²⁾ Note, the City currently does not have any safety employees. The Safety Plan represents former safety employees.

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Employer Contributions	Employee Contributions (Paid by Employer)
Miscellaneous	\$ 734,838	\$ 62,686
Miscellaneous 2 nd Tier	123,737	
PEPRA Miscellaneous	32,424	

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 7,259,912
Miscellaneous 2 nd Tier	10,337
PEPRA Miscellaneous	441
Safety	21,952
Total Net Pension Liability	\$ 7,292,642

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

14) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The City net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan measured as of June 30, 2013 and 2014 was as follows:

	Proportion		Change Increase (Decrease)
	June 30, 2014	June 30, 2013	
Miscellaneous	0.11667%	0.11247%	0.00420%
Miscellaneous 2 nd Tier	0.00017%	0.00018%	(0.00001)%
PEPRA Miscellaneous	0.00001%	0.00001%	0.00000%
Safety	0.00035%	0.00035%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense of \$686,246. At June 30, 2015, City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 953,686	\$
Differences between actual and expected experience		
Changes in assumptions		
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	197,470	(41,256)
Net differences between projected and actual earnings on plan investments		(1,770,826)
Total	\$ 1,151,156	\$ (1,812,082)

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

14) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

\$953,686 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ (386,915)
2017	(386,915)
2018	(398,074)
2019	(442,708)

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous ⁽¹⁾		Safety ⁽¹⁾
Valuation Date	June 30, 2013		June 30, 2013
Measurement Date	June 30, 2014		June 30, 2014
Actuarial Cost Method			
Actuarial Assumptions:			
Discount Rate	7.5%		7.5%
Inflation	2.75%		2.75%
Payroll Growth	3.0%		3.0%
Projected Salary Increase	3.3% - 14.2%	(2)	3.3% - 14.2%
Investment Rate of Return	7.5%	(3)	7.5%
Mortality	CalPERS Membership Data	(4)	CalPERS Membership Data

⁽¹⁾ Actuarial assumptions were the same for all Plans.

⁽²⁾ Depending on age, service and type of employment

⁽³⁾ Net of pension plan investment expenses, including inflation

⁽⁴⁾ The Mortality Rate Table was derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

14) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the rounded down to the nearest one quarter of one percent.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

14) PENSION PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

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

	Miscellaneous	Miscellaneous 2 nd Tier	PEPRA Miscellaneous	Safety
1% Decrease	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 11,624,107	\$ 18,417	\$ 785	\$ 37,010
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 7,259,912	\$ 10,337	\$ 441	\$ 21,952
1% Increase	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 3,638,045	\$ 3,631	\$ 155	\$ 9,546

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

C. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$47,940, which is included in accounts payable and accrued liabilities, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, the City elected to fund \$555,602 towards the unfunded accrued liability related to this benefit.

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 2014-15 was \$1,502,498.

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)		\$	1,502,498
Interest on Net OPEB Obligation			<u>316,371</u>
Annual OPEB Cost			1,818,869
Contributions Made			<u>(555,602)</u>
Increase (Decrease) in Net OPEB Obligation			1,263,267
Net OPEB Obligation - Beginning of Year			<u>7,444,027</u>
Net OPEB Obligation - End of Year		\$	<u><u>8,707,294</u></u>

Three-Year Trend Information

For fiscal year 2015, the City's annual OPEB cost (expense) of \$1,818,869 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:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions (Net of Adjustments)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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
6/30/15	\$ 1,818,869	\$ 555,602	30.55%	\$ 8,707,294

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

15) OTHER POST-EMPLOYMENT BENEFITS - Continued

Annual OPEB Cost and Net OPEB Obligation

Funded Status and Funding Progress

As of July 1, 2014, the second actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$12,711,047 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,711,047. The covered payroll (annual payroll of active employees covered by the plan) was \$4,597,240 and the ratio of the UAAL to the covered payroll was 276.49%.

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.

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, 2014 actuarial valuation, the frozen entry age method (closed period) was used. The actuarial assumptions includes an inflation rate of 4.25% per annum and medical cost trend rates ranging from 4.7% to 9.0% 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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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 118 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. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

17) LIABILITY, PROPERTY AND PROTECTION - Continued

Self-insurance Programs of the Insurance Authority - Continued

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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's liability losses from \$5 million to \$10 million are pooled among members.

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 2014-15.

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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

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.

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	14,899,517	400,240		15,299,757
Improvements Other Than Buildings	571,037			571,037
Machinery and Equipment	1,152,209			1,152,209
Furniture and Fixtures	<u>996</u>			<u>996</u>
Total Capital Assets, Depreciated	<u>16,623,759</u>	<u>400,240</u>	<u>0</u>	<u>17,023,999</u>
Less Accumulated Depreciation:				
Building and Structures	(6,297,809)	(445,035)		(6,742,844)
Improvements Other Than Buildings	(239,732)	(36,317)		(276,049)
Machinery and Equipment	(992,981)	(22,104)		(1,015,085)
Furniture and Fixtures	<u>(996)</u>			<u>(996)</u>
Total Accumulated Depreciation	<u>(7,531,518)</u>	<u>(503,456)</u>	<u>0</u>	<u>(8,034,974)</u>
Total Capital Assets, Depreciated, Net	<u>9,092,241</u>	<u>(103,216)</u>		<u>8,989,025</u>
Capital Assets, Net	<u>\$ 11,518,633</u>	<u>\$ (103,216)</u>	<u>\$ 0</u>	<u>\$ 11,415,417</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

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
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

Long-term liability activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Loans Payable:				
City of Lake Elsinore (see Note 3)	\$ 30,392,210	\$ 527,338 ⁽¹⁾	\$ (1,221,500)	\$ 29,698,048
Lake Elsinore Public Financing Authority	53,605,000		(2,590,000)	51,015,000
Discounts	<u>(612,273)</u>		<u>47,402</u>	<u>(564,871)</u>
Subtotal	<u>83,384,937</u>	<u>527,338</u>	<u>(3,764,098)</u>	<u>80,148,177</u>
Subordinate Tax Allocation Bonds:				
2011 Series Project Area II	3,115,000		(80,000)	3,035,000
2011 Series Project Area III	<u>1,310,000</u>		<u>(20,000)</u>	<u>1,290,000</u>
Subtotal	<u>4,425,000</u>	<u>0</u>	<u>(100,000)</u>	<u>4,325,000</u>
Developer Agreements:				
Oak Grove Equities	2,697,716	100,388		2,798,104
Outlet Center	1,832,741		(1,832,741)	0
McMillin Summerly, LLC	<u>663,481</u>	<u>313,109</u>	<u>(113,835)</u>	<u>862,755</u>
Subtotal	<u>5,193,938</u>	<u>413,497</u>	<u>(1,946,576)</u>	<u>3,660,859</u>
Total	<u>\$ 93,003,875</u>	<u>\$ 940,835</u>	<u>\$ (5,810,674)</u>	<u>\$ 88,134,036</u>

⁽¹⁾ Additions to loans payable to the City of Lake Elsinore reflect accrued interest on the loans during the fiscal year.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

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, 2015, outstanding principal under loan agreements between the Successor Agency and the Authority totaled \$51,015,000 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.

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, 2015 is \$13,500,000. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$1,494,024, 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, 2015 is \$8,070,000. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$939,593, which is sufficient to cover the Bond Indenture Reserve Requirement.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

A) Loans Payable - Continued

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, 2015 is \$25,290,000. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$2,221,625, 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 September 1, 2012 through September 1, 2021, bearing interest rate at 4.00% to 6.00%. The loan balance at June 30, 2015, is \$4,155,000. At June 30, 2015, the Authority has a cash reserve balance for debt service of \$555,033 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
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	3,040,000	1,785,683	4,825,683
2021-2025	14,945,000	6,947,565	21,892,565
2026-2030	12,855,000	3,824,529	16,679,529
2031-2034	<u>9,020,000</u>	<u>830,006</u>	<u>9,850,006</u>
Total	<u>\$ 51,015,000</u>	<u>\$ 21,596,929</u>	<u>\$ 72,611,929</u>

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

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.

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
2016	\$ 80,000	\$ 223,180	\$ 303,180
2017	85,000	218,598	303,598
2018	90,000	213,025	303,025
2019	95,000	206,550	301,550
2020	105,000	199,550	304,550
2021-2025	635,000	870,381	1,505,381
2026-2030	920,000	577,575	1,497,575
2031-2034	<u>1,025,000</u>	<u>163,901</u>	<u>1,188,901</u>
Total	<u>\$ 3,035,000</u>	<u>\$ 2,672,760</u>	<u>\$ 5,707,760</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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

B) Subordinate Tax Allocation Revenue Bonds - Continued

2011 Series Project Area III - Continued

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
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	30,000	90,263	120,263
2021-2025	170,000	417,023	587,023
2026-2030	245,000	339,191	584,191
2031-2035	350,000	226,122	576,122
2036-2039	<u>400,000</u>	<u>64,712</u>	<u>464,712</u>
Total	<u>\$ 1,290,000</u>	<u>\$ 1,515,739</u>	<u>\$ 2,805,739</u>

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, 2015, the outstanding balance is \$2,798,104 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.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

C) Developer Agreements - Continued

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, 2015, is \$862,755 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. 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 and maintenance fee to the Lake Elsinore Storm in the amount of \$620,337 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 was amended and expires on December 31, 2015.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

19) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued

D) Commitments and Contingencies

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 unfavorably to the City.

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, 2015, 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) PRIOR PERIOD ADJUSTMENTS

The Gas Tax Revenue Fund had a \$(168,777) prior period adjustment to reverse the prior year accrual of the July 2014 gas tax payment as recommended by the California State Controller's Office (SCO). The SCO reversed its recommendation in the 2015 fiscal year stating the July gas tax payments represent July gas tax revenues (not June) and therefore the July 2014 gas tax payment should be included in the 2015 fiscal year revenues.

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 2015

21) PRIOR PERIOD ADJUSTMENTS - Continued

The Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Position includes prior period adjustments of \$(168,777), see above, and \$(8,155,233). As part of the implementation of GASB Statement 68 and 71, the beginning net pension liability and pension contributions subsequent to the actuarial measurement data (deferred outflows of resources) from the prior year were adjusted as follows:

Description	Governmental Activities
Beginning Net Pension Liability	\$ (9,109,603)
2014 Pension Contributions Subsequent to the Actuarial Measurement Data (Deferred Outflows)	954,370
Total	\$ (8,155,233)

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Required
Supplementary
Information



City of Lake Elsinore, California
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Miscellaneous Pension Plan
Last Ten Years*
As of June 30, 2015

	2015
Proportion of the Net Pension Liability	0.11667%
Proportionate Share of the Net Pension Liability	\$ 7,259,912
Covered - Employee Payroll	\$ 3,626,945
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	200.17%
Plan's Fiduciary Net Position	\$ 25,637,006
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.93%

Notes to Schedule:

Benefit Changes. In 2015, there was no benefit terms modified.

Changes in Assumptions. In 2015, amounts reported as changes in assumptions results primarily from adjustments to expected retirement ages of general employees.

Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Miscellaneous Risk Pool.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Miscellaneous 2nd Tier Pension Plan
Last Ten Years*
As of June 30, 2015

		2015
Proportion of the Net Pension Liability		0.00017%
Proportionate Share of the Net Pension Liability	\$	10,337
Covered - Employee Payroll	\$	808,405
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll		1.28%
Plan's Fiduciary Net Position	\$	50,570
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.03%

Notes to Schedule:

Benefit Changes. In 2015, there was no benefit terms modified.

Changes in Assumptions. In 2015, amounts reported as changes in assumptions results primarily from adjustments to expected retirement ages of general employees.

Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Miscellaneous Risk Pool.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS PEPRM Miscellaneous Pension Plan
Last Ten Years*
As of June 30, 2015

		2015
Proportion of the Net Pension Liability		0.00001%
Proportionate Share of the Net Pension Liability	\$	441
Covered - Employee Payroll	\$	102,510
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll		0.43%
Plan's Fiduciary Net Position	\$	2,156
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.02%

Notes to Schedule:

Benefit Changes. In 2015, there was no benefit terms modified.

Changes in Assumptions. In 2015, amounts reported as changes in assumptions results primarily from adjustments to expected retirement ages of general employees.

Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Miscellaneous Risk Pool.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Safety Pension Plan
Last Ten Years*
As of June 30, 2015

		2015
Proportion of the Net Pension Liability		0.00035%
Proportionate Share of the Net Pension Liability	\$	21,952
Covered - Employee Payroll		N/A
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll		N/A
Plan's Fiduciary Net Position	\$	90,461
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		80.47%

Notes to Schedule:

Covered-employee Payroll. Currently, the City has no safety employees. The net pension liability reflects amounts from prior safety employees. Police and fire services have been provided by and paid to the County of Riverside for the last several years.

Benefit Changes. In 2015, there was no benefit terms modified.

Changes in Assumptions. In 2015, amounts reported as changes in assumptions results primarily from adjustments to expected retirement ages of general employees.

Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Miscellaneous Risk Pool.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of Contributions
CalPERS Miscellaneous Pension Plan
Last Ten Years*
As of June 30, 2015

	2015
Contractually Required Contribution (actuarially determined)	\$ 734,838
Contributions in Relation to the Actuarially determined contribution	(734,838)
Contribution Deficiency (excess)	\$ 0
Covered-employee Payroll	\$ 2,971,443
Contributions as a Percentage of Covered-employee Payroll	24.73%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of Contributions
CalPERS Miscellaneous 2nd Tier Pension Plan
Last Ten Years*
As of June 30, 2015

	2015
Contractually Required Contribution (actuarially determined)	\$ 123,737
Contributions in Relation to the Actuarially determined contribution	(123,737)
Contribution Deficiency (excess)	\$ 0
Covered-employee Payroll	\$ 1,379,458
Contributions as a Percentage of Covered-employee Payroll	8.97%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of Contributions
CalPERS PEPRAs Miscellaneous Pension Plan
Last Ten Years*
As of June 30, 2015

	2015
Contractually Required Contribution (actuarially determined)	\$ 32,424
Contributions in Relation to the Actuarially determined contribution	(32,424)
Contribution Deficiency (excess)	\$ 0
Covered-employee Payroll	\$ 400,298
Contributions as a Percentage of Covered-employee Payroll	8.10%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lake Elsinore, California
Schedule of Contributions
CalPERS Safety Pension Plan
Last Ten Years*
As of June 30, 2015

	2015
Contractually Required Contribution (actuarially determined)	\$ 0
Contributions in Relation to the Actuarially determined contribution	0
Contribution Deficiency (excess)	\$ 0
Covered-employee Payroll	N/A
Contributions as a Percentage of Covered-employee Payroll	N/A

Notes to Schedule:

Valuation Date 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown. Currently, the City has no safety employees. Police and fire services are provided by and paid to the County of Riverside.

**City of Lake Elsinore, California
Schedule of Funding Progress
Year Ended June 30, 2015**

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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%
07/01/14	\$ -	\$ 12,711,047	\$ 12,711,047	0%	\$ 4,597,240	276.49%

City of Lake Elsinore, California
Budgetary Comparison Schedule
Budget and Actual - General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 5,916,787	\$ 5,939,787	\$ 6,249,786	\$ 309,999
Other Taxes	11,065,389	11,145,389	11,705,293	559,904
Licenses, Permits and Fees	2,735,900	2,956,500	2,760,512	(195,988)
Intergovernmental Revenues	2,395,999	1,635,037	1,912,981	277,944
Charges for Services	4,098,975	3,132,875	3,189,138	56,263
Fines, Forfeitures and Penalties	479,800	586,300	683,574	97,274
Investment Earnings	105,000	105,000	143,058	38,058
Contributions from Property Owners	3,076,600	1,839,476	3,184,087	1,344,611
Miscellaneous	3,653,866	4,429,851	3,628,726	(801,125)
Total Revenues	<u>33,528,316</u>	<u>31,770,215</u>	<u>33,457,155</u>	<u>1,686,940</u>
EXPENDITURES				
Current:				
City Council	275,174	275,011	276,871	(1,860)
City Attorney	325,000	315,000	431,103	(116,103)
City Clerk	439,409	418,200	391,313	26,887
City Manager	466,059	465,109	461,453	3,656
Administrative Services	2,340,817	2,219,526	2,274,484	(54,958)
Public Safety	11,213,394	10,997,939	10,761,834	236,105
Fire Services	7,242,235	7,618,075	7,401,316	216,759
Animal Control	835,427	835,427	788,635	46,792
Community Development	3,093,837	2,804,400	2,513,082	291,318
Public Works	5,629,195	4,916,051	5,382,340	(466,289)
Lake Maintenance	1,458,000	1,470,878	1,267,837	203,041
Community Services	1,506,241	1,506,241	1,371,353	134,888
Non-Departmental	2,851,000	1,120,001	1,074,885	45,116
Capital Outlay		111,230	107,567	3,663
Total Expenditures	<u>37,675,788</u>	<u>35,073,088</u>	<u>34,504,073</u>	<u>569,015</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,147,472)</u>	<u>(3,302,873)</u>	<u>(1,046,918)</u>	<u>2,255,955</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,344,650	3,320,260	3,165,803	(154,457)
Transfers Out	(384,098)	(2,092,147)	(1,914,539)	177,608
Sale of Capital Assets			13,362	13,362
Total Other Financing Sources (Uses)	<u>1,960,552</u>	<u>1,228,113</u>	<u>1,264,626</u>	<u>36,513</u>

Continued

City of Lake Elsinore, California
Budgetary Comparison Schedule
Budget and Actual - General Fund - Continued
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Net Changes in Fund Balance	(2,186,920)	(2,074,760)	217,708	2,292,468
Fund Balance - Beginning of Year	11,753,235	11,753,235	11,753,235	0
Fund Balance - End of Year	<u>\$ 9,566,315</u>	<u>\$ 9,678,475</u>	<u>\$ 11,970,943</u>	<u>\$ 2,292,468</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, 2015

	<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	\$	\$	\$ 1,053,644	\$ 1,053,644
Total Revenues	0	0	1,053,644	1,053,644
EXPENDITURES				
Current:				
Community Development			337,776	337,776
Total Expenditures	0	0	337,776	(337,776)
Excess (Deficiency) of Revenues over Expenditures	0	0	715,868	715,868
Fund Balance - Beginning of Year	41,709,564	41,709,564	41,709,564	0
Fund Balance - End of Year	<u>\$ 41,709,564</u>	<u>\$ 41,709,564</u>	<u>\$ 42,425,432</u>	<u>\$ 715,868</u>

City of Lake Elsinore, California
Notes to Required Supplementary Information
June 30, 2015

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.

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Supplementary Schedules



City of Lake Elsinore, California
Other Governmental Funds
June 30, 2015

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, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Endowment Trust	Total Other Governmental Funds
ASSETS				
Cash and Investments	\$ 9,608,652	\$ 12,035,335	\$ 30,977	\$ 21,674,964
Cash and Investments with Fiscal Agent		7,167,594		7,167,594
Accounts Receivable	164,968	9,928		174,896
Accrued Interest Receivable	26,515	33,543	31	60,089
Due from Other Governments	1,037,923	1,585,466		2,623,389
Total Assets	<u>\$ 10,838,058</u>	<u>\$ 20,831,866</u>	<u>\$ 31,008</u>	<u>\$ 31,700,932</u>
LIABILITIES				
Accounts Payable	\$ 468,408	\$ 1,464,778	\$	\$ 1,933,186
Other Accrued Liabilities		81,349		81,349
Deposits and Other Liabilities	1,700			1,700
Due to Other Funds	657,911	83,058		740,969
Unearned Revenue - Other	1,311,539	1,536,959		2,848,498
Total Liabilities	2,439,558	3,166,144	0	5,605,702
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessments	44,134			44,134
Unavailable Revenue - Intergovernmental	28,850			28,850
Total Deferred Inflows of Resources	72,984	0	0	72,984
FUND BALANCES				
Nonspendable			20,003	20,003
Restricted	8,619,310	16,769,834		25,389,144
Assigned		1,918,492	11,005	1,929,497
Unassigned	(293,794)	(1,022,604)		(1,316,398)
Total Fund Balances	8,325,516	17,665,722	31,008	26,022,246
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,838,058</u>	<u>\$ 20,831,866</u>	<u>\$ 31,008</u>	<u>\$ 31,700,932</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, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Endowment Trust	Total Other Governmental Funds
REVENUES				
Licenses, Permits, Fees	\$ 1,231,452	\$ 663,361	\$	\$ 1,894,813
Intergovernmental Revenues	3,714,118	185,387		3,899,505
Fines, Forfeitures and Penalties	404,837			404,837
Investment Earnings	113,797	159,622	152	273,571
Special Assessments	1,671,595			1,671,595
Miscellaneous	1,087	383,284		384,371
Total Revenues	<u>7,136,886</u>	<u>1,391,654</u>	<u>152</u>	<u>8,528,692</u>
EXPENDITURES				
Current:				
General Government		24,770		24,770
Community Development	7,500	6,292		13,792
Public Services	1,428,086	52,637		1,480,723
Community Services	720,728	20,000		740,728
Capital Outlay	126,734	5,432,274		5,559,008
Debt Service:				
Bond Issuance Costs		305,307		305,307
Principal Retirement		330,000		330,000
Interest and Fiscal Charges		165,986		165,986
Total Expenditures	<u>2,283,048</u>	<u>6,337,266</u>	<u>0</u>	<u>8,620,314</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,853,838</u>	<u>(4,945,612)</u>	<u>152</u>	<u>(91,622)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	186,488	5,867,606		6,054,094
Transfers Out	(4,540,597)	(4,492,810)		(9,033,407)
Certificates of Participation Issued		7,965,000		7,965,000
Premiums on Certificates of Participation		224,283		224,283
Total Other Financing Sources (Uses)	<u>(4,354,109)</u>	<u>9,564,079</u>	<u>0</u>	<u>5,209,970</u>
Net Change in Fund Balances	<u>499,729</u>	<u>4,618,467</u>	<u>152</u>	<u>5,118,348</u>
Fund Balances - Beginning, As Previously Reported	7,994,564	13,047,255	30,856	21,072,675
Prior Period Adjustments	(168,777)			(168,777)
Fund Balances - Beginning, As Restated	<u>7,825,787</u>	<u>13,047,255</u>	<u>30,856</u>	<u>20,903,898</u>
Fund Balances - End of Year	<u>\$ 8,325,516</u>	<u>\$ 17,665,722</u>	<u>\$ 31,008</u>	<u>\$ 26,022,246</u>

City of Lake Elsinore, California
Other Special Revenue Funds
June 30, 2015

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

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.

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.

City of Lake Elsinore, California
Other Special Revenue Funds
June 30, 2015

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, 2015

	<u>Supplemental Law Enforcement Service</u>	<u>Traffic Offender</u>	<u>Gas Tax</u>	<u>Transportation Measure A</u>
ASSETS				
Cash and Investments	\$	\$ 87	\$ 1,326,507	\$ 643,831
Accounts Receivable				
Accrued Interest Receivable		57	4,529	2,840
Due from Other Governments			153,283	312,479
Total Assets	\$ 0	\$ 144	\$ 1,484,319	\$ 959,150
LIABILITIES				
Accounts Payable	\$	\$ 125	\$ 40,847	\$
Deposits and Other Liabilities				
Due to Other Funds				
Unearned Revenue - Other				
Total Liabilities	0	125	40,847	0
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessments				
Unavailable Revenue - Intergovernmental				28,850
Total Deferred Inflows of Resources	0	0	0	28,850
FUND BALANCES				
Restricted		19	1,443,472	930,300
Unassigned				
Total Fund Balances	0	19	1,443,472	930,300
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 0	\$ 144	\$ 1,484,319	\$ 959,150

TDA Article 3 SB821 Pedestrian Sidewalk	SB1186 CAS Education	Traffic Safety	City-wide Lighting and Landscaping	L.L.M.D. No. 1	Geothermal
\$	\$ 3,932	\$	\$ 197,209	\$ 370,370	\$ 21,533
	12	154		997	56
		34,618	40,738	3,396	
<u>\$ 0</u>	<u>\$ 3,944</u>	<u>\$ 34,772</u>	<u>\$ 237,947</u>	<u>\$ 374,763</u>	<u>\$ 21,589</u>
\$	\$ 184	\$	\$ 236,465	\$ 11,669	\$
		34,722			1,700
<u>0</u>	<u>184</u>	<u>34,722</u>	<u>236,465</u>	<u>11,669</u>	<u>1,700</u>
			40,738	3,396	
<u>0</u>	<u>0</u>	<u>0</u>	<u>40,738</u>	<u>3,396</u>	<u>0</u>
	3,760	50		359,698	19,889
			(39,256)		
<u>0</u>	<u>3,760</u>	<u>50</u>	<u>(39,256)</u>	<u>359,698</u>	<u>19,889</u>
<u>\$ 0</u>	<u>\$ 3,944</u>	<u>\$ 34,772</u>	<u>\$ 237,947</u>	<u>\$ 374,763</u>	<u>\$ 21,589</u>

Continued

City of Lake Elsinore, California
Combining Balance Sheet
Other Special Revenue Funds - Continued
June 30, 2015

	<u>AB2766</u>		<u>Cost Recovery</u>	<u>Developer</u>
	Air	C.D.B.G.	System	Agreement
	Pollution			Revenue/Trust
ASSETS				
Cash and Investments	\$ 152,757	\$	\$ 1,215,052	\$ 1,136,100
Accounts Receivable			147,313	
Accrued Interest Receivable	482			3,694
Due from Other Governments	18,465	103,637		
	<u>18,465</u>	<u>103,637</u>		
Total Assets	<u>\$ 171,704</u>	<u>\$ 103,637</u>	<u>\$ 1,362,365</u>	<u>\$ 1,139,794</u>
LIABILITIES				
Accounts Payable	\$	\$	\$ 154,463	\$
Deposits and Other Liabilities				
Due to Other Funds		150,255		
Unearned Revenue - Other		103,637	1,207,902	
		<u>103,637</u>	<u>1,207,902</u>	
Total Liabilities	<u>0</u>	<u>253,892</u>	<u>1,362,365</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessments				
Unavailable Revenue - Intergovernmental				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES				
Restricted	171,704			1,139,794
Unassigned		(150,255)		
		<u>(150,255)</u>		
Total Fund Balances	<u>171,704</u>	<u>(150,255)</u>	<u>0</u>	<u>1,139,794</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 171,704</u>	<u>\$ 103,637</u>	<u>\$ 1,362,365</u>	<u>\$ 1,139,794</u>

<u>Affordable Housing In-Lieu</u>	<u>City Hall / Public Works</u>	<u>Community Center</u>	<u>Lake Side Facilities</u>	<u>Animal Shelter</u>	<u>Camino del Norte</u>
\$ 2,365,713 4,342 7,273	\$ 947,444 2,818	\$ 390,276 1,193	\$ 699,496 2,036	\$	\$ 36,415 104
<u>\$ 2,377,328</u>	<u>\$ 950,262</u>	<u>\$ 391,469</u>	<u>\$ 701,532</u>	<u>\$ 0</u>	<u>\$ 36,519</u>
\$	\$	\$	\$ 18,430	\$	\$
				87,195	
<u>0</u>	<u>0</u>	<u>0</u>	<u>18,430</u>	<u>87,195</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,377,328	950,262	391,469	683,102	(87,195)	36,519
<u>2,377,328</u>	<u>950,262</u>	<u>391,469</u>	<u>683,102</u>	<u>(87,195)</u>	<u>36,519</u>
<u>\$ 2,377,328</u>	<u>\$ 950,262</u>	<u>\$ 391,469</u>	<u>\$ 701,532</u>	<u>\$ 0</u>	<u>\$ 36,519</u>

Continued

City of Lake Elsinore, California
Combining Balance Sheet
Other Special Revenue Funds - Continued
June 30, 2015

	Miscellaneous Grants	N.P.D.E.S.	PEG Grant	Total Other Special Revenue Funds
ASSETS				
Cash and Investments	\$	\$ 101,930	\$	\$ 9,608,652
Accounts Receivable			13,313	164,968
Accrued Interest Receivable		270		26,515
Due from Other Governments	355,338	15,969		1,037,923
Total Assets	\$ 355,338	\$ 118,169	\$ 13,313	\$ 10,838,058
LIABILITIES				
Accounts Payable	\$	\$ 6,225	\$	\$ 468,408
Deposits and Other Liabilities				1,700
Due to Other Funds	355,338		30,401	657,911
Unearned Revenue - Other				1,311,539
Total Liabilities	355,338	6,225	30,401	2,439,558
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessments				44,134
Unavailable Revenue - Intergovernmental				28,850
Total Deferred Inflows of Resources	0	0	0	72,984
FUND BALANCES				
Restricted		111,944		8,619,310
Unassigned			(17,088)	(293,794)
Total Fund Balances	0	111,944	(17,088)	8,325,516
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 355,338	\$ 118,169	\$ 13,313	\$ 10,838,058

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City of Lake Elsinore, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year Ended June 30, 2015

	Supplemental Law Enforcement Service	Traffic Offender	Gas Tax	Transportation Measure A
REVENUES				
Licenses, Permits and Fees	\$	\$ 57,124	\$	\$
Intergovernmental Revenues	106,230		1,749,251	1,111,723
Fines, Forfeitures and Penalties				
Investment Earnings		543	19,665	14,835
Special Assessments				
Miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	106,230	57,667	1,768,916	1,126,558
EXPENDITURES				
Current:				
Community Development				
Public Services			299,620	
Community Services				
Capital Outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	0	0	299,620	0
Excess (Deficiency) of Revenues Over Expenditures	106,230	57,667	1,469,296	1,126,558
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out	(97,983)	(87,968)	(1,199,219)	(1,325,530)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(97,983)	(87,968)	(1,199,219)	(1,325,530)
Net Change in Fund Balances	8,247	(30,301)	270,077	(198,972)
Fund Balances - Beginning, As Previously Reported	(8,247)	30,320	1,342,172	1,129,272
Prior Period Adjustments			(168,777)	
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - Beginning, As Restated	(8,247)	30,320	1,173,395	1,129,272
Fund Balances - End of Year	<u>\$ 0</u>	<u>\$ 19</u>	<u>\$ 1,443,472</u>	<u>\$ 930,300</u>

TDA Article 3 SB821 Pedestrian Sidewalk	SB1186 CAS Education	Traffic Safety	City-wide Lighting and Landscaping	L.L.M.D. No. 1	Geothermal
\$	\$ 2,205	\$	\$ 5,525	\$	\$
	41	404,837 555	1,399,959 1,087	4,002 271,636	73
<u>0</u>	<u>2,246</u>	<u>405,392</u>	<u>1,406,571</u>	<u>275,638</u>	<u>73</u>
	724		904,777 510,492	80,820 145,714	
<u>0</u>	<u>724</u>	<u>0</u>	<u>1,415,269</u>	<u>226,534</u>	<u>0</u>
<u>0</u>	<u>1,522</u>	<u>405,392</u>	<u>(8,698)</u>	<u>49,104</u>	<u>73</u>
<u>(5,013)</u>		<u>(352,533)</u>	175,329		
<u>(5,013)</u>	<u>0</u>	<u>(352,533)</u>	175,329	<u>0</u>	<u>0</u>
<u>(5,013)</u>	<u>1,522</u>	<u>52,859</u>	<u>166,631</u>	<u>49,104</u>	<u>73</u>
5,013	2,238	(52,809)	(205,887)	310,594	19,816
<u>5,013</u>	<u>2,238</u>	<u>(52,809)</u>	<u>(205,887)</u>	<u>310,594</u>	<u>19,816</u>
<u>\$ 0</u>	<u>\$ 3,760</u>	<u>\$ 50</u>	<u>\$ (39,256)</u>	<u>\$ 359,698</u>	<u>\$ 19,889</u>

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, 2015

	AB2766 <u>Air Pollution</u>	C.D.B.G.	Cost Recovery System	Developer Agreement Revenue/Trust
REVENUES				
Licenses, Permits and Fees	\$	\$	\$	\$ 207,000
Intergovernmental Revenues	70,370	122,729		
Fines, Forfeitures and Penalties				
Investment Earnings	2,629			15,666
Special Assessments				
Miscellaneous				
	<u>72,999</u>	<u>122,729</u>	<u>0</u>	<u>222,666</u>
Total Revenues				
EXPENDITURES				
Current:				
Community Development		7,500		
Public Services	6,000			
Community Services				
Capital Outlay				
	<u>6,000</u>	<u>7,500</u>	<u>0</u>	<u>0</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>66,999</u>	<u>115,229</u>	<u>0</u>	<u>222,666</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		11,159		
Transfers Out	(117,442)	(268,831)		(830,669)
	<u>(117,442)</u>	<u>(257,672)</u>	<u>0</u>	<u>(830,669)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>(50,443)</u>	<u>(142,443)</u>	<u>0</u>	<u>(608,003)</u>
Fund Balances - Beginning, As Previously Reported	222,147	(7,812)	0	1,747,797
Prior Period Adjustments				
Fund Balances - Beginning, As Restated	<u>222,147</u>	<u>(7,812)</u>	<u>0</u>	<u>1,747,797</u>
Fund Balances - End of Year	<u>\$ 171,704</u>	<u>\$ (150,255)</u>	<u>\$ 0</u>	<u>\$ 1,139,794</u>

<u>Affordable Housing In-Lieu</u>	<u>City Hall/ Public Works</u>	<u>Community Center</u>	<u>Lake Side Facilities</u>	<u>Animal Shelter</u>	<u>Camino del Norte</u>
\$ 299,957	\$ 142,644	\$ 85,020	\$ 112,176	\$ 50,112	\$
28,535	11,908	4,776	9,146		467
<u>328,492</u>	<u>154,552</u>	<u>89,796</u>	<u>121,322</u>	<u>50,112</u>	<u>467</u>
32,306	4,084		34,430		
	<u>74,048</u>				
<u>32,306</u>	<u>78,132</u>	<u>0</u>	<u>34,430</u>	<u>0</u>	<u>0</u>
<u>296,186</u>	<u>76,420</u>	<u>89,796</u>	<u>86,892</u>	<u>50,112</u>	<u>467</u>
	<u>(22,768)</u>	<u>(36,007)</u>	<u>(113,616)</u>		
<u>0</u>	<u>(22,768)</u>	<u>(36,007)</u>	<u>(113,616)</u>	<u>0</u>	<u>0</u>
<u>296,186</u>	<u>53,652</u>	<u>53,789</u>	<u>(26,724)</u>	<u>50,112</u>	<u>467</u>
2,081,142	896,610	337,680	709,826	(137,307)	36,052
<u>2,081,142</u>	<u>896,610</u>	<u>337,680</u>	<u>709,826</u>	<u>(137,307)</u>	<u>36,052</u>
<u>\$ 2,377,328</u>	<u>\$ 950,262</u>	<u>\$ 391,469</u>	<u>\$ 683,102</u>	<u>\$ (87,195)</u>	<u>\$ 36,519</u>

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, 2015

	Miscellaneous Grants	N.P.D.E.S	PEG Grant	Total Other Special Revenue Funds
REVENUES				
Licenses, Permits and Fees	\$	\$ 214,807	\$ 54,882	\$ 1,231,452
Intergovernmental Revenues	553,815			3,714,118
Fines, Forfeitures and Penalties				404,837
Investment Earnings		368	588	113,797
Special Assessments				1,671,595
Miscellaneous				1,087
Total Revenues	<u>553,815</u>	<u>215,175</u>	<u>55,470</u>	<u>7,136,886</u>
EXPENDITURES				
Current:				
Community Development				7,500
Public Services		91,919	7,836	1,428,086
Community Services	30,092			720,728
Capital Outlay	3,843		48,843	126,734
Total Expenditures	<u>33,935</u>	<u>91,919</u>	<u>56,679</u>	<u>2,283,048</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>519,880</u>	<u>123,256</u>	<u>(1,209)</u>	<u>4,853,838</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				186,488
Transfers Out		(4,476)	(78,542)	(4,540,597)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(4,476)</u>	<u>(78,542)</u>	<u>(4,354,109)</u>
Net Change in Fund Balances	<u>519,880</u>	<u>118,780</u>	<u>(79,751)</u>	<u>499,729</u>
Fund Balances - Beginning, As Previously Reported	(519,880)	(6,836)	62,663	7,994,564
Prior Period Adjustments				(168,777)
Fund Balances - Beginning, As Restated	<u>(519,880)</u>	<u>(6,836)</u>	<u>62,663</u>	<u>7,825,787</u>
Fund Balances - End of Year	<u>\$ 0</u>	<u>\$ 111,944</u>	<u>\$ (17,088)</u>	<u>\$ 8,325,516</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, 2015

	<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	\$ 100,000	\$ 100,000	\$ 106,230	\$ 6,230
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>106,230</u>	<u>6,230</u>
EXPENDITURES				
Current:				
Public Safety				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>100,000</u>	<u>100,000</u>	<u>106,230</u>	<u>6,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(97,983)	(97,983)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(97,983)</u>	<u>(97,983)</u>
Net Change in Fund Balance	100,000	100,000	8,247	(91,753)
Fund Balance - Beginning of Year	<u>(8,247)</u>	<u>(8,247)</u>	<u>(8,247)</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 91,753</u>	<u>\$ 91,753</u>	<u>\$ 0</u>	<u>\$ (91,753)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$ 95,000	\$ 95,000	\$ 57,124	\$ (37,876)
Investment Earnings			543	543
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>57,667</u>	<u>(37,333)</u>
EXPENDITURES				
Current:				
Public Safety				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	95,000	95,000	57,667	(37,333)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(95,000)</u>	<u>(95,000)</u>	<u>(87,968)</u>	<u>7,032</u>
Total Other Financing Sources (Uses)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(87,968)</u>	<u>7,032</u>
Net Change in Fund Balance	0	0	(30,301)	(30,301)
Fund Balance - Beginning of Year	<u>30,320</u>	<u>30,320</u>	<u>30,320</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 30,320</u></u>	<u><u>\$ 30,320</u></u>	<u><u>\$ 19</u></u>	<u><u>\$ (30,301)</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, 2015

	<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	\$ 1,332,573	\$ 1,332,573	\$ 1,749,251	\$ 416,678
Investment Earnings			19,665	19,665
Total Revenues	<u>1,332,573</u>	<u>1,332,573</u>	<u>1,768,916</u>	<u>436,343</u>
EXPENDITURES				
Current:				
Public Services	<u>439,028</u>	<u>291,438</u>	<u>299,620</u>	<u>(8,182)</u>
Total Expenditures	<u>439,028</u>	<u>291,438</u>	<u>299,620</u>	<u>(8,182)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>893,545</u>	<u>1,041,135</u>	<u>1,469,296</u>	<u>428,161</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,243,802)</u>	<u>(1,243,802)</u>	<u>(1,199,219)</u>	<u>44,583</u>
Total Other Financing Sources (Uses)	<u>(1,243,802)</u>	<u>(1,243,802)</u>	<u>(1,199,219)</u>	<u>44,583</u>
Net Change in Fund Balance	<u>(350,257)</u>	<u>(202,667)</u>	<u>270,077</u>	<u>472,744</u>
Fund Balance - Beginning, As Previously Reported	1,342,172	1,342,172	1,342,172	0
Prior Period Adjustment			<u>(168,777)</u>	<u>(168,777)</u>
Fund Balance - Beginning, As Restated	<u>1,342,172</u>	<u>1,342,172</u>	<u>1,173,395</u>	<u>(168,777)</u>
Fund Balance - End of Year	<u>\$ 991,915</u>	<u>\$ 1,139,505</u>	<u>\$ 1,443,472</u>	<u>\$ 303,967</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 1,137,000	\$ 1,137,000	\$ 1,111,723	\$ (25,277)
Investment Earnings			14,835	14,835
Total Revenues	<u>1,137,000</u>	<u>1,137,000</u>	<u>1,126,558</u>	<u>(10,442)</u>
EXPENDITURES				
Current:				
Public Services				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,137,000</u>	<u>1,137,000</u>	<u>1,126,558</u>	<u>(10,442)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,272,090)</u>	<u>(1,272,090)</u>	<u>(1,325,530)</u>	<u>(53,440)</u>
Total Other Financing Sources (Uses)	<u>(1,272,090)</u>	<u>(1,272,090)</u>	<u>(1,325,530)</u>	<u>(53,440)</u>
Net Change in Fund Balance	(135,090)	(135,090)	(198,972)	(63,882)
Fund Balance - Beginning of Year	<u>1,129,272</u>	<u>1,129,272</u>	<u>1,129,272</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 994,182</u></u>	<u><u>\$ 994,182</u></u>	<u><u>\$ 930,300</u></u>	<u><u>\$ (63,882)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$	\$	\$	\$ 0
Total Revenues	0	0	0	0
EXPENDITURES				
Current:				
Public Services				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	0	0
OTHER FINANCING SOURCES (USES)				
Transfers Out			(5,013)	(5,013)
Total Other Financing Sources (Uses)	0	0	(5,013)	(5,013)
Net Change in Fund Balance	0	0	(5,013)	(5,013)
Fund Balance - Beginning of Year	5,013	5,013	5,013	0
Fund Balance - End of Year	<u>\$ 5,013</u>	<u>\$ 5,013</u>	<u>\$ 0</u>	<u>\$ (5,013)</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, 2015

	<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	\$	\$	\$ 2,205	\$ 2,205
Investment Earnings			41	41
Total Revenues	<u>0</u>	<u>0</u>	<u>2,246</u>	<u>2,246</u>
EXPENDITURES				
Current:				
Public Services			724	(724)
Total Expenditures	<u>0</u>	<u>0</u>	<u>724</u>	<u>(724)</u>
Excess (Deficiency) of Revenues over Expenditures	0	0	1,522	1,522
Fund Balance - Beginning of Year	<u>2,238</u>	<u>2,238</u>	<u>2,238</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 2,238</u>	<u>\$ 2,238</u>	<u>\$ 3,760</u>	<u>\$ 1,522</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines, Forfeitures and Penalties	\$ 458,033	\$ 451,150	\$ 404,837	\$ (46,313)
Investment Earnings			555	555
Total Revenues	<u>458,033</u>	<u>451,150</u>	<u>405,392</u>	<u>(45,758)</u>
EXPENDITURES				
Current:				
Public Safety	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>458,033</u>	<u>451,150</u>	<u>405,392</u>	<u>(45,758)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(451,050)</u>	<u>(451,150)</u>	<u>(352,533)</u>	<u>98,617</u>
Total Other Financing Sources (Uses)	<u>(451,050)</u>	<u>(451,150)</u>	<u>(352,533)</u>	<u>98,617</u>
Net Change in Fund Balance	6,983	0	52,859	52,859
Fund Balance - Beginning of Year	<u>(52,809)</u>	<u>(52,809)</u>	<u>(52,809)</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ (45,826)</u></u>	<u><u>\$ (52,809)</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 52,859</u></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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$	\$	\$ 5,525	\$ 5,525
Special Assessments	1,388,233	1,388,233	1,399,959	11,726
Miscellaneous			1,087	1,087
Total Revenues	<u>1,388,233</u>	<u>1,388,233</u>	<u>1,406,571</u>	<u>18,338</u>
EXPENDITURES				
Current:				
Public Services	575,500	945,400	904,777	40,623
Community Services	842,100	692,200	510,492	181,708
Total Expenditures	<u>1,417,600</u>	<u>1,637,600</u>	<u>1,415,269</u>	<u>222,331</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(29,367)</u>	<u>(249,367)</u>	<u>(8,698)</u>	<u>240,669</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>249,637</u>	<u>249,637</u>	<u>175,329</u>	<u>(74,308)</u>
Total Other Financing Sources (Uses)	<u>249,637</u>	<u>249,637</u>	<u>175,329</u>	<u>(74,308)</u>
Net Change in Fund Balance	220,270	270	166,631	166,361
Fund Balance - Beginning of Year	<u>(205,887)</u>	<u>(205,887)</u>	<u>(205,887)</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 14,383</u>	<u>\$ (205,617)</u>	<u>\$ (39,256)</u>	<u>\$ 166,361</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, 2015

	<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	\$		\$ 4,002	\$ 4,002
Special Assessments		269,490	271,636	2,146
		<u>269,490</u>	<u>271,636</u>	<u>2,146</u>
Total Revenues		269,490	275,638	6,148
		<u>269,490</u>	<u>275,638</u>	<u>6,148</u>
EXPENDITURES				
Current:				
Public Services		177,000	80,820	117,180
Community Services		175,199	145,714	(102,914)
		<u>175,199</u>	<u>145,714</u>	<u>(102,914)</u>
Total Expenditures		352,199	226,534	14,266
		<u>352,199</u>	<u>226,534</u>	<u>14,266</u>
Excess (Deficiency) of Revenues over Expenditures		(82,709)	49,104	20,414
		<u>(82,709)</u>	<u>49,104</u>	<u>20,414</u>
Fund Balance - Beginning of Year		310,594	310,594	0
		<u>310,594</u>	<u>310,594</u>	<u>0</u>
Fund Balance - End of Year	\$	<u>227,885</u>	\$ <u>359,698</u>	\$ <u>20,414</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, 2015

	<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	\$	\$	\$ 73	\$ 73
Total Revenues	<u>0</u>	<u>0</u>	<u>73</u>	<u>73</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	0	0	73	73
Fund Balance - Beginning of Year	<u>19,816</u>	<u>19,816</u>	<u>19,816</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 19,816</u>	<u>\$ 19,816</u>	<u>\$ 19,889</u>	<u>\$ 73</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, 2015

	<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	\$ 125,700	\$ 125,700	\$ 70,370	\$ (55,330)
Investment Earnings			2,629	2,629
Total Revenues	<u>125,700</u>	<u>125,700</u>	<u>72,999</u>	<u>(52,701)</u>
EXPENDITURES				
Current:				
Public Services		6,000	6,000	0
Total Expenditures	<u>0</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>125,700</u>	<u>119,700</u>	<u>66,999</u>	<u>(52,701)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(229,400)</u>	<u>(223,400)</u>	<u>(117,442)</u>	<u>105,958</u>
Total Other Financing Sources (Uses)	<u>(229,400)</u>	<u>(223,400)</u>	<u>(117,442)</u>	<u>105,958</u>
Net Change In Fund Balances	(103,700)	(103,700)	(50,443)	53,257
Fund Balance - Beginning of Year	<u>222,147</u>	<u>222,147</u>	<u>222,147</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 118,447</u>	<u>\$ 118,447</u>	<u>\$ 171,704</u>	<u>\$ 53,257</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, 2015

	<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	\$ 312,817	\$ 300,125	\$ 122,729	\$ (177,396)
Total Revenues	<u>312,817</u>	<u>300,125</u>	<u>122,729</u>	<u>(177,396)</u>
EXPENDITURES				
Current:				
Community Development		17,750	7,500	10,250
Total Expenditures	<u>0</u>	<u>17,750</u>	<u>7,500</u>	<u>10,250</u>
Excess (Deficiency) of Revenues over Expenditures	<u>312,817</u>	<u>282,375</u>	<u>115,229</u>	<u>(167,146)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			11,159	11,159
Transfers Out	<u>(312,817)</u>	<u>(282,375)</u>	<u>(268,831)</u>	<u>13,544</u>
Total Other Financing Sources (Uses)	<u>(312,817)</u>	<u>(282,375)</u>	<u>(257,672)</u>	<u>24,703</u>
Net Change In Fund Balances	0	0	(142,443)	(142,443)
Fund Balance - Beginning of Year	<u>(7,812)</u>	<u>(7,812)</u>	<u>(7,812)</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ (320,629)</u>	<u>\$ (290,187)</u>	<u>\$ (150,255)</u>	<u>\$ (142,443)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$	\$	\$ 207,000	207,000
Investment Earnings			15,666	15,666
Total Revenues	<u>0</u>	<u>0</u>	<u>222,666</u>	<u>222,666</u>
EXPENDITURES				
Capital Outlay			<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>0</u>	<u>222,666</u>	<u>222,666</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(830,669)</u>	<u>(830,669)</u>	<u>(830,669)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(830,669)</u>	<u>(830,669)</u>	<u>(830,669)</u>	<u>0</u>
Net Change In Fund Balances	(830,669)	(830,669)	(608,003)	222,666
Fund Balance - Beginning of Year	<u>1,747,797</u>	<u>1,747,797</u>	<u>1,747,797</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 917,128</u>	<u>\$ 917,128</u>	<u>\$ 1,139,794</u>	<u>\$ 222,666</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, 2015

	<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	\$	\$	\$ 299,957	\$ 299,957
Investment Earnings			28,535	28,535
Total Revenues	<u>0</u>	<u>0</u>	<u>328,492</u>	<u>328,492</u>
EXPENDITURES				
Current:				
Public Services		50,000	32,306	17,694
Total Expenditures	<u>0</u>	<u>50,000</u>	<u>32,306</u>	<u>17,694</u>
Excess (Deficiency) of Revenues over Expenditures	0	(50,000)	296,186	346,186
Fund Balance - Beginning of Year	<u>2,081,142</u>	<u>2,081,142</u>	<u>2,081,142</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 2,081,142</u>	<u>\$ 2,031,142</u>	<u>\$ 2,377,328</u>	<u>\$ 346,186</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$	\$	\$ 142,644	\$ 142,644
Investment Earnings			11,908	11,908
Total Revenues	<u>0</u>	<u>0</u>	<u>154,552</u>	<u>154,552</u>
EXPENDITURES				
Current:				
Public Services		290	4,084	(3,794)
Capital Outlay		68,275	74,048	(5,773)
Total Expenditures	<u>0</u>	<u>68,565</u>	<u>78,132</u>	<u>(9,567)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>(68,565)</u>	<u>76,420</u>	<u>144,985</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(70,000)	(70,000)	(22,768)	47,232
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(22,768)</u>	<u>47,232</u>
Net Change in Fund Balance	(70,000)	(138,565)	53,652	192,217
Fund Balance - Beginning of Year	<u>896,610</u>	<u>896,610</u>	<u>896,610</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 826,610</u>	<u>\$ 758,045</u>	<u>\$ 950,262</u>	<u>\$ 192,217</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$	\$	\$ 85,020	\$ 85,020
Investment Earnings			4,776	4,776
Total Revenues	0	0	89,796	89,796
EXPENDITURES				
Current:				
Community Services				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	89,796	89,796
OTHER FINANCING SOURCES (USES)				
Transfers Out	(80,000)	(80,000)	(36,007)	43,993
Total Other Financing Sources (Uses)	(80,000)	(80,000)	(36,007)	43,993
Net Change in Fund Balance	(80,000)	(80,000)	53,789	133,789
Fund Balance - Beginning of Year	337,680	337,680	337,680	0
Fund Balance - End of Year	<u>\$ 257,680</u>	<u>\$ 257,680</u>	<u>\$ 391,469</u>	<u>\$ 133,789</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, 2015

	<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	\$ 350,000	\$ 350,000	\$ 112,176	\$ (237,824)
Investment Earnings			9,146	9,146
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>121,322</u>	<u>(228,678)</u>
EXPENDITURES				
Current:				
Community Services			34,430	(34,430)
Total Expenditures	<u>0</u>	<u>0</u>	<u>34,430</u>	<u>(34,430)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>350,000</u>	<u>350,000</u>	<u>86,892</u>	<u>(263,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(113,616)</u>	<u>286,384</u>
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(113,616)</u>	<u>286,384</u>
Net Change in Fund Balance	(50,000)	(50,000)	(26,724)	23,276
Fund Balance - Beginning of Year	<u>709,826</u>	<u>709,826</u>	<u>709,826</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 659,826</u></u>	<u><u>\$ 659,826</u></u>	<u><u>\$ 683,102</u></u>	<u><u>\$ 23,276</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, 2015

	<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	\$	\$	\$ 50,112	\$ 50,112
Total Revenues	<u>0</u>	<u>0</u>	<u>50,112</u>	<u>50,112</u>
EXPENDITURES				
Current:				
Community Services			<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	0	0	50,112	50,112
Fund Balance - Beginning of Year	<u>(137,307)</u>	<u>(137,307)</u>	<u>(137,307)</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ (137,307)</u></u>	<u><u>\$ (137,307)</u></u>	<u><u>\$ (87,195)</u></u>	<u><u>\$ 50,112</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, 2015

	<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	\$	\$	\$ 467	\$ 467
Total Revenues	0	0	467	467
EXPENDITURES				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	467	467
Fund Balance - Beginning of Year	36,052	36,052	36,052	0
Fund Balance - End of Year	<u>\$ 36,052</u>	<u>\$ 36,052</u>	<u>\$ 36,519</u>	<u>\$ 467</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$	\$ 57,261	\$ 553,815	\$ 496,554
Total Revenues	0	57,261	553,815	496,554
EXPENDITURES				
Current:				
Community Services		53,476	30,092	23,384
Capital Outlay		3,844	3,843	1
Total Expenditures	0	57,320	33,935	23,385
Excess (Deficiency) of Revenues over Expenditures	0	(59)	519,880	519,939
OTHER FINANCING SOURCES (USES)				
Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	(59)	519,880	519,939
Fund Balance - Beginning of Year	(519,880)	(519,880)	(519,880)	0
Fund Balance - End of Year	\$ (519,880)	\$ (519,939)	\$ 0	\$ 519,939

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$ 403,658	\$ 403,658	\$ 214,807	\$ (188,851)
Investment Earnings			368	368
Total Revenues	<u>403,658</u>	<u>403,658</u>	<u>215,175</u>	<u>(188,483)</u>
EXPENDITURES				
Current:				
Public Services	<u>208,158</u>	<u>511,292</u>	<u>91,919</u>	<u>419,373</u>
Total Expenditures	<u>208,158</u>	<u>511,292</u>	<u>91,919</u>	<u>419,373</u>
Excess (Deficiency) of Revenues over Expenditures	<u>195,500</u>	<u>(107,634)</u>	<u>123,256</u>	<u>230,890</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(195,500)</u>	<u>(195,500)</u>	<u>(4,476)</u>	<u>191,024</u>
Total Other Financing Sources (Uses)	<u>(195,500)</u>	<u>(195,500)</u>	<u>(4,476)</u>	<u>191,024</u>
Net Change in Fund Balance	0	(303,134)	118,780	421,914
Fund Balance - Beginning of Year	<u>(6,836)</u>	<u>(6,836)</u>	<u>(6,836)</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ (6,836)</u></u>	<u><u>\$ (309,970)</u></u>	<u><u>\$ 111,944</u></u>	<u><u>\$ 421,914</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$	\$	\$ 54,882	\$ 54,882
Investment Earnings			588	588
Total Revenues	<u>0</u>	<u>0</u>	<u>55,470</u>	<u>55,470</u>
EXPENDITURES				
Current:				
Public Services			7,836	(7,836)
Capital Outlay			48,843	(48,843)
Total Expenditures	<u>0</u>	<u>0</u>	<u>56,679</u>	<u>(56,679)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>0</u>	<u>(1,209)</u>	<u>(1,209)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(78,542)	(78,542)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(78,542)</u>	<u>(78,542)</u>
Net Change in Fund Balance	0	0	(79,751)	(79,751)
Fund Balance - Beginning of Year	<u>62,663</u>	<u>62,663</u>	<u>62,663</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 62,663</u>	<u>\$ 62,663</u>	<u>\$ (17,088)</u>	<u>\$ (79,751)</u>

City of Lake Elsinore, California
Other Capital Projects Funds
June 30, 2015

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.

Road Improvement Program - to account for projects related to road improvements, financed by debt proceeds.

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.

Capital Improvement Plan - to account for capital improvement plan projects, financed by grants, resources from other funds and miscellaneous revenues.

City of Lake Elsinore, California
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2015

	<u>Miscellaneous General Project</u>	<u>Park Improvement and Development</u>	<u>Street Capital Improvements</u>	<u>Storm Drains</u>
ASSETS				
Cash and Investments	\$ 1,913,056	\$ 21,993	\$ 97	\$ 3,424,723
Cash and Investments with Fiscal Agent				
Accounts Receivable				
Accrued Interest Receivable	5,436	63		9,728
Due from Other Governments				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 1,918,492</u></u>	<u><u>\$ 22,056</u></u>	<u><u>\$ 97</u></u>	<u><u>\$ 3,434,451</u></u>
LIABILITIES				
Accounts Payable	\$	\$	\$	\$
Accrued Liabilities				
Due to Other Funds				
Unearned Revenue - Other				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES				
Restricted		22,056	97	3,434,451
Assigned	1,918,492			
Unassigned				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,918,492</u>	<u>22,056</u>	<u>97</u>	<u>3,434,451</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,918,492</u></u>	<u><u>\$ 22,056</u></u>	<u><u>\$ 97</u></u>	<u><u>\$ 3,434,451</u></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>Road Improvement Program Fund</u>
\$ 1,616,850	\$ 800	\$ 3,160,360	\$ 8,366	\$ 783,198	\$ 558,634 7,167,594
4,664	2	9,199	141	2,224	1,948 70,023
<u>\$ 1,621,514</u>	<u>\$ 802</u>	<u>\$ 3,169,559</u>	<u>\$ 8,507</u>	<u>\$ 785,422</u>	<u>\$ 7,798,199</u>
\$	\$	\$	\$	\$	\$ 750
					70,023
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70,773</u>
1,621,514	802	3,169,559	8,507	785,422	7,727,426
<u>1,621,514</u>	<u>802</u>	<u>3,169,559</u>	<u>8,507</u>	<u>785,422</u>	<u>7,727,426</u>
<u>\$ 1,621,514</u>	<u>\$ 802</u>	<u>\$ 3,169,559</u>	<u>\$ 8,507</u>	<u>\$ 785,422</u>	<u>\$ 7,798,199</u>

Continued

City of Lake Elsinore, California
Combining Balance Sheet
Other Capital Projects Funds - Continued
June 30, 2015

	TUMF	Boat Launch Construction	Capital Improvement Plan	Total Other Capital Projects Funds
ASSETS				
Cash and Investments	\$	\$	\$ 547,258	\$ 12,035,335
Cash and Investments with Fiscal Agent				7,167,594
Accounts Receivable			9,928	9,928
Accrued Interest Receivable			138	33,543
Due from Other Governments	6,356		1,509,087	1,585,466
Total Assets	\$ 6,356	\$ 0	\$ 2,066,411	\$ 20,831,866
LIABILITIES				
Accounts Payable	\$	\$	\$ 1,464,028	\$ 1,464,778
Accrued Liabilities			81,349	81,349
Due to Other Funds	83,058			83,058
Unearned Revenue - Other	6,356		1,460,580	1,536,959
Total Liabilities	89,414	0	3,005,957	3,166,144
FUND BALANCES				
Restricted				16,769,834
Assigned				1,918,492
Unassigned	(83,058)		(939,546)	(1,022,604)
Total Fund Balances	(83,058)	0	(939,546)	17,665,722
Total Liabilities and Fund Balances	\$ 6,356	\$ 0	\$ 2,066,411	\$ 20,831,866

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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, 2015

	Miscellaneous General Project	Park Improvement and Development	Street Capital Improvements	Storm Drains
REVENUES				
Licenses, Permits and Fees	\$	\$ 4,230	\$	\$ 94,677
Intergovernmental Revenues				
Investment Earnings	27,027	3,550	41	50,884
Miscellaneous				
	<u>27,027</u>	<u>7,780</u>	<u>41</u>	<u>145,561</u>
Total Revenues	<u>27,027</u>	<u>7,780</u>	<u>41</u>	<u>145,561</u>
EXPENDITURES				
Current:				
General Government	24,770			
Public Services				
Community Development				
Community Services				
Debt Service:				
Issuance Costs				
Principal Retirement				
Interest and Fiscal Charges				
Capital Outlay	34			
	<u>24,804</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>24,804</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,223</u>	<u>7,780</u>	<u>41</u>	<u>145,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,435,000			
Transfers Out	(739,983)	(367,171)	(14,009)	(2,380,489)
Certificates of Participation Issued				
Premium on Certificates of Participation				
	<u>695,017</u>	<u>(367,171)</u>	<u>(14,009)</u>	<u>(2,380,489)</u>
Total Other Financing Sources (Uses)	<u>695,017</u>	<u>(367,171)</u>	<u>(14,009)</u>	<u>(2,380,489)</u>
Net Change in Fund Balances	697,240	(359,391)	(13,968)	(2,234,928)
Fund Balances - Beginning	<u>1,221,252</u>	<u>381,447</u>	<u>14,065</u>	<u>5,669,379</u>
Fund Balances - End of Year	<u>\$ 1,918,492</u>	<u>\$ 22,056</u>	<u>\$ 97</u>	<u>\$ 3,434,451</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>Road Improvement Program Fund</u>
\$ 52,650	\$	\$ 390,553	\$ 121,251	\$	\$
20,735	1,100	41,535 487	117	10,787	2,262
<u>73,385</u>	<u>1,100</u>	<u>432,575</u>	<u>121,368</u>	<u>10,787</u>	<u>2,262</u>
20,000	3,400	25,883			23,354
					305,307
					330,000
					165,986
	<u>31,711</u>				
<u>20,000</u>	<u>35,111</u>	<u>25,883</u>	<u>0</u>	<u>0</u>	<u>824,647</u>
<u>53,385</u>	<u>(34,011)</u>	<u>406,692</u>	<u>121,368</u>	<u>10,787</u>	<u>(822,385)</u>
(23,116)	14,009 (169,574)	(426,764)	(113,000)	3,252 (85,221)	495,986 (135,458)
					7,965,000
					224,283
<u>(23,116)</u>	<u>(155,565)</u>	<u>(426,764)</u>	<u>(113,000)</u>	<u>(81,969)</u>	<u>8,549,811</u>
30,269	(189,576)	(20,072)	8,368	(71,182)	7,727,426
<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>\$ 1,621,514</u>	<u>\$ 802</u>	<u>\$ 3,169,559</u>	<u>\$ 8,507</u>	<u>\$ 785,422</u>	<u>\$ 7,727,426</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, 2015

	<u>TUMF</u>	<u>Boat Launch Construction</u>	<u>Capital Improvement Plan</u>	<u>Total Other Capital Projects Funds</u>
REVENUES				
Licenses, Permits and Fees	\$	\$	\$	\$ 663,361
Intergovernmental Revenues	16,561		168,826	185,387
Investment Earnings			1,584	159,622
Miscellaneous			382,797	383,284
			<u>382,797</u>	<u>383,284</u>
Total Revenues	<u>16,561</u>	<u>0</u>	<u>553,207</u>	<u>1,391,654</u>
EXPENDITURES				
Current:				
General Government				24,770
Public Services				52,637
Community Development		6,292		6,292
Community Services				20,000
Debt Service:				
Bond Issuance Costs				305,307
Principal Retirement				330,000
Interest and Fiscal Charges				165,986
Capital Outlay			5,400,529	5,432,274
			<u>5,400,529</u>	<u>5,432,274</u>
Total Expenditures	<u>0</u>	<u>6,292</u>	<u>5,400,529</u>	<u>6,337,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,561</u>	<u>(6,292)</u>	<u>(4,847,322)</u>	<u>(4,945,612)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	11,583		3,907,776	5,867,606
Transfers Out	(35,754)	(2,271)		(4,492,810)
Certificates of Participation Issued				7,965,000
Local Agency Revenue Bonds Issued				224,283
			<u>3,907,776</u>	<u>224,283</u>
Total Other Financing Sources (Uses)	<u>(24,171)</u>	<u>(2,271)</u>	<u>3,907,776</u>	<u>9,564,079</u>
Net Change in Fund Balances	(7,610)	(8,563)	(939,546)	4,618,467
Fund Balances - Beginning	<u>(75,448)</u>	<u>8,563</u>	<u>0</u>	<u>13,047,255</u>
Fund Balances - End of Year	<u>\$ (83,058)</u>	<u>\$ 0</u>	<u>\$ (939,546)</u>	<u>\$ 17,665,722</u>

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
Miscellaneous General Projects
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Earnings	\$	\$	\$ 27,027	\$ 27,027
Total Revenues	0	0	27,027	27,027
EXPENDITURES				
Current:				
General Government			24,770	(24,770)
Capital Outlay			34	(34)
Total Expenditures	0	0	24,804	(24,804)
Excess (Deficiency) of Revenues over Expenditures	0	0	2,223	2,223
OTHER FINANCING SOURCES (USES)				
Transfers In			1,435,000	1,435,000
Transfers Out			(739,983)	(739,983)
Total Other Financing Sources (Uses)	0	0	695,017	695,017
Net Change in Fund Balance	0	0	697,240	697,240
Fund Balance - Beginning of Year	1,221,252	1,221,252	1,221,252	0
Fund Balance - End of Year	<u>\$ 1,221,252</u>	<u>\$ 1,221,252</u>	<u>\$ 1,918,492</u>	<u>\$ 697,240</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits, and Fees	\$	\$	\$ 4,230	\$ 4,230
Investment Earnings			3,550	3,550
Total Revenues	0	0	7,780	7,780
EXPENDITURES				
Current:				
Community Development				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	7,780	7,780
OTHER FINANCING SOURCES (USES)				
Transfers Out			(367,171)	(367,171)
Total Other Financing Sources (Uses)	0	0	(367,171)	(367,171)
Net Change in Fund Balance	0	0	(359,391)	(359,391)
Fund Balance - Beginning of Year	381,447	381,447	381,447	0
Fund Balance End of Year	<u>\$ 381,447</u>	<u>\$ 381,447</u>	<u>\$ 22,056</u>	<u>\$ (359,391)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Earnings	\$	\$	\$ 41	\$ 41
Total Revenues	0	0	41	41
EXPENDITURES				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	41	41
OTHER FINANCING SOURCES (USES)				
Transfers Out			(14,009)	(14,009)
Total Other Financing Sources (Uses)	0	0	(14,009)	(14,009)
Net Change in Fund Balance	0	0	(13,968)	(13,968)
Fund Balance - Beginning of Year	14,065	14,065	14,065	0
Fund Balance - End of Year	<u>\$ 14,065</u>	<u>\$ 14,065</u>	<u>\$ 97</u>	<u>\$ (13,968)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits, and Fees	\$	\$	\$ 94,677	\$ 94,677
Investment Earnings			50,884	50,884
Total Revenues	0	0	145,561	145,561
EXPENDITURES				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	145,561	145,561
OTHER FINANCING SOURCES (USES)				
Transfers Out			(2,380,489)	(2,380,489)
Total Other Financing Sources (Uses)	0	0	(2,380,489)	(2,380,489)
Net Change in Fund Balance	0	0	(2,234,928)	(2,234,928)
Fund Balance - Beginning of Year	5,669,379	5,669,379	5,669,379	0
Fund Balance End of Year	<u>\$ 5,669,379</u>	<u>\$ 5,669,379</u>	<u>\$ 3,434,451</u>	<u>\$ (2,234,928)</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, 2015

	<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	\$	\$	\$ 52,650	\$ 52,650
Investment Earnings			20,735	20,735
Total Revenues	<u>0</u>	<u>0</u>	<u>73,385</u>	<u>73,385</u>
EXPENDITURES				
Current:				
Community Services			20,000	(20,000)
Total Expenditures	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>(20,000)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>0</u>	<u>53,385</u>	<u>53,385</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(23,116)	(23,116)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(23,116)</u>	<u>(23,116)</u>
Net Change in Fund Balance	0	0	30,269	30,269
Fund Balance - Beginning of Year	<u>1,591,245</u>	<u>1,591,245</u>	<u>1,591,245</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1,591,245</u></u>	<u><u>\$ 1,591,245</u></u>	<u><u>\$ 1,621,514</u></u>	<u><u>\$ 30,269</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, 2015

	<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	\$	\$	\$ 1,100	\$ 1,100
Total Revenues	<u>0</u>	<u>0</u>	<u>1,100</u>	<u>1,100</u>
EXPENDITURES				
Current:				
Public Services			3,400	(3,400)
Capital Outlay			<u>31,711</u>	<u>(31,711)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>35,111</u>	<u>(35,111)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>0</u>	<u>(34,011)</u>	<u>(34,011)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			14,009	14,009
Transfers Out			<u>(169,574)</u>	<u>(169,574)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(155,565)</u>	<u>(155,565)</u>
Net Change in Fund Balance	0	0	(189,576)	(189,576)
Fund Balance - Beginning of Year	<u>190,378</u>	<u>190,378</u>	<u>190,378</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 190,378</u>	<u>\$ 190,378</u>	<u>\$ 802</u>	<u>\$ (189,576)</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, 2015

	<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	\$	\$	\$ 390,553	\$ 390,553
Investment Earnings			41,535	41,535
Miscellaneous			487	487
			<u>432,575</u>	<u>432,575</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>432,575</u>	<u>432,575</u>
EXPENDITURES				
Current:				
Public Services			25,883	(25,883)
			<u>25,883</u>	<u>(25,883)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>25,883</u>	<u>(25,883)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>0</u>	<u>406,692</u>	<u>406,692</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(426,764)	(426,764)
			<u>(426,764)</u>	<u>(426,764)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(426,764)</u>	<u>(426,764)</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>(20,072)</u>	<u>(20,072)</u>
Fund Balance - Beginning of Year	<u>3,189,631</u>	<u>3,189,631</u>	<u>3,189,631</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 3,189,631</u>	<u>\$ 3,189,631</u>	<u>\$ 3,169,559</u>	<u>\$ (20,072)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Permits and Fees	\$	\$	\$ 121,251	\$ 121,251
Investment Earnings			117	117
Total Revenues	<u>0</u>	<u>0</u>	<u>121,368</u>	<u>121,368</u>
EXPENDITURES				
Current:				
Public Services				<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>0</u>	<u>121,368</u>	<u>121,368</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			<u>(113,000)</u>	<u>(113,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(113,000)</u>	<u>(113,000)</u>
Net Change in Fund Balance	0	0	8,368	8,368
Fund Balance - Beginning of Year	<u>139</u>	<u>139</u>	<u>139</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 139</u>	<u>\$ 139</u>	<u>\$ 8,507</u>	<u>\$ 8,368</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Earnings	\$		\$ 10,787	\$ 10,787
Total Revenues	0	0	10,787	10,787
EXPENDITURES				
Current:				
Public Services				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	10,787	10,787
OTHER FINANCING SOURCES (USES)				
Transfers In			3,252	3,252
Transfers Out			(85,221)	(85,221)
Total Other Financing Sources (Uses)	0	0	(81,969)	(81,969)
Net Change in Fund Balance	0	0	(71,182)	(71,182)
Fund Balance - Beginning of Year	856,604	856,604	856,604	0
Fund Balance - End of Year	<u>\$ 856,604</u>	<u>\$ 856,604</u>	<u>\$ 785,422</u>	<u>\$ (71,182)</u>

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
Road Improvement Program Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Earnings	\$	\$	2,262	2,262
Total Revenues	0	0	2,262	2,262
EXPENDITURES				
Current:				
Public Services			23,354	(23,354)
Debt Service:				
Issuance Costs			305,307	(305,307)
Principal Retirement			330,000	(330,000)
Interest and Fiscal Charges			165,986	(165,986)
Total Expenditures	0	0	824,647	(824,647)
Excess (Deficiency) of Revenues over Expenditures	0	0	(822,385)	(822,385)
OTHER FINANCING SOURCES (USES)				
Transfers In			495,986	495,986
Transfers Out			(135,458)	(135,458)
Certificates of Participation Issued			7,965,000	7,965,000
Premium on Certificates of Participation			224,283	224,283
Total Other Financing Sources (Uses)	0	0	8,549,811	8,549,811
Net Change in Fund Balance	0	0	7,727,426	7,727,426
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$ 0	\$ 0	\$ 7,727,426	\$ 7,727,426

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 16,561	\$ 16,561
Total Revenues	0	0	16,561	16,561
EXPENDITURES				
Current:				
Public Services				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	16,561	16,561
OTHER FINANCING SOURCES (USES)				
Transfers In			11,583	11,583
Transfers Out			(35,754)	(35,754)
Total Other Financing Sources (Uses)	0	0	(24,171)	(24,171)
Net Change in Fund Balance	0	0	(7,610)	(7,610)
Fund Balance - Beginning of Year	(75,448)	(75,448)	(75,448)	0
Fund Balance - End of Year	<u>\$ (75,448)</u>	<u>\$ (75,448)</u>	<u>\$ (83,058)</u>	<u>\$ (7,610)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Earnings	\$	\$	\$	\$
Total Revenues	0	0	0	0
EXPENDITURES				
Current:				
Community Development			6,292	(6,292)
Total Expenditures	0	0	6,292	(6,292)
Excess (Deficiency) of Revenues over Expenditures	0	0	(6,292)	(6,292)
OTHER FINANCING SOURCES (USES)				
Transfers Out			(2,271)	(2,271)
Total Other Financing Sources (Uses)	0	0	(2,271)	(2,271)
Net Change in Fund Balance	0	0	(8,563)	(8,563)
Fund Balance - Beginning	8,563	8,563	8,563	0
Fund Balance - End of Year	<u>\$ 8,563</u>	<u>\$ 8,563</u>	<u>\$ 0</u>	<u>\$ (8,563)</u>

City of Lake Elsinore, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Project Fund
Capital Improvement Plan
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$	\$	\$ 168,826	\$ (168,826)
Investment Earnings			1,584	(1,584)
Miscellaneous			382,797	(382,797)
			<u>553,207</u>	<u>553,207</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>553,207</u>	<u>553,207</u>
EXPENDITURES				
Capital Outlay		39,886,737	5,400,529	34,486,208
			<u>5,400,529</u>	<u>34,486,208</u>
Total Expenditures	<u>0</u>	<u>39,886,737</u>	<u>5,400,529</u>	<u>34,486,208</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>(39,886,737)</u>	<u>(4,847,322)</u>	<u>35,039,415</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			3,907,776	3,907,776
			<u>3,907,776</u>	<u>3,907,776</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,907,776</u>	<u>3,907,776</u>
Net Change in Fund Balance	0	(39,886,737)	(939,546)	38,947,191
Fund Balance - Beginning	0	0	0	0
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ (39,886,737)</u>	<u>\$ (939,546)</u>	<u>\$ 38,947,191</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Earnings	\$	\$	\$ 463	\$ 463
Contributions from Property Owners			19,351,080	19,351,080
Total Revenues	0	0	19,351,543	19,351,543
EXPENDITURES				
Current:				
Community Development			2,457,107	(2,457,107)
Capital Outlay			5,456,681	(5,456,681)
Total Expenditures	0	0	7,913,788	(7,913,788)
Excess (Deficiency) of Revenues over Expenditures	0	0	11,437,755	11,437,755
OTHER FINANCING SOURCES (USES)				
Payment to Refunding Bond Escrow Agent			(49,447)	(49,447)
Total Other Financing Sources (Uses)	0	0	(49,447)	(49,447)
Net Change in Fund Balance	0	0	11,388,308	11,388,308
Fund Balance - Beginning of Year	846,113	846,113	846,113	0
Fund Balance - End of Year	<u>\$ 846,113</u>	<u>\$ 846,113</u>	<u>\$ 12,234,421</u>	<u>\$ 11,388,308</u>

City of Lake Elsinore, California
Permanent Fund
June 30, 2015

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, 2015

	<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	\$	\$	152	\$ 152
Total Revenues	0	0	152	152
EXPENDITURES				
Current:				
General Government				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	152	152
Fund Balance - Beginning of Year	30,856	30,856	30,856	0
Fund Balance - End of Year	<u>\$ 30,856</u>	<u>\$ 30,856</u>	<u>\$ 31,008</u>	<u>\$ 152</u>

City of Lake Elsinore, California
Agency Funds
June 30, 2015

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
June 30, 2015

	Developer Deposit Trust	Assessment Districts	Lake Maintenance	Destratification Equipment Replacement	Total Agency Funds
ASSETS					
Cash and Investments	\$ 1,407,674	\$ 3,572,178	\$	\$ 160,884	\$ 5,140,736
Cash and Investments with Fiscal Agent		15,561,508	459,427		16,020,935
Accrued Interest Receivable		8,722		500	9,222
Due from Other Governments				16,667	16,667
Deposits with Other Agencies		15,898,020			15,898,020
	<u>\$ 1,407,674</u>	<u>\$ 35,040,428</u>	<u>\$ 459,427</u>	<u>\$ 178,051</u>	<u>\$ 37,085,580</u>
Total Assets	<u>\$ 1,407,674</u>	<u>\$ 35,040,428</u>	<u>\$ 459,427</u>	<u>\$ 178,051</u>	<u>\$ 37,085,580</u>
LIABILITIES					
Accounts Payable	\$ 53,775	\$ 81,020	\$	\$	\$ 134,795
Deposits and Other Liabilities	1,353,899	123,931	459,427	178,051	2,115,308
Due to Bondholders		34,835,477			34,835,477
	<u>\$ 1,407,674</u>	<u>\$ 35,040,428</u>	<u>\$ 459,427</u>	<u>\$ 178,051</u>	<u>\$ 37,085,580</u>
Total Liabilities	<u>\$ 1,407,674</u>	<u>\$ 35,040,428</u>	<u>\$ 459,427</u>	<u>\$ 178,051</u>	<u>\$ 37,085,580</u>

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City of Lake Elsinore, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	Beginning Balance	Additions	Deletions	Ending Balance
DEVELOPER DEPOSIT TRUST				
ASSETS				
Cash and Investments	\$ 1,253,082	\$ 2,141,270	\$ 1,986,678	\$ 1,407,674
Total Assets	<u>\$ 1,253,082</u>	<u>\$ 2,141,270</u>	<u>\$ 1,986,678</u>	<u>\$ 1,407,674</u>
LIABILITIES				
Accounts Payable	\$ 3,000	\$ 486,710	\$ 435,935	\$ 53,775
Deposits and Other Liabilities	1,249,556	1,974,886	1,870,543	1,353,899
Due to Other Governments	526	353	879	0
Total Liabilities	<u>\$ 1,253,082</u>	<u>\$ 2,461,949</u>	<u>\$ 2,307,357</u>	<u>\$ 1,407,674</u>
ASSESSMENT DISTRICTS				
ASSETS				
Cash and Investments	\$ 2,515,586	\$ 30,981,959	\$ 29,925,367	\$ 3,572,178
Cash and Investments with Fiscal Agent	34,717,025	29,763,074	48,918,591	15,561,508
Accrued Interest Receivable	284	8,731	293	8,722
Due from Other Governments	722,504	60,424	782,928	0
Deposits with Other Agencies	6,325,232	16,036,851	6,464,063	15,898,020
Total Assets	<u>\$ 44,280,631</u>	<u>\$ 76,851,039</u>	<u>\$ 86,091,242</u>	<u>\$ 35,040,428</u>
LIABILITIES				
Accounts Payable	\$ 504,750	\$ 370,585	\$ 794,315	\$ 81,020
Deposits and Other Liabilities	124,409	861,908	862,386	123,931
Due to Other Governments	0	13,645,878	13,645,878	0
Due to Bondholders	43,651,472	92,153,616	100,969,611	34,835,477
Total Liabilities	<u>\$ 44,280,631</u>	<u>\$ 107,031,987</u>	<u>\$ 116,272,190</u>	<u>\$ 35,040,428</u>
LAKE MAINTENANCE				
ASSETS				
Cash and Investments with Fiscal Agent	\$ 571,054	\$ 891,827	\$ 1,003,454	\$ 459,427
Total Assets	<u>\$ 571,054</u>	<u>\$ 891,827</u>	<u>\$ 1,003,454</u>	<u>\$ 459,427</u>
LIABILITIES				
Deposits and Other Liabilities	\$ 571,054	\$ 1,400,153	\$ 1,511,780	\$ 459,427
Total Liabilities	<u>\$ 571,054</u>	<u>\$ 1,400,153</u>	<u>\$ 1,511,780</u>	<u>\$ 459,427</u>

City of Lake Elsinore, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2015

	Beginning Balance	Additions	Deletions	Ending Balance
DESTRATIFICATION EQUIPMENT				
ASSETS				
Cash and Investments	\$ 92,945	\$ 230,845	\$ 162,906	\$ 160,884
Accrued Interest Receivable	9	500	9	500
Due from Other Governments	33,333	16,667	33,333	16,667
	<u>126,287</u>	<u>248,012</u>	<u>196,248</u>	<u>178,051</u>
Total Assets	<u>\$ 126,287</u>	<u>\$ 248,012</u>	<u>\$ 196,248</u>	<u>\$ 178,051</u>
LIABILITIES				
Deposits and Other Liabilities	\$ 126,287	\$ 53,891	\$ 2,127	\$ 178,051
	<u>126,287</u>	<u>53,891</u>	<u>2,127</u>	<u>178,051</u>
Total Liabilities	<u>\$ 126,287</u>	<u>\$ 53,891</u>	<u>\$ 2,127</u>	<u>\$ 178,051</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Investments	\$ 3,861,613	\$ 33,354,074	\$ 32,074,951	\$ 5,140,736
Cash and Investments with Fiscal Agent	35,288,079	30,654,901	49,922,045	16,020,935
Accrued Interest Receivable	293	9,231	302	9,222
Due from Other Governments	755,837	77,091	816,261	16,667
Deposits with Other Agencies	6,325,232	16,036,851	6,464,063	15,898,020
	<u>46,231,054</u>	<u>80,132,148</u>	<u>89,277,622</u>	<u>37,085,580</u>
Total Assets	<u>\$ 46,231,054</u>	<u>\$ 80,132,148</u>	<u>\$ 89,277,622</u>	<u>\$ 37,085,580</u>
LIABILITIES				
Accounts Payable	\$ 507,750	\$ 857,295	\$ 1,230,250	\$ 134,795
Deposits and Other Liabilities	2,071,306	4,290,838	4,246,836	2,115,308
Due to Other Governments	526	13,646,231	13,646,757	0
Due to Bondholders	43,651,472	92,153,616	100,969,611	34,835,477
	<u>46,231,054</u>	<u>110,947,980</u>	<u>120,093,454</u>	<u>37,085,580</u>
Total Liabilities	<u>\$ 46,231,054</u>	<u>\$ 110,947,980</u>	<u>\$ 120,093,454</u>	<u>\$ 37,085,580</u>

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Statistical Section



City of Lake Elsinore, California
Statistical Section Contents
June 30, 2015

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.	165 - 174
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property tax.	175 - 182
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.	183 - 188
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.	189 - 190
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.	191 - 194

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

	Fiscal Year			
	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES				
Net Investment in				
Capital Assets	\$ 86,605,543	\$ 97,369,896	\$ 125,539,928	\$ 141,550,858
Restricted	135,197,478	173,307,658	151,937,522	122,099,858
Unrestricted	(93,977,441)	(92,504,071)	(96,240,481)	(96,792,528)
 Total Governmental Activities Net Position	 <u>\$ 127,825,580</u>	 <u>\$ 178,173,483</u>	 <u>\$ 181,236,969</u>	 <u>\$ 166,858,188</u>

Source: City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 142,968,348	\$ 141,427,875	\$ 134,976,102	\$ 147,176,443	\$ 131,965,428	\$ 137,914,627
110,984,917	134,777,767	141,619,986	75,129,411	74,462,124	90,537,124
<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>(12,503,489)</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>	<u>\$ 215,948,262</u>

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

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental Activities:				
General Government	\$ 12,700,900	\$ 10,414,729	\$ 8,195,897	\$ 10,562,122
Public Safety	8,369,753	11,686,158	14,293,269	13,139,389
Community Development	12,009,611	21,514,552	32,342,175	31,976,146
Public Services	8,739,770	9,867,133	10,861,673	14,123,738
Community Services	3,519,545	6,801,741	6,013,006	4,737,856
Interest on Long-term Debt	11,146,325	11,531,570	10,145,830	10,168,917
Total Governmental Activities Expenses	<u>56,485,904</u>	<u>71,815,883</u>	<u>81,851,850</u>	<u>84,708,168</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	12,199,668	9,204,517	6,885,167	4,828,438
Public Safety	44,919	-	-	-
Community Development	11,334,631	4,362,650	3,960,353	1,064,036
Public Services	73,260	-	-	-
Community Services	1,677,140	1,364,513	1,422,754	1,482,146
Operating Grants and Contributions	2,600,374	5,043,547	4,109,188	6,482,888
Capital Grants and Contributions	49,777,269	42,085,516	2,159,798	-
Total Governmental Activities Program Revenues	<u>77,707,261</u>	<u>62,060,743</u>	<u>18,537,260</u>	<u>13,857,508</u>
NET REVENUES (EXPENSES)				
Governmental Activities	<u>21,221,357</u>	<u>(9,755,140)</u>	<u>(63,314,590)</u>	<u>(70,850,660)</u>
Total Net Revenues (Expenses)	<u>\$ 21,221,357</u>	<u>\$ (9,755,140)</u>	<u>\$ (63,314,590)</u>	<u>\$ (70,850,660)</u>

Source: City Finance Department

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	10,252,727	\$ 11,079,707	\$ 11,944,507	\$ 8,833,983	\$ 7,836,775	\$ 8,617,841
	11,022,531	11,212,605	11,911,363	12,684,631	14,485,711	18,626,488
	15,847,532	16,060,065	4,989,313	10,242,652	9,079,863	7,391,688
	14,812,199	8,145,956	9,834,764	10,359,134	10,610,540	11,162,854
	4,295,719	4,704,242	7,010,026	4,416,500	4,819,153	4,652,536
	10,509,806	7,674,342	8,835,312	6,451,470	6,330,889	8,097,248
	<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>	<u>58,548,655</u>
	3,181,706	3,167,346	3,035,324	456,760	460,808	1,464,689
	-	-	-	700,069	1,067,440	1,427,632
	924,493	1,508,526	1,247,117	4,381,899	5,018,102	3,905,472
	-	-	-	1,117,800	1,574,245	2,329,172
	1,578,779	1,586,602	1,578,318	2,822,458	3,112,662	2,405,100
	4,561,669	3,292,972	3,306,452	12,172,208	20,954,573	20,141,320
	-	6,573,426	4,539,293	9,587,008	6,485,279	21,044,552
	<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>	<u>52,717,937</u>
	(56,493,867)	(42,748,045)	(40,818,781)	(21,750,168)	(14,489,822)	(5,830,718)
\$	<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>	<u>\$ (5,830,718)</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			
	2006	2007	2008	2009
GENERAL REVENUES				
Governmental Activities				
Taxes				
Property Taxes	\$ 23,190,099	\$ 26,685,369	\$ 33,307,785	\$ 31,590,868
Sales Taxes	6,367,466	7,836,334	8,148,355	6,414,419
Franchise Taxes	1,473,018	1,688,010	1,768,178	1,824,890
Other Taxes	1,093,484	1,020,788	770,024	751,794
Fines, Forfeitures and Penalties	481,065	599,894	918,619	937,506
Investment Earnings	11,217,026	17,220,975	14,271,312	9,334,141
Miscellaneous	4,852,432	5,839,608	7,193,803	5,768,257
Special Item				
Loss on CFD and AD Investments	-	-	-	-
Extraordinary Item				
Gain on Dissolution of Redevelopment Agency	-	-	-	-
Total General Revenues, Special and Extraordinary Items	<u>48,674,590</u>	<u>60,890,978</u>	<u>66,378,076</u>	<u>56,621,875</u>
CHANGES IN NET POSITION				
Governmental Activities	<u>69,895,947</u>	<u>51,135,838</u>	<u>3,063,486</u>	<u>(14,228,785)</u>
Total Changes in Net Position	<u>\$ 69,895,947</u>	<u>\$ 51,135,838</u>	<u>\$ 3,063,486</u>	<u>\$ (14,228,785)</u>

Source: City Finance Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 25,904,948	\$ 24,237,023	\$ 14,698,032	\$ 5,804,265	\$ 5,487,743	\$ 6,276,548
6,236,748	7,190,695	7,444,947	6,935,215	8,031,486	8,572,066
1,792,699	1,913,807	2,002,550	2,097,081	2,275,619	2,389,413
519,001	483,556	538,402	567,560	760,203	767,058
733,792	972,457	1,850,398	592,185	507,265	683,573
7,470,635	7,782,639	8,031,256	689,149	574,477	966,365
6,661,239	5,705,412	6,992,813	688,105	1,054,958	1,022,472
-	-	-	-	(9,880,891)	(4,502,385)
-	-	61,700,316	-	-	-
49,319,062	48,285,589	103,258,714	17,373,560	8,810,860	16,175,110
(7,174,805)	5,537,544	62,439,933	(4,376,008)	(5,678,962)	10,344,392
<u>\$ (7,174,805)</u>	<u>\$ 5,537,544</u>	<u>\$ 62,439,933</u>	<u>\$ (4,376,008)</u>	<u>\$ (5,678,962)</u>	<u>\$ 10,344,392</u>

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

	Fiscal Year			
	2006	2007	2008	2009
GENERAL FUND				
Reserved	\$ 8,796,782	\$ 9,936,859	\$ 9,476,355	\$ 8,580,684
Unreserved	15,829,308	10,496,356	9,285,492	8,762,248
Total General Fund	<u>\$ 24,626,090</u>	<u>\$ 20,433,215</u>	<u>\$ 18,761,847</u>	<u>\$ 17,342,932</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 185,264,579	\$ 215,008,475	\$ 188,270,868	\$ 163,768,859
Unreserved, Reported In				
Special Revenue Funds	6,382,838	7,921,415	10,731,428	5,241,416
Debt Service Funds	(11,915,554)	(10,006,673)	(5,375,005)	(3,841,954)
Capital Projects Funds	9,141,046	13,041,510	8,824,274	2,966,273
Total All Other Governmental Funds	<u>\$ 188,872,909</u>	<u>\$ 225,964,727</u>	<u>\$ 202,451,565</u>	<u>\$ 168,134,594</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						
2010	2011	2012	2013	2014	2015	
\$ 8,589,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,327,596	-	-	-	-	-	-
<u>\$ 14,917,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 161,473,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,999,090	-	-	-	-	-	-
(28,305,645)	-	-	-	-	-	-
5,497,137	-	-	-	-	-	-
<u>\$ 145,664,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 4,027,179	\$ 2,505,503	\$ 1,821,906	\$ 1,264,392	\$ 1,016,468	
-	10,788,602	11,826,885	12,017,317	10,488,843	10,954,475	
<u>\$ -</u>	<u>\$ 14,815,781.00</u>	<u>\$ 14,332,388.00</u>	<u>\$ 13,839,223</u>	<u>\$ 11,753,235</u>	<u>\$ 11,970,943</u>	
\$ -	\$ 84,348,929	\$ 76,688,811	\$ 20,003	\$ 20,003	\$ 132,037	
-	105,281,543	79,292,713	202,134,812	199,162,404	335,415,122	
-	11,255,852	12,548,403	1,034,681	1,232,105	1,929,497	
-	(38,062,318)	(987,601)	(905,426)	(1,014,226)	(1,316,398)	
<u>\$ -</u>	<u>\$ 162,824,006</u>	<u>\$ 167,542,326</u>	<u>\$ 202,284,070</u>	<u>\$ 199,400,286</u>	<u>\$ 336,160,258</u>	

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

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Property Taxes	\$ 23,190,099	\$ 26,685,369	\$ 33,307,785	\$ 31,590,868
Other Taxes	9,265,130	10,503,108	10,741,363	9,071,246
Licenses, Permits and Fees	18,047,742	7,775,477	6,266,086	2,267,568
Intergovernmental Revenues	2,600,374	2,700,185	4,109,188	3,630,144
Charges for Services	5,712,480	5,791,690	4,579,433	3,548,413
Fines, Forfeitures and Penalties	481,065	599,894	918,619	937,506
Investment Earnings	11,290,353	17,268,845	14,237,891	9,445,099
Special Assessments	1,569,396	1,364,513	1,422,754	1,482,146
Contributions from Property Owners	49,777,269	42,085,516	2,159,798	-
Miscellaneous	4,852,433	5,839,608	7,193,803	5,768,257
Total Revenues	126,786,341	120,614,205	84,936,720	67,741,247
EXPENDITURES				
Current				
General Government	5,319,941	8,548,606	6,190,346	6,479,795
Public Safety	8,369,753	11,686,158	14,293,269	13,139,389
Community Development	5,853,938	3,481,278	4,549,297	4,662,003
Public Services	7,385,171	8,431,702	9,321,939	12,202,971
Community Services	2,823,109	6,063,747	5,221,331	3,750,267
Pass-through Payments	5,671,146	7,006,699	9,878,294	9,647,322
Set Aside Suspension	-	-	-	-
SERAF Payments	-	-	-	-
Capital Outlay	17,094,933	25,236,661	49,056,332	38,113,875
Debt Service				
Payment to Refunding Bond Escrow Agent	-	-	-	-
Bond Issuance Costs	-	-	1,213,789	-
Principal Retirement	4,023,167	4,979,674	3,872,984	5,469,538
Interest and Fiscal Charges	11,097,091	11,492,802	10,132,679	10,066,977
Total Expenditures	67,638,249	86,927,327	113,730,260	103,532,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,148,092	33,686,878	(28,793,540)	(35,790,890)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,823,891	7,089,415	6,412,891	4,386,162
Transfers Out	(1,823,891)	(7,089,415)	(6,412,891)	(4,386,162)
Debt Issuance	81,065	-	-	-
Loans Issued	-	-	-	-
Loan Payments	-	-	-	-
Premiums	-	-	274,026	-
Discounts	-	-	(3,117)	-
Refunding Bonds Issued	-	-	22,295,000	-
Certificates of Participation Issued	-	-	-	-
Tax Allocation Bonds Issued	-	-	-	-
Capital Debt Issued	-	-	3,265,000	-
Sale of Capital Assets	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	(22,221,899)	-
Total Other Financing Sources (Uses)	81,065	-	3,609,010	-
Net Change in Fund Balances before Special and Extraordinary Items	59,229,157	33,686,878	(25,184,530)	(35,790,890)
Extraordinary/Special Items	-	-	-	-
Net Change in Fund Balances	\$ 59,229,157	\$ 33,686,878	\$ (25,184,530)	\$ (35,790,890)
Debt Service as a Percentage of Noncapital Expenditures	29.9%	26.7%	23.5%	23.7%

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						
2010	2011	2012	2013	2014	2015	
\$ 25,429,344	\$ 24,443,046	\$ 14,738,584	\$ 5,844,498	\$ 5,495,091	\$ 6,249,786	
8,517,826	9,557,873	9,911,400	9,572,675	11,043,792	11,705,293	
2,587,918	3,291,938	2,908,091	4,999,154	5,936,900	4,655,325	
7,322,908	4,680,095	6,193,777	5,055,511	5,582,705	5,812,486	
1,594,774	1,383,934	1,374,351	1,746,713	2,409,558	3,189,138	
733,792	972,457	1,850,398	927,315	931,168	1,088,411	
7,928,611	7,147,497	7,180,018	12,122,739	10,315,842	7,972,858	
1,578,779	1,586,602	1,578,318	1,585,606	1,641,557	1,671,595	
-	5,352,614	1,221,184	8,079,739	5,985,053	22,535,167	
6,910,516	5,608,837	7,384,749	3,469,837	3,545,812	4,099,189	
<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>	<u>68,979,248</u>	
6,797,320	8,904,165	7,467,755	5,871,649	4,788,505	4,611,722	
11,022,531	11,212,605	11,911,364	12,339,592	14,093,095	18,163,150	
3,049,501	18,805,484	1,608,782	2,925,329	3,407,415	6,200,761	
12,901,064	6,221,286	7,800,095	6,772,010	7,107,120	6,551,578	
3,313,082	3,714,646	5,963,873	4,281,401	4,363,257	4,174,545	
7,782,513	7,655,170	3,542,473	-	-	-	
3,750,000	-	-	-	-	-	
6,976,853	1,436,411	-	-	-	-	
4,394,834	2,931,038	10,268,753	10,889,810	8,992,686	11,123,256	
1,987,745	1,832,080	-	-	-	-	
1,584,965	1,874,527	238,290	1,260,059	1,485,399	2,445,261	
6,037,770	6,928,822	6,091,578	5,725,000	18,385,000	7,165,000	
10,318,720	9,046,095	7,951,971	6,081,766	6,091,389	6,231,581	
<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>66,666,854</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>	<u>2,312,394</u>	
4,500,694	6,186,205	2,509,613	2,235,297	1,851,084	10,947,946	
(4,500,694)	(6,186,205)	(2,509,613)	(2,235,297)	(1,851,084)	(10,947,946)	
-	-	-	-	-	-	
26,290,000	47,780,000	-	-	-	-	
(23,235,000)	(27,495,000)	-	-	-	-	
-	-	-	120,640	14,460,000	12,151,673	
(166,785)	(621,302)	(30,000)	(23,125)	(149,044)	(96,307)	
26,290,000	29,435,000	1,405,000	27,760,000	25,335,000	137,845,000	
-	-	-	-	-	7,965,000	
-	10,160,000	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	13,362	
<u>(22,082,648)</u>	<u>(25,662,920)</u>	<u>(1,345,000)</u>	<u>(3,244,386)</u>	<u>(19,013,502)</u>	<u>(18,542,280)</u>	
<u>7,095,567</u>	<u>33,595,778</u>	<u>30,000</u>	<u>24,613,129</u>	<u>20,632,454</u>	<u>139,336,448</u>	
(10,216,863)	17,058,342	(8,474,064)	21,870,300	4,806,066	141,648,842	
-	-	11,708,991	-	(9,880,891)	(4,502,385)	
<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>	<u>\$ 137,146,457</u>	
26.4%	25.4%	27.2%	29%	40%	28%	

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
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
2015	6,276,548	8,572,066	2,389,413	767,058	18,005,085

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

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City of Lake Elsinore, California
Taxable Sales by Major Industry Groups
 Last Ten Fiscal Years

Fiscal Year Ended June 30	General Consumer Goods	Autos and Transportation	Business and Industry	Restaurants and Hotels	Building and Construction
2006	\$ -	\$ -	\$ -	\$ -	\$ -
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	2,361,769	890,865	175,895	641,608	602,028
2012	2,419,664	962,971	253,830	678,111	618,795
2013	2,528,412	1,014,135	213,857	711,110	650,148
2014	2,473,302	1,040,650	406,542	783,964	768,931
2015	2,547,975	1,428,726	430,417	857,198	838,876

Note: Past years information was not available at the time of the report and will be researched in future years.

Sources: State Board of Equalization, HdL Coren & Cone, and Muni Services

<u>Fuel and Service Stations</u>	<u>Food and Drugs</u>	<u>Other and Transfers</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,033,721	437,268	4,073	6,147,227
1,046,935	558,890	5,759	6,544,955
990,747	656,593	5,279	6,770,281
1,023,468	622,414	(138)	7,119,133
925,698	641,504	133	7,670,527

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

AGENCY	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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.	0.01435	0.00578	0.00549	0.02370	0.03254	0.03436	0.03486	0.03543	0.03421	0.03275
Metropolitan Water Dist.	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Perris School Dist.	0.00000	0.00000	0.02999	0.02894	0.02485	0.01983	0.01983	0.01800	0.02524	0.05588
Perris Union High School	<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>	<u>0.06303</u>
Total Direct & Overlapping (2) Tax Rates	1.04305	1.04270	1.06108	1.07725	1.08855	1.08915	1.09268	1.09122	1.13265	1.15516
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)	1.00520	1.00470	1.00450	1.00430	1.00430	1.00370	1.00370	0.00000	0.00000	0.00000
Total Direct Rate (5)	<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>	<u>0.08528</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 2005/06 - 2014/15 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 2006

TAXPAYER	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Percent of Total City Taxable Assessed Value ⁽²⁾
Plaza Apartments Investment	\$ 47,488,259	1.06%	\$ -	0.00%
Pacific Aggregates, Inc.	33,360,564	0.74%	-	0.00%
Mohr Affinity, LLC	30,902,412	0.69%	-	0.00%
Rivers Edge Apartments LLC	24,099,546	0.54%	-	0.00%
Diamond Stadium Group	23,825,952	0.53%	-	0.00%
Walmart Real Estate Business Trust	22,641,695	0.50%	-	0.00%
Lake Elsinore Marketplace	20,418,909	0.45%	-	0.00%
Helf Canyon Hills Market Place	19,829,097	0.44%	-	0.00%
Pacific Clay Products	17,925,614	0.40%	-	0.00%
Elsinore VETO	17,083,395	0.38%	-	0.00%
MCG Outlet Centers, LP	-	0.00%	80,884,514	2.82%
Pulte Home Corporation	-	0.00%	55,100,556	1.92%
Centex Homes	-	0.00%	31,357,722	1.09%
Pardee Grossman Cottonwood Canyon	-	0.00%	26,372,541	0.92%
KB Homes Coastal Inc	-	0.00%	22,138,769	0.77%
Albertsons Inc	-	0.00%	15,702,705	0.55%
T T Group	-	0.00%	14,921,399	0.52%
Wares Delaware Corporation	-	0.00%	13,349,468	0.46%
Comcast of California VII Inc	-	0.00%	13,009,677	0.45%
Blue Canary Inc	-	0.00%	12,177,030	0.42%
	<u>\$ 257,575,443</u>	<u>5.73%</u>	<u>\$ 285,014,381</u>	<u>9.93%</u>

(1) 2014-15 Local Secured Assessed Valuation: \$ 4,494,905,138
(2) 2005-06 Local Secured Assessed Valuation: \$ 2,871,430,389

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
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%
2015	2,171,126	2,074,751	95.56%	43,741	2,118,492	97.58%

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

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

Fiscal Year Ended June 30	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2006	\$ 2,782,774,310	\$ 88,656,079	n/a	\$ 2,871,430,389
2007	3,586,250,650	84,372,528	n/a	3,670,623,178
2008	4,805,770,856	119,986,192	n/a	4,925,757,048
2009	4,813,251,955	114,156,049	n/a	4,927,408,004
2010	3,957,216,079	104,903,811	n/a	4,062,119,890
2011	3,780,316,703	148,435,245	n/a	3,928,751,948
2012	3,777,595,058	145,931,118	n/a	3,923,526,176
2013	3,666,499,221	167,898,562	n/a	3,834,397,783
2014	3,888,934,354	142,565,053	n/a	4,031,499,407
2015	4,463,835,597	136,300,859	(105,231,318)	4,494,905,138

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 2005/06-2014/15 Combined Tax Rolls

Successor Agency for the Redevelopment Agency

Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$ 1,614,383,654	\$ 82,665,786	n/a	\$ 1,697,049,440	0.57688%
1,917,886,856	79,195,924	n/a	1,997,082,780	0.54010%
2,393,710,398	100,647,142	n/a	2,494,357,540	0.51623%
2,411,198,603	91,268,375	n/a	2,502,466,978	0.51775%
2,077,411,999	83,367,167	n/a	2,160,779,166	0.53513%
1,998,889,644	79,994,003	n/a	2,078,883,647	0.53306%
1,955,649,172	78,927,893	n/a	2,034,577,065	0.52110%
1,880,967,030	110,109,381	n/a	1,991,076,411	0.51923%
1,938,704,040	89,830,332	n/a	2,028,534,372	0.08908%
2,135,333,435	83,968,122	(71,673,963)	2,147,627,594	0.08528%

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
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	-
2015	213,570,000	51,015,000	-	13,330,000	-

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
\$ 1,012,501	\$ 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
-	-	277,915,000	25.61%	4,903

City of Lake Elsinore, California
Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation		\$ 4,494,905,138	
Redevelopment Agency Incremental Valuation		2,147,627,594	
Adjusted Assessed Valuation		<u>\$ 6,642,532,732</u>	
	<u>Percentage</u>	<u>Outstanding</u>	<u>City's Share of</u>
	<u>Applicable (1)</u>	<u>Debt 6/30/15</u>	<u>Overlapping</u>
			<u>Debt 6/30/15</u>
OVERLAPPING TAX AND ASSESSMENT DEBT			
Riverside County Flood Control District, Zone No. 4	0.547%	\$ 21,000,000	\$ 114,870
Riverside County Flood Control District, Zone No. 3 Benefit AD	61.398%	1,325,000	813,524
Metropolitan Water District	0.195%	110,420,000	215,319
Perris Union High School District	1.917%	77,983,834	1,494,950
Menifee Union School District	3.156%	44,573,642	1,406,744
Perris School District	0.300%	23,596,242	70,789
Lake Elsinore Unified School District CFDs	100.000%	33,849,527	33,849,527
Perris Union High School District CFD No. 92-1	6.149%	36,315,000	2,233,009
City of Lake Elsinore CFD No. 88-3	100.000%	11,100,000	11,100,000
City of Lake Elsinore CFD No. 90-2	100.000%	10,160,000	10,160,000
City of Lake Elsinore CFD No. 95-1	100.000%	1,030,000	1,030,000
City of Lake Elsinore CFD No. 98-1	100.000%	13,140,000	13,140,000
City of Lake Elsinore CFD No. 2003-2	100.000%	56,855,000	56,855,000
City of Lake Elsinore CFD No. 2004-3	100.000%	44,120,000	44,120,000
City of Lake Elsinore CFD No. 2005-1	100.000%	8,165,000	8,165,000
City of Lake Elsinore CFD No. 2005-2	100.000%	21,095,000	21,095,000
City of Lake Elsinore CFD No. 2005-5	100.000%	3,385,000	3,385,000
City of Lake Elsinore CFD No. 2005-6	100.000%	2,815,000	2,815,000
City of Lake Elsinore CFD No. 2006-1 Area No. 1	100.000%	6,820,000	6,820,000
City of Lake Elsinore CFD No. 2006-2	100.000%	5,825,000	5,825,000
Elsinore Valley Metropolitan Water District CFD No. 2003-1	100.000%	3,615,000	3,615,000
City of Lake Elsinore 1915 Act Bonds	100.000%	15,345,000	15,345,000
Total Overlapping Tax and Assessment Debt			<u>\$ 243,668,732</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Riverside County General Fund Obligations	2.004%	\$ 961,952,082	19,277,520
Riverside County Pension Obligations	2.004%	320,470,000	6,422,219
Riverside County Board of Education Certificates of Participation	2.004%	1,835,000	36,773
Mt. San Jacinto Community College District General Fund Obligations	6.284%	70,000,000	4,398,800
Lake Elsinore Unified School District Certificates of Participation	43.160%	34,935,210	15,078,037
Perris Union High School District General Fund Obligations	1.917%	8,769,511	168,112
Menifee and Perris School District Certificates of Participation	3.156 & 0.300%	11,992,775	158,152
City of Lake Elsinore General Fund Obligations	100.000%	13,330,000	13,330,000
Total Gross Direct and Overlapping General Fund Debt			<u>58,869,612</u>
Less Riverside County General Fund Self-supporting Obligations			<u>(151,603)</u>
Total Net Direct and Overlapping General Fund Debt			<u>\$ 58,718,010</u>
OVERLAPPING TAX INCREMENT DEBT	100.000%	55,340,000	55,340,000
Gross Combined Total Debt (2)			<u>\$ 354,227,952</u>
Net Total Direct and Overlapping Debt			<u>\$ 357,726,743</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.

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

	Fiscal Year			
	2006	2007	2008	2009
Assessed Valuation	\$ 2,851,510,537	\$ 3,648,621,060	\$ 4,887,272,022	\$ 4,886,177,664
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	712,877,634	912,155,265	1,221,818,006	1,221,544,416
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	106,931,645	136,823,290	183,272,701	183,231,662
Total Net Debt Applicable to Limitation	-	-	-	-
Legal Debt Margin	<u>\$ 106,931,645</u>	<u>\$ 136,823,290</u>	<u>\$ 183,272,701</u>	<u>\$ 183,231,662</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					
2010	2011	2012	2013	2014	2015
\$ 4,062,119,890	\$ 3,928,751,948	\$ 3,923,526,176	\$ 3,834,397,783	\$ 4,031,499,407	\$ 4,494,905,138
25%	25%	25%	25%	25%	25%
1,015,529,973	982,187,987	980,881,544	958,599,446	1,007,874,852	1,123,726,285
15%	15%	15%	15%	15%	15%
152,329,496	147,328,198	147,132,232	143,789,917	151,181,228	168,558,943
-	-	-	-	-	-
<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>	<u>\$ 168,558,943</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		
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
2015	10,070,883	2,590,000	2,262,351	2.08	51,015,000

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)
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%
2015	56,688	1,085,008	19,140	8.8%

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 2006

	2015		2006	
	Number of Employees	Percent of Total Employment*	Number of Employees	Percent of Total Employment*
EMPLOYMENT				
Estimated Total Employment *		25,000 (1)	(1)	21,600
EMPLOYER				
Lake Elsinore Unified School District	2,542	10.17%	1,060	4.91%
M & M Framing	400	1.60%	- (2)	0.00%
Stater Bros (3 locations)	297	1.19%	165	0.76%
Lake Elsinore Hotel & Casino	263	1.05%	- (2)	0.00%
Walmart	240	0.96%	228	1.06%
Riverside County - Department of Social Services	227	0.91%	- (2)	0.00%
Costco	240	0.96%	250	1.16%
EVMWD (Elsinore Valley Mun Water Dist)	161	0.64%	- (2)	0.00%
Home Depot	145	0.58%	200	0.93%
Target	173	0.69%	- (2)	0.00%
Total Top 10 Employers	4,688	18.75%	1,903	8.81%

Notes:

(1) Total City Labor Force provided by EDD Labor Force Data.

(2) Data not available or Company not in business for 2006

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	21	26	26	20	20	17	24	22	24	20
Community Services (Includes Public Works)	41	52	52	41	42	47	42	43	47	45
Community Development	20	23	23	21	14	11	10	14	14	18
Total	<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>	<u>83</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			
	2006	2007	2008	2009
Police				
Lake Related Boating Enforcement Citations	808	625	100	n/a
Hazardous Traffic Violations	2,376	2,500	5,000	n/a
DUI Arrests	n/a	n/a	n/a	n/a
Fire				
Calls	3,610	3,567	3,778	3,876
Fire Suppression Equipment	3	3	3	3
Public Works				
Centerline Miles of Paved Surface Streets Maintained	140	143	155	174
Centerline Miles of Dirt Surface Streets Maintained	13	12	10	9
Weed Abatement-Lots Cleaned	706	700	581	390
Community Development				
Construction Permits Issued	4,260	2,527	1,604	505
Property Value Per Permits (Estimated in 000's)	\$ 462,204	\$ 153,013	\$ 78,680	\$ 21,474
New Home Building Permits Issued	1,355	450	74	43
Parks and Recreation				
Daily Lake Use Passes Sold	34,835	32,018	36,000	25,230

n/a=not available

Source: City of Lake Elsinore, Various Departments

Fiscal Year					
2010	2011	2012	2013	2014	2015
444	244	384	204	425	419
1,561	1,200	1,358	2,155	2,848	3,338
261	n/a	241	216	197	179
4,007	3,950	3,944	4,554	4,484	4,456
3	3	3	4	4	4
173	173	174	189	189	189
9	9	9	9	9	9
365	470	452	360	414	227
771	829	760	909	972	735
\$ 42,848	\$ 50,899	\$ 43,381	\$ 124,755	\$ 121,773	\$ 71,664
211	223	210	660	626	346
23,765	19,577	20,702	21,413	20,183	14,996

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

FUNCTION	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Fire Stations	3	3	3	3	3	3	3	4	4	4
Public Works Street Miles	156	157	157	157	157	157	157	157	157	157
Lake, Parks, & Recreation Parks	12	15	15	15	16	16	16	16	16	16
Beaches and Recreation Facilities	8	8	8	8	10	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