

CITY OF LAKE ELSINORE, CALIFORNIA  
ANNUAL OPERATING BUDGET

FY2017-18





TM

# ANNUAL OPERATING BUDGET FISCAL YEAR 2017-2018

## CITY COUNCIL

ROBERT E. MAGEE, MAYOR  
NATASHA JOHNSON, MAYOR PRO TEM  
DARYL HICKMAN  
STEVE MANOS  
BRIAN TISDALE

## CITY TREASURER

ALLEN BALDWIN

## CITY MANAGER

GRANT YATES

## ADMINISTRATIVE SERVICES DEPARTMENT

JASON SIMPSON  
ASSISTANT CITY MANAGER  
130 SOUTH MAIN STREET  
LAKE ELSINORE, CALIFORNIA 92530  
(951) 674-3124  
[WWW.LAKE-ELSINORE.ORG](http://WWW.LAKE-ELSINORE.ORG)



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## TRANSMITTAL MESSAGE

June 13, 2017

The Honorable Mayor and Members of City Council:

On behalf of City Staff, it is my privilege to submit for your information and consideration the proposed Annual Operating Budget for FY2017-18 for the City of Lake Elsinore. Once again, staff developed the adopted budget in support of the Mayor, and City Council adopted key initiatives and the vision statement; Lake Elsinore will be the ultimate lake destination where all can live, work and play, build futures and fulfill dreams.

The City of Lake Elsinore has met or exceeded its budget expectations over the past several years, and this year, once again the City is well positioned for growth and success in the coming fiscal year. On June 13, 2017 the City Council will consider the adoption of the proposed City of Lake Elsinore Annual Operating Budget for FY2017-18, which includes a summary of the Special Revenue Funds, Agency Funds, and a complete Five-Year Forecast.

The FY2017-18 Annual Operating Budget has been developed after a considerable review process. Departmental budget submittals were prepared and reviewed by line item in connection with projected revenues and detailed performance objectives. Five-year revenue and expenditure projections were developed to identify the future impacts of proposed staffing and program changes, as well as the impact of proposed capital improvement projects. The result is this document: a conservative, balanced budget that provides for quality services while effectively utilizing available resources.

This budget document serves not only as a financial plan for the immediate future, but also as a management and communications tool outlining the City Council's vision and key initiatives for the year. By focusing on public safety, improving recreational opportunities and neighborhoods, delivering the highest quality of public services, preserving and enhancing the City's economic prosperity, and celebrating the diversity of our citizens, we have outlined plans to make the City of Lake Elsinore the desirable place to live, work and play.

Each fiscal year, staff and the City Council has the responsibility to identify its budget priorities, immediate and future fiscal issues, community needs, and the resources required to enhance capital programs and services within the City in order to maintain a strong community and take advantage of upcoming growth and development opportunities.

### CITY OF LAKE ELSINORE PROFILE

The City of Lake Elsinore is a community comprised of approximately 62,092 citizens. The City maintains 18 parks on 71 acres throughout the community, which provides recreation opportunities for both the citizens of Lake Elsinore, as well as surrounding communities. Police and Fire protection are provided through a contract with Riverside County. The Lake Elsinore Unified School District provides 21 schools for 22,078 students. The City of Lake Elsinore prides itself on its community focus and quality of life.

Lake Elsinore residents enjoy perfect climate, blue sky, clean air, world-famous thermal winds for aerial sports and, their crowning jewel, a sparkling 3,000-acre recreational lake for exciting water sports. All of this is set against the spectacular Ortega Mountains and Cleveland National Forest, providing opportunities for hiking, biking, bird watching or just plain relaxing in the beauty that abounds in this outdoor recreation destination. It is impossible to review the economic forces affecting Lake Elsinore and the Inland Empire without predicting a prospering future for the City. The region's geographic location, competitive cost structure and sophisticated logistics have put it in a position to remain one of the fastest growing communities in the Inland Empire.



## TRANSMITTAL MESSAGE - CONTINUED

### IMPACT OF LEGISLATION ON THE BUDGET

On May 11, 2017, the Governor presented his May Budget Revision to the adopted budget released in January 2017. Despite improved state revenue projections since January, Governor Brown continued to urge fiscal restraint, and cautioned that the next recession is long overdue. Concerns also continue over potential changes to federal policies, with an estimated loss of \$4.3 billion annually by 2020, and \$18.6 billion by 2027, should the House Republican's replacement of the Affordable Health Care Act be enacted.

The May Revision budget proposes \$183.4 billion in total spending, which includes \$124 billion for the state's General Fund. By the end of FY 2017-18, the Rainy Day Reserve Fund is projected to have a balance of \$8.5 billion, equivalent to 66% of the constitutional target.

Significant details of the May Revision for cities are as follows:

#### The Challenge of Fiscal Balance

The May Revision revenue forecast has been reduced by \$1.9 billion, reflecting poor April income tax receipts and more sluggish sales tax receipts than expected, while Proposition 2's required contributions have been reduced by a combined \$1.6 billion. Even if the voters pass an extension of taxes, the longer-term budget outlook would be barely balanced. Until the voters decide in November whether temporary taxes should be extended, the May Revision reflects the principle that no significant new ongoing spending commitments should be made.

#### Investing in Education

Under the May Revision, the minimum guarantee of funding for K-14 schools is expected to grow to \$71.9 billion in FY2016-17, an increase of \$24.6 billion over the last five years (52 percent). For K-12 schools, funding levels will increase by over \$3,600 per student in 2016-17 compared to 2011-12 levels. This reinvestment provides the opportunity to correct historical inequities in school district funding with continued implementation of the Local Control Funding Formula. The May Revision provides \$2.9 billion in new funding, bringing the formula's implementation to nearly 96% complete.

The Budget also invests in the state's higher education system to maintain the quality and affordability of one of California's greatest strengths. The Budget keeps tuition at FY2011-12 levels and commits \$25 million in new one-time funding for the California State University to reduce the time it takes a student to successfully complete a degree.

#### Reducing Housing Costs

Approximately 1.5 million low-income California households pay more than half their income in rent, straining their ability to pay for other essential household expenses. In addition, the state has a disproportionately high share of the nation's homeless and chronically homeless populations. The May Revision reflects \$3.2 billion in state and federal funding and award authority for various affordable housing and homelessness programs. This amount includes recently created programs that pay for affordable housing in sustainable communities and housing for veterans.

Local land use permitting and review processes have lengthened the approval process and increased production costs. The May Revision proposes additional legislation requiring ministerial "by right" land use entitlements for multifamily infill housing developments that include affordable housing. This would help constrain development costs, improve the pace of housing production and encourage an increase in housing supply.

The May Revision also endorses a \$2 billion bond from a portion of future Proposition 63 mental health revenues, which would enable the Department of Housing and Community Development to develop and administer homelessness and affordable housing programs with a particular focus on chronic homelessness. The May Revision proposes first-year funding of \$267 million from the bond proceeds.



## TRANSMITTAL MESSAGE - CONTINUED

### Counteracting Poverty

The state has taken historic steps in recent years to assist the state's neediest residents. The implementation of health care reform has increased coverage under Medi-Cal to an additional 6 million Californians in just four years. The Local Control Funding Formula is concentrating the greatest school funding to students with the greatest need. The state guaranteed that 6.5 million workers are eligible for paid sick leave. The 2015 Budget Act created California's first-ever earned income tax credit to help the poorest working families and encourage more families to claim the existing federal credit.

The January Budget proposed the first state cost-of-living increase for Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients since 2005. In April, the Governor signed legislation that will raise the minimum wage for all workers to \$15 per hour as soon as 2023. Accounting for the full implementation costs, the General Fund has incurred new obligations in the effort to counteract the effects of poverty totaling more than \$19 billion (about \$10.7 billion of which will be paid for through Proposition 98 funds).

### Strengthening Infrastructure

The May Revision continues to reflect the Governor's transportation package that would provide \$36 billion over the next decade to improve the maintenance of highways and roads, expand public transit and improve critical trade routes. The increased funding would be coupled with Caltrans efficiencies, streamlined project delivery and accountability measures. The budget also includes \$737 million (\$500 million General Fund) for critical deferred maintenance at levees, state parks, universities, community colleges, prisons, state hospitals and other state facilities.

### Fighting Climate Change

The May Revision supports California's ambitious policies to advance clean energy with a \$3.1 billion cap-and-trade expenditure plan that will reduce greenhouse gas emissions through programs that support clean transportation, promote transformational sustainable communities, reduce short-lived climate pollutants and protect natural ecosystems. Over multiple years, the cap-and-trade program gives the state the chance to transform communities, particularly those disadvantaged ones, into innovative, sustainable economic centers. Overall, the General Fund revenues under the May Revision forecast are lower than the Governor's Budget by \$225 million in FY2016-17 and higher by \$1.9 billion in FY2017-18.

## ECONOMIC INDICATORS

The City of Lake Elsinore continues a march of economic expansion and increase economic opportunities for residents within both the community and the region.

**Population:** The City of Lake Elsinore boasts a population of 62,092 (1/1/17) which represents a 2.0% within the past year. Population growth is 235% the rate of growth of the State of California as a whole. Growth is being fueled by new home construction. Single family median home price (April, 2017) was 345,000 which represents a 4.7% increase year over year for the same period in 2016. These increases represent both a healthy market but signal recovery from the "Great Recession" when unemployment in Lake Elsinore topped 12%.

**Employment:** In both the City of Lake Elsinore and the region remain strong. As of April, 2017, there were 27,900 residents engaged in the labor force with 26,400 employed. This represents an unemployment rate of 5.2%. This is similar to the County of Riverside unemployment rate of 4.9% and the State unemployment rate of 4.8%. Workforce engagement in Lake Elsinore is strong with 66.8% of residents ages 16+ being engaged in the labor force which exceeds both the State of California engagement rate of 63.4% and National engagement rate of 63.5%.



## TRANSMITTAL MESSAGE - CONTINUED

**Construction:** Local building and development trends are also indicating signs of recovery, with a projected 26% increase in building permits issued over the prior year. Building inspection activity has also increased significantly, with a 27% projected growth rate over last year. There are 1,262 approved single-family residential projects under construction, 652 multi-family residential projects in process, and approximately 29,000 residential units approved and yet to be built. In addition, the City is projecting commercial development to increase significantly next fiscal year as well. Over the past three years, the City of Lake Elsinore Planning Commission and City Council have reviewed and approved dozens of developments that will represent new economic investment and employment opportunities in the City of Lake Elsinore. It is anticipated that such developments as Central Plaza (60,000 square feet of retail hosting Marshalls, ULTA Beauty, Skechers, Five Below, Firehouse Subs and Pieology), Wal-Mart Supercenter (170,000+ square feet of anchor retail and pads), La Quinta Inn & Suites and the much awaited Diamond Lake Sports Complex (520,000 square feet of indoor facilities for competitive volleyball, basketball and cheerleading) and Artisan Alley will begin construction.

Lake Elsinore home sales and median home prices continue to rise as the economy rebounds. As of March 2017, the median home price is up 8% over the prior year at \$345,000, and are predicted to continue to rise 3.2% within the next year. As the housing market rebounds and home prices rise, the County Assessor's Office reassesses homes whose values were reduced during the recession. These adjustments, known as Proposition 8 reassessments, increase the City's Property Tax revenue.

**Business activity:** Within the City of Lake Elsinore is also on the rise, with an issuance of 1,400 business licenses in 2017, which is a 9.63% increase over 2016. Of those issued, 550 are new businesses while the balance are renewals. A sampling of new businesses opened in the City include Golden Corral, Tractor Supply Company, and Tige Watersports.

## 2017-18 GOALS AND OBJECTIVES

During the 2013-14 Fiscal Year, the City Council adopted the City's Vision Statement. The Vision Statement is used as 1) a tool in the employee hiring/selection process, 2) a guide in conducting city business, and 3) a statement to the citizens affirming what the City as an organization stands for, and the level of service they can expect from the City.

The City Council established the following FY2017-18 budget guidelines, or key initiatives, with fiscal stability and community responsibility as they relate to the City's Vision Statement; Public Safety, Recreation, Transportation, Economic Development, Education and Service:

### MAINTAIN A SAFE AND SECURE ENVIRONMENT

- Working with our regional partners to respond to calls for police services in a timely manner.
- Perform public safety educational programs, and maintain neighborhood watches.
- Encourage community participation in public safety and emergency preparedness.
- Promote high quality animal control services.
- Utilize social media to keep the community informed and involved.
- Minimize the impact of life, property, and the environment from natural hazards and emergency situations.

### ENCOURAGE PROGRAMS FOR ALL AGES

- Promote family oriented program opportunities at the Community Center.
- Provide signature special events and cultural opportunities.
- Maintain a safe and family oriented environment.
- Maintain the natural beauty of the community.



## TRANSMITTAL MESSAGE - CONTINUED

### PROVIDE INFRASTRUCTURE CONCURRENT WITH DEVELOPMENT

- Continue to maintain local roads and streets.
- Update the five-year Capital Improvement Program (CIP).
- Design and construct capital projects within funding the time requirements.
- Allocate \$253,659,725 for citywide circulation, facilities, infrastructure and park projects.
- Maintain significant access and available frontage space on the Inland Empire’s main transportation artery (Interstate 15).

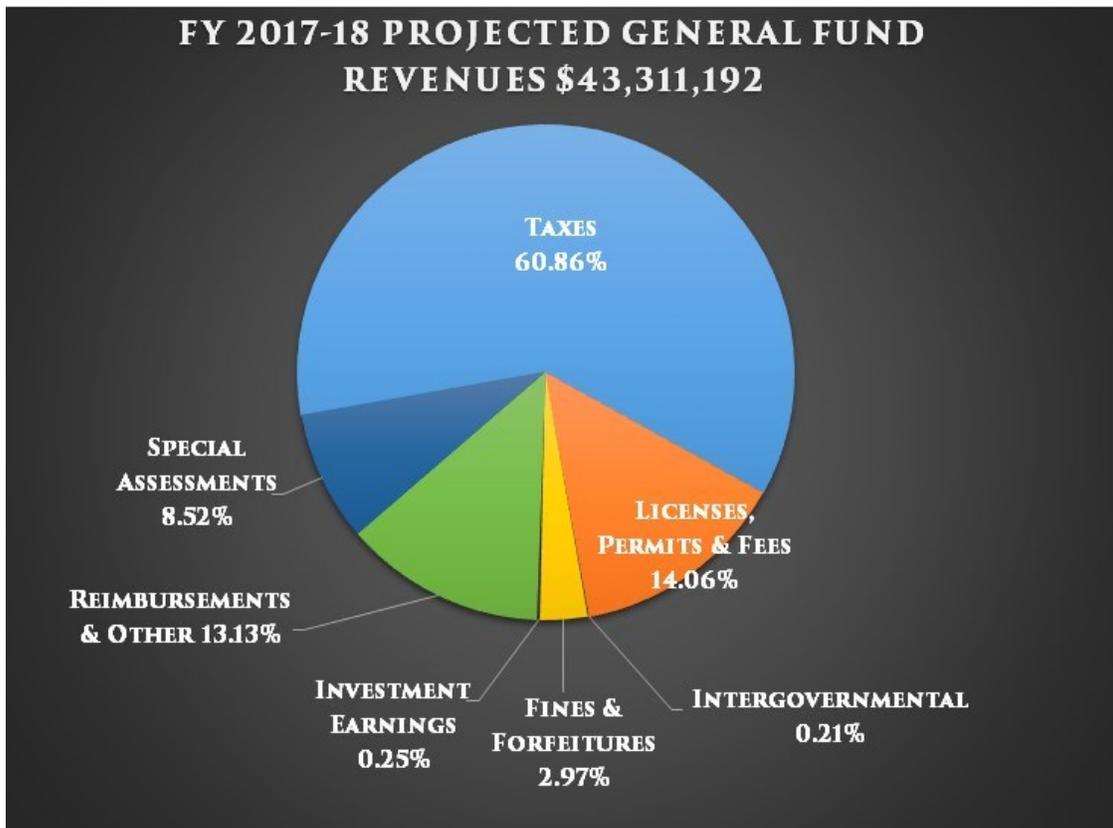
### PROVIDE QUALITY JOBS AND PROMOTE COMMERCE

- Encourage growth and expansion by providing high quality municipal services, and facilities.
- Create a business friendly regulatory environment.
- Promote a jobs/housing balance.
- Maintain effective marketing program to promote increasing awareness on City’s comprehensive, recognizable tourist destination with a range of attractions.
- Continue to collaborate with current property owners, business owners, business alliances and the Chamber of Commerce in promoting the City’s unique location and opportunities.

## CHANGES IN REVENUES - GENERAL FUND

FY2017-18 General Fund revenues are projected to reach \$43.3 million, an increase of \$1,765,299 or 4.25% from FY2016-17 and reflect continued growth of the local economy. The City has continued to work with the Chamber of Commerce and 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 also worked with these organizations to develop and market Lake Elsinore as a tourist destination.

The following graph details the major components of the City’s General Fund revenues.





## TRANSMITTAL MESSAGE - CONTINUED

**Sales and Use Tax:** Sales and Use Tax revenue is projected to increase by \$509,812 from an estimated \$9,720,300 in FY2016-17 to \$10,230,112 in FY2017-18. Increases are due to a more robust economy and growth in number of residents in Lake Elsinore along with additional retail opportunities for residents and visitors. Sales tax is one of the City's largest revenue sources, representing approximately 23.7% of the total General Fund revenue.

**Property Tax:** The FY2017-18 revenue for property taxes will increase by approximately \$529,962 representing 17.57% of the total General Fund. Revenues continue to increase as a function of increased building activity and as Proposition 8 reassessments continue to reverse increasing the overall assessed valuation of homes in Lake Elsinore.

**Licenses, Permits, and Fees:** An overall increase from \$7,094,748 in FY2016-17 to \$8,433,840 is projected in FY2017-18. This increase is due to an update for the user fees. This category is comprised of building permit fees, business license fees, encroachment permit fees, plan check fees, etc.

**Intergovernmental:** The Intergovernmental revenue category represents approximately 7.86% of the General Fund revenues. The main source of intergovernmental revenue are grants and Fire Service Tax Credit.

**Special Assessments:** These special taxes are assessed to all real property owners. They are used for ongoing operation and maintenance of the City's parks, open space, storm drains, street lighting along with public safety services. These assessments are anticipated to increase \$90,267 which represents 8.53% of the General Fund revenues.

**Franchise and Other Tax:** An overall increase of \$144,238 from an estimated \$3,457,856 in FY2016-17 to a projected \$3,602,094 for FY2017-18. Franchise fees are the amount of fees paid by phone, cable, natural gas, refuse collection, and electricity companies for use of the public right of way. Other taxes include the City's Transient Occupancy Tax (TOT) and Property Transfer Tax. The City collects a 10% tax on the amount of all transient (30 days or less) lodging rentals. Hotel occupancy and TOT revenues have increased substantially. Overall, the hotel market in the City of Lake Elsinore is strong with both occupancy rates and revenues growing. Over the last four (4) quarters, hotels located in the City of Lake Elsinore have gross (room) sales of about \$5.5 million. Looking at year over year figures for the first three quarters (FY2015-16 vs. FY2016-17), room revenue has grown by 16.2%, 18.9% and 26% respectively. Hotel occupancy also continues to increase. RevPAR (Revenue Per Available Room) has increased some 31% in just the last two (2) years. Occupancy rates for hotels classified as "Three- Star" business traveler/family traveler class are now over 70%. Much of the growth is attributed to the opening of Rosetta Canyon Sports Park that saw over 70,000 visitors in its first six months of operation. Property Transfer Tax is collected when real estate is transferred (most commonly, when it is sold).

## CHANGES IN REVENUES: OTHER FUNDS

**Gas Tax:** On April 6, 2017 the State Legislature passed Senate Bill 132 which raised the base gasoline excise tax, created a transportation improvement fee and raised diesel excise and sales tax. With the passage, Gas Tax is estimated to increase \$223,460 to a total of \$1,733,220 in FY2017-18. This revenue source funds the maintenance, rehabilitation, and improvement of public streets.

**Measure A:** Measure A revenues are expected to increase \$9,300 from \$1,282,000 in FY2016-17 to \$1,291,300 in FY2017-18 due to an estimated increase in sales tax receipts within the County.

**Citywide Lighting, Landscape, and Maintenance Districts:** This special tax is assessed on all real property. The District was formed to provide a source of funds for the installation, servicing, maintenance, repair, and operation of street lighting (including traffic signals), landscaping, street trees, and appurtenant facilities within the District. The special tax is projected to decrease slightly from the prior fiscal year due to a change in the number of units levied.



## TRANSMITTAL MESSAGE - CONTINUED

### CHANGES IN EXPENDITURES - GENERAL FUND

Despite significant increases in contractual costs facing the City, the Operating Budget of the General Fund is projected to be \$44,528,597 in FY2017-18 (excluding operating transfers out). All departments achieved their base targets, equal to the prior fiscal year. This proposed expenditure level results in an increase of \$2,169,930, due primarily to rising public safety contract costs. The City contracts with Riverside County to provide both Police and Fire services. Expenditures are projected to surpass revenues received during FY2017-2018. It is important to note that the City of Lake Elsinore has substantial growth and development capacity, which will increase revenue and offset shortfalls as growth takes place.

Public safety continues to represent the largest single portion of the General Fund operating budget at 48.8%. Proposed expenditures for Police, Fire Services and Animal Control total \$21,747,167 (net of an estimated \$2,583,134 million fire tax credit) an increases of \$878,920 for FY2017-18.

**Police Services** make up 29.8% of General Fund expenditures, with a total budget of \$13,010,246 for FY2017-18. This represents an increase of \$578,836, or 4.66%, over the prior year due to a combination of rising labor costs per the County's union contracts and the implementation of a new County-wide public safety communications system, which costs the City approximately \$500,000 per year. Service levels are projected to remain relatively unchanged with 45.628 sworn officers and 5 Community Service Officers.

**Fire Services** constitute 19.2% of General Fund expenditures, with a total budget of \$7,900,281 projected for FY2017-18, which is a \$302,644, or 3.98%, increase over the prior year due to anticipated labor contract increases. The County contracts with CalFire to provide Fire Services. The State gave a long overdue contract increase to CalFire which is passed down to the City. In addition to the labor negotiations increase, the County approved Canyon Lake to open fire station #60 with a 2 man engine company which equals a \$1.0 million revenue loss to the City. With such significant changes, County Fire has recommended the defunding of Engine #10 for 9 months as staff continues to work with the County and Canyon Lake while reviewing response time maps and the Standard of Coverage Report published in March 2016.

**Operating Transfers Out** total \$532,498 for FY2017-18, which is an increase of \$272,498 from the prior year. Transfers Out provides funding from the General Fund to the Citywide Lighting, Landscape, and Maintenance District and Citywide Lighting, Landscape, and Maintenance District No. 1 for operation costs.

**Ending Fund Balance** for the General Fund is estimated to be \$10,069,856 for FY2017-18. The Economic Uncertainty Reserve, which is equal to 17.5% of Operating Expenditures, is fully funded at \$7,885,692.

### CHANGES IN EXPENDITURES: OTHER FUNDS

**Gas Tax:** Passing of SB132 Gas Tax is estimated to increase expenditures \$223,460 to a total of \$1,733,220 in FY2017-18. This fund is used to maintain, rehabilitate, and improve public streets.

**Measure A:** Measure A expenditures are expected to increase from FY2016-17 to FY2017-18 due to the timing of capital projects, many of which have not been completed in FY2016-2017.

**Citywide Lighting, Landscape, and Maintenance District:** The total District estimated costs have increased by approximately \$291,440 primarily due to anticipated cost increases from Southern California Edison. The City continues to take steps to mitigate these costs by retrofitting streetlights to LED to reduce the annual energy costs. The City will continue to monitor these costs in order to find additional cost saving measures and reduce the City contributions needed for providing these services.

**Community Development Block Grant Fund (CDBG):** CDBG expenditures are projected to increase from \$297,500 in FY2016-17 to \$305,357 in FY2017-18.



## TRANSMITTAL MESSAGE - CONTINUED

**AB2766 Motor Vehicle Subvention Fund:** AB2766 expenditures are projected to increase from \$108,185 in FY2016-17 to \$357,085 in FY2017-18. This is due to the timing of a capital project, Pavement of Dirt Roads, which was not completed in the prior fiscal year. This project is being reprogrammed in FY2017-18.

### 2017-18 AUTHORIZED STAFFING

The City continues to restructure the organization to ensure core staffing, internally and externally, is in place to meet current and future economic opportunities, while also providing the highest level of service. The City has established a policy of annually focusing on reorganizing department structures in an effort to streamline processes and enhance efficiencies without reducing essential public services to the community. The total authorized positions for FY2017-18 is 130, five of which are City Council members, five City Planning Commissioners, 84 regular full-time equivalent positions of which four positions are unfunded and 46 part-time positions.

One new position is included in this budget to be added to the schedule of authorized positions due mainly to support the parks and campground. Two full-time and one part-time positions were removed from the list of authorized positions and two full-time and two part-time positions are being re-classed or moved to another department to better suite the restructure of the organization.

### FIVE-YEAR FORECAST

A five-year forecast is developed as part of the budget process to assist in the long range planning and policy development. The five-year forecast provides a tool to evaluate the ability of the City to fund proposed programs, operating costs, and meet the operational requirements of capital improvement projects in the future.

For FY2017-18, General Fund expenditures are projected to exceed revenues by \$1,333,164, reserves will be fully funded at 17.5% of total expenditures, and the Ending Fund Balance is projected to be \$10,069,856, thus causing a structural deficit within the General Fund due to anticipated cost increases related to public safety. Police service costs are projected to increase by 45% over the ensuing five-years based on contract escalation related to union negotiations, the implementation of a new communications system and rising CalPERS retirement benefit rates. Fire service costs are expected to increase by 33% over this same period.

The value of long-range fiscal planning is to proactively alert decision makers early enough to course-correct, and implement the necessary measures to ensure long-term fiscal solvency. The City of Lake Elsinore is fortunate to only be 33% built out and has much room for future revenue growth. In order to remain fiscally solvent, the City must address these rising public safety costs to ensure ongoing revenues are adequate to cover ongoing expenditures. As such, the City has joined other Riverside County cities that contract for Police Services to study alternative, more cost effective law enforcement delivery models. Additionally, City management staff has created several possible scenarios comprising expenditure reduction measures that will be necessary to balance the General Fund and ensure long-term fiscal solvency.

### INTERNAL SERVICE FUNDS

Internal Service Funds are established to accumulate the costs of services that are provided to other City departments. The costs are allocated to those departments benefiting from the services.

**Insurance Fund** expenditures of \$654,413 are projected to increase from the prior year due to the reallocation of a portion of the personnel costs of the Risk Manager from the Finance Department.

**Information Technology Fund** is to accumulate the necessary funds for the future replacement of technology equipment and software upon the end of the useful life of assets. Expenditures in this fund are projected to be \$1,132,830 for FY2017-18, and include upgrade of the City's Laserfiche software, upgrade to Data Recovery Cloud, new surveillance system at the parks, and the scheduled replacement of obsolete staff computers.



## TRANSMITTAL MESSAGE - CONTINUED

**Support Services Fund** expenditures of \$119,100 are projected to decrease from prior year due to the re-negotiation of the copier leases.

**Vehicles and Equipment Fund** expenditures in FY2017-18 include the replacement of the Police patrol boat, purchase on two new Pontoon boats for the campground, and a new pool vehicles for the City.

**Facilities Fund** expenditures reflect an increase with a total budget of \$461,670 for FY2017-18. Increase is due to higher utility costs, and additional facility rental for City Hall.

### LAKE ELSINORE PUBLIC FINANCE AUTHORITY

The Lake Elsinore Public Financing Authority is a joint exercise of powers between the City of Lake Elsinore and the Lake Elsinore Redevelopment Agency, created by a joint powers agreement dated July 25, 1989. The purpose of the LEPFA is to provide financing for public capital improvements for the City and the former Redevelopment Agency. Revenue includes investment earnings and expenditures are restricted for debt service payments.

### LAKE ELSINORE RECREATION AUTHORITY

The Lake Elsinore Recreation Authority is a joint exercise of powers between the City of Lake Elsinore and the Lake Elsinore Redevelopment Agency created by a joint powers agreement dated December 1, 1996. The Recreation Authority continues to function without the Agency. The purpose of the Authority is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenue bonds are to be repaid solely from the revenues of certain public obligations.

### LAKE ELSINORE FACILITIES FINANCING AUTHORITY

On September, 13, 2016 City Council formed the Lake Elsinore Facilities Financing Authority consisting of the City and the Parking Authority, to issue lease revenue bonds. The use of lease revenue bonds to finance general infrastructure is commonly used by cities in California. Under this financing structure, a joint powers authority is utilized for the sole purpose of issuing bonds for the benefit of the issuer

### SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY (SARDA)

In June 2011, the Governor of California signed ABx1 26, which dissolved redevelopment agencies effective February 1, 2012, and provided for the designation of Successor Agencies to oversee the completion of previously obligated redevelopment activities. As a result, all assets of the Redevelopment Agency were transferred to the Successor Agency of the Redevelopment Agency on February 1, 2012, and the City Council began serving as the Successor Agency.

SARDA obligations are paid with Property Tax Increment dollars that were formerly allocated to the Redevelopment Agency. Expenditures for FY2017-18 total \$14,892,428, of which \$4,333,602 is dedicated to debt service payments of the outstanding Redevelopment Agency bonds. Another \$10,558,826 is programmed for the payment of a Development Agreement obligation, Owner Participation Agreements and Agency administration. Any residual Property Tax Increment revenue existing after the payment of SARDA obligations will be distributed to the various taxing entities within Riverside County.

Approximately \$9.6 million in par amount of the 2016 Lease Revenue Bonds was issued. Annual lease payments (amortized over a period of 30 years), payable from the City's General Fund, are approximately \$550,000. Total aggregate lease payments are estimated to be \$16.7 million over the 30-year period. The final payment date of the 2016 Lease Revenue Bonds will be April 1, 2047.



## TRANSMITTAL MESSAGE - CONTINUED

### CAPITAL IMPROVEMENT

The City's five-year Capital Improvement Plan (CIP) is presented to the City Council under a separate cover. This program provides a multi-year plan for capital improvements that is updated annually to ensure compliance with the program. The impact of capital projects on maintenance and operating costs were taken into consideration in the development of the operating budget. Circulation, Facilities, Infrastructure, Park, and Successor Agency projects are identified in the CIP budget with estimated current year project costs totaling \$61,298,070.

### OBJECTIVES AND PERFORMANCE MEASURES

The budget document has been formatted to detail the short term operational objectives for completion in FY2017-18, and the performance measures for evaluating the completion of those objectives. These objectives were developed in a collaborative process with all City staff members in order to collaboratively identify where each department can contribute to the overall long term goals of the City. The objectives were then used by the departments in order to identify and justify their Annual Operating Budget submittals.

The short term objectives are detailed by Department in the Citywide Five Year Goals section of this budget document. Each department section also includes the objectives and performance measures, along with significant accomplishments, and a detail of the expenditure requests and personnel allocations which will be used to meet the identified objectives.

### GENERAL FINANCIAL POLICIES

#### ACCOUNTING, AUDITING and FINANCIAL REPORTING POLICY

The City of Lake Elsinore receives an independent audit annually and maintains a solid internal audit capacity. The City prepares all annual financial reports in strict compliance with Generally Accepted Accounting Procedures (GAAP), as outlined by the Governmental Accounting Standards Board (GASB). The City maintains a strong system of internal controls, which has resulted in an unqualified audit opinion for the past several years.

#### RESERVE POLICY

The City Council previously identified an objective of developing and maintaining a reserve in the General Fund for economic uncertainties and contingencies at 17.5%.





## TRANSMITTAL MESSAGE - CONTINUED

### CONCLUSION

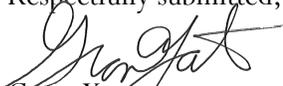
The FY2017-18 Operating Budget demonstrates the City Council's continued investment in Public Safety and other services as the City moves forward out of the effects of the recession. However, with the rising costs of Public Safety contracts, modifications were necessary this year to Public Safety levels of service for both police and fire. I am committed to working with the City Council to develop viable solutions in the coming year to ensure that the City's operating revenues are sufficient to cover its operating expenditures, while maintaining adequate reserves.

The budget was constructed by utilizing a conservative approach in projecting revenues and corresponding expenditures. However, it does include utilization of fund balance to provide for core services to the community. This conservative approach is necessary, as the City must continue to be sensitive to potential changes in the condition of the State and local economy. If there are any legislative actions that create any adverse impacts to the City, or if local conditions change that negatively impact the projected revenue stream, staff will return to the City Council with recommendations to make appropriate adjustments.

I would like to express my appreciation to the City Council for providing the direction and support which are crucial to the ability of the City to achieve its goals. I would also like to recognize the contributions of every staff member for creating a successful operating budget. I would also like to recognize our Elected Treasurer, Allen Baldwin, for his dedication and commitment to the City. His oversight in the budget process is invaluable.

I commend the Mayor, Budget Committee, members of the City Council and Management for their continued interest, dedication and support in conducting business on behalf of the Citizens of Lake Elsinore in a responsible and progressive manner while still preserving an economical quality of the City.

Respectfully submitted,

  
Grant Yates  
City Manager





## UNDERSTANDING THE BUDGET DOCUMENT

This budget document provides the public with concise and readable information about City government, and displays the objectives and budget for the City of Lake Elsinore for FY2017-18. The budget document is divided into the following sections:

### INTRODUCTION AND OVERVIEW

The budget document begins with the transmittal letter by the City Manager, which provides an overview of the FY2017-2018 Operating Budget by highlighting programs, major projects and changes in revenue and expenditure allocations for the upcoming fiscal year. There is an analysis of the impact of legislation on the City budget, as well as recent economic indicators. The introduction section details Lake Elsinore's Mission and Value Statements. The Goals and Objectives provide further detail into the policies, goals and objectives which drive the budget process. These are linked to each Department's goals and objectives. The Locator Map shows graphically where Lake Elsinore lays within the State of California and the Community Profile lists community demographics. The City Directory outlines the Executive Management Team and the Finance Team who work on a daily basis implementing the goals and strategies outlined in the Annual Operating Budget.

### FINANCIAL STRUCTURE, POLICY AND PROCEDURES

The Citywide Organization Chart displays City Departments and reporting structure. The Budgetary Fund Structure provides a quick graphic overview of the City's budgetary fund structure and includes all funds that are subject to appropriation. The Description of Funds provides a narrative description of these funds which are graphically depicted in the Fund Use by Department section. The Gann Appropriations Limit Section details the appropriations limit for the current fiscal year. Budget and Fiscal Policies outlines City policies related to budget preparation, financial reporting requirements, fund balance and reserves, contingency planning, staffing, asset management/replacement, investments, and financing and debt management. The Budget Process and Budget Calendar sections describe the City's process for preparing this year's Annual Operating budget.

### FINANCIAL SUMMARIES

The Financial Summaries section provides a complete overview and analysis of the total resources budgeted by the organization. There is detail on each specific fund, fund balance changes, and a complete budget picture for the current and previous two fiscal years. This section includes summaries of revenues and expenditures for all appropriated Operating Budget funds. Fund balance, revenue and expenditure changes are explained in this section as well. Historical and categorical data are provided for comparative purposes.

### DEPARTMENTAL INFORMATION

The Departmental Information Section includes the department/program description, mission statements, and expenditures, staffing levels, goals and performance measures for each operating program in the General Fund and Internal Service Funds.

### CAPITAL IMPROVEMENT AND DEBT

This section summarizes the budgeted capital expenditures which are further detailed in the separate Capital Improvement Budget. This section provides a summary of all projected Capital Improvement revenues and descriptions of those sources, as well as a description of all Capital Improvement Plan projects. The Debt Administration and Legal Debt Margin sections include financial data on current debt obligations and describe the relationship between current debt levels and legal debt limits as well as their operational impact.



## UNDERSTANDING THE BUDGET DOCUMENT - CONTINUED

### FIVE YEAR FORECAST

This section outlines the City of Lake Elsinore's five year strategic planning tool which allows the City to project the impacts of proposed programs, operating costs, and capital improvement projects in the future. This forecast assists in long range planning and policy development by ensuring that resources will be available to meet the needs of our community into the future.

### APPENDIX

This section provides supplemental financial statistical information such as, property tax information, and comparative City information. There is also a glossary of terms to guide the reviewer in understanding this document. Additional information on the City's finances are available in the following documents which are available at [www.lake-elsinore.org/Departments and Services/Finance/Financial Reports](http://www.lake-elsinore.org/Departments%20and%20Services/Finance/Financial%20Reports). For further information, please contact the Lake Elsinore Administrative Services Department at (951)674-3124.





## RESOLUTION NO. 2017-073

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPTING THE FY 2017-18 ANNUAL OPERATING BUDGET AND ESTABLISHING THE CONTROLS ON CHANGES IN THE APPROPRIATIONS

**Whereas**, the City Council (Council) has a policy of adopting an annual operating budget to plan expenditures and to match anticipated revenues available in various City accounts in order to make the most efficient use of the City's limited resources for each fiscal year; and,

**Whereas**, the City of Lake Elsinore (City) Municipal Code Section 3.04.010 defines the fiscal year for the City of Lake Elsinore as extending from July 1<sup>st</sup> of each year to and including June 30<sup>th</sup> of the following year.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** The City of Lake Elsinore Annual Operating Budget is hereby approved and adopted for the 2017-18 fiscal year as attached per Exhibit A to this Resolution.

**Section 2.** A copy of the City of Lake Elsinore Operating Budget hereby adopted and certified by the City Clerk shall be filed with the City Manager or a designated representative, and a further copy so certified shall be placed and shall remain on file in the Office of the City Clerk where it shall be available for inspection. Copies of the certified budgets shall be made available for the use of departments, offices and agencies of the City.

**Section 3.** That the following controls are hereby placed on the use and transfer of budget appropriations:

- (a) No expenditure of funds shall be made unless there is an unencumbered appropriation available to cover the expenditure.
- (b) The Department Director may prepare a transfer of appropriations within departmental budget accounts, with the approval of the City Manager.
- (c) The City Council must authorize transfers (appropriations) of funds from the Unreserved Fund Balance and transfers between departmental budget accounts.
- (d) The City Council must authorize any changes to the Schedule of Authorized Positions. The City Manager may authorize the hiring of temporary or part-time staff as necessary within the limits imposed by the controls listed above.
- (e) The City Manager may approve change orders on Public Works contracts approved by the City Council in amounts up to project contingency established by the City Council.
- (f) Outstanding encumbrances shown on the City books at June 30, 2017, that are approved by the City Manager, are hereby appropriated for such contracts or obligations for FY2017-18.
- (g) The City of Lake Elsinore Annual Operating Budget is hereby approved.



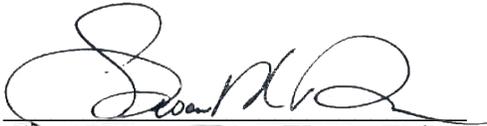
## RESOLUTION NO. 2017-073

This Resolution shall take effect from and after the date of its passage and adoption.

**Passed and Adopted** on this 13th day of June, 2017.

  
Robert E. Magee, Mayor

**Attest:**



Susan Domen, MMC City Clerk

STATE OF CALIFORNIA        )  
COUNTY OF RIVERSIDE     ) ss.  
CITY OF LAKE ELSINORE    )

I, Susan M. Domen, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2017-073 was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of June 13, 2017, and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

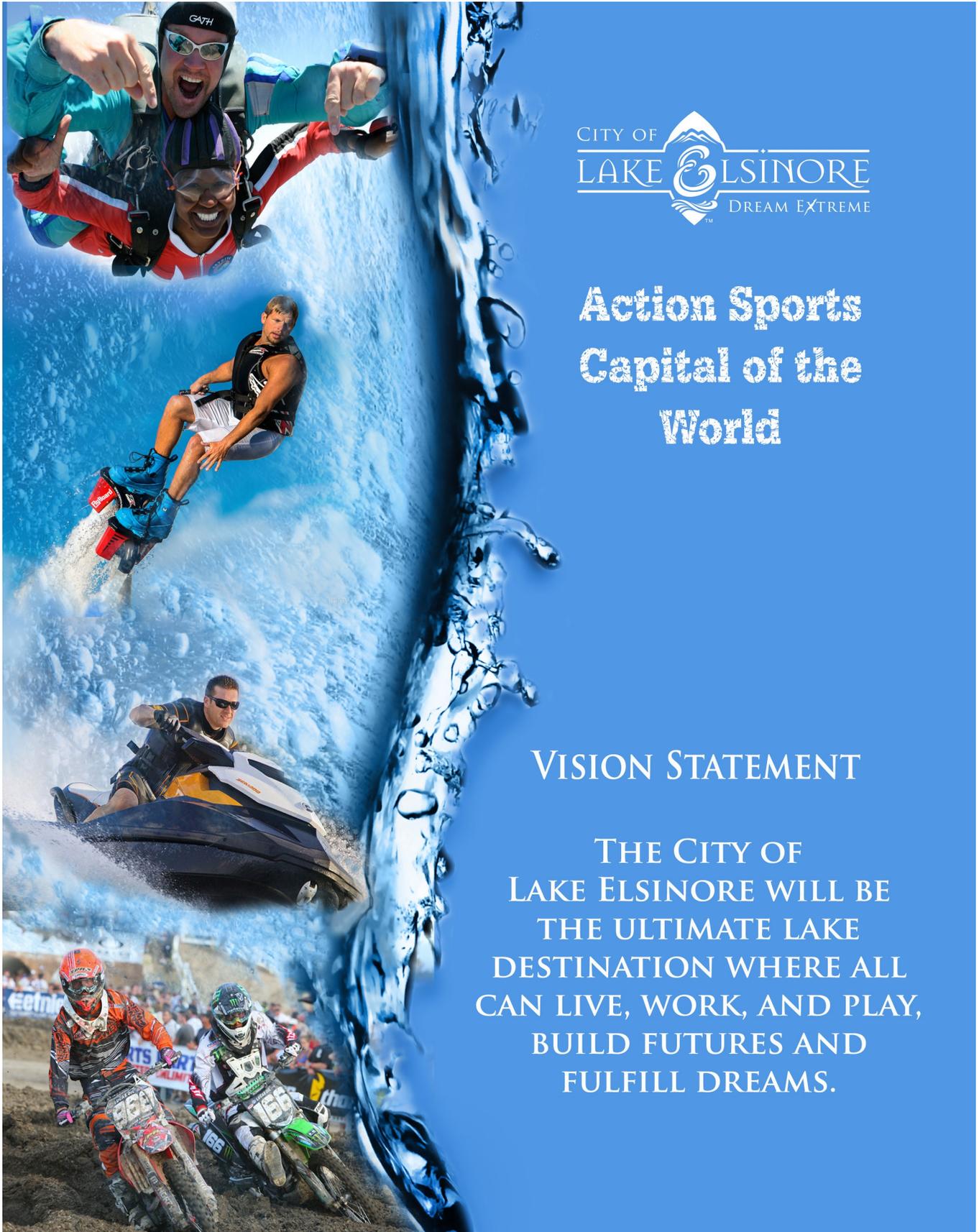
ABSTAIN:



Susan Domen, MMC City Clerk



## VISION STATEMENT



**Action Sports  
Capital of the  
World**

### VISION STATEMENT

THE CITY OF  
LAKE ELSINORE WILL BE  
THE ULTIMATE LAKE  
DESTINATION WHERE ALL  
CAN LIVE, WORK, AND PLAY,  
BUILD FUTURES AND  
FULFILL DREAMS.



## VALUE STATEMENT

As employees of the City of Lake Elsinore, in striving to be dedicated to our local government, we value the following:

### CITY OF LAKE ELSINORE *Expressions of Extreme Customer Service*

#### C.A.A.R.E.

##### **C**USTOMER SERVICE PERSPECTIVE

- Treat your customer the way you would want to be treated.
- Be overtly courteous, a good listener and extremely respectful.
- Treat your fellow employees as your customers!

##### **A**UTHENTIC BEST

- Be your best self and provide sincere customer service.
- Always remember, there is no way that the quality of customer service can exceed the quality of the people who provide it!

##### **A**NTICIPATE CUSTOMER NEEDS

- Improve the quality of customer service by preparing in advance for common inquiries.

##### **R**ESPOND TO CUSTOMER'S NEEDS

- Provide responses that are timely, accurate and complete.
- Respond within a business day, and assure customers that you are personally accessible if they have further concerns.

##### **E**XTREME CUSTOMER SERVICE

- Make it extremely easy to do business with!
- Providing Extreme Customer Service is our business.





# LOCATOR MAP





## COMMUNITY PROFILE

### GENERAL CITY DATA

Date of Incorporation	April 20, 1888
Form of Government	City Manager
Area	41.7 Square Miles
Lake Surface Area	5.5 Square Miles
Population (2016)	62,092
Annual Average Temperature	80.58 Degrees
Annual Average Rainfall	12.01"
Number of Police Officers per 1,000 Residents	.92
Number of Fire Stations	4
Number of Parks	18

### INCOME AND HOUSING

Median Household Income	\$60,334
Average Household Income	\$72,321
Number of Households	16,830
Median Household Size	3.6
Median Family Size	3.8
Median Age	31.7
Median Housing Price	\$332,000

### EDUCATIONAL DATA

#### LAKE ELSINORE UNIFIED SCHOOL DISTRICT

Number of Schools	21
Number of Teachers	1203
Number of Students	22,078
Number of Public Libraries	2



## DIRECTORY

### EXECUTIVE MANAGEMENT

---

City Manager	Grant Yates
Assistant City Manager	Jason Simpson
City Clerk	Susan M. Domen
City Attorney	Barbara Leibold
Director of Community Development	Grant Taylor
Director of Community Services	Johnathan O. Skinner
City Engineer	Brad Fagrell
Chief of Police	Dan Anne
Fire Chief	Sean Dakin

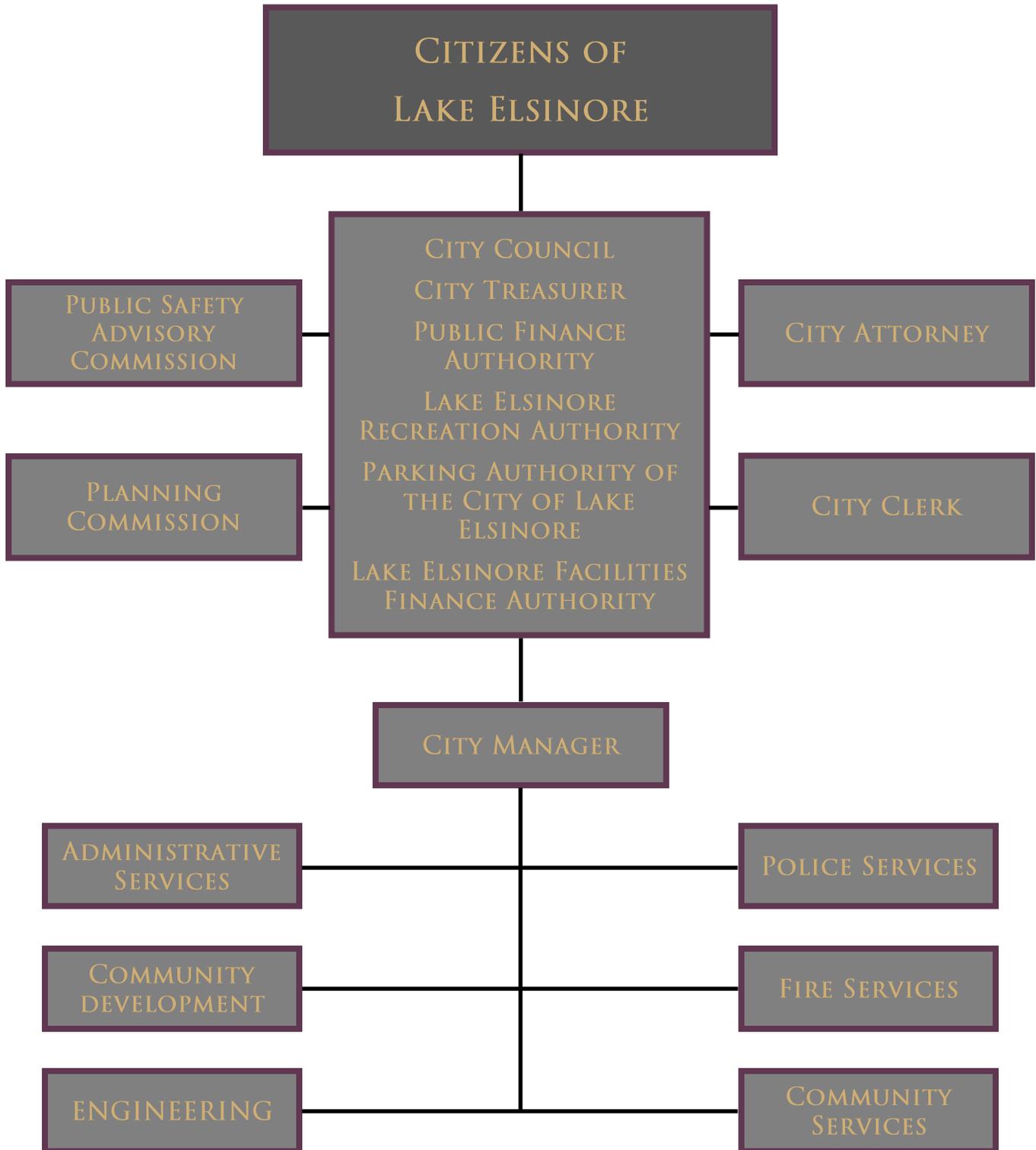
### FINANCE DEPARTMENT

---

Finance Manager	Shannon Buckley
Finance Administrator	Nancy Lassey
Fiscal Officer	Brendan Rafferty
Accountant	Monica Fernandez
Accountant	Andrew Zavala
Account Specialist	Frances Ramirez
Account Specialist	Joanne Jackson



## CITY ORGANIZATION CHART





## BUDGETARY FUND STRUCTURE

### GOVERNMENTAL FUNDS

#### GENERAL FUND

#### SPECIAL REVENUE

- Supplemental Law Enforcement Services
- Traffic Offender
- Affordable Housing in Lieu
- Developer Agreement
- Gas Tax
- Measure A
- Senate Bill 821 Bicycle and Pedestrian Facilities Program
- Senate Bill 1186 California Disability Access and Education Fee
- Traffic Safety
- Lighting, Landscape and Maintenance Districts
- Geothermal
- Community Development Block Grant
- National Pollutant Discharge Elimination System
- Public Education and Government Grant
- Assembly Bill 2766 Motor Vehicle Subvention
- Low/Moderate Income Housing

#### DEBT SERVICE

- 2013 Lease Revenue Bonds
- 2016 Lease Revenue Bonds

#### CAPITAL PROJECTS

- Miscellaneous General Projects
- Transportation Uniform Mitigation Fee
- Total Road Improvements
- Development Impact Fees
- Storm Drain
- Quimby
- Traffic Impact Fee
- Assessment Districts



## BUDGETARY FUND STRUCTURE - CONTINUED

### PROPRIETARY FUNDS

#### CAPITAL PROJECTS - Continued

- Community Facilities Districts
- Public Improvement In-Lieu
- Diamond Stadium

#### INTERNAL SERVICES FUNDS

- Insurance Services
- Information Technology Services
- Support Services
- Fleet Services
- Facilities Services

### FIDUCIARY FUNDS

#### PRIVATE-PURPOSE TRUST FUNDS

- Successor Agency to the Redevelopment Agency (SARDA) Debt Service Fund
- Permanent Endowment Trust Fund

#### AGENCY FUNDS

- Developer Deposit Trust
- Lake Maintenance
- Destratification Equipment Replacement



## DESCRIPTION OF FUNDS

The City of Lake Elsinore revenues and expenditures are accounted for in a series of funds. Each fund is an autonomous accounting entity, established in accordance with legal and professional accounting standards. Funds are used to segregate the various financial activities of a governmental entity and to demonstrate compliance with specific regulations, restrictions or limitations (i.e. demonstrating the restricted revenues are spent only for allowed purposes).

Funds used in government are classified into three broad categories; governmental, proprietary and fiduciary. Governmental funds include activities usually associated with the operations of a typical state or local government (public safety, general government activities, etc.). Proprietary funds are used in government to account for activities often found in the private sector (utilities, stadiums, and golf courses are prime examples). Fiduciary funds are utilized in situations where the government is acting in a fiduciary capacity as a trustee or agent.

The appropriated funds utilized by the City of Lake Elsinore, governmental, fiduciary, and proprietary, are detailed below. The City of Lake Elsinore details the Capital Improvement Funds in a separate document, although the Capital Improvement Plan and its operating impacts are outlined in this budget document in the Capital Improvement and Debt Section.

## ACCOUNTING BASIS

All governmental funds are accounted for and budgeted using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The primary revenue sources susceptible to accrual are property and sales taxes, franchise fees, transient occupancy taxes, investment income, fines and forfeitures collected by County courts, and motor vehicle-in-lieu subventions. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest due on general long-term debt which is recognized when due. Proprietary and Fiduciary funds are accounted for and budgeted using the full accrual basis of accounting, i.e., revenues are recognized in the period earned and expenses are recognized in the period incurred. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Outstanding encumbrances at the end of the fiscal year are recorded as reservation of fund balances since the commitments will be paid in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

## GOVERNMENTAL FUNDS

### GENERAL FUND

This is the general operating fund for the City, utilized to account for all resources not required to be accounted for in another fund.

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific resources that are legally restricted to expenditure for particular purposes:

**Supplemental Law Enforcement Services Fund (SLESF)** - The City maintains this fund to account for the Supplemental Law Enforcement Services (SLESF) monies, which are exclusively expended to provide front line law enforcement services provided by the State of California. These monies supplement existing services and are unable to be used to supplant any existing funding for law enforcement services provided by the City.

**Traffic Offender** - This fund is for the purposes of receiving and expending 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 and are not subject to OTS audit.



## DESCRIPTION OF FUND - CONTINUED

**Affordable Housing In-Lieu** - The Affordable Housing Fund contains the assets as well as loan and rental income from the former Redevelopment Agency which have been transferred to the City of Lake Elsinore.

**Developer Agreement** - This fund is maintained to account for developer fees based on developer agreements.

**Gas Tax** - The City maintains this fund to account for the Highway User's Tax revenues received from the State of California under Sections 2013, 2015, 2107, of the Streets and Highways Code.

**Measure A Fund** - This fund was established to account for the City's share of the County of Riverside's additional one-half percent sales tax allocation. These monies are restricted for use on local streets and roads.

**Senate Bill 821 Bicycle and Pedestrian Facilities Program** - This fund tracks the grant revenue and expenditures received from RCTC for eligible projects. Each year 2% of the Local Transportation Fund (LTF) revenue is made available for use on bicycle and pedestrian facility projects through the Commission's SB 821 Program. All of the cities and the county are notified of the SB 821 Program estimate of available funding and are requested to submit project proposals. Eligible projects include sidewalks, bike paths (Class I), bike lanes (Class II), bike routes (Class III), and access ramps or curb cuts.

**Senate Bill 1186 California Disability Access and Education Fee** - This fund collects and tracks the law requiring State fee of \$1.00 on every applicant for a local business license or renewal. The purpose is to increase disability access and compliance with construction related accessibility requirements and to develop educational resources for businesses in order to facilitate compliance with Federal and State disability laws.

**Traffic Safety** - Used to account for 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.

**Lighting, Landscape and Maintenance District** - These funds 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. Benefit assessments, and a special tax are charged to property owners within the District (City), and funds are received to provide recreations, park development, street lighting, slope maintenance, refuse collection, emergency road construction and maintenance, and library services.

**Geothermal Fund** - A fund to track expenditures for State grant monies used to maintain hot water wells owned by the City.

**Community Development Block Grant** - This fund is used to account for grants received from the U.S. Department of Housing and Urban Development (HUD). These grants are used for the community development activities and projects.

**National Pollutant Discharge Elimination System** - This is to track fees assessed to property owners for the NPDES program, which is mandated by the federal government. This requires cities to clean up storm water runoff.

**Public Education and Government Grant** - This fund is used to track the expenditures used to purchase applicable media equipment.

**Assembly Bill 2766 Motor Vehicle Subvention** - State funds that are available to implement programs and projects that reduce air pollution from motor vehicles.

**Low/Moderate Housing** - This account is used to track low and moderate-income projects, expenditures for this fund are restricted to low and moderate income housing projects.



## DESCRIPTION OF FUND - CONTINUED

### DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of all general long-term debt obligations of the City and related entities.

**2013 Lease Revenue Bonds** - This account is used to account for the payment of interest and principal of the refunding of the Variable Rate Revenue Refunding Bonds 2000 Series A. The 2000 Revenue Bonds were originally issued in the amount of \$15,660,000 to finance the purchase the lake from the State of California and the transfer of the Lake Elsinore recreation area and developing the levee and flood control facilities.

**2016 Lease Revenue Bonds** - This account is used to account for the payment of interest and principal of the Lake Elsinore Facilities Financing Authority Lease Revenue Bonds, Series 2016A. The bonds were issued in the amount of \$10,410,000 to finance the acquisition, construction of the La Laguna RV Resort.

### CAPITAL PROJECTS FUNDS

Capital project funds are used to account for financial resources to be used for the acquisition or construction of capital improvement projects and redevelopment projects and administrative expenses.

**Miscellaneous General Projects** - This is to account for miscellaneous general projects of the City.

**Transportation Uniform Mitigation Fee** - Under the TUMF, developers of residential, industrial, and commercial property pay a development fee to fund transportation projects that will be required because of the growth the projects create. The Western Riverside Council of Governments administers the TUMF. The TUMF funds both local and regional arterial projects. Local area projects receive 48.1% of all funds and the funds are programmed in each of five "zones" proportionately to the fees paid. These zone projects are proposed by local jurisdictions.

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

**Development Impact Fees** - These funds are used to track revenues and expenditures of fees collected by developers to mitigate impacts of new development in the level of service capacity.

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

**Quimby** - These funds are for the improvement and development of parks that are financed by development fees.

**Traffic Impact Fee** - This account is to track revenues and expenditures of fees collected by developers to mitigate impacts of new development on traffic.

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

**Community Facilities District** - These funds are established by the City as a means of obtaining community funding to be used to pay for public works and other public services, maintenance, new construction, and debt service payments.

**Public Improvement In-Lieu** - This fund accounts for special designated improvements to City property, financed by developer fees.

**Diamond Stadium** - This fund is used to track revenue and expenditures for the Diamond Stadium. The Successor Agency is the owner of the Diamond Stadium which will require significant capital repairs and maintenance in future years.



## DESCRIPTION OF FUND - CONTINUED

### PROPRIETARY FUNDS

#### INTERNAL SERVICES FUNDS

Internal Services Funds are used to account for the financing of goods or services by one department to other departments of the City on a cost reimbursement basis.

**Insurance Services**- This Internal Service Fund was established to fund and account for the City's liability, worker's compensation and property insurance costs.

**Support Services** - This Internal Service Fund was established as a cost center for the City's central duplicating, printing, and mailing activities.

**Information Technology** - This Internal Service Fund was developed to fund and account for computer and telephone systems operating and maintenance expenses, depreciation of all related computer and telephone equipment over their estimated useful lives, and to accumulate resources for future equipment purchases. This fund was also formed to account for computer and telephone and the accumulated depreciation for future equipment purchases.

**Fleet Services** - This Internal Service Fund was created to depreciate vehicles and large capital equipment over their estimated useful lives, and to accumulate resources for the purchase of future replacement vehicles and equipment.

**Facilities Services** - This Internal Service Fund was established to account for the cost of the City Facilities operations and maintenance.

### FIDUCIARY FUNDS

#### PRIVATE PURPOSE TRUST FUNDS

Private-Purpose Trust Funds are used to account for resources held and administered by the reporting government when it is acting in a fiduciary capacity for other governments.

**Successor Agency to the Redevelopment Agency (SARDA) Debt Service Fund** - This fund is used to account for payment obligations of the Successor Agency as a result of the State's dissolution of Redevelopment Agencies.

**Endowment Trust Fund** - This fund is to account for assets held by the City in a trustee capacity for the Adolph Korn Estate. Money is held for building a nurses home for the proposed medical facility in 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.

#### AGENCY FUNDS

Agency Funds is a fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds.

**Developer Deposit Trust** - This fund is used to account for receipts of deposits paid by Developers.

**Lake Maintenance** - This fund is used 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** - This fund is used to account for receipts made by Elsinore Valley Municipal Water District, Riverside County, and the City to replace equipment for the axial flow pump desertification system in the lake.



## FUND USE BY DEPARTMENT

Department	GF	SPECIAL REVENUE FUNDS										DS	SPECIAL ASSESSMENT FUNDS					INTERNAL SERVICE FUNDS				
		SLESF	TOF	AH	GT	CAS	TSF	CW	LLMD1	NPDES	CFD 03-1S		CFD 06-5S	CFD 07-1S	CFD 09-1S	CFD 03-2S	IN	IT	SS	FL	FA	
City Council	x																x	x	x			
Community Support	x																					
City Treasurer	x																					
City Clerk	x																x	x	x		x	
City Attorney	x																					
City Manager	x																x	x	x	x	x	
Finance	x																x	x	x		x	
Human Resources	x																x	x	x		x	
Police Services	x	x	x	x						x							x	x	x	x		
Fire Services	x																x	x		x	x	
Animal Services	x																					
Planning	x																x	x	x		x	
Building & Safety	x									x							x	x	x	x	x	
Code Enforcement	x																x	x	x	x	x	
Economic Development	x																x	x	x		x	
Fire Prevention	x																x	x	x	x	x	
Graffiti	x																x	x		x	x	
Engineering	x																x	x	x	x	x	
Public Works	x									x							x	x	x	x	x	
Park Maintenance	x																x	x		x	x	
Lake Maintenance	x																x	x		x	x	
Community Services	x																x	x	x		x	
Recreation	x																x	x	x			
Senior Center	x																x	x	x			
Lake and Campground	x																x	x				
Insurance	x																x					
Information Technology	x																	x				
Support Services	x																		x			
Fleet	x																				x	
Facilities	x																				x	

**GENERAL FUND**

GF - General Fund

**SPECIAL REVENUE FUNDS:**

SLESF - Supplemental Law Enforcement Services

TOF - Traffic Offender

AH - Affordable Housing

GT - Gas Tax

CASP - Certified Access Specialist Program

TSF - Traffic Safety

CW - Citywide LLMD

LLMD No.1 - LLMD No. 1

NPDES - National Pollutant Discharge Elimination System Fund

**SPECIAL ASSESSMENT FUNDS:**

CFD 03-1S - Law, Fire & Paramedic Services

CFD 06-5S - Park, Open Space & Storm Drain

CFD 07-1S - Law, Fire & Paramedic Services

CFD 09-1S - Park, Open Space & Street Lighting

CFD 03-2 - Fire Tax Services

**ISF FUNDS:**

IN - Insurance

IT - Information Technology

SS - Support Services

FL - Fleet

FA - Facilities

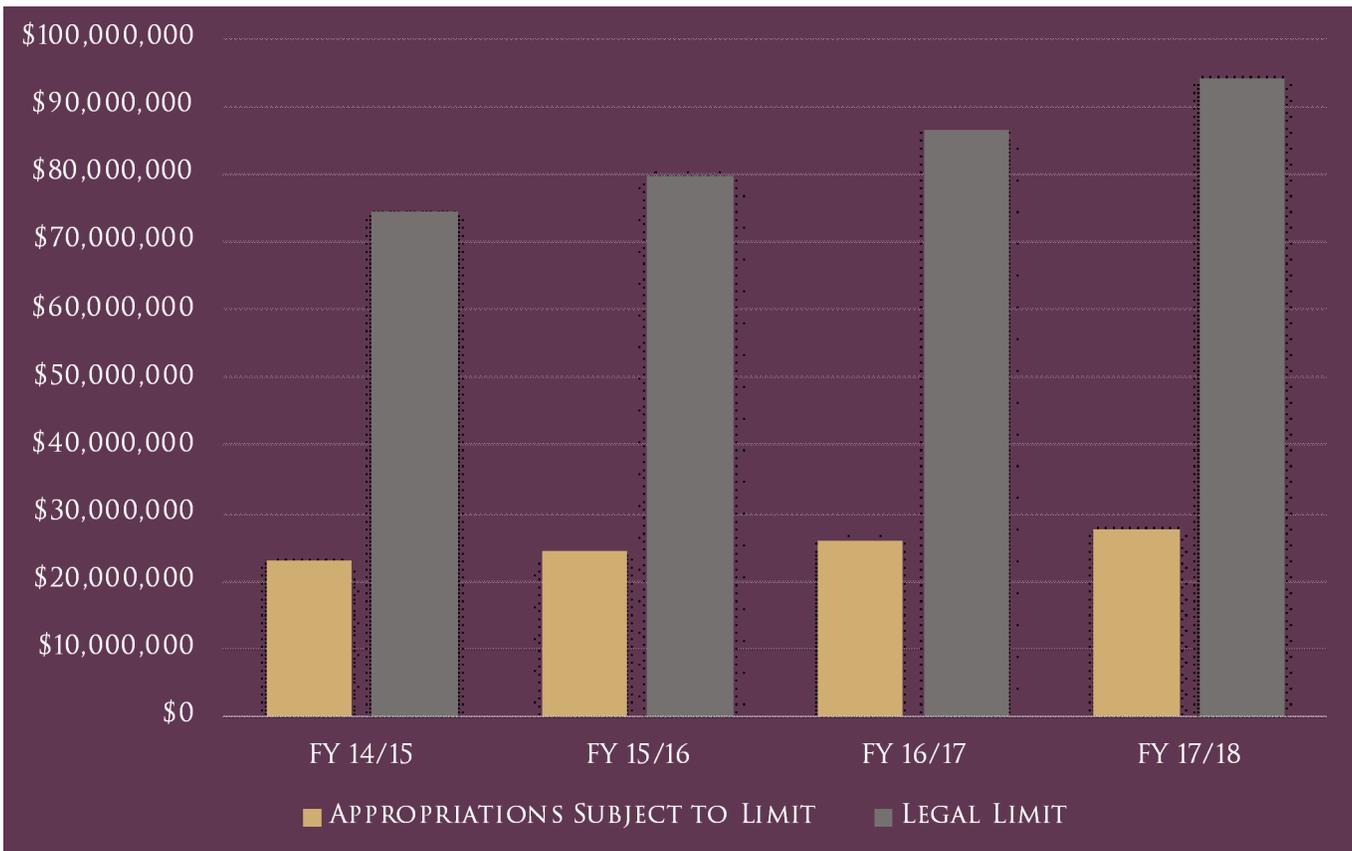


## GANN APPROPRIATIONS LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was approved by California voters in November 1979, and placed limits on the amount of proceeds of taxes that state and local government agencies can receive and spend each year. For cities that incorporated after FY1978-79, the voters set the initial appropriations limit at the time of incorporation. Proposition 111 was approved by California voters in June 1990, which provided new adjustment formulas which make the appropriations limit more responsive to local growth issues. Each year the City Council must adopt, by resolution, the appropriations limit for the following year.

Fiscal Year 2016-17 Appropriation Limit	\$86,752,899
City Population Growth	2.00%
Per Capita Personal Income Change	3.69%
Fiscal Year 2017-18 Appropriations Limit (\$86,752,899 x 1.0576 )	\$94,300,401

Appropriations subject to the limit in the FY2017-18 budget totaled \$27,772,809 which is \$66,527,592 less than the computed limit. Additional appropriations to the budget funded by non-tax sources such as service charges, restricted revenues from other agencies, grants or beginning fund balances would be unaffected by the appropriations limit. However, any supplemental appropriations funded through increased tax sources would be subject to the appropriations limit and could not exceed the \$66,527,592 variance indicated. Further, any overall actual receipts from tax sources greater than \$66,527,592 from budget estimates will result in proceeds from taxes in excess within the next two fiscal years or voter approval of an increase in the City’s appropriations limit. Voter approval for an increase in the City’s appropriations limit is not anticipated in the future due to the margin between the limit and tax revenue.





# BUDGET AND FISCAL POLICIES

## BUDGET AND STRATEGIC PLANNING PROCESS

### ANNUAL OPERATING BUDGET (AOB)

The Annual Budget sets forth as strategic resource allocation plan that addresses the City Council's Strategic Goals. The budget can be thought of as a policy document, financial plan, operations guide, and communication device all in one document as a guide for the public as well as staff.

The Budget also performs the following:

- Determines the quality and quantity of the City programs and services
- Details expenditures requirements and the estimated revenue available to meet these requirements
- Connects the activities of individual City Departments to the City Council's Strategic Goals
- Sets targets and provides a means of measuring actual accomplishments against goals

The Annual Budget provides the legal authority for expenditures and means for control of municipal operations throughout the fiscal year. Accordingly, the City Council mandates that a budget be adopted prior to the beginning of the fiscal year, which begins July 1st of each year.

The Budget process gives the department director an opportunity to justify departmental work programs, to propose changes in services, and to recommend revisions in organizational structure and work methods. It also enables the City Manager to review these aspects and make appropriate recommendations to the City Council.

Presenting the annual proposed budget to the City Council usually takes place in May of each year, which allows the Council to judge the adequacy of the proposed operating programs, to determine basic organizational and personnel staffing requirements and to establish the level of municipal services to be rendered with the available resources. The annual proposed budget is presented at one of the City Council meetings during the month of June of each year for adoption.

### FIVE-YEAR FINANCIAL FORECAST

The City will prepare a five-year financial forecast annually to assist in long range planning and policy development. The five year forecast provides a tool to evaluate the ability of the City to fund proposed programs, operating and maintenance costs, capital expenditures, as well as operating costs related to future capital improvement projects. Revenues are projected using a conservative approach, and are based on historical trends, stable residential development projections, internal analysis, and commercial growth that incorporates known development projects. Separate sets of assumptions are developed for major revenue types such as sales tax property tax, community development fees, transient occupancy taxes, and investment income. Departmental expenditure projections are developed using anticipated cost of living increases for general administrative operating costs. Additional assumptions are incorporated for major expenditure categories such as public safety to ensure that commercial and residential growth projections are addressed to main current service levels.

The five-year forecast indicates whether projected revenue growth will support anticipated expenditures for current levels of service. However, as the City continues to grow, it is important to ensure that it can meet increasing demands, and be in a position to respond to possible changes in economic conditions. The five-year forecast is a dynamic tool that requires annual update and review of its underlying assumptions to keep the City in a position of strong fiscal condition.



## BUDGET AND FISCAL POLICIES - CONTINUED

### CAPITAL IMPROVEMENT PLAN (CIP)

The purpose of the CIP budget document is to serve as a planning tool, which coordinates the level ranking, financing, and scheduling of major projects undertaken by the City. All projects presented in the five-year CIP budget are carefully programmed to ensure the community's capital improvement needs are met both now and in the future. In addition, the projects provide additional opportunities and access to the City and improve the overall quality of life.

This document is dynamic and, consequently, must be revised annually to address changing needs, level rankings, and financial conditions.

The City's goal in providing a CIP Budget is to develop a multi-year plan for capital improvement, update it annually, and follow through with all capital improvements in accordance with the plan. It also allows staff to budget operating and maintenance costs into the five year projection in order to determine the total cost of each project before it is undertaken.

This CIP budget document is developed by incorporating input from City Council and key management team members, based on community comments and feedback received throughout the year. This team then, through several workshops, identifies and evaluates community needs in the areas of roads/streets, bridges, public buildings, parks and recreation facilities, and redevelopment projects. Each proposed project is reviewed and discussed to ensure funding, timing, and necessity. A CIP City Council workshop is held to provide the City Council with an opportunity to review each project in detail, and to receive public comments concerning the five-year program.

The capital improvements presented in the budget are the City's major projects, which exceed \$30,000 in cost, have long-term life spans, and are generally non-recurring. These projects include land and right of way acquisition, design, construction or rehabilitation of public buildings or facilities, public infrastructure design and construction, park design and construction, and redevelopment projects. Every CIP project will have a Project Manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status. Projects must identify a benefit. In determining the relative merit of a proposed project, key management team members evaluate projects for feasibility, community enhancement, infrastructure and historic preservation, and safety.

Projects in the CIP are scheduled in each of five fiscal years based on community needs, as determined by the City Council and availability of funding. Level rankings in each major category (Circulation, Facilities, Infrastructure, Parks, and SARDA/Housing) are assigned in accordance with the following guidelines:

- LEVEL I: The project is urgent and must be completed as soon as feasible. Failure to address the project may impact the health, safety, or welfare of the community or have a potential significant impact on the financial well-being of the City. The project must be initiated or financial opportunity losses may result.
- LEVEL II: The project is important and addressing it is necessary. The project impacts safety, law enforcement, health, welfare, economic base, quality of life.
- LEVEL III: The project will enhance quality of life and will provide a benefit to the community. Completion of the project will improve the community by providing cultural, recreational, and/or aesthetic value, or is deemed as a necessary improvement to a public facility.

Future Years Projects: The project will be an improvement to the community, but does not necessarily need to be completed within a five year capital improvement program time frame.

The administrative costs associated with managing CIP projects are estimated (generally as five to ten percent of estimated construction costs), and included in each project budget. Future operations and maintenance costs that result from CIP projects are estimated and identified in the CIP project sheets.



## BUDGET AND FISCAL POLICIES - CONTINUED

The City's annual CIP appropriation for study, design, acquisition and/or construction is based on the projects designated by the Council CIP Plan. Adoption of the CIP Plan appropriation does not automatically authorize funding for specific project phases. This authorization generally occurs only after the preceding project phase has been completed and approved by the Council and costs for the succeeding phases have been fully developed. If project costs at the time of bid award are less than the budgeted amount, the balance will be unappropriated and returned to fund balance or allocated to another project.

If project costs at the time of bid award are greater than budget amounts, five basic options are available: eliminate the project; defer the project for consideration to the next CIP Plan period; re-scope or change the phasing of the project to meet the existing budget; transfer funding from another specified, lower level ranking project; or appropriate additional resources as necessary from fund balance. Project accounts, which have been appropriated, will not lapse until completion of the project phase. Project phases will be listed as objectives in the program narratives of the programs, which manage the projects.

All projects are evaluated by the City's Planning Commission to ensure consistency with the provisions of the City of Lake Elsinore General Plan, while considering the City's long-term vision as developed by the City Council. The proposed Circulation, Facilities; Infrastructure, Park, and Successor Agency/Housing projects are reviewed and approved by the Planning Commission.

## FINANCIAL REPORT

### ANNUAL REPORTING

The City will contract for an annual audit by a qualified independent certified public accountant (or accounting firm). The City will strive for an unqualified auditors' opinion. The City will use generally accepted accounting principles in preparing its annual financial statements, and will strive to meet the requirements of the GFOA's Award for Excellence in Financial Reporting program. The City will issue audited financial statements within 180 days after year-end.

### BUDGET ADJUSTMENTS

The Council may amend or supplement the budget at any time after its adoption by majority vote of the Council members. The City Manager has the authority to make administrative adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end fund balances.

### EXTENDED ANNUAL REPORTING

The City will prepare extended annual reports as required by federal and state requirements including, but not limited to the State Controller Report and Street Reports.

## FUND BALANCE AND RESERVES

### FUND BALANCE POLICY

Fund balance represents the accumulation of actual revenues and other financing sources in excess of actual expenditures and other uses at year-end. In general terms, it represents the City's accumulated "savings" from year to year, as any fund balance realized at year-end is added to (or deducted from if expenditures exceeded revenues for that particular year) the previous year's fund balance. Fund balance is often referred to as "reserves".

### RESERVE FOR ECONOMIC UNCERTAINTY

The City will maintain a minimum fund balance of at least 17.5% of operating expenditures in the General Fund, in order to adequately provide resources in the event of an unexpected draw on City finances. Eligible uses of these reserve funds include:

- Expenditures due to local disasters/acts of nature
- Loss of major revenue source(s) due to financial hardship or economic downturn



## BUDGET AND FISCAL POLICIES - CONTINUED

- State-imposed take of local revenue/mandated payments
- Significant unanticipated expenditures
- Significant payout of Comprehensive Annual Leave for employees leaving City service

### FUTURE CAPITAL PROJECT DESIGNATIONS

The Council may designate specific fund balance levels for future development of capital projects that it has determined to be in the best long-term interests of the City.

### OTHER DESIGNATIONS AND RESERVES

In addition to the designations noted above, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years which are carried forward into the new year; debt service reserve requirements; reserves for encumbrances, and other reserves or designations required by contractual obligations, state law, or generally accepted accounting principles.

### FUND BALANCE COMPONENTS

This policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements, as well as a fund balance expenditures hierarchy. Fund Balance commitments and assignments ensure that there will be adequate financial resources to protect the City against circumstances such as revenue shortfalls and unanticipated expenditures. The Policy also authorizes and directs the Director of Finance to prepare financial reports and categorize fund balance per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. There are five separate components of fund balance which identify the specific purposes for which amounts can be spent: (1) Nonexpendable Fund Balance – inherently nonexpendable; (2) Restricted Fund Balance – externally enforceable limitations on use; (3) Committed Fund Balance – self-imposed limitations on use; (4) Assigned Fund Balance – limitation resulting from intended use; (5) Unassigned Fund Balance – residual net resources.

1. **Nonexpendable Fund Balance** - Amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid items or inventories; or (b) legally required to be maintained intact, such as the principal portion of an endowment.
2. **Restricted Fund Balance** - Amounts for a specific purpose that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, other governments' regulations; or (b) imposed by law through constitutional provisions or enabling legislation.
3. **Committed Fund Balance** - Amounts authorized for specific purposes by a government's highest level of decision making authority (City Council). These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period however, the amount can be determined subsequently. The City's committed fund balance includes a reserve for economic uncertainty. It is City policy to maintain a reserve of 17.5% of Annual General Fund appropriations. Amounts are committed to finance any significant unanticipated revenue shortfalls, negative State budget impacts or impacts from natural disasters or other catastrophic events.
4. **Assigned Fund Balance** - Amounts that are constrained for specific purposes, but are neither restricted nor committed. For all governmental funds other than the General Fund, any remaining amounts not classified as nonexpendable, restricted, or committed are considered assigned. For the General Fund, this policy delegates the authority to assign amounts to be used for specific purposes to the Finance Director in consultation with the City Manager for the purpose of reporting these amounts in annual financial statements.



## BUDGET AND FISCAL POLICIES - CONTINUED

5. *Unassigned Fund Balance* - Residual net resources of the General Fund in excess of what can be classified in one of the other four categories.

### HIERARCHY OF SPENDING FUND BALANCE

Restricted fund balance should be spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. When an expenditure is incurred for purposes where amounts in any of the unrestricted classifications of fund balance could be used, committed amounts are to be spent first, followed by assigned amounts and then unassigned amounts.

## CONTINGENCY PLANNING

In response to adverse financial and economic conditions that could negatively impact the City's fiscal health, a Contingency Plan will provide for a measured response to potential fiscal challenges, as opposed to reactionary decision-making that could hinder the long-term financial solvency of the City. In accordance with Budget Policies, the City will strive to maintain reserves in the amount of 17.5% of General Fund operating expenditures. Eligible uses of these reserve funds are outlined in the aforementioned policy; however this Contingency Plan will address the hierarchy of utilizing reserve funds, in the event the City experiences significant or sudden fiscal constraints. The type of fiscal challenge will dictate the appropriate budgetary measure to implement in order to ensure solvency. If the fiscal constraint cannot be absorbed by annual budgetary savings, the following hierarchy shall be followed: One Time Events and Ongoing Fiscal Constraints.

### ONE TIME EVENTS

In the event the City is faced with a non-recurring fiscal constraint, such as a State mandated payment or a natural disaster, the use of reserve funds is an appropriate mitigation. The Reserve for Contingencies shall be utilized first, and fully exhausted prior to utilizing the Economic Uncertainty Reserve.

### ONGOING FISCAL CONSTRAINTS

In the event the City experiences the loss of a major revenue source outside of the City's control (i.e. acts of legislation, corporate decisions and/or economic downturn), the City will need to adjust its operations in order to maintain a balanced budget. Circumstances may arise when the City is unable to react quick enough to offset a sudden loss in revenue, and will be required to utilize reserves to supplant the current Operating Budget. The Reserve for Contingencies shall be utilized first, and fully exhausted prior to utilizing the Economic Uncertainty Reserve. Continued use of reserve funds shall not exceed two budget cycles, to allow adequate time for the implementation of operational changes, while limiting the ongoing dependency on reserves. Implementation of Contingency Plan actions requires the majority approval of the City Council.

## STAFFING POLICY

### REGULAR STAFFING

The budget will fully appropriate the resources needed for authorized regular staffing. Regular full-time benefitted employees will represent the core work force and the preferred means of staffing ongoing, year-round program activities and services. The City will strive to provide competitive compensation and benefit schedules for its authorized regular work force. Each regular employee will fill an authorized regular position; receive salary and benefits consistent with labor agreements or other City Council approved compensation plans.

To manage the growth of the regular work force and overall staffing costs, the City will follow these procedures:

- City Council will authorize all regular positions.
- The Human Resources Department will coordinate and approve the hiring of all regular employees.
- Supplement core staff with a balanced workforce consisting of part-time, contract and independent contractors.



## BUDGET AND FISCAL POLICIES - CONTINUED

- All requests for additional regular positions will include evaluations of:
  - The necessity, term and expected results of the proposed activity;
  - Staffing and material costs including salary, benefits, equipment, uniforms, clerical support and facilities;
  - The ability of private industry to provide the proposed service;
  - Additional revenues or cost savings, which may be realized.
- Periodically, and before any request for additional regular positions, existing programs will be re-evaluated to determine if services can be provided with existing regular employees.
- The City will make every effort to conduct an internal recruitment to fill regular positions. The City will evaluate the advantages and disadvantages of conducting an internal recruitment versus an external recruitment on a case-by-case basis.

### PROJECT STAFFING

The hiring of project employees will not be used as an incremental method for expanding the City's regular work force. Project employees include all employees other than regular employees, temporary staffing, elected officials and volunteers. Project employees will generally augment regular City staffing as extra-help employees, seasonal employees, contract employees, interns and work-study assistants. The City Manager and Department Directors will encourage the use of project employees to meet peak workload requirements, fill interim vacancies, and accomplish tasks where less than full-time, year-round staffing is required. Under this guideline, project employees will be hired for up to one year at a time in conjunction with the annual operating budget on an at-will basis.

Moreover, project employee hours will generally not exceed 50% of a regular, full-time position (1,000 hours annually). There may be limited circumstances where the use of project employees on an ongoing basis in excess of this target may be appropriate due to unique programming or staffing requirements. However, any such exceptions must be approved by the City Manager based on the review and recommendation of the Administrative Services Department.

### TEMPORARY STAFFING

Temporary Staffing agencies can be contacted only in the case of a short-term assignment such as sick leave, disability leave, maternity leave, etc. The City will pay the Temporary Staffing Agency a fair base rate for the employee with a negotiated markup while the temporary employee is providing work for the City.

### WORK HOURS

Regular employee, project employee, and temporary employee work hours will be based on the needs of the City and the position. Employee work hours may be flexed in an effort to minimize overtime.

### OVERTIME MANAGEMENT

Overtime should be used only when necessary and when other alternatives are not feasible or cost effective. All overtime must be pre-authorized by a Department Director or delegated in accordance with existing policy. Departmental operating budgets should reflect anticipated annual overtime costs and departments will regularly monitor overtime use and expenditures. When considering the addition of regular, project, or temporary staffing, the use of overtime as an alternative will be considered. The department will take into account: the duration that additional staff resources may be needed; the cost of overtime versus the cost of additional staff; the skills and abilities of current staff; training costs associated with hiring additional staff; the impact of overtime on existing staff; and the impact on quality of services.

### INDEPENDENT CONTRACTORS

Independent contractors are not City employees. They may be used in two situations: short-term, peak workload assignments and construction of public works projects.



## BUDGET AND FISCAL POLICIES - CONTINUED

Short-term, peak workload assignments to be accomplished using personnel contracted through an Outside Employment Agency (OEA). In this situation, it is anticipated that City staff will closely monitor the work of OEA employees and minimal training will be required. However, they will always be considered the employees of the OEA and not the City. All placements through an OEA will be coordinated through the Human Resources Department and subject to the approval of the Administrative Services Department.

Construction of public works projects and delivery of operating, maintenance or specialized professional services not routinely performed by City employees. Such services will be provided without close supervision by City staff, and the required methods, skills and equipment will generally be determined and provided by the contractor.

### PRODUCTIVITY

The City will repeatedly monitor and review the City's methods of operation to ensure that services continue to be delivered in the most cost-effective manner possible. This review process encompasses a wide range of productivity issues, including:

- Analyzing systems and procedures to identify and remove unnecessary review requirements.
- Evaluating the ability of new technologies and related capital investments to improve productivity.
- Developing the skills and abilities of all City employees.
- Developing and implementing appropriate methods of recognizing and rewarding exceptional employee performance.
- Evaluating the ability of the private sector to perform the same level of service at a lower cost.
- Periodic formal reviews of operations on a systematic, ongoing basis.
- Maintaining a decentralized approach in managing the City's support service functions. Although some level of centralization is necessary for review and control purposes, decentralization supports productivity by:
  - Encouraging accountability by delegating responsibility to the lowest possible level;
  - Stimulating creativity, innovation and individual initiative;
  - Reducing the administrative costs of operation by eliminating unnecessary review procedures;
  - Improving the ability of the organization to respond to changing needs, and identify and implement cost-saving programs;
  - Assigning responsibility for effective operations and citizen responsiveness to the department.

### PRIVATE SECTOR CONTRACTS

Contracting with the private sector for the delivery of services may provide the City with a significant opportunity for cost containment and productivity enhancements. As such, the City is committed to using private sector resources in delivering municipal services as a key element in our continuing efforts to provide cost-effective programs. Private sector contracting approaches under this policy include construction projects, professional services, outside employment agencies and ongoing operating and maintenance services. In evaluating the costs of private sector contracts compared with in-house performance of the service, indirect, direct, and contract administration costs of the City will be identified and considered. Whenever private sector providers are available and can meet established service levels, they will be seriously considered as viable service delivery alternatives using the evaluation criteria outlined below. For programs and activities currently provided by City employees, conversions to contract services will generally be made through attrition, reassignment or absorption by the contractor.

Within the general policy guidelines stated above, the cost effectiveness of contract services in meeting established service levels will be determined on a case-by-case basis using the following criteria:

- Is a sufficient private sector market available to competitively deliver this service and assure a reasonable range of alternative service providers?
- Can the contract be effectively and efficiently administered?



## BUDGET AND FISCAL POLICIES - CONTINUED

- What are the consequences if the contractor fails to perform, and can the contract reasonably be written to compensate the City for any such damages?
- Can a private sector contractor better respond to expansions, contractions or special requirements of the service?
- Can the work scope be sufficiently defined to ensure that competing proposals can be fairly and fully evaluated, as well as the contractor's performance after bid award?
- Does the use of contract services provide us with an opportunity to redefine service levels?
- Will the contract limit our ability to deliver emergency or other high priority services?
- Overall, can the City successfully delegate the performance of the service but still retain accountability and responsibility for its delivery?

### GOVERNMENT SERVICE CONTRACTS

Contracting with other government entities for the delivery of services such as police and fire provides the City with significant opportunities for cost containment and productivity enhancements. The City utilizes government service contracts to deliver municipal services as a key element in the City's continuing efforts to provide cost-effective programs.

The City contracts with Riverside County Sheriff's Department for police services. Under this contract the City maintains a ratio of one (1) uniformed police officer for every one thousand three hundred (1,300) residents. The City will ensure that contracted staffing levels are compatible with the City population and needs. Contracting with the County facilitates an efficient, effective and affordable model of policing for the community. The police contract allows the city to partner with the County to leverage resources to reduce costs for supervision, administration, training, clerical support, vehicles and equipment.

The City contracts with the Riverside County Fire Department for all fire services. Contracting with the County facilitates an efficient, effective and affordable model of fire protection, disaster preparedness, fire prevention, and emergency operation services for the community. The fire contract allows the City to partner with the County to leverage resources to reduce costs for supervision, administration, training, clerical support, vehicles and equipment.

### REGIONAL CONTRACTS

A regional approach to public services leverages economies of scale to improve outcomes and services to the citizens. Therefore, prior to entering into private or government service contracts, the City will require the completion of a systematic assessment to determine whether a regional approach to providing services is necessary. The City contracts with Animal Friends of the Valleys for animal control services and the County of Riverside (via the Southwest Community Financing Authority) for animal sheltering services. Contracting with multi-agencies for these services demonstrates a regional approach of leveraging resources to provide efficient services (at a reduced cost).

## ASSET MANAGEMENT AND REPLACEMENT POLICY

### ASSET MANAGEMENT AND REPLACEMENT (AMR)

AMR is the practice of strategically managing the life cycle of the City's capital infrastructure to achieve the greatest return on every tax dollar invested. The capital infrastructure's life-cycle includes how the asset is planned, designed, constructed, operated, maintained, replaced, and disposed. Capital infrastructure includes streets, roads, public facilities, parks, and drainage facilities.

- Streets and Roads - Assets related to the provision of transportation (e.g. pedestrian, bicycles, and vehicles)
- Public Facilities - Building and land assets used for a diverse range of services including community services, recreation, accommodation, and municipal administration.



## BUDGET AND FISCAL POLICIES - CONTINUED

- Parks - Assets which provide opportunities for organized and informal recreation activities, provide aesthetic and cultural value to the community, and provide public spaces for social interaction.
- Drainage Facilities - Assets which provide a measure of flooding protection to the community from storm water runoff and those assets which improve the water quality of storm water runoff going into main drains and waterways.

### PROCESS

As assets age, their performance will deteriorate. Therefore, a process must be applied to determine when the ability of an asset to meet service standards deteriorates to an unacceptable level. This means considering all management options and strategies as part of the asset lifecycle, from planning to disposal. The objective of managing the assets in this manner is to look at long-term cost impacts when making asset management decisions. The AMR Plan is based on applicable management studies, best practices, and analysis and should be updated every five years. The actual replacement of assets is dependent on staff analysis and recommendation after a review of any variables.

### POLICY

The purpose of the Asset Management and Replacement Policy (AMRP) is to demonstrate the City's commitment to the responsible management of the City's capital infrastructure. The Policy ensures adequate provisions are made for the long-term replacement of the City's capital infrastructure by; incorporating appropriate asset management best practices to ensure that the City delivers the highest appropriate level of service through its assets; applying transparent and responsible financial management of City assets; meeting or surpassing legislative requirements for asset management; and ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.

### FUNDING STRATEGY

The funding of the AMRP will be based on; an evaluation of available funds in the General Fund, Special Reserve Funds, and the Internal Service Funds; a comparison of available funds against the requirements of AMR Plan; and Council guidance and direction based on the analysis of the completed management studies.

### REPLACEMENT FUNDS

Information Technology Fund has been established as an Internal Service Fund, for the purpose of accumulating the funds necessary to replace the City's technology infrastructure (hardware and software). Annually, each department owning an eligible technology-related asset contributes an amount equivalent to the estimated cost to replace the item at the end of its useful life. Eligible assets funded through the Information Technology Fund include those technology related assets that have a useful life longer than three years and cost in excess of \$5,000.

Fleet Fund has been established as an Internal Service Fund, for the purpose of accumulating the funds necessary to replace the City's fleet and major equipment. Annually, each department owning an eligible vehicle or piece of large equipment contributes an amount equivalent to the estimated cost to replace the item at the end of its useful life. Eligible assets funded through the Fleet Fund include vehicles and large equipment items that have a useful life longer than three years and cost in excess of \$10,000.

## INVESTMENT POLICY

### INTRODUCTION

The purpose of this document is to set out the policies and procedures that enhance opportunities for a prudent and systematic investment program and to organize and formalize investment-related activities. The investment policies and practices of the City of Lake Elsinore (the "City") are, in every case, subject to and limited by applicable provisions of state law and to prudent money management applicable provisions of Chapter 4 of Part 1 of Division 2 Title 5 of the California Government Code (Section 53600 et seq.).



## BUDGET AND FISCAL POLICIES - CONTINUED

### SCOPE

The investment policy applies to all financial assets, except bond proceeds and retirement funds, accounted for in the City of Lake Elsinore Comprehensive Annual Financial Report (CAFR) and any new fund created by the City Council, unless specifically exempted. The investment of bond proceeds will be governed by the provisions of relevant bond documents.

### OBJECTIVES

The primary objectives, in priority order, of the City's investment activities shall be:

- A. **Safety of Principal:** Safety of Principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall seek to preserve principal by mitigating two types of risk: credit risk and interest rate risk.
  1. **Credit Risk:** The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
    - Limiting investments to the types of securities listed in the Authorized Investments section of this Investment Policy
    - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized
  2. **Interest Rate Risk:** The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates, by:
    - Structuring the investment portfolio with marketable securities so that securities can be liquidated to meet cash flow needs or structuring the portfolio to meet cash requirements for ongoing operations
- B. **Liquidity:** Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio will remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements.
- C. **Yield:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

### PRUDENCE

In managing its investment program, the City will observe the "Prudent Investor" standard as stated in Government Code Section 53600.3, applied in the context of managing an overall portfolio. Investments will be made with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

This standard of prudence shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### PERFORMANCE EVALUATION

Investment performance is to be continually monitored and evaluated by the Assistant City Manager. The City's primary portfolio performance will be measured against a total return index with securities with similar attributes and similar average maturity, e.g., the Merrill Lynch 1-5 Year U.S. Treasury Index.



## BUDGET AND FISCAL POLICIES - CONTINUED

### DELEGATION OF AUTHORITY

In accordance with the City Council Policy of the City of Lake Elsinore and under authority granted by the City Council, the City Treasurer's function and responsibility for investing the unexpended cash in the City Treasury has been delegated to the City Manager or his designee.

The responsibility for conducting the City's investment program has been delegated to the Assistant City Manager, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for all investment activities.

No person may engage in an investment transaction except as provided under the terms of the policy and the procedures established by the Assistant City Manager. Portfolio management and transactions may be delegated to an independent investment advisor registered with the SEC.

### INVESTMENT PROCEDURES

The City Manager or his designee shall establish written investment procedures and a system of controls to regulate the operation of the investment program and the activities of subordinate officials consistent with this policy. The procedures should include references to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of the policy and procedures established by the City Manager or his designee.

### ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper executions of the investment program, or impairs their ability to make impartial investment decisions. Additionally, City Officials are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

### SAFEKEEPING AND CUSTODY

To protect against fraud or embezzlement of losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank/trust department. All security transactions entered into by the City of Lake Elsinore shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the City of Lake Elsinore by book entry, physical delivery, or by third party custodial agreement as required by CGC 53601. Securities held custody of the City shall be independently audited on an annual basis to verify investment holdings. All exceptions to this safekeeping policy must be approved by the City Manager in written form and included in monthly reporting to the City Council.

### DIVERSIFICATION

The City of Lake Elsinore will diversify its investments by security type and institution. It is the policy of the City of Lake Elsinore to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- Maturities selected shall provide for stability of income and liquidity
- Disbursement and payroll dates shall be covered through maturity investments and marketable securities



## BUDGET AND FISCAL POLICIES - CONTINUED

### INTERNAL CONTROL

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Finance Staff on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review internal control; account activity, and compliance with policies and procedures and reported to City Council.

### REPORTING

Each month the City Manager or his designee shall submit to City Council, and the City Treasurer a monthly report of investment transactions. The report shall also include a detailed security report. If all funds are placed in LAIF, FDIC insured accounts, and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The City Manager or his designee shall maintain a complete and timely record of all investment transactions.

Additionally, every quarter the City Manager or his designee shall render to the City Council and the City Treasurer a quarterly investment report, which shall include, at a minimum, the following information for each individual investment:

- Type of investment instrument (i.e., Treasury Bill, medium term note)
- Issuer name (i.e., General Electric Credit Corporation)
- Purchase date (trade and settlement date)
- Maturity date
- Par value
- Purchase price
- Current market value and the source of the valuation
- Overall portfolio yield based on cost

The quarterly report shall a) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance; b) include a description of any of the City's funds, investments, or programs that are under the management of contracted parties, including lending programs; and c) include a statement denoting the ability of the City to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or shall not, be available.

### AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City Manager or his designee will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness with at least five years of operation. The City Manager or his designee will review the financial condition and registrations of qualified bidders annually.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines to be submitted annually
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Complete broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the City's Investment Policy prior to commencing trading
- Evidence of adequate insurance coverage



## BUDGET AND FISCAL POLICIES - CONTINUED

An annual review of the financial condition and registrations of qualified bidders will be conducted by the City Manager or his designee. The City may also use brokers/dealers approved and evaluated by SEC registered investment advisor acting in a fiduciary capacity for the City. The City is required to obtain at least 3 competing bids from different brokers/dealers for every purchase or sale of a security.

### AUTHORIZED INVESTMENTS

Investment of City funds is governed by the California Government Code sections 53601 et seq. Unless otherwise specified in this section, no investment shall be made in any security, other than a security underlying a repurchase agreement as authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years. The City Manager or his designee is authorized to purchase the following investment:

- U.S. Treasury, notes, bonds, bills, or other certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- Federal agency or United States government-sponsored enterprise obligations, participation, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 40% of the City's portfolio may be invested in any one federal agency.
- Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that such obligations are rated in one of the top three rating categories by a NRSRO and are general obligation bonds or essential service bonds secured with revenue from a water, sewer, power, or electric system.
- Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California, provided that such obligations are rated in one of the top three rating categories by a NRSRO and are general obligation bonds or essential service bonds secured with revenue from a water, sewer, power, or electric system.
- Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The City may enter into repurchase agreements with primary government securities dealers rated "A" or its equivalent or better by two nationally recognized rating services. Counterparties should also have (i) a short-term credit rating in the highest category by a nationally recognized statistical rating organization (NRSRO); (ii) minimum assets and capital size of \$25 billion in assets and \$350 million in capital; (iii) five years of acceptable audited financial results; and (iv) a strong reputation among market participants.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the City's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed 102% of the total dollar value of the money invested by the City for the term of the investment. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must also be calculated each time there is a substitution of collateral.

Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. The City or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The City shall have properly executed a Master Repurchase Agreement with each counter party with which it enters into repurchase agreements.



## BUDGET AND FISCAL POLICIES - CONTINUED

- Bills of exchange or time drafts drawn on and accepted by a commercial bank and brokered to investors in the secondary market, otherwise known as bankers' acceptances. Purchases of bankers' acceptances may not exceed 180 days' maturity, or 40% of the City's surplus money that may be invested. However, no more than 30% of the City's surplus funds may be invested in the bankers' acceptances of any one commercial bank. Eligible bankers' acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by one NRSRO.
- Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2) below:
  1. The entity meets the following criteria: (a) is organized and operating in the United States as a general corporation. (b) Has total assets in excess of five hundred million dollars (\$500,000,000). (c) Has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
  2. The entity meets the following criteria: (a) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (b) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (c) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

The City may invest no more than 25% of its portfolio in eligible commercial paper with a maximum maturity of 270 days, and the City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

- Medium term notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subsection must be rated in one of the top three rating categories by a NRSRO and shall not be on credit watch for a potential downgrade by a NRSRO. Purchases of medium term notes may not exceed 30% of the City's portfolio.
- FDIC-insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. Any amounts invested in excess of the FDIC insured deposit limit must be collateralized in accordance with California Government Code Section 53561.
- Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Securities eligible for investment under this subdivision shall be rated with the highest letter and number rating by a NRSRO for short-term ratings and in the second highest category for longer-term ratings. Purchases of negotiable certificates of deposit may not exceed 30% of the portfolio.
- State of California's Local Agency Investment Fund (LAIF). Investment in LAIF may not exceed \$65 million. The LAIF portfolio should be reviewed periodically.
- California Asset Management Program (CAMP).
- Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). The purchase price of shares shall not exceed 20 percent of the investment portfolio of the City. To be eligible for investment pursuant to this subdivision these companies shall either:
  1. Attain the highest ranking letter or numerical rating provided by not less than two of the three largest NRSRO; or



## BUDGET AND FISCAL POLICIES - CONTINUED

2. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of \$500,000,000.
- Insured savings account or money market account. To be eligible to receive local agency deposits, a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.
  - Supranational-specifically the International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.
    1. Purchases restricted to debt denominated in U.S. dollars.
    2. Supranational eligible for investment under this subsection must be rated in one of the top two rating categories by a NRSRO.
    3. Purchases of supranational may not exceed 30% of the City's portfolio.
  - Asset-Backed Securities (ABS)
    1. ABS eligible for investment under this subsection must be issued by an issuer rated in the rating category of "A" or its equivalent or better for the issuer's debt as provided by a NRSRO and rated in a rating category of "AA" or its equivalent or better by a NRSRO.
    2. Purchase of ABS may not exceed 20% of the City's portfolio.

Credit criteria and sectors and issuers percentages for investments listed in this section will be determined at the time the security is purchased. A decline in the overall investment balances that causes the percent to any investment above its maximum policy limit will not be considered out of compliance. The City may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed rating category for that given investment type, the City Manager or his designee shall notify the City Treasurer, and City Council and recommend a plan of action. Notwithstanding anything herein to the contrary, with the exception of the U.S. Treasury, federal agency institutions, and government sponsored enterprises no more than 5% of the City's portfolio may be invested in securities issued by any one corporate, financial, or municipal issuer.

### PROHIBITED INVESTMENTS

Any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are thereby prohibited include, but are not limited to, inverse floaters, derivatives, range notes, interest only strips that are derived from a pool of mortgages, or in any investment that could result in zero interest accrual if held to maturity.

### LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment type or percentage allocations will be deemed to be incorporated into the City of Lake Elsinore's investment policy and will supersede any and all applicable language.

### INTEREST EARNINGS

All moneys earned and collected from investments authorized in this policy shall be allocated quarterly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio.

### POLICY REVIEW

The City of Lake Elsinore's investment policy shall be adopted by the City Council on an annual basis. This investment policy shall be reviewed at least annually to insure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to the City Council for approval.



## BUDGET AND FISCAL POLICIES - CONTINUED

### CAPITAL FINANCING AND DEBT MANAGEMENT POLICY

#### CAPITAL FINANCING

The City and Covered Entities are committed to long-term capital planning. The City and Covered Entities intend to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the capital budget and the capital improvement plan. The City and Covered Entities shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City and Covered Entities shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Covered Entities shall integrate their debt issuances with the goals of the capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of their public purposes. The Covered Entities shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures. The Covered Entities shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

The City and Covered Entities are committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The Covered Entities intend to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the annual operations budget.

It is a policy goal of the City and the Covered Entities to protect taxpayers, ratepayers (if applicable) and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs. The City and the Covered Entities will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Covered Entities to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

#### DEBT MANAGEMENT

This Debt Management Policy (the “Debt Policy”) establishes the parameters within which debt may be issued and administered by the City of Lake Elsinore (the “City”), the Lake Elsinore Financing Authority, and the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore (collectively, the “Covered Entities”). Additionally, these policies apply to debt issued by a Covered Entity on behalf of assessment, community facilities, or other special districts, and conduit-type financing by a Covered Entity for multifamily housing or industrial development projects.

The Debt Policy may be utilized by staff of the Covered Entities with the discretion to deviate as determined appropriate by the City Manager/Executive Director or Finance Director, and may be amended by the governing board of the applicable Covered Entity as it deems appropriate from time to time in the prudent management of the debt and capital financing needs of the Covered Entities.

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by a Covered Entity. The Covered Entities hereby recognize that a fiscally prudent debt policy is required in order to:

- Maintain the Covered Entities’ sound financial position.



## BUDGET AND FISCAL POLICIES - CONTINUED

- Ensure the Covered Entities have the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the Covered Entities' credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the Covered Entities.
- Ensure that the Covered Entities' debt is consistent with their planning goals and objectives and capital improvement program or budget, as applicable.

### LONG-TERM DEBT.

Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the City. Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Covered Entities and the City's taxpayers and/or ratepayers, as applicable.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The Covered Entities may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the governing board of the Covered Entity.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The Covered Entity estimates that sufficient revenues will be available to service the debt through its maturity.
- The Covered Entity determines that the issuance of the debt will comply with the applicable state and federal law.

### SHORT-TERM DEBT

Short-term debt may be issued to provide financing for the Covered Entities' operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Covered Entities may undertake lease-purchase financing for equipment.

### FINANCINGS ON BEHALF OF OTHER ENTITIES

The Covered Entities may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of Covered Entities. In such cases, the Covered Entities shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

### TYPES OF DEBT

The following types of debt are allowable under this Debt Policy:

- General obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANs)



## BUDGET AND FISCAL POLICIES - CONTINUED

- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Tax increment financing to the extent permitted under State law
- Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations

The governing body may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

### INTERNAL CONTROL

When issuing debt, in addition to complying with the terms of this Debt Policy, the Covered Entities shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the Covered Entities will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the Covered Entities in accordance with SEC Rule 15c2-12.
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- Investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the Covered Entities upon the submission of one or more written requisitions by the City Manager/Executive Director or Finance Director, or his or her written designee, or (b) by the Covered Entity, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Covered Entity.

### LAND-BASED FINANCING

There will be a clearly articulated public purpose in forming an assessment or special tax district in financing public infrastructure improvements. This should include a finding by the Council as to why this form of financing is preferred over other funding options such as impact fees, reimbursement agreements or direct developer responsibility for the improvements.

Except as otherwise determined by the Council when proceedings for district formation are commenced, preference in financing public improvements through a special tax district will be given for those public improvements that help achieve clearly identified community facility and infrastructure goals in accordance with adopted facility and infrastructure plans as set forth in key policy documents such as the General Plan, Specific Plan, Facility or Infrastructure Master Plans, or Capital Improvement Plan. Such improvements include study, design, construction and/or acquisition of:

- Public safety facilities;
- Major transportation system improvements, such as freeway interchanges; bridges; intersection improvements; construction of new or widened arterial or collector streets (including related landscaping and lighting); sidewalks and other pedestrian paths; transit facilities; and bike paths;
- Storm drainage, creek protection and flood protection improvements;
- Parks, trails, community centers and other recreational facilities;
- Open space;

Even though land-based financings may be a limited obligation of the City, we will play an active role in managing the district. This means that the City will select and retain the financing team, including the financial advisor, bond counsel, trustee, appraiser, disclosure counsel, assessment engineer and underwriter. Any costs incurred by the City in retaining these services will generally be the responsibility of the property owners or developer, and will be



## BUDGET AND FISCAL POLICIES - CONTINUED

advanced via a deposit when an application is filed; or will be paid on a contingency fee basis from the proceeds from the bonds.

When a developer requests a district, the City will carefully evaluate the applicant's financial plan and ability to carry the project, including the payment of assessments and special taxes during build-out. This may include detailed background, credit and lender checks, and the preparation of independent appraisal reports and market absorption studies. For districts where one property owner accounts for more than 25% of the annual debt service obligation, a letter of credit further securing the financing may be required. A reserve fund should be established in the lesser amount of: the maximum annual debt service; 125% of the annual average debt service; or 10% of the bond proceeds.

The minimum value- to-date ratio should generally be 4:1. This means the value of the property in the district, with the public improvements, should be at least four times the amount of the assessment or special tax debt. In special circumstances, after conferring and receiving the concurrence of the City's financial advisor and bond counsel that a lower value-to-debt ratio is financially prudent under the circumstances; the City may consider allowing a value-to-debt ratio of 3:1. The Council should make special findings in this case.

Determination of value of property in the district will be based upon the full cash value as shown on the ad valorem assessment roll or upon an appraisal by an independent Member Appraisal Institute (MAI). The definitions, standards and assumptions to be used for appraisals will be determined by the City on a case-by-case basis, with input from City consultants and district applicants, and by reference to relevant materials and information promulgated by the State of California, including the Appraisal Standards for Land Secured Financings prepared by the California Debt and Investment Advisory Commission.

Decisions to capitalize interest will be made on case-by-case basis, with the intent that if allowed, it should improve the credit quality of the bonds and reduce borrowing costs, benefiting both current and future property owners. Annual assessments (or special taxes in the case of Mello-Roos or similar districts) should generally not exceed 1% of the sales price of the property; and total property taxes, special assessments and special taxes payments collected on the tax roll should generally not exceed 2%.

Assessments and special taxes will be apportioned according to a formula that is clear, understandable, equitable and reasonably related to the benefit received by, or burden attributed to, each parcel with respect to its financed improvement. Any annual escalation factor should generally not exceed 2%. In the case of Mello-Roos or similar special tax districts, the total maximum annual tax should not exceed 110% of annual debt service. The rate and method of apportionment should include a back-up tax in the event of significant changes from the initial development plan, and should include procedures for prepayments.

In managing administrative costs, the City will establish minimum delinquency amounts per owner, and for the district as a whole, on a case-by-case basis before initiating foreclosure proceedings. In general, each property owner who accounts for more than 10% of the annual debt service or bonded indebtedness must provide ongoing disclosure information annually as described under SEC Rule 15(c)-12. Full disclosure about outstanding balances and annual payments should be made by the seller to prospective buyers at the time that the buyer bids on the property. It should not be deferred to after the buyer has made the decision to purchase. When appropriate, applicants or property owners may be required to provide the City with a disclosure plan.

### CONDUIT FINANCINGS

The City will consider requests for conduit financing on a case-by-case basis using the following criteria:

- The City's bond counsel will review the terms of the financing, and render an opinion that there will be no liability to the City in issuing the bonds on behalf of the applicant;
- There is a clearly articulated public purpose in providing the conduit financing;
- The applicant is capable of achieving this public purpose.



## BUDGET AND FISCAL POLICIES - CONTINUED

This means that the review of requests for conduit financing will generally be a two-step process:

- First asking the Council if they are interested in considering the request, and establishing the ground rules for evaluating it;
- And then returning with the results of this evaluation, and recommending approval of appropriate financing documents if warranted.

This two-step approach ensures that the issues are clear for both the City and applicant, and that key policy questions are answered. The work scope necessary to address these issues will vary from request to request, and will have to be determined on a case-by-case basis. Additionally, the City should generally be fully reimbursed for our costs in evaluating the request; however, this should also be determined on a case-by-case basis.

### REFINANCING

Periodic reviews of all outstanding debt will be undertaken to determine refinancing opportunities. Refinancing's will be considered (within federal tax law constraints) under the following conditions:

- There is a net economic benefit;
- It is needed to modernize covenants that are adversely affecting the City's financial position or operations
- The City wants to reduce the principal outstanding in order to achieve future debt service savings, and it has available working capital to do so from other sources.

In general, refinancing's for economic savings will be undertaken whenever net present value savings of at least five percent (5%) of the refunded debt can be achieved. Refinancing's that produce net present value savings of less than five percent will be considered on a case-by-case basis, provided that the present value savings are at least three percent of the refunded debt. Refinancing's with savings of less than three percent, or with negative savings, will not be considered unless there is a compelling public policy objective.

## INTER-FUND TRANSFERS AND LOAN POLICY

### ESTABLISHMENT OF VARIOUS FUNDS

The City has established various funds to account for revenues whose use should be restricted to certain activities. Accordingly, each fund exists as a separate financing entity from other funds, with its own revenue sources, expenditures and fund equity.

### TRANSFER BETWEEN FUNDS

Any transfers between funds for operating purposes are set forth in the budget. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from inter-fund borrowings, which are usually made for temporary cash flow reasons, and are not intended to result in a transfer of financial resources. In summary, inter-fund transfers result in a change in fund equity; inter-fund borrowings do not, as the intent is to repay the loan in the near term.

### INTER-FUND LOANS

Inter-fund loans may be appropriate whenever the loan is expected to be repaid within the immediate future. The most common use of inter-fund loans is for grant programs, where costs are incurred before drawdowns are initiated and received. Receipt of funds is typically received shortly after the request for funds has been made.

## BUDGET PROCESS

The City of Lake Elsinore's fiscal year begins each July 1st and concludes on June 30th. In accordance with fundamental democratic principles, the City embraces citizen participation, especially in key planning and resource allocation activities. In addition, departments obtain citizen input through Board and Commission meetings, Mayor's Forums, public hearings, and other forms of written and oral communication.



## BUDGET AND FISCAL POLICIES - CONTINUED

The Administrative Services Department began the annual budget process in February. The budget team updated the policies and procedures for budget preparation, created the budget process calendar, and prepared current budget schedules for each department to use in preparing the new budget. A budget kickoff workshop was held with the City Manager, Department Directors, and Department Analysts. This workshop included a briefing on the status of the current fiscal year budget, a review of the FY2017-18 budget process calendar, and discussion on essential principals and elements of the budget process. Staff was provided with a practical application to assist in the development of the departmental budget requests which included:

- Review and evaluate current goals (and performance measurements)
- Identify new goals and programs
- Identify the impacts of new programs on existing resources, examine organizational efficiency and locate existing resources to address the impacts
- Identify additional resource requirements (if existing resources will be exhausted)

The operating budget preparation guidelines were distributed at this time. The guidelines outline the policies and procedures to be used in preparing the FY2017-18 budget. Clearly defined budget requirements and time sensitive budget document objectives were discussed, ensuring complete and accurate understanding by all.

Milestones were outlined in the guidelines, along with the concurrent development of financial projections, objectives, and requirements at the staff level. With this approach, the policies and priorities that guide expenditure considerations were incorporated into the proposed budget prior to formal submission to the City Council. The City Manager and key Administrative Services Department staff later held individual meetings with each department to assist in the budget process. Assistance was provided to each department in reviewing historical expenditure information, personnel costs, and in refining departmental goals, objectives, and performance measures.

For the purpose of budget preparation and formulation, department budget submittals consisted of detail by expenditure line item. Specific justification was required for the following:

- Significant expenditure changes
- Personnel costs, including all temporary personnel costs and proposed staffing reclassifications
- Contracted services
- Purchases of new equipment (greater than \$5,000)

Analysis was conducted of each department's request. The review of the budget requests included comparative analysis of historical and current expenditure levels. Revenue estimates were compiled from department projections. Five-year revenue and expenditure projections were developed by the Administrative Services Department to assist in identifying the long-range impacts of proposed staffing and program changes. The information was compiled for the City Manager review.

In the last two weeks of April, the City Manager and key Administrative Services Department staff held meetings with each Department Director to discuss their department budget requests and to obtain additional information to assist in the assessment of the requests. Following this review, Department Directors adjusted line item requests in accordance with the City Manager's direction. Finally, a budget workshop is held with the City Council to receive public comment and to review the components of the proposed budget, prior to formal consideration for adoption. Any changes or modifications based on this review was prepared by Administrative Services.

The Lake Elsinore Municipal Code requires that the City Manager submit the proposed annual budget and salary plan to the City Council for approval prior to the beginning of the new fiscal year. All appropriations lapse at year-end, except for those relating to encumbrances, which are approved for carryover for the subsequent year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments within departmental budgets. Adjustments between departments and additional appropriations require the approval of the City Council.



## BUDGET AND FISCAL POLICIES - CONTINUED

Budgetary controls are maintained to ensure compliance with the budget as approved by the City Council. The level of budgetary control is at the department level.

The City has a formalized midyear budget review process which is used to update the appropriations and revenue projections halfway through the fiscal year. The City begins this process in December by analyzing revenue projections, service contracts, new City Council priorities, and the impacts of legislation from the State and Federal Government. This is compiled into an updated five year projection. In early January, departments review their individual budgets to identify any savings or to request additional funds to meet the needs of new programs or spending priorities. The result is a final budget document that ensures that sufficient funding is available to meet the updated objectives and priorities for the remainder of the fiscal year. This document is taken to the City Council for adoption at the second meeting in January.

### BUDGET CALENDAR

<b>JANUARY</b>	Mid-year budget analysis and revision  Prepare agenda reports and proposed mid-year budget documents  Council adoption of mid-year operating and CIP budgets
<b>FEBRUARY</b>	Development of budget parameters/strategic goals  Distribution of Budget Preparation Guidelines  Budget workshop with key City staff  Development of program goals, objectives, and performance measures  "New" Budget requests submitted to Finance for review  Proposed CIP ("Capital Improvement Plan") projects submitted to Finance
<b>MARCH</b>	Department operating budget submittals reviewed  All revenue estimates completed by Finance  Budget analysis prepared for review by City Manager
<b>APRIL</b>	Preliminary operating and CIP budgets prepared  CIP project timing and priorities modified based on available revenues  Five-year financial projection completed
<b>MAY</b>	Public budget workshop with City Council allowing for public input  Public Hearing Planning Commission - CIP Conformance with General Plan
<b>JUNE</b>	Prepare agenda reports and proposed budget documents  Council adoption of final operating and CIP budgets  Council adoption of schedule of authorized positions and Gann Appropriations Limit



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## FUND BALANCE SUMMARY

FUND NAME	PROJECTED BEGINNING FUND BALANCE	REVENUES	APPROPRIATIONS	NET TRANSFERS IN/(OUT)	PROJECTED ENDING FUND BALANCE
<b>FY2017-18 Adopted Operating Budget</b>					
Fund: 001 GENERAL FUND	\$ 11,403,020	\$ 43,311,192	\$ 44,528,597	\$ (115,759)	\$ 10,069,856
Fund: 101 SUPPLEMENTAL LAW ENFORCEMENT	-	100,000	100,000	-	-
Fund: 104 TRAFFIC OFFENDER	-	124,836	124,836	-	-
Fund: 106 AFFORDABLE HOUSING IN-LIEU	1,302,001	435,740	12,800	(124,739)	1,600,202
Fund: 107 DEVELOPER AGREEMENT	359,489	289,490	-	(292,000)	356,979
Fund: 110 STATE GAS TAX	910,715	-	-	-	910,715
Fund: 114 SB1186 CAS EDUCATION	5,698	2,500	8,198	-	-
Fund: 115 TRAFFIC SAFETY	-	499,035	499,035	-	-
Fund: 130 CITY-WIDE LLMD	-	1,422,370	1,942,641	520,271	-
Fund: 135 LLMD NO. 1	460,817	518,117	530,344	12,227	460,817
Fund: 155 NPDES	115,451	364,580	426,631	-	53,400
Fund: 300 INSURANCE SERVICES	769,421	999,730	993,740	-	775,411
Fund: 305 INFORMATION TECHNOLOGY	191,769	1,141,036	1,132,830	-	199,975
Fund: 310 SUPORT SERVICES	20,051	126,837	119,100	-	27,788
Fund: 315 FLEET SERVICES	508,944	745,434	685,520	-	568,858
Fund: 315 FACILITIES SERVICES	723,668	817,095	461,670	-	1,079,093
Fund: 342 CFD 2007-5S RED KITE SERVICE AREA FUND	-	1,534	1,534	-	-
Fund: 343 CFD 2006-2S VISCAYA SERVICES AREA FUND	-	51,555	51,555	-	-
Fund: 344 CFD 2005-2S ALBERHILL RANCH SERVICE FUND	-	142,000	142,000	-	-
Fund: 367 CFD 2006-1S SUMMERLY SERVICE AREA FUND	68	171,851	171,919	-	-
Fund: 373 CFD 2005-5S WASSON CANYON SERVICE FUND	2,692	58,314	61,006	-	-
Fund: 604 ENDOWMENT TRUST	11,347	200	11,547	-	-
Fund: 620 COST RECOVERY DEPOSIT FUND	-	-	-	-	-
Fund: 650 CFD 2003-1S LAW, FIRE & PARAMEDIC SVCS	-	2,443,729	2,443,729	-	-
Fund: 651 CFD 2006-5S PARK, OPEN SPACE & STORM	-	83,165	83,165	-	-
Fund: 652 CFD 2007-1S LAW, FIRE & PARAMEDIC SVCS	-	85,444	85,444	-	-
Fund: 653 CFD 2009-1S PARK, OPEN SPACE & STREET	-	498,794	498,794	-	-
Fund: 654 CFD 2003-2S FIRE TAX SERVICE AREA FUND	-	130,292	130,292	-	-
Fund: 655 CFD 2015-1S SAFETY SERVICE AREA FUND	-	7,500	7,500	-	-
Fund: CFD's/AD's/PFA/LERA	281,131,000	32,888,000	82,239,600	-	231,779,400
SUBTOTALS	297,916,151	87,460,370	137,494,027	-	247,882,494
<b>FY2017-18 Adopted Capital Budget</b>					
Fund: 105 GENERAL PROJECTS	664,091	18,363	579,450	1,193,241	1,296,245
Fund: 111 TUMF CAPITAL PROJECT	2,718	8,933,613	8,933,613	-	2,718
Fund: 112 MEASURE 'A'	1,733,908	1,291,300	1,925,565	(495,938)	603,705
Fund: 113 SB821	-	749,015	749,015	-	-
Fund: 116 CITY HALL/P. W. DIF	1,363,151	190,000	-	(1,500,000)	53,151
Fund: 117 COMMUNITY CENTER DIF	524,906	114,610	-	(639,516)	-
Fund: 118 LAKE SIDE FACILITIES DIF	679,325	161,242	16,300	(824,267)	-
Fund: 119 ANIMAL SHELTER FACILITY DIF	58,304	68,610	-	-	126,914
Fund: 121 TOTAL ROAD IMPROVEMENT PROGRAM	3,917,167	1,140	505,498	(3,412,809)	-
Fund: 140 GEOTHERMAL	20,712	140	100	-	20,752
Fund: 150 CDBG	378,466	330,357	330,357	-	378,466
Fund: 160 PEG	(5,854)	43,890	6,048	-	31,988
Fund: 205 TRAFFIC IMPACT FEE	3,942,567	504,400	9,700	(4,395,293)	41,974
Fund: 211 STORM DRAIN CIP	758,340	503,740	100,000	(262,080)	900,000
Fund: 221 QUIMBY	(192,011)	192,011	-	-	-
Fund: 231 LIBRARY CIP DIF	1,739,748	82,860	20,000	(1,802,608)	-
Fund: 232 FIRE PROTECTION DIF	-	150,120	-	(100,000)	50,120
Fund: 400 LE FINANCING AUTHORITY	9,605,420	101,600	-	(9,707,020)	-
Fund: 500 CAPITAL IMPROVEMENT PLAN	3,798,191	7,213,980	7,755,179	20,964,390	24,221,382



## FUND BALANCE SUMMARY - CONTINUED

FUND NAME	PROJECTED BEGINNING FUND BALANCE	REVENUES	APPROPRIATIONS	NET TRANSFERS IN/(OUT)	PROJECTED ENDING FUND BALANCE
<b>FY2017-18 Adopted Capital Budget</b>					
Fund: 510 SARDA AREA 1	(8,882,992)	3,031,044	3,524,024	-	(9,375,972)
Fund: 520 SARDA AREA 2	346,386	3,855,197	3,360,986	-	840,597
Fund: 530 SARDA AREA 3	(1,300,000)	1,564,108	1,809,926	-	(1,545,818)
Fund: 540 SARDA DIAMOND STADIUM	3,909,789	690,211	4,600,000	-	-
Fund: 605 PUBLIC IMPROVEMENTS IN-LIEU	782,466	33,700	-	(161,015)	655,151
Fund: 606 AB2766 AIR POLLUTION REDUCTION	282,135	80,950	6,000	(357,085)	-
Fund: 608 TRUST DEPOSITS	-	-	-	1,500,000	1,500,000
Fund: 617 SARDA HOUSING	42,249,180	130,000	480,000	-	41,899,180
Fund: 630 LAKE MAINTENANCE	559,028	1,501,000	1,600,000	-	460,028
Fund: 631 DESTRATIFICATION REPLACEMENT	232,093	150,000	380,000	-	2,093
SUBTOTALS	67,167,234	31,687,201	36,691,761	-	62,162,674
TOTALS	<u>\$ 365,083,385</u>	<u>\$ 119,147,571</u>	<u>\$ 174,185,788</u>	<u>\$ -</u>	<u>\$ 310,045,168</u>



(9-507-109N-25) (5-16-31-11:50A.M.) (02-800) Country Club Lake Elsinore, E.T.



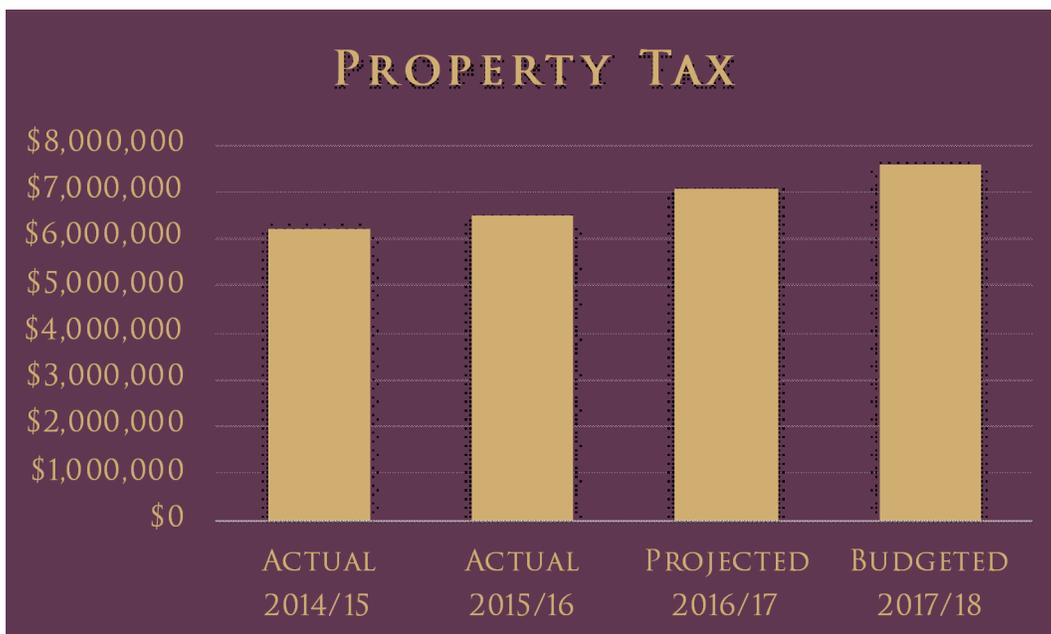
## MAJOR REVENUE SOURCES

### GENERAL FUND

**Fees:** These charges are projected to increase 34.93% from \$3,539,187 to \$4,775,264 in FY2017-18. The anticipated growth is due to increase planning and land development permit activity, and the adoption of a new user fee schedule.



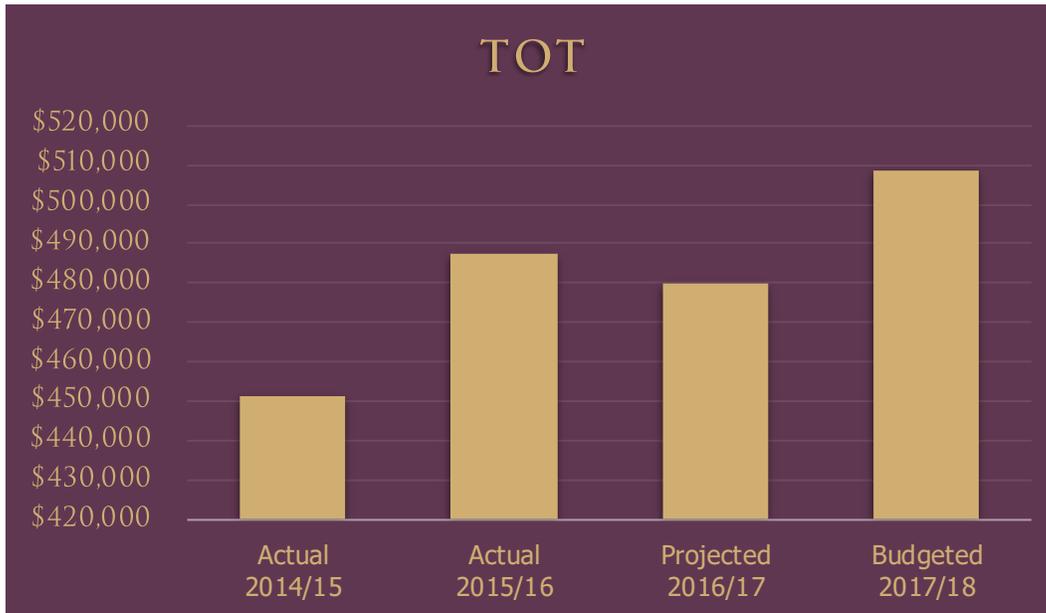
**Property Tax:** The valuation of property tax in the City is determined by the Riverside County Tax Assessor. The County levies a base tax at the rate of 1% of assessed valuation. Approximately 4.78% of the base 1% levy is allocated to the City. FY2017-18 revenue estimate for property tax reflects a 7.50% increase over the projected FY2016-17 amount. This increase is a reflection of increasing property values, new commercial, and franchise fees.





## MAJOR REVENUE SOURCES - CONTINUED

**Transient Occupancy Tax (TOT):** This is a 10% tax collected by the City on the amount of all transient (30 days or less) lodging rentals. TOT is projected to increase 6% from \$480,000 in FY2016-17 to \$508,800. Hotel occupancy and TOT revenues have increased substantially. Much of the growth is attributed to the opening of Rosetta Canyon Sports Park that saw over 70,000 visitors in its first six months of operation.



**Sales and Use Tax:** In accordance with the California Revenue and Taxation code, the State of California imposes an 7.75% sales and use tax on all taxable sales in the City. Of the 7.75%, the City receives 1% of the taxable sales in the City. Sales and Use Tax is the City's largest revenue source representing 23.62% of the total General Fund Revenues. As a result, the FY2017-18 revenue projections for sales tax reflects a 5.24% increase from FY2016-17 estimates. This increase is primarily due to an anticipated increase in consumer activity as economic indicators a turnaround in the economy





## GENERAL FUND REVENUES

**Franchise Fee:** The City imposes fees primarily on refuse hauling, gas, electric, and cable television operating in the City. The fee is 5% of gross receipts for utility companies and \$3,000 per year for towing companies. Overall, a 3.98% increase is projected in FY2017-18 from the FY 2016-17 estimated amounts. This increase is a result of anticipated increases in electricity rates and usage, and cable subscribers.

**Property Transfer Tax:** The Lake Elsinore Municipal Code authorizes the imposition of a transfer tax on real property sold in the City. The tax rate is \$0.275 for each \$500 of purchase value. The amount projected for FY2017-18 of 337,486 represents an increase of \$9,830 from FY2016-17.

**Special Assessments for Service:** Fees or service charges are imposed on the user for a service type for operating activities and does not result in the purchase or construction of fixed assets. In FY2017-18, Special Assessment revenue is projected to decrease \$90,267 from an estimated \$3,598,979 in FY2016-17 to \$3,689,246 in FY2017-18.

**Building Permits:** These charges comprise of building permit activities within the City. This category is projected to 3% from \$2,275,000 to \$2,343,250 in FY2017-18.

**Other Licenses & Permits:** The California Government Code and State Constitution authorizes the City to assess certain license and permit fees as a means of recovering the cost of regulation various activities. Example include business licenses. In FY2017-18, Other Licenses & Permits revenue is projected to increase 2.71% from an estimated \$1,280,561 in FY2016-17 to a projected \$1,315,326 in FY2017-18.

**Intergovernmental:** Intergovernmental revenues include grants and other sources of revenue from governmental agencies. Major intergovernmental revenues include Motor Vehicle in Lieu and the Motor Vehicle in Lieu Triple Flip, FEMA Grants, Fire Grants, Law Enforcement Grants, Transportation Revenue and Lake Grants. The estimated intergovernmental revenue for FY2017-18 increased by \$2,685 or 3.00%.

**Fines and Forfeitures:** The City Vehicle and Penal Codes impose fines and penalties for traffic violations and vehicular parking. These revenues are collected by Riverside County through the County court system and a portion distributed to the City, less an administrative fee. The City has the responsibility for administering and collecting parking citation fines. The estimated revenue for FY2017-18 increased 1.09% to \$561,668.

**Fire Service Tax Credit:** The City receives an estimated credit on its quarterly invoices from the County Fire Department. This credit is a structural fire tax incorporated with property tax that is assessed to homeowners within the County. The Fire Service Tax Credit for FY2017-18 is estimated at \$2,583,134 a 4.20% increase from prior year.

**Reimbursements:** This category of revenue includes the recovery of personnel costs that are allocated to various capital improvement projects, and are thus reimbursed by various special revenue funding sources. Also included in this category is the Lake Elsinore Recreation Authority RDA lease payment. This payment is reimbursing the General Fund for making the debt service payment on this bond. Reimbursements are projected to decrease \$953,283 or 16.31% due to the opening of Station #60 in Canyon Lake. This projected decrease was the reimbursement amount received from Canyon Lake for fire services provided by the City of Lake Elsinore.

**Investment Earning:** The City pools its available cash from various funds and invests in instruments allowed in the City's investment policy approved by City Council. Earnings are allocated to various funds on the basis of proportionate cash balances. Projected investment earnings for FY2017-18 are \$108,150, up 3% from prior fiscal year.



## EXPENDITURE SUMMARY BY DEPARTMENT - GENERAL FUND

Department	Salaries & Benefits	Operations & Maintenance	Debt Service	Charges for Services	Total
City Council	\$ 82,390	\$ 51,410	\$ -	\$ 93,499	\$ 227,299
Community Support	17,500	75,400	-	-	92,900
City Clerk	388,020	72,945	-	116,845	577,810
City Attorney	-	500,000	-	-	500,000
City Manager	744,530	37,160	-	119,603	901,293
<i>Administrative Services</i>					
Finance	1,016,130	241,425	-	260,816	1,518,371
Human Resources	286,660	114,100	-	46,389	447,149
<i>Public Safety:</i>					
Police Services	-	12,915,752	-	94,494	13,010,246
Fire Services	-	7,560,306	-	339,975	7,900,281
Animal Services	-	544,640	292,000	-	836,640
<i>Community Development:</i>					
Planning & Zoning	915,750	59,500	-	239,578	1,214,828
Building & Safety	965,260	526,790	-	355,501	1,847,551
Code Enforcement	602,920	11,600	-	205,034	819,554
Economic Development	3,680	270,270	-	4,093	278,043
Fire Prevention	-	662,678	-	92,271	754,949
Graffiti	93,920	10,600	-	37,988	142,508
<i>Public Services:</i>					
Engineering Department	1,233,320	569,890	-	259,513	2,062,723
Public Works - Administration	1,292,490	189,050	-	704,947	2,186,487
Park Services	836,320	1,379,100	-	179,957	2,395,377
Lake Services	171,660	1,093,780	-	289,401	1,554,841
<i>Community Services:</i>					
Administration	470,440	75,470	-	128,956	674,866
Recreation	609,690	370,700	-	153,997	1,134,387
Senior Center	137,630	60,830	-	65,619	264,079
Lake and Campground	-	492,120	-	35,657	527,777
Non-Departmental - Operating	692,500	264,200	1,701,938	-	2,658,638
<i>Internal Services</i>					
Insurance Services	224,580	769,160	-	-	993,740
Information Technology	580,220	506,510	-	46,100	1,132,830
Support Services	-	116,900	-	2,200	119,100
Fleet Services	243,360	356,000	-	86,160	685,520
Facilities Services	79,020	382,650	-	-	461,670
<b>Total</b>	<b>\$ 11,687,990</b>	<b>\$ 30,280,936</b>	<b>\$ 1,993,938</b>	<b>\$ 3,958,593</b>	<b>\$ 47,921,457</b>

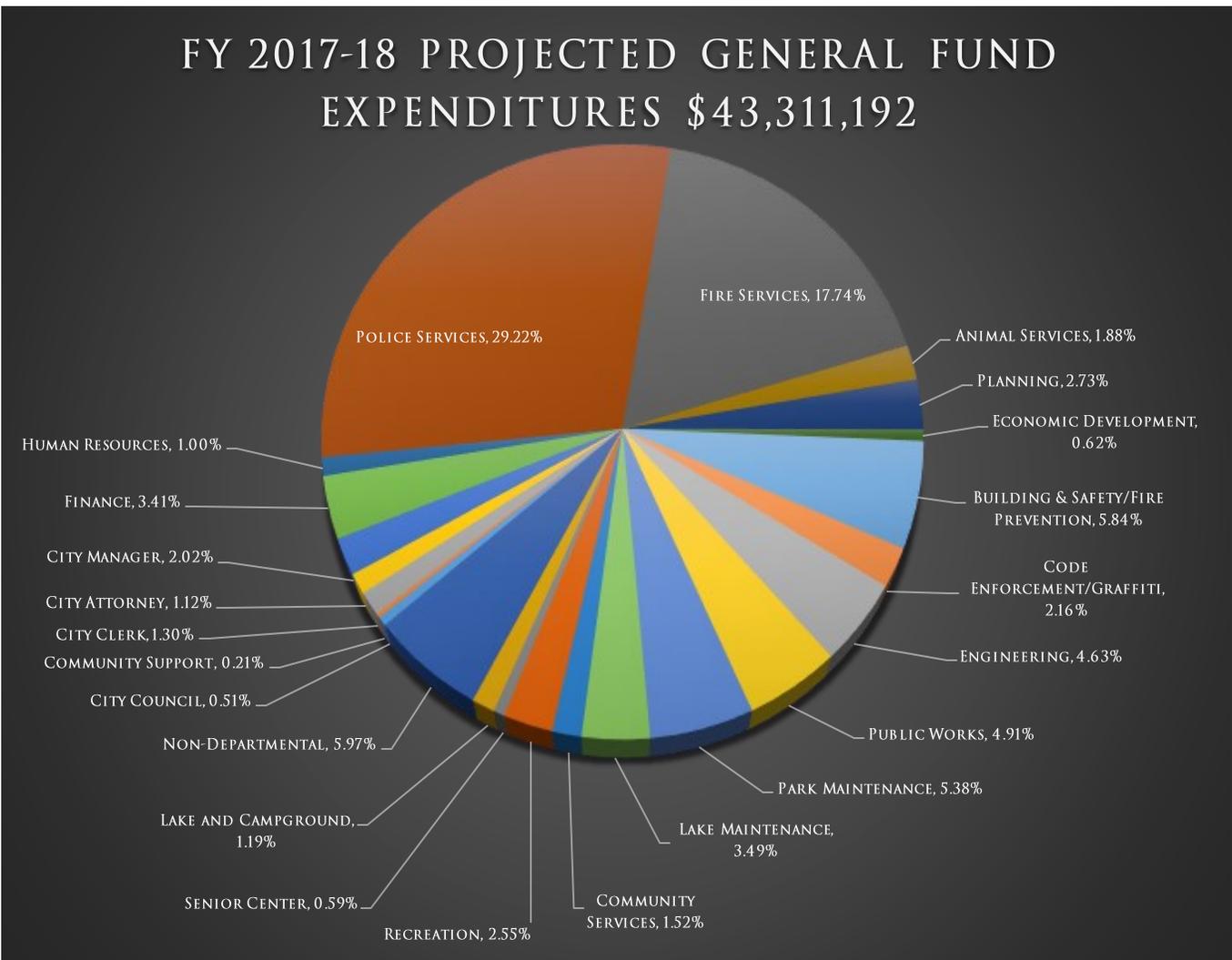


## EXPENDITURE SUMMARY BY DEPARTMENT GENERAL FUND - CONTINUED

The General Fund is the main operating fund for the City of Lake Elsinore. It is used to account for all financial resources for the city that are not restricted to a special purpose and otherwise required to be accounted for in another fund. The General Fund provides the resources necessary to sustain the day-to-day activities and pays for all administrative and operating expenses.

Although the economy shows signs of improving, revenues for the General Fund continue to recover at a slow pace. Overall General Fund Revenues are projected to increase 4.25% over FY2016-17 projections. Due to this relatively conservative growth, departments maintained their allocations at the FY2016-17 levels. Any requests for incremental increases in allocations were analyzed on a case by case basis and prioritized based on community benefit. Personnel costs are projected to increase due to the rise in CalPERS retirement employer contribution costs.

Public Safety contract costs are projected to increase at a higher rate than previous years. Sheriff contract rates are estimated to increase 8-10%% in FY2017-18. In order to absorb this cost, the Police Department will continue to hold one vacant Community Service Officer position. Fire contract costs are also expected to increase by an additional 7% over the previous fiscal year. In order to mitigate this cost and in conjunction with opening of the Canyon Lake fire station, the City will defund a fire engine for one year.





## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
<b>Revenues:</b>					
Sales Tax	\$ 9,939,637	9,720,300	10,230,112	509,812	5.24%
Property Tax	6,523,663	7,068,582	7,598,544	529,962	7.50%
Franchise Tax	2,423,707	2,650,200	2,755,808	105,608	3.98%
Building Permit Fee	1,953,331	2,275,000	2,343,250	68,250	3.00%
Property Transfer Tax	327,367	327,656	337,486	9,830	3.00%
Transient Occupancy Tax	487,423	480,000	508,800	28,800	6.00%
Other Licenses & Permits	1,738,911	1,280,561	1,315,326	34,765	2.71%
Intergovernmental	151,526	89,500	92,185	2,685	3.00%
Fees	3,569,065	3,539,187	4,775,264	1,236,077	34.93%
Fines and Forfeitures	546,861	555,600	561,668	6,068	1.09%
Fire Service Tax Credit	2,288,085	2,478,981	2,583,134	104,153	4.20%
Investment Earnings	231,526	105,000	108,150	3,150	3.00%
Reimbursements and Other	4,151,929	5,843,337	4,890,055	(953,283)	-16.31%
Special Assessments	3,791,923	3,598,979	3,689,246	90,267	2.51%
Traffic Safety, Offender & Enforcement	564,024	734,510	723,665	(10,845)	-1.48%
Reimbursements for Street Program	798,500	798,500	798,500	-	N/A
<b>Total Revenues</b>	<b>39,487,480</b>	<b>41,545,893</b>	<b>43,311,192</b>	<b>1,765,299</b>	<b>4.25%</b>
<b>Expenditures:</b>					
<b>General Government:</b>					
City Council	\$ 306,828	233,864	227,299	(6,565)	-2.81%
Community Support	33,534	89,200	92,900	3,700	4.15%
City Treasurer	-	-	-	-	N/A
City Clerk	432,681	603,973	577,810	(26,163)	-4.33%
City Attorney	587,691	500,000	500,000	-	N/A
City Manager	592,447	758,121	901,293	143,172	18.89%
<i>Administrative Services</i>					
Finance	1,355,936	1,736,024	1,518,371	(217,653)	-12.54%
Human Resources	307,684	293,185	447,149	153,964	52.51%
<b>Public Safety:</b>					
Police Services	11,462,439	12,431,410	13,010,246	578,836	4.66%
Fire Services	6,913,288	7,597,637	7,900,281	302,644	3.98%
Animal Services	804,184	839,200	836,640	(2,560)	-0.31%
<b>Community Development:</b>					
Planning	1,176,424	1,243,418	1,214,828	(28,590)	-2.30%
Building & Safety/Fire Prevention	1,361,712	1,722,026	2,602,499	880,473	51.13%
Code Enforcement/ Graffiti	624,055	745,926	962,062	216,136	28.98%
Economic Development	373,533	440,896	278,043	(162,853)	-36.94%
<b>Public Services:</b>					
Engineering	2,082,484	1,799,224	2,062,723	263,499	14.65%
Public Works	1,741,231	2,567,218	2,186,487	(380,731)	-14.83%



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND - CONTINUED

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
Expenditures:					
Public Services - Continued					
Park Maintenance	1,590,228	2,041,631	2,395,377	353,746	17.33%
Lake Maintenance	1,498,080	1,376,069	1,554,841	178,772	12.99%
Community Services:					
Recreation	692,706	926,806	674,866	(251,940)	-27.18%
Community Center	610,588	929,773	1,134,387	204,614	22.01%
Senior Center	246,965	301,844	264,079	(37,765)	-12.51%
Campground	410,502	482,630	527,777	45,147	9.35%
Non-Departmental - Operating	2,801,932	2,698,592	2,658,638	(39,954)	-1.48%
Total Expenditures	<u>38,007,153</u>	<u>42,358,667</u>	<u>44,528,597</u>	<u>2,169,930</u>	<u>5.12%</u>
Excess of Revenues Over (Under) Expenditures	<u>1,480,327</u>	<u>(812,774)</u>	<u>(1,217,405)</u>	<u>(404,631)</u>	49.78%
Operating Transfers:					
Operating Transfers In	-	80,885	416,739	335,854	415.22%
Operating Transfers Out	<u>(1,056,361)</u>	<u>(260,000)</u>	<u>(532,498)</u>	<u>(272,498)</u>	104.81%
	<u>(1,056,361)</u>	<u>(179,115)</u>	<u>(115,759)</u>	<u>63,356</u>	-35.37%
Excess of Revenues Over (Under) Expenditures and Operating Transfers In/(Out)	423,966	(991,889)	(1,333,164)	<u>(341,275)</u>	<u>34.41%</u>
Fund Balance, Beg. of Year	11,970,943	12,394,909	11,403,020		
Prior Period Adjustment	-	-	-		
Fund Balance, Beg. of Year (as restated)	<u>\$ 12,394,909</u>	<u>\$ 11,403,020</u>	<u>\$ 10,069,856</u>		
<b>Detail of Fund Balance</b>					
<i>Nonspendable:</i>					
Deposits and prepaid items	\$ 29,015	\$ 25,000	\$ 1,034,879		
Loans Receivable	1,000,000	1,000,000	1,000,000		
<i>Designated:</i>					
Uncertainty reserve (17.5%)	6,836,115	7,458,267	7,885,692		
<i>Undesignated:</i>					
Unallocated reserve	<u>4,529,779</u>	<u>2,919,753</u>	<u>149,286</u>		
Total Fund Balance (net)	<u>\$ 12,394,909</u>	<u>\$ 11,403,020</u>	<u>\$ 10,069,856</u>		



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
<b>Revenues:</b>					
S.L.E.S.F.	\$ 114,618	129,000	100,000	(29,000)	-22.48%
Traffic Offender	56,998	121,200	124,836	3,636	3.00%
Affordable Housing In-Lieu	567,001	282,672	435,740	153,068	54.15%
Developer Agreement	352,595	200,000	289,490	89,490	44.75%
Gas Tax	1,302,420	1,519,760	1,733,220	213,460	14.05%
Measure A	1,182,808	1,165,019	1,291,300	126,281	10.84%
SB821	-	-	749,015	749,015	N/A
SB1186	2,558	2,434	2,500	66	2.71%
Traffic Safety	392,408	484,500	499,035	14,535	3.00%
Citywide L.L.M.D.	1,381,262	1,406,608	1,942,641	536,033	38.11%
L.L.M.D. No. 1	315,302	363,296	530,344	167,048	45.98%
Geothermal	440	150	140	(10)	-6.67%
C.D.B.G.	221,886	1,786,817	330,357	(1,456,460)	-81.51%
N.P.D.E.S.	143,569	381,201	364,580	(16,621)	-4.36%
P.E.G.	51,688	50,000	43,890	(6,110)	-12.22%
AB2766	78,542	43,890	80,950	37,060	84.44%
Low/Moderate Housing	186,829	103,200	130,000	26,800	25.97%
Total Revenues	<u>6,350,924</u>	<u>8,039,747</u>	<u>8,648,038</u>	<u>608,291</u>	<u>7.57%</u>
<b>Expenditures:</b>					
S.L.E.S.F.	\$ -	100,000	100,000	-	N/A
Traffic Offender	-	121,000	124,836	3,836	3.17%
Affordable Housing In-Lieu	-	2,600,000	137,539	(2,462,461)	-94.71%
Developer Agreement	-	730,000	292,000	(438,000)	-60.00%
Gas Tax	352,449	3,084,340	2,643,935	(440,405)	-14.28%
Measure A	-	2,289,104	2,421,503	132,399	5.78%
SB821	-	-	749,015	749,015	N/A
SB1186	620	4,533	8,198	3,665	80.85%
Traffic Safety	-	484,500	499,035	14,535	3.00%
Citywide L.L.M.D.	1,357,375	1,673,910	1,942,641	268,731	16.05%
L.L.M.D. No. 1	214,183	377,680	530,344	152,664	40.42%
Geothermal	17	-	100	100	N/A
C.D.B.G.	10,000	1,743,114	330,357	(1,412,757)	-81.05%
N.P.D.E.S.	64,765	379,405	426,631	47,226	12.45%
P.E.G.	4,467	79,729	6,048	(73,681)	-92.41%
AB2766	6,000	114,185	363,085	248,900	217.98%
Low/Moderate Housing	314,712	181,000	480,000	299,000	165.19%
Total Expenditures	<u>2,324,588</u>	<u>13,962,500</u>	<u>11,055,267</u>	<u>(2,907,233)</u>	<u>-20.82%</u>



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS - CONTINUED

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
Excess of Revenues Over (Under) Expenditures	4,026,336	(5,922,753)	(2,407,229)	3,515,524	-59.36%
Operating Transfers:					
Operating Transfers In	15,369	260,000	532,498	272,498	104.81%
Operating Transfers Out	(3,564,550)	(80,885)	(416,739)	(335,854)	415.22%
	(3,549,181)	179,115	115,759	(63,356)	-35.37%
Excess of Revenues Over (Under) Expenditures and Operating Transfers In/(Out)	477,155	(5,743,638)	(2,291,470)	3,452,168	-60.10%
Fund Balance, Beg. of Year	6,198,075	6,675,230	931,592		
Fund Balance, End of Year	\$ 6,675,230	\$ 931,592	\$ (1,359,878)		

### Detail of Fund Balance

***Nonspendable:***

Deposits and prepaid items	\$ 29,015	\$ 25,000	\$ 1,034,879
Due from Successor Agency	-	-	
Loans Receivable	1,000,000	1,000,000	1,000,000

***Designated:***

Uncertainty reserve (17.5%)	1,030,599	2,457,592	2,007,601
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***Undesignated:***

Unallocated reserve	4,615,616	(2,551,000)	(5,402,358)
Total Fund Balance (net)	\$ 6,675,230	\$ 931,592	\$ (1,359,878)



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DEBT SERVICE FUNDS

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
Revenues:					
2013 Lease Revenue Bonds	\$ 1,127,100	1,129,700	1,131,700	2,000	0.18%
2016 Lease Revenue Bonds	-	200,239	559,038	358,799	179.19%
Total Revenues	<u>1,127,100</u>	<u>1,329,939</u>	<u>1,690,738</u>	<u>360,799</u>	<u>27.13%</u>
Expenditures:					
2013 Lease Revenue Bonds	\$ 1,127,100	1,129,700	1,131,700	2,000	0.18%
2016 Lease Revenue Bonds	-	200,239	559,038	358,799	179.19%
Total Expenditures	<u>1,127,100</u>	<u>1,329,939</u>	<u>1,690,738</u>	<u>360,799</u>	<u>27.13%</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A
Operating Transfers:					
Operating Transfers In	-	-	-	-	N/A
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A
Operating Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A
Excess of Revenues Over (Under) Expenditures and Operating Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A
Fund Balance, Beg. of Year	<u>-</u>	<u>-</u>	<u>-</u>		
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CAPITAL PROJECT FUNDS

	FY15-16	FY16-17	FY 17-18	\$ Variance Increase	% Variance
	ACTUALS	PROJECTED	ADOPTED	(Decrease)	Increase (Decrease)
Revenues:					
Miscellaneous General Projects	\$ 29,451	3,628,252	1,211,604	(2,416,648)	-66.61%
T.U.M.F.	24,122	-	8,933,613	8,933,613	N/A
T.R.I.P.	3,281	500,000	497,078	(2,922)	-0.58%
City Hall/Public Works D.I.F.	238,610	102,000	190,000	88,000	86.27%
Community Center D.I.F.	145,179	51,000	114,610	63,610	124.73%
Lake Facilities D.I.F.	206,997	105,000	161,241	56,241	53.56%
Animal Shelter D.I.F.	86,304	50,000	68,610	18,610	37.22%
Library D.I.F.	98,605	69,000	82,860	13,860	20.09%
Fire D.I. F.	194,436	125,400	150,120	24,720	19.71%
Camino Del Norte	143	-	-	-	N/A
Storm Drains	198,489	3,317,811	503,740	(2,814,071)	-84.82%
Quimby	16,794	197,600	192,011	(5,589)	-2.83%
Traffic Impact	581,256	320,000	504,400	184,400	57.63%
Public Improvement In-Lieu	69,434	90,000	33,700	(56,300)	-62.56%
Street Lighting	-	-	120,000	120,000	N/A
Diamond Stadium	3,253,933	3,971,700	690,211	(3,281,489)	-82.62%
Total Revenues	5,147,034	12,527,763	13,453,798	926,035	7.39%
Expenditures:					
Miscellaneous General Projects	\$ 13,765	-	579,450	579,450	N/A
T.U.M.F.	-	-	8,933,613	8,933,613	N/A
T.R.I.P.	495,837	500,038	4,414,245	3,914,207	782.78%
City Hall/Public Works D.I.F.	238,610	1,167,707	1,500,000	332,293	28.46%
Community Center D.I.F.	145,179	532,042	639,516	107,474	20.20%
Lake Facilities D.I.F.	197,891	585,880	840,567	254,687	43.47%
Animal Shelter D.I.F.	86,304	20,805	-	(20,805)	N/A
Library D.I.F.	-	1,719,357	1,739,748	20,391	1.19%
Fire D.I. F.	-	125,400	-	(125,400)	-100.00%
Camino Del Norte	110	-	-	-	N/A
Storm Drains	153	2,636,000	362,080	(2,273,920)	-86.26%
Quimby	-	218,759	-	(218,759)	N/A
Traffic Impact	-	3,493,856	4,404,993	911,137	26.08%
Public Improvement In-Lieu	-	-	161,015	161,015	N/A
Street Lighting	-	-	-	-	N/A
Diamond Stadium	30,764	7,089,736	5,303,500	(1,786,236)	-25.19%
Total Expenditures	1,208,613	18,089,580	28,878,727	10,789,147	59.64%



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE CAPITAL PROJECT FUNDS - CONTINUED

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
Excess of Revenues Over (Under) Expenditures	3,938,421	(5,561,817)	(15,424,929)	(9,863,112)	177.34%
Operating Transfers:					
Operating Transfers In				-	N/A
Operating Transfers Out				-	N/A
	-	-	-	-	N/A
Excess of Revenues Over (Under) Expenditures and Operating Transfers In/(Out)	3,938,421	(5,561,817)	(15,424,929)	(9,863,112)	177.34%
Fund Balance, Beg. of Year	23,802,594	27,741,015	22,179,198		
Fund Balance, End of Year	\$ 27,741,015	\$ 22,179,198	\$ 6,754,269		



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - INTERNAL SERVICE FUNDS

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)
<b>Revenues:</b>					
Insurance Services	\$ 894,978	339,327	1,002,730	663,403	195.51%
Information Systems Services	794,667	1,155,697	1,141,036	(14,661)	-1.27%
Support Services	99,915	140,942	126,837	(14,105)	-10.01%
Fleet Services	561,221	667,281	746,234	78,953	11.83%
Facilities Services	341,779	480,800	824,695	343,895	71.53%
Total Revenues	<u>2,692,560</u>	<u>2,784,047</u>	<u>3,841,532</u>	<u>1,057,485</u>	<u>37.98%</u>
<b>Expenditures:</b>					
Insurance Services	\$ 575,557	339,327	993,740	654,413	192.86%
Information Systems Services	712,439	1,100,663	1,132,830	32,167	2.92%
Support Services	79,864	129,900	119,100	(10,800)	-8.31%
Fleet Services	451,544	606,619	685,520	78,901	13.01%
Facilities Services	308,007	457,905	461,670	3,765	0.82%
Total Expenditures	<u>2,127,411</u>	<u>2,634,414</u>	<u>3,392,860</u>	<u>758,446</u>	<u>28.79%</u>
Excess of Revenues Over (Under) Expenditures	<u>565,149</u>	<u>149,633</u>	<u>448,672</u>	<u>299,039</u>	<u>199.85%</u>
<b>Operating Transfers:</b>					
Operating Transfers In	1,648,703			-	N/A
Operating Transfers Out				-	N/A
	<u>1,648,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
Excess of Revenues Over (Under) Expenditures and Operating Transfers In/(Out)	<u>2,213,852</u>	<u>149,633</u>	<u>448,672</u>	<u>299,039</u>	<u>199.85%</u>
Fund Balance, Beg. of Year	<u>-</u>	<u>2,213,852</u>	<u>2,363,485</u>		
Fund Balance, End of Year	<u>\$ 2,213,852</u>	<u>\$ 2,363,485</u>	<u>\$ 2,812,157</u>		



## SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SUCCESSOR AGENCY FUNDS

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY 17-18 ADOPTED	\$ Variance Increase (Decrease)	% Variance Increase (Decrease)	
Revenues:						
SARDA Area 1	\$ 6,526,331	2,976,600	8,450,349	5,473,749	183.89%	
SARDA Area 2	7,736,179	3,799,300	-	*	(3,799,300)	-100.00%
SARDA Area 3	2,532,275	1,539,900	-	*	(1,539,900)	-100.00%
Total Revenues	<u>16,794,785</u>	<u>8,315,800</u>	<u>8,450,349</u>	<u>134,549</u>	<u>1.62%</u>	
Expenditures:						
SARDA Area 1	\$ 7,229,302	2,296,254	8,712,936	6,416,682	279.44%	
SARDA Area 2	7,061,933	2,225,588	-	*	(2,225,588)	-100.00%
SARDA Area 3	2,299,287	946,608	-	*	(946,608)	-100.00%
Total Expenditures	<u>16,590,522</u>	<u>5,468,450</u>	<u>8,712,936</u>	<u>3,244,486</u>	<u>59.33%</u>	
Excess of Revenues Over (Under) Expenditures	<u>204,263</u>	<u>2,847,350</u>	<u>(262,587)</u>	<u>(3,109,937)</u>	<u>-109.22%</u>	
Operating Transfers:						
Operating Transfers In				-	N/A	
Operating Transfers Out	<u>162,618</u>			-	N/A	
	<u>162,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	
Excess of Revenues Over (Under) Expenditures and Operating Transfers In/(Out)	<u>366,881</u>	<u>2,847,350</u>	<u>(262,587)</u>	<u>(3,109,937)</u>	<u>-109.22%</u>	
Fund Balance, Beg. of Year	<u>(19,182,610)</u>	<u>(18,815,729)</u>	<u>(15,968,379)</u>			
Fund Balance, End of Year	<u>\$ (18,815,729)</u>	<u>\$ (15,968,379)</u>	<u>\$ (16,230,966)</u>			

\* Combined Areas 2 & 3 into Area 1



## SUMMARY OF CHANGES IN AUTHORIZED POSITIONS, PERSONNEL AND BENEFIT COSTS

The City continues to restructure the organization to ensure core staffing, internally and externally, is in place to meet current and future economic opportunities, while also providing the highest level of service. The total authorized positions for FY2017-18 is 130, 5 of which are City Council members, 5 City Planning Commissioners, 84 regular full-time equivalent positions of which four positions are unfunded and 46 part-time positions.

One new position is included in this budget to be added to the schedule of authorized positions due mainly to support the parks and campground.

<u>Department</u>	<u>Proposed Position</u>
Code Enforcement	Code Enforcement Officer I

Two full-time and one part-time positions were removed from the list of authorized positions.

<u>Department</u>	<u>Current Position</u>
Administrative Services	Account Specialist II
Economic Development	GIS Analyst
Public Works	Office Assistant (PT)

In addition to the changes above, two full-time and two part-time positions have are being either re-classed or moved to another department to better suite the restructure of the organization.

	<u>Current Position / Department</u>	<u>Proposed Position / Department</u>
Finance	Finance Manager	Human Resources (33%) Insurance Services (34%)
Planning & Zoning	Director of Community Development	Building & Safety (50%), Code Enforcement (5%), Economic Development (5%)
Public Works	Equipment Operator	Park Maintenance
Public Works	Maintenance Worker II	Park Maintenance
Park Maintenance	Maintenance Worker I	Maintenance Worker II
Community Services	Project Analyst	Planning & Zoning
Community Services	Special Events Coordinator	Recreation
Senior Center	Recreation Leader (PT)	Recreation Aide (PT)

The City contributes to the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities with the State of California. The annual cost of CalPERS pension for authorized employees for FY2017-18 is estimated to be \$1,393,673. Benefit provisions and all other requirements are established by the State statute and City ordinance, with the City providing benefits based on “2.5% at 55” formula for current employees hired prior to July 1, 2011, “2.0% at 60” formula for employees hired between July 1, 2011 and January 1, 2013 or hired from a Reciprocal Agency within 6 month break in service, and “2.0% at 62 formula for employees hired after January 1, 2013 and new to CalPERS and was not a member of a Reciprocal Agency or had a break in service longer than six (6) months).



## SUMMARY OF BUDGETED POSITIONS

Department	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
City Council	5.00	5.00	5.00	5.00
City Treasurer	1.00	1.00	1.00	1.00
City Clerk	3.00	3.00	3.00	3.00
City Manager	3.00	3.00	3.30	3.50
Administrative Services:				
Finance	7.00	10.00	9.70	7.83
Human Resources	3.00	3.00	2.00	2.33
Community Development:				
Planning Commission	5.00	5.00	5.00	5.00
Planning & Zoning	7.00	7.00	7.00	7.40
Building & Safety	7.00	7.00	7.00	7.50
Code Enforcement	4.00	6.00	6.00	7.05
Economic Development	1.00	1.00	1.00	0.05
Graffiti	2.00	1.00	1.00	1.00
Police	1.00	0.00	0.00	0.00
Engineering	8.00	8.00	9.00	9.00
Public Works:				
Public Works Administration	10.00	11.00	16.00	11.00
Park Services	5.00	5.00	7.00	9.00
Weed Abatement	5.00	5.00	0.00	0.00
Lake Services	3.00	3.00	2.00	2.00
Community Services				
Administration	6.00	6.00	6.00	4.00
Recreation	18.00	29.00	29.00	31.00
Senior Center	2.00	4.00	4.00	5.00
Campground	0.00	1.00	1.00	1.00
Internal Service Funds				
Insurances Services	0.00	0.00	0.00	0.34
Information Technology	2.00	4.00	4.00	4.00
Fleet Services	2.00	2.00	2.00	2.00
Facilities Services	1.00	1.00	1.00	1.00
Total Authorized Positions	111.00	131.00	132.00	130.00

# GENERAL FUND OVERVIEW BY DEPARTMENT

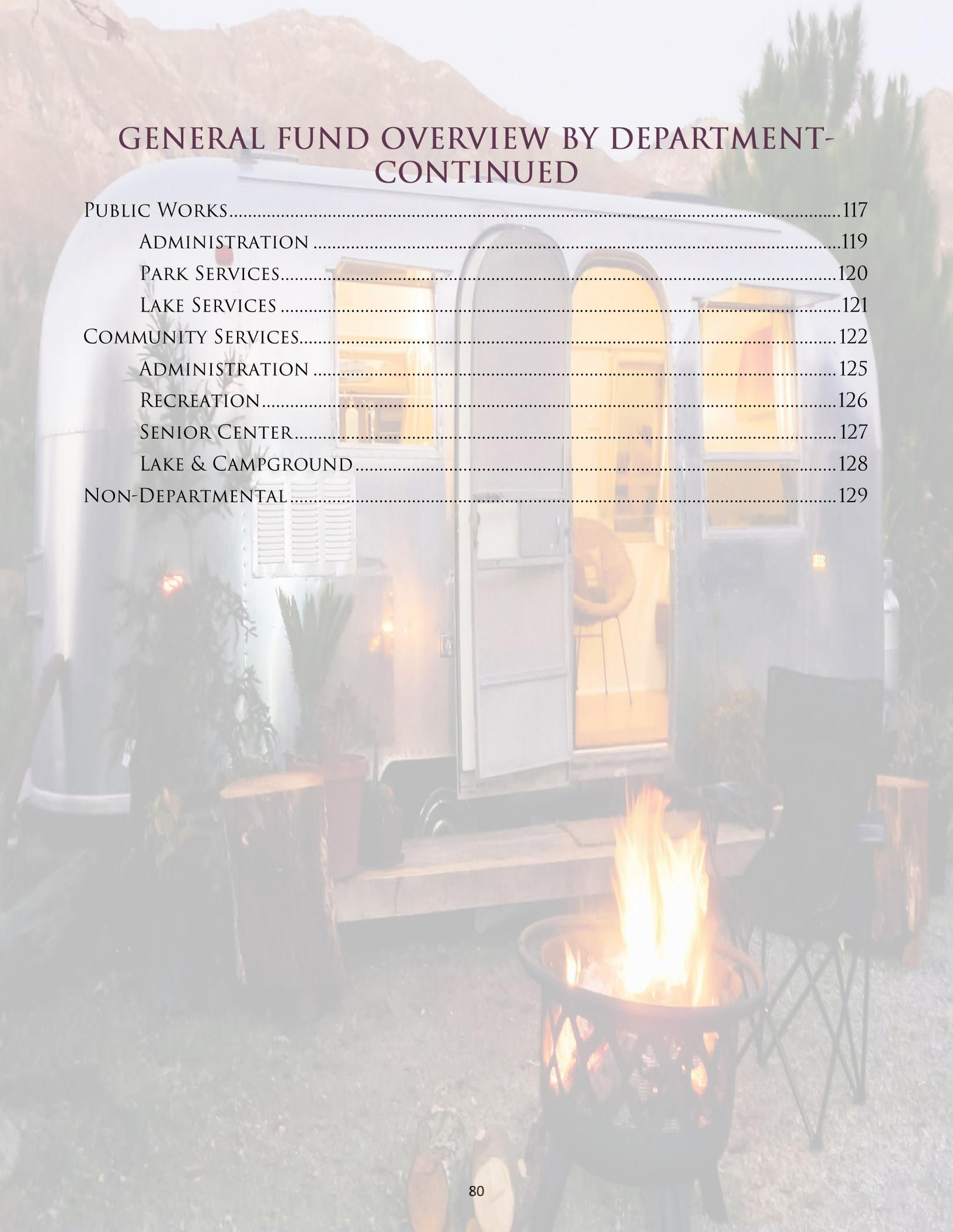
The following section includes an expenditure summary with narrative account of the General Fund Operating Budget. Each Department section includes the short term objectives staff has developed for the upcoming fiscal year which has been used to develop their operating budgets. Each Department’s objectives are measurable and include performance measures which demonstrate the progress made in the recent fiscal years toward their objectives.

The General Fund serves as the City Council’s primary operating fund used to finance the majority of City services including; Public Safety, Public Works, Community Development and City Administration. The primary sources of revenue for the General Fund include Sales Tax, Property Tax, Transient Occupancy Tax, Development-related revenue, and other revenues that are not specifically designated to be accounted for in another fund. General Fund revenue may be appropriated by the City Council on any expenditure that serves a public purpose.

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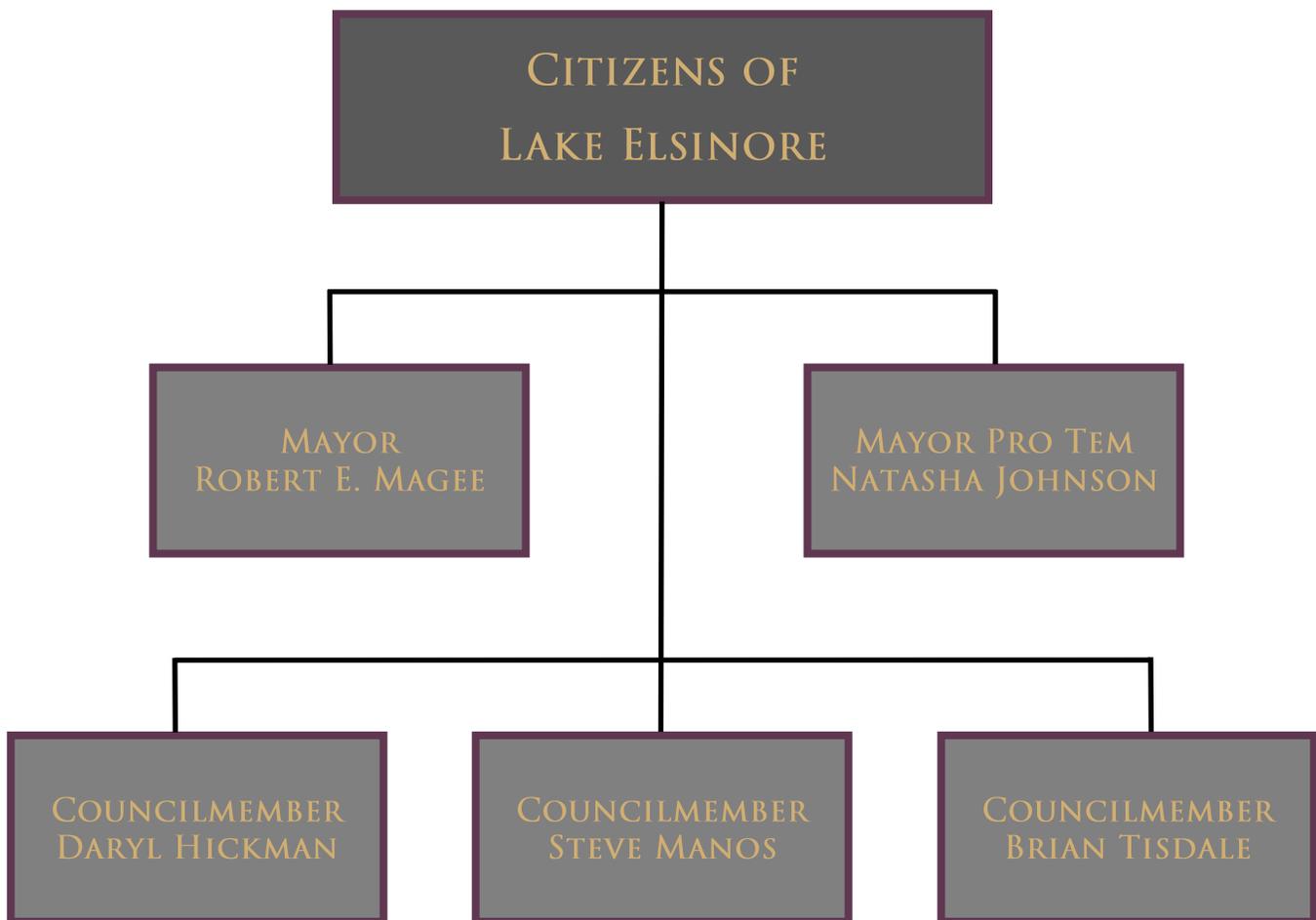


## CITY COUNCIL

### MISSION

The City Council is elected by the voters of Lake Elsinore to establish and adopt overall policies, legislative and otherwise, to give direction to the City Manager, to ensure effective and efficient operation of the City, and to identify the types and levels of programs and services to be provided to its residents. The Mayor and City Council serves to provide an overall quality of life in the City of Lake Elsinore by enhancing security, recreation, and neighborhoods, delivering quality public services, preserving and enhancing the City's economic prosperity, and embracing the diversity of the citizens.

### ORGANIZATIONAL CHART





## CITY COUNCIL - CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<u>CITY COUNCIL</u>					
Salaries & Benefits	\$ 84,261	\$ 95,830	\$ 82,390	\$(13,440)	-14.02%
Operations & Maintenance	141,281	62,850	51,410	(11,440)	-18.20%
Charges for Services	81,287	75,184	93,499	18,315	24.36%
Total	<u>\$ 306,829</u>	<u>\$ 233,864</u>	<u>\$ 227,299</u>	<u>\$ (6,565)</u>	<u>-2.81%</u>

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<u>COMMUNITY SUPPORT</u>					
Salaries & Benefits	\$ -	\$ 10,000	\$ 17,500	\$ 7,500	75.00%
Operations & Maintenance	33,534.00	79,200.00	75,400.00	(3,800)	-4.80%
Total	<u>\$ 33,534</u>	<u>\$ 89,200</u>	<u>\$ 92,900</u>	<u>\$ 3,700</u>	<u>4.15%</u>

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>CITY COUNCIL</u>			
Council Member	5.00	-	5.00
Total	<u>5.00</u>	<u>-</u>	<u>5.00</u>

### ACCOMPLISHMENTS - CITY COUNCIL

- Approved several municipal code ordinance updates to align City policies and regulations with the needs of the community and future development.
- Established a City Council Subcommittee to bring efforts for the City's long-term strategic Dream Extreme 2040 Plan.
- Completed the City's first Economic Development Strategic Plan.
- Participated in regional efforts to address homelessness and cancer initiatives.
- Increased financial support and instituted new initiatives with the local Chamber of Commerce for economic development and Visitor's Bureau activities.
- Furthered the City's efforts to inspire a healthy community through monthly activities and initiatives as part of the City's Healthy LE Program.
- Supported critical policy decisions to improve traffic congestion at all five intersections within the City including Railroad Canyon, Central Avenue, Main Street and Camino Del Norte.
- Secured the financing to proceed with the latest economic development catalyst project – the rehabilitation of the City campground.



## CITY COUNCIL - CONTINUED

### GOALS - CITY COUNCIL

- Maintain regular, ongoing participation in regional, statewide, and national intergovernmental committees such as the League of California Cities, Western Regional Council of Governments, and Riverside Transit Agency.
- Actively participate in numerous economic development activities in the City to new business, more jobs and critical development to the City of Lake Elsinore.
- Explore innovative approaches to addressing rising public safety costs while maintaining the same level of public safety services to the community.
- Assess City-wide revenue resources including adopting new user fee schedules and reviewing applicable franchise agreement fees.
- Establish a Homeless Subcommittee to work with the staff and community to develop strategic initiatives to address homelessness and its impacts on residents and businesses.
- Oversee the City's aggressive Capital Improvement Plan for the coming year including the start of several critical projects including Camino Del Norte extension, Railroad Canyon Road Widening, and La Laguna Resort Rehabilitation.
- Promote the use of the City's Alert LE mobile app as the mechanism for community concerns and issues to provide valuable data for future strategic initiatives.

### PERFORMANCE MEASURES - CITY COUNCIL

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of State, Regional and Local Meetings Attended	48	50	50
Number of Businesses Recognized through Business of the Quarter and Business of the Year Program	4	4	4
Number of Citizens Recognized through Citizen of the Quarter and Citizen of the Year Program	2	4	4
Number of Regular City Council and Special Meeting Held	29	25	25
Number of Ordinances Adopted	19	15	15



## CITY COUNCIL - CONTINUED

### ACCOMPLISHMENTS - COMMUNITY SUPPORT

- Provided financial support to several nonprofit organizations that offer services and programs that directly benefit residents including the Salvation Army, Assistance League and Trauma Intervention Program.
- Launched and hosted the Lake Elsinore Car Cruises once a month over six months to attract visitors and residents to shop, dine and enjoy Historic Main Street.
- Supported several local community events through in-kind services and other financial incentives including Clean Extreme, Susan G. Komen Race for the Cure and the Lake Elsinore Grand Prix.
- Staff and City Council regularly participated in and supported local and groups and events including the Regional Homeless Alliance, Riverside Transit Agency, Lake Elsinore Valley Chamber of Commerce, and the Downtown Merchants Association.

### GOALS - COMMUNITY SUPPORT

- To establish a formal process to provide financial assistance to local non-profit agencies for community programs that benefit the citizens of Lake Elsinore.
- Provide financial support to those nonprofit organizations that offer programs to assist residents within the City of Lake Elsinore.
- Offer in-kind and financial support to key special events that encourage tourism, economic development and civic pride such as Lake Elsinore Grand Prix, Clean Extreme, Veterans Day Observance Ceremony and the Lake Elsinore Car Cruises.

### PERFORMANCE MEASURES - COMMUNITY SUPPORT

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Amount Awarded To Support Local Non-Profit Organizations	\$20,000	\$23,000	\$25,000
Number of Community Organizations Supported	3	2	4
Number of Events Supported	2	10	12

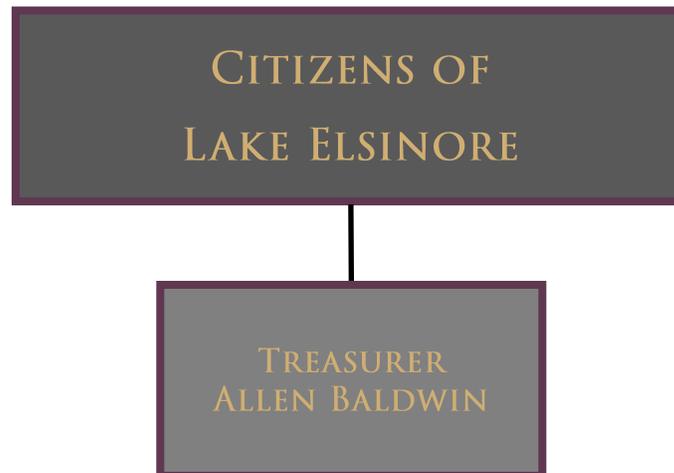


## CITY TREASURER

### MISSION

The City Treasurer is elected by the voters of Lake Elsinore to monitor and validate the safe collection, investment, custody and disbursement of City Funds. The City Treasurer serves a four year term and works closely with the City Manager and Administrative Services Departments. The City Treasurer is a member of the Mayor's Audit and Budget Committee.

### ORGANIZATIONAL CHART



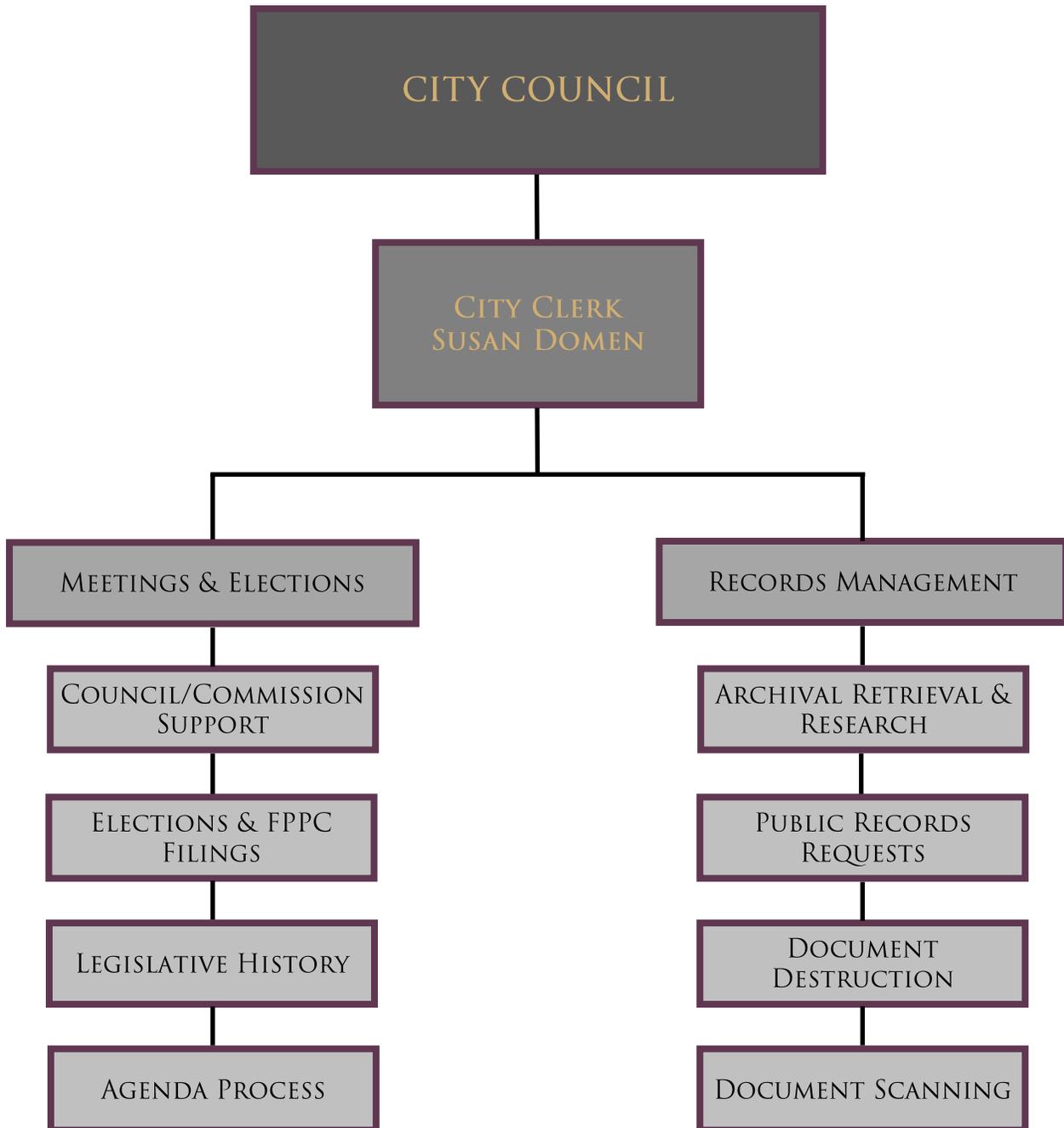


## CITY CLERK

### MISSION

To compile and maintain the official records of the City and to make them readily accessible to all; to conduct fair and impartial municipal elections; to prepare, certify, and/or adhere to public notice requirements with regard to legal documents, ordinances, resolutions, public hearings, to codify and disseminate the City's Municipal Code; to promote public awareness of the processes of government; to provide meeting, administrative, and legislative support to the Mayor, City Councilmembers, and its Commissions and Committees.

### ORGANIZATIONAL CHART





## CITY CLERK - CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<u>CITY CLERK</u>					
Salaries & Benefits	\$ 307,226	\$ 407,934	\$ 388,020	\$(19,914)	-4.88%
Operations & Maintenance	50,916	103,095	72,945	(30,150)	-29.24%
Charges for Services	74,540	92,944	116,845	23,901	25.72%
Total	<u>\$ 432,682</u>	<u>\$ 603,973</u>	<u>\$ 577,810</u>	<u>\$(26,163)</u>	<u>-8.41%</u>

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>CITY CLERK</u>			
City Clerk	1.00	-	1.00
Deputy City Clerk	1.00	-	1.00
Office Specialist II	1.00	-	1.00
Total	<u>3.00</u>	<u>-</u>	<u>3.00</u>

### ACCOMPLISHMENTS

- Implemented a Records Management program citywide.
- Finalized the conversion to electronic agenda and meeting management including the implementation of electronic voting.
- Increased community outreach in relation to meetings, elections and governmental process through social media, website and brochures.
- Conducted a General and Special Election.
- Created and implemented automated Public Records Request and Agreement tracking programs.

### GOALS

- Review and revise Council Policies and City Clerk's Department Procedure manuals.
- Continue trainings for City employees in various areas, including but not limited to: customer service, public record requests and records management.
- Expand City Clerk's Office and review opportunities for implementing revenue generating services.
- Continue review of, and digitize records throughout City implementing savings on storage.
- Provide Public Portal for Records to view City documents.



## CITY CLERK - CONTINUED

### PERFORMANCE MEASURES

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
	<b>ACTUALS</b>	<b>ACTUALS</b>	<b>TARGET</b>
Agenda Packet Production (Thursday Prior to Meeting)		47	42
Number of Claims Processed	40	132	75
Number of Resolutions Processed		98	91
Number of Ordinances Processed	19	6	6
Number of Agreements Processed		277	300
Number of Bid Openings	15	6	10
Number of Legal Notices Prepared	71	39	40
Commission Appointments		7	3
Number of Public Records Requests Processed	384	456	300
Recorded Documents		95	90



## CITY ATTORNEY

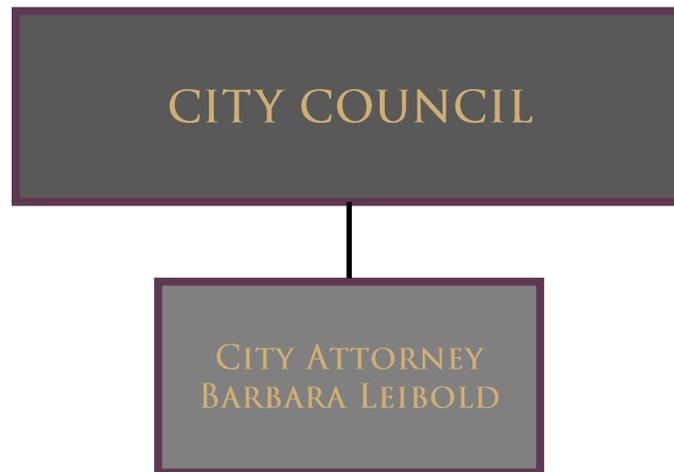
### MISSION

The mission of the City Attorney's Office is to provide the City with the highest quality, responsive and preventative legal services and to identify legal options and strategies for implementing and achieving the City Council's goals, objectives and policies.

The City Attorney's office provides a wide range of professional legal services from complex and sophisticated transactions and litigation to general matters of municipal law, including open meeting laws, conflicts of interest, public records, planning and zoning, public contracts, real property, redevelopment dissolution, water and environmental laws, mining, and election laws. The City Attorney's Office strives to provide effective analysis and preparation/review of resolutions, ordinances, contracts and other legal documents necessary to the accomplishment of the City's municipal functions and City Council goals.

The City Attorney is appointed by the Lake Elsinore City Council. The City Attorney serves as legal advisor to the City Council, Successor Agency, City Commissions and Committees, City Manager, City Clerk and City Departments. City Attorney services are performed under contract with the law firm of Leibold McClendon & Mann.

### ORGANIZATIONAL CHART





## CITY ATTORNEY- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/ Decrease	% Change
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>		
<u>CITY ATTORNEY</u>					
Operations & Maintenance	\$ 587,691	\$ 500,000	\$ 500,000	\$ -	0.00%
Total	<u>587,691</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>0.00%</u>

### ACCOMPLISHMENTS

- Provided timely, cost effective quality legal services to the City Council, Commissions, City Manager and all City departments in furtherance of the City Council’s goals while limiting risk and costs to the City of Lake Elsinore.
- Effectively litigated the Alberhill Villages Initiative and guided the City’s adoption of the Alberhill Villages Specific Plan and Amendments.
- Represented and protected City interests in dispute with WRCOG relating to TUMF fees.
- Assisted and advised City staff on numerous projects including Alberhill Villages, Sports Complex, C&C Mission Trail Affordable Housing, Outlet Center and Collier Median, Rosetta Sports Park and Campground environmental clearance. Reviewed and prepared comments to SCE Valley-Ivyglen Project EIR to protect City interests.
- Advised Successor Agency in redevelopment dissolution procedures and secured DOF funding for ongoing Stadium, management, maintenance, operations and capital improvements, implementation of Summerly DDA and other enforceable obligations.
- Prepared/reviewed and approved all City Council and Planning Commission Agenda Reports and attachments and attended meetings, conferences and work sessions.

### GOALS

- Provide timely, cost effective quality legal services to the City Council, the City Manager and all City departments, boards, commissions and committees to achieve the City Council’s goals while limiting risk and costs to the City of Lake Elsinore.
- Assist and advise City staff and City Council regarding the East Lake Specific Plan Update, Back Basin conservation, flood storage, 404 permit and regulatory compliance in connection with potential development activity and Lake related projects.
- Guide the Successor Agency in the preparation of the ROPS, implementation of its enforceable obligations, property disposition to promote local projects and protect local assets and seek appropriate remedies from DOF to repay the Housing Fund Loan.
- Advise City Council regarding resolution of MSHCP dispute with RCA.
- Collaborate with City staff and prepare recommendations to City Council regarding Municipal Code and City Council Policy Update and revised standard conditions of approval.
- Provide timely review and preparation of City Council and Planning Commission Agenda Reports and attachments and attend meetings, conferences and work sessions.

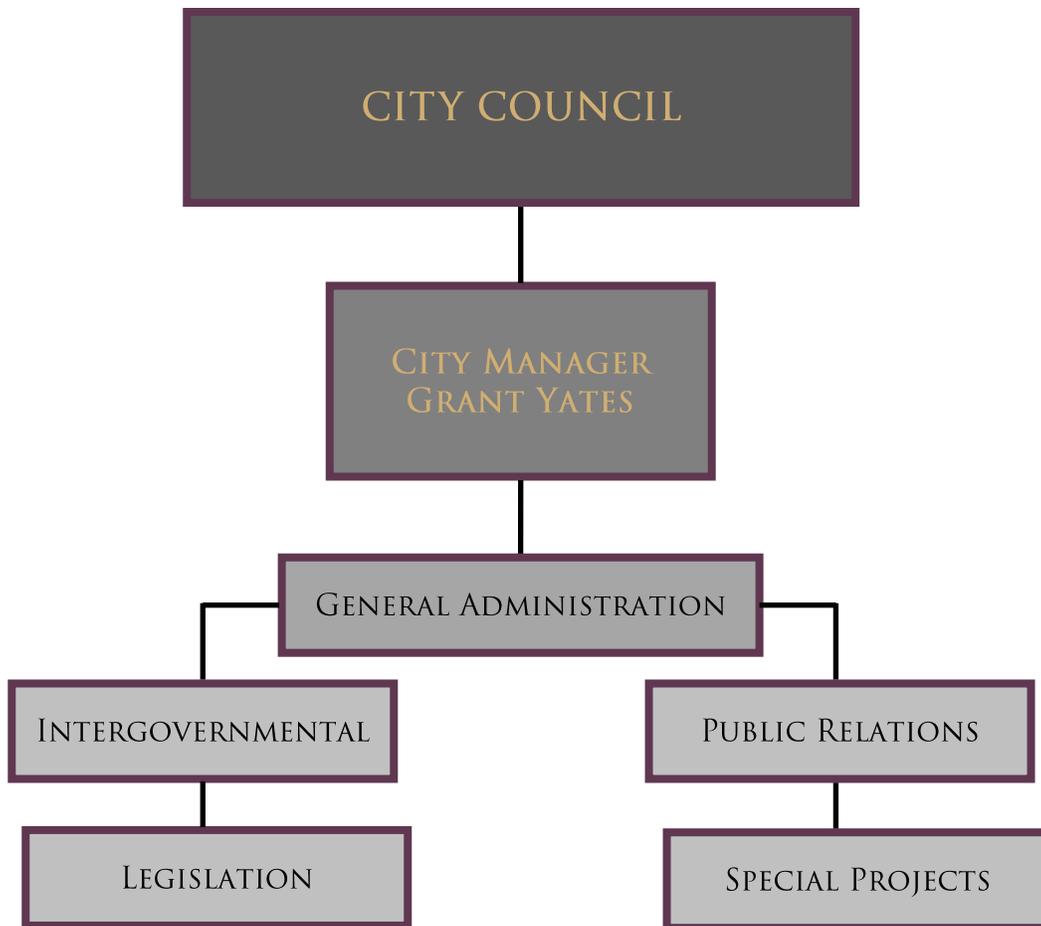


## CITY MANAGER

### MISSION

The City Manager is appointed by the City Council to serve as the Chief Administrative Officer of the organization. The City Manager's Office coordinates the implementation of policy and programs established by the City Council. The City Manager provides overall direction to the administration of City programs and services; coordinates economic development and marketing activities; intergovernmental relations, lobbying, and public relations efforts; oversees interdepartmental programs for strategic planning, emergency preparedness and animal control. The City Manager's Office is committed to the policy of providing extreme customer services to the community, and promoting overall safety to the staff and citizens of Lake Elsinore.

### ORGANIZATIONAL CHART





## CITY MANAGER- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<b><u>CITY MANAGER</u></b>					
Salaries & Benefits	\$ 494,645	\$ 644,463	\$ 744,530	\$ 100,067	15.53%
Operations & Maintenance	22,598	18,700	37,160	18,460	98.72%
Charges for Services	51,885	60,240	119,603	59,363	98.54%
Total	<u>\$ 569,128</u>	<u>\$ 723,403</u>	<u>\$ 901,293</u>	<u>\$ 177,890</u>	<u>98.54%</u>

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<b><u>CITY MANAGER</u></b>			
City Manager	1.00	-	1.00
Executive Assistant II	1.00	-	1.00
Assistant City Manager	0.50	-	0.50
Senior Management Analyst	1.00	-	1.00
Total	<u>3.50</u>	<u>-</u>	<u>3.50</u>

### ACCOMPLISHMENTS

- Conducted a community-wide citizen survey to gather feedback on services, projects and plans for the future.
- Grew the City's following and engagement on all social media channels including Facebook, Instagram and YouTube.
- Maintained ongoing, regular communication with the media resulting in weekly stories in local newspapers.
- Hosted and actively participated in several regional task force meetings to address regional concerns and challenges including homelessness, development fees, illegal dumping and cancer.
- Hosted the City's largest State of the City Address ever in coordination with the Chamber of Commerce.
- Hosted a new Emergency Preparedness Fair in coordination with a community committee.
- Kicked off the Clean LE pilot program in coordination with the Western Riverside Council of Governments (WRCOG), CR&R and Riverside County Watershed Protection Agency.
- Successfully managed a significant blue-green algae bloom on Lake Elsinore and implemented an ongoing monitoring program for harmful algae blooms.
- Completed the construction of the award-winning Rosetta Canyon Sports Park.
- Launched a new City of Lake Elsinore Instagram account.



## CITY MANAGER - CONTINUED

### GOALS

- Facilitate ongoing communication and collaboration across departments.
- Continue to foster positive working relationships with area stakeholders by participating in regional, collaborative meetings with surrounding cities, agencies and stakeholders.
- Proceed with the creation of the City’s long-term strategic plan, i.e. the Dream Extreme 2040 Plan.
- Complete the latest expansion of City Hall including a space planning design that ensures greater collaboration amongst departments and improved service to the community.
- Identify and facilitate the purchase and/or acquisition of key properties throughout the City that will provide valuable resources for future community projects such as parking facilities, park areas and/or recreational programming.
- Host monthly marketing meetings with staff to coordinate and improve outreach to the community via all communication channels while maximizing the City’s limited resources.
- Maintain regular, ongoing communications with the community through various media outreach opportunities including the website, social media, and newspapers.
- Promote, support, and grow community engagement through activities such as the City’s Clean Extreme, Clean LE, and Veterans Day Observance Ceremony events to build positive relationships and community pride.
- Develop a strategic outline for the Lake that includes challenges, key strategies and next steps for future consideration to preserve, protect and improve the City’s most valuable asset.
- Develop and execute strategic objectives to reduce homelessness within the City and help those in need.
- Manage and facilitate the complete rehabilitation and future marketing efforts for the City’s latest economic development catalyst project – the campground.
- Implement the City’s Economic Development Strategic Plan.
- Develop new public information resources to communicate the community about capital improvement and privately funded projects under review, approved, under construction and recently completed within the City.

### PERFORMANCE MEASURES

	FY 2015-16	FY 2016-17	FY 2017-18
	ACTUALS	ACTUALS	TARGET
Number of Community Workshops and Study Session to Strategize Regarding Future Capital Improvement Projects and Budget Planning	3	3	3
Percentage of Weekly Meetings with the Executive Management Team	80%	90%	90%
Host a State of the City Program on behalf of the City Council in Coordination with the Chamber of Commerce	1	1	1
Number of Volunteer Clean Up Events Held To Encourage Civic Pride	1	1	10
Number of Followers on City Hall Facebook Page	3,906	5,496	7,000
Number of Followers on City Hall Instagram Account	N/A	552	1,000
Number of Billboards Posted For Community Events and Support	58	39	60

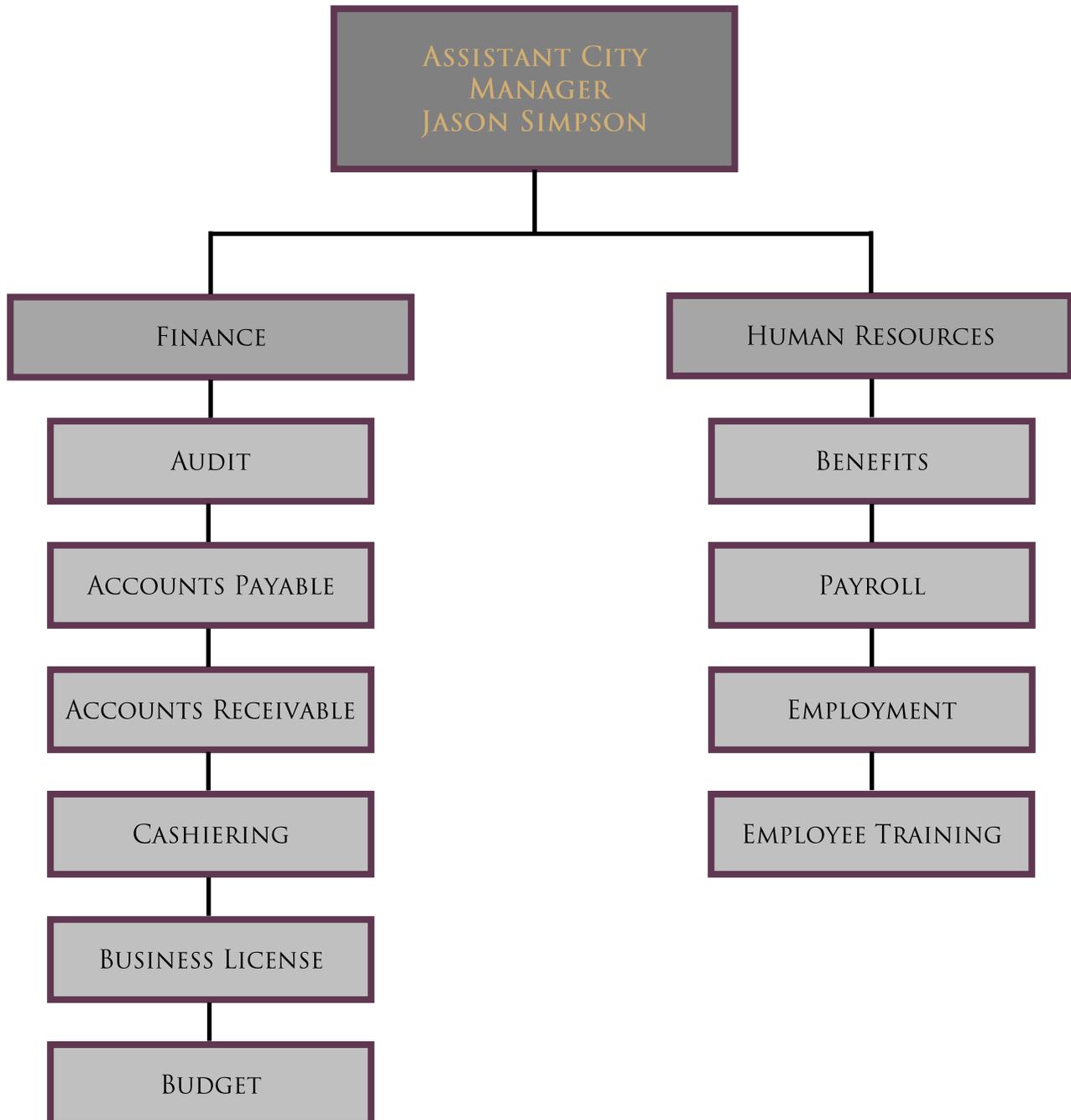


## ADMINISTRATIVE SERVICES

### MISSION

The Administrative Services Department responsibilities include cash and investment management, financial reporting, coordination and preparation of the Annual Operating Budget and Capital Improvement Plan, internal audit, payroll, accounts receivable, financial oversight, business licensing, purchasing and contracting, financial management of Police, Animal Control and Fire contracts, and administration of all city funds and accounts. The Department is comprised of Finance and Human Resources.

### ORGANIZATIONAL CHART





## ADMINISTRATIVE SERVICES- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<u>FINANCE</u>					
Salaries & Benefits	\$ 960,026	\$ 1,199,688	\$ 1,016,130	\$ (183,558)	-15.30%
Operations & Maintenance	197,046	313,150	241,425	(71,725)	-22.90%
Charges for Services	198,424	223,186	260,816	37,630	16.86%
Total	<u>\$ 1,355,496</u>	<u>\$ 1,736,024</u>	<u>\$ 1,518,371</u>	<u>\$ (217,653)</u>	<u>-12.54%</u>
<u>HUMAN RESOURCES</u>					
Salaries & Benefits	\$ 208,798	\$ 130,274	\$ 286,660	\$ 156,386	120.04%
Operations & Maintenance	49,429	111,540	114,100	2,560	2.30%
Charges for Services	49,431	50,371	46,389	(3,982)	-7.91%
Total	<u>\$ 307,658</u>	<u>\$ 292,185</u>	<u>\$ 447,149</u>	<u>\$ 154,964</u>	<u>53.04%</u>

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>FINANCE</u>			
Assistant City Manager	0.50	-	0.50
Executive Assistant I	1.00	-	1.00
Finance Manager	1.00	(0.67)	0.33
Finance Administrator	1.00	-	1.00
Fiscal Officer	1.00	-	1.00
Accountant I	2.00	-	2.00
Account Specialist II	3.00	(1.00)	2.00
Total	<u>9.50</u>	<u>(1.67)</u>	<u>7.83</u>
<u>HUMAN RESOURCES</u>			
Finance Manager	-	0.33	0.33
Human Resources Analyst	1.00	-	1.00
Human Resources Specialist	1.00	-	1.00
Total	<u>2.00</u>	<u>0.33</u>	<u>2.33</u>



## ADMINISTRATIVE SERVICES- CONTINUED

### ACCOMPLISHMENTS - FINANCE

- Reduced Fiscal Agent Activity recording to one month after statements are received.
- Utilized new accounting software to streamline daily financial operations and improve internal controls.
- Completed the Comprehensive Annual Financial Statements (CAFR) for June 30, 2016 by December 31, 2016.
- Received GFOA award for Excellence in reporting for FY 2014-2015 for the CAFR.
- Implemented new interface with Incode Financial System and EnerGov Community Development System.
- Implemented the Positive Pay System with Incode Accounting Software and bank.
- Continued to improve centralized Grant tracking and reporting for improved recording and audit results.
- Issued bonds for the Campground project for \$10,000,000 in order to fund infrastructure improvements within the development.
- Cross-trained payable, cashiering, and business license process within the division.

### GOALS - FINANCE

- Apply and Receive GFOA award for Excellence in reporting for FY 2015-2016 for the CAFR.
- Apply and Receive GFOA award for Excellence in reporting for FY 2015-2016 for the Annual Operating Budget and Capital Improvement Program.
- Implement the direct deposit payment with vendors in the Incode Accounting Software.
- Complete User Fee and Development Impact Fee studies and update Citywide fee schedule.
- Reduce annual audit completion time to 5 months from close of fiscal year.
- Conduct RFP and selection of new auditing firm.
- Utilize State Board of Equalization's software to find unlicensed businesses within the City Limits.
- Implement P-Cards to generate additional revenue.

### PERFORMANCE MEASURES - FINANCE

	FY 2015-16	FY 2016-17	FY 2017-18
	ACTUALS	ACTUALS	TARGET
Percentage of Bank Reconciliations Performed Before the Close of Subsequent Month	50%	100%	100%
Invoices Processed per Year	10,365	11,000	11,500
Number of New Business Licenses Issued per Year	508	550	600
Number of Business Licenses Renewed	769	850	900
Number of Cash Receipts Processed	12,335	13,000	13,500
Complete Quarterly Reporting to State and County by 15th of the Subsequent Month	100%	100%	100%
Prepare Investment Reporting to Council in the Second Council Meeting Each Month	50%	100%	100%
GFOA and CSMFO Award Winning Budgets Presented	0	0	1
GFOA Award Winning Comprehensive Annual Financial Report Presented	1	1	1



## ADMINISTRATIVE SERVICES- CONTINUED

### ACCOMPLISHMENTS - HUMAN RESOURCES

- Implemented a web-based timekeeping system
- Implemented a web-based personnel management system
- Held two Red Cross blood drives
- Held multiple trainings for staff, including; CPR, First Aid, Active Shooter, Economic Development

### GOALS - HUMAN RESOURCES

- Revise and update the current Personnel Rules and Regulations.
- Streamline the recruiting process
- Streamline the onboarding process
- Implement a new personnel management system through Paychex
- Implement a benefit management portal
- Improving on the timeframe in which employee evaluations are completed
- Revise job descriptions
- Update business forms
- Create 360 evaluations forms
- Maintain effective labor relations through the new MOU negotiations
- Continue to assess and revamp current processes and procedures

### PERFORMANCE MEASURES - HUMAN RESOURCES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Recruitments Conducted	12	7	7
Number of Applications Processed	358	275	275
Number of Administrative Support Group Meetings	12	12	12
Percentage of Evaluations Processed within Prescribed Timeframes	50%	60%	75%
Number of Employees Receiving Recognition Awards	15	47	30

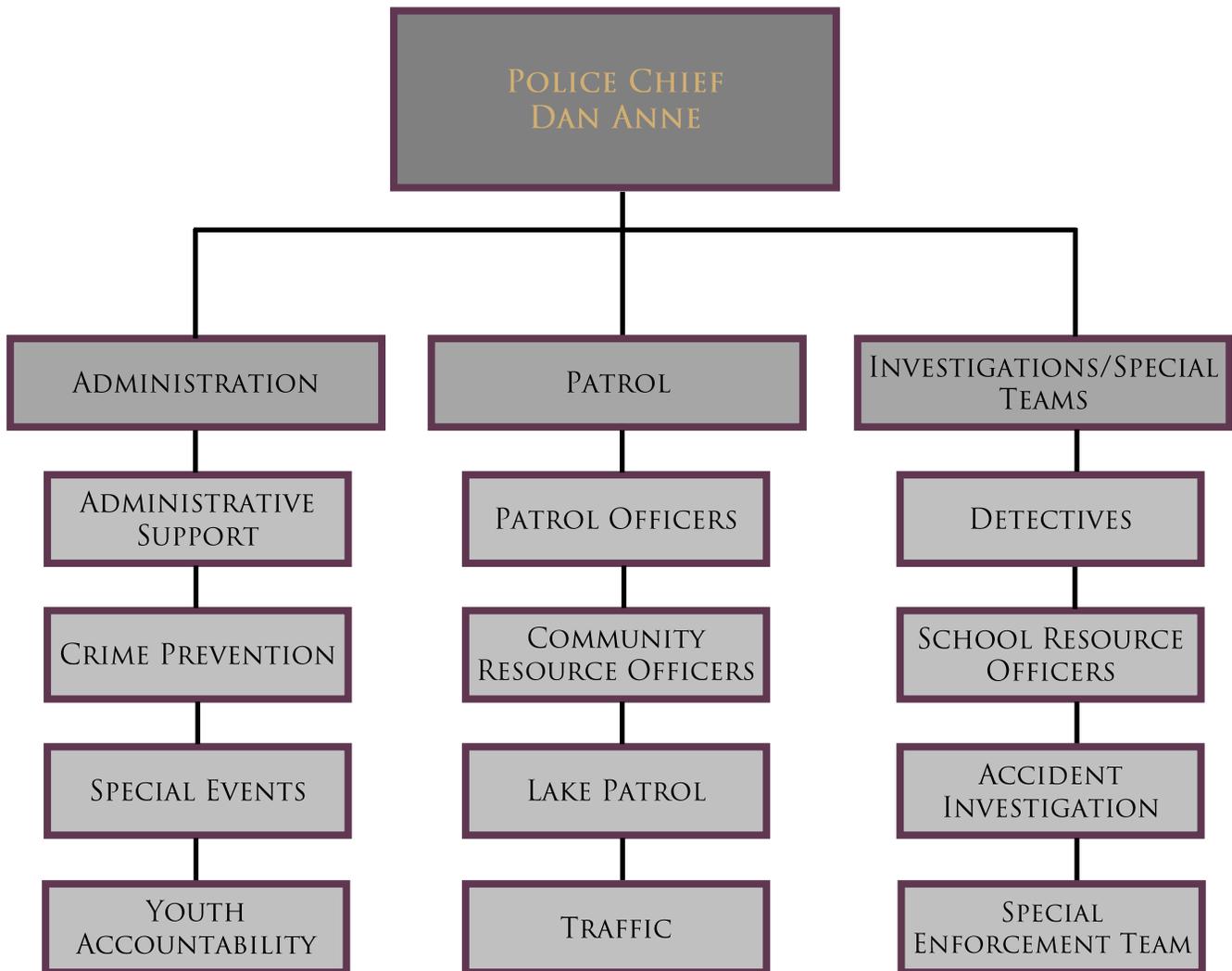


## POLICE SERVICES

### MISSION

To protect and serve the Lake Elsinore Community with courage, compassion and clarity of purpose. We will utilize professional policing tactics to maintain trust when pursuing justice and safeguarding our citizens. The Police Department will preserve life and property, thus allowing citizens, businesses, and visitors to live out their dreams. The City of Lake Elsinore enjoys a partnership with the Riverside County Sheriff's Department, which supplies professional and ethical law enforcement services, 24 hours a day, and seven days a week. The Police Department provides a wide-range of services to the community, including Administration, Investigations, Patrol Operations, Traffic Safety and Enforcement, Special Enforcement/Problem Oriented Policing, Special Event Services, Crime Prevention, Neighborhood Watch, and Lake Patrol. Department members serve impartially, courteously and effectively with citizens in a partnership, based on mutual trust and communication so that all who live, work and visit may truly - Dream Extreme.

### ORGANIZATIONAL CHART





## POLICE SERVICES- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/D	
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>	<u>crease</u>	<u>% Change</u>
<u>POLICE SERVICES</u>					
Operations & Maintenance	\$ 11,385,468	\$ 12,339,222	\$ 12,915,752	\$ 576,530	4.67%
Charges for Services	63,876	65,972	94,494	28,522	43.23%
Total	<u>11,449,344</u>	<u>12,405,194</u>	<u>13,010,246</u>	<u>605,052</u>	<u>4.88%</u>

### ACCOMPLISHMENTS - ADMINISTRATION

- Continued cooperation with the City of Lake Elsinore in planning and staffing of public safety personnel for over 34 special events occurring in the City.
- Solidified a path for continued outreach to the local Spanish speaking community.
- Increased expansion of Neighborhood Watch to over 30 neighborhoods and 388 active members.
- Theft Suppression Team conducted over 140 theft investigations and arrested 118 suspects in 2016.
- Special Enforcement Team implemented a Bicycle Patrol effort for increased presence in our historic downtown area and during city special events.

### GOALS - ADMINISTRATION

- Delivery and Deployment of our new police patrol boat in Summer 2017.
- Working towards maximizing patrol performance by using current crime data to create targeted deployment schemes and maintaining optimum officer ratios in our growing community.
- Using our Special Enforcement Team to develop a Crime Free Business Program modeled after the Crime Free Multi Housing Program within local business community.
- Maintain our close working relationship with the City of Lake Elsinore to perpetuate continued growth and development of special events within the City
- Further expand our extraordinary Neighborhood Watch program within the Lake Elsinore Community.
- Seeking innovation in technology and social media in order to increase our communication and outreach to the citizens we serve.
- Be highly visible and responsive to the communities needs in order to increase trust and foster relationships.
- Be forward thinking in conjunction with City and County agencies in developing and implementing programs to address homelessness.
- Maximize the impact our City Special Teams have on current crime trends by remaining versatile, responsive and vigilant to recent activity.

### PERFORMANCE MEASURES - ADMINISTRATION

	FY 2015-16	FY 2016-17	FY 2017-18
	<u>ACTUALS</u>	<u>ACTUALS</u>	<u>TARGET</u>
Number of Volunteers	27	34	40
Percent of City Council and Public Safety Advisory Committee Meetings Attended	100%	95%	100%
Number of Livescans Taken	29	24	30



## POLICE SERVICES- CONTINUED

### ACCOMPLISHMENTS - PATROL

- Expansion of the Crime Free Multi Housing Program to a number of new communities participating in the program.
- Conducted numerous AB109 compliance checks which resulted in significant arrest and the recovery of weapons and stolen property.
- Solved several in-progress burglaries where suspects were arrested and property recovered and returned.
- Realignment of traffic enforcement policy to reduce DUI related collisions by targeting major thoroughfares within the City.
- Strict enforcement of vessel safety inspections and enforcing hazardous boating violations.
- Deployed the Special Enforcement Team on bike patrol to increase police presence during Special Events and in our Downtown area.

### GOALS - PATROL

- Ensure effective, fair, and efficient law enforcement practices within the community.
- Increase level of training for patrol officers and supervision to maintain a high level of competency and keep officers abreast of current crime trends.
- Maintain rapid responses on priority 1 and 2 calls, while also ensuring a high level of proactive enforcement.
- Use Problem Oriented Policing concepts to establish and maintain good communication with the public we serve.
- Continue to use crime mapping and statistical data to ensure effective deployment strategies.
- Reduce the number of injury traffic collisions through enforcement and public education in traffic, pedestrian and bicycle safety. Increase our proactive OTS Enforcement Programs.
- Maintain a high visibility, crime deterring presence in business and residential areas.
- Increased awareness programs and implemented a zero tolerance policy when addressing designated "Quality of Life" issues including pan-handling, drunk in public, trespassing and related crimes.
- Expand our Special Teams to increase our ability to combat increases in theft related criminal activity, protect our city parks and create a direct resource in addressing homelessness in the Lake Elsinore area.
- Increase and expand our presence in and around the downtown area, business districts, and recreational areas to maintain a family friendly environment for our community and its many visitors.

### PERFORMANCE MEASURES - PATROL

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of General Patrol Officer Hours Provided Per Day	130.8	130.8	130.8
Response Time for Priority 1 Calls (Minutes)	6.72	6.8	6.5
Response Time for Priority 2 Calls (Minutes)	18.53	19.21	18.0
Number of Traffic Collision Investigations	560	587	<475
Number of High Visibility Traffic Checkpoints	12	4	8
Number of Priority 1 Calls	468	545	<450
Overall Calls for Service	47,837	47,794	<46,000
Number of DUI Arrests	203	147	N/A



## POLICE SERVICES- CONTINUED

### ACCOMPLISHMENTS - INVESTIGATIONS

- Investigators maintained a 91% closure rate on crimes against persons.
- Maintained a 96% closure rate on missing person's cases.
- Increased success in identity theft cases achieved through increased training in forensic analysis and searches of computers and phones.
- Investigators identified and arrested several burglary suspects through video surveillance and press releases which created a direct venue for community involvement and assistance in these types of crimes.
- Successfully investigated a multi-state commercial burglary ring targeting national retailers in several neighboring states.
- Maintained a 93% closure rate on sex crimes.
- School Resource officers and investigators immediately acted upon information about threats of school violence at our local high schools and successfully identified perpetrators and closed each case.
- Detectives investigated crimes big and small. They were able to locate and charge two suspects with the theft of Christmas lights and decorations from the Alberhill community.
- Investigated and dismantled several large scale theft rings operating in the Lake Elsinore, Temecula and Murrieta area.

### GOALS - INVESTIGATIONS

- Continue to offer advanced training for investigators which enables them to investigate higher level, complicated criminal investigations.
- Maintain high quality level of investigations which will result in successful criminal prosecutions.
- Continue to improve and develop our investigative abilities through research and training in the areas of social media and smart phone technology.
- Contact victims of crimes in a timely manner and ensure investigators meets the needs of the community.
- Act as a liaison between the District Attorney's Office and the victim(s) to ensure successful prosecution.
- Maintain a high level tracking mechanism when investigating and tracking sexual predators.
- Continue to work closely with local task forces with parole and probation compliance programs.
- Continue our efforts in providing active shooter training to City personnel, the school district, local businesses, and the community.

### PERFORMANCE MEASURES - INVESTIGATIONS

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Crime Free Housing Checks	20	31	25
Number of Cases Closed by Investigations Unit	700	1046	
Overall Case Closure Rate	59%	61%	65%
Number of Open Cases per Detective	12	18	<10



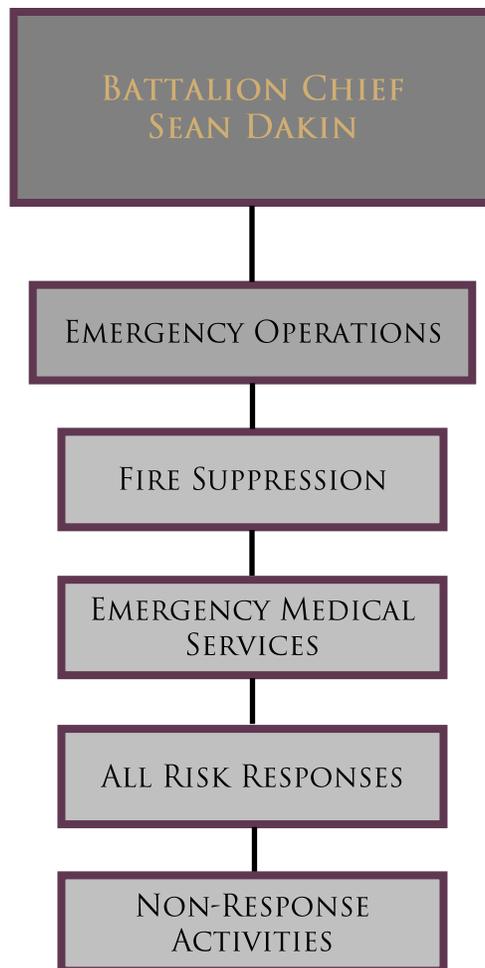


## FIRE SERVICES

### MISSION

The Fire Department maintains the highest levels of fire and disaster preparedness, prevention, and community involvement in order to ensure the safety of both our residents and visitors. The City contracts with the Riverside County Fire Department for Fire Services. Emergency Operations provides comprehensive emergency services utilizing a highly trained work force, progressive technology and modern equipment to provide Fire and Paramedic services. The Lake Elsinore Fire Department is dedicated to protect life, property, and the environment throughout the City, accomplished by a comprehensive emergency service response program utilizing responsible fiscal management, a highly trained work force, progressive technology and modern equipment.

### ORGANIZATIONAL CHART





## FIRE SERVICES- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<b><u>FIRE SERVICES</u></b>					
Operations & Maintenance	\$ 6,667,681	\$ 7,268,915	\$ 7,560,306	\$ 291,391	4.01%
Charges for Services	245,607	328,722	339,975	11,253	3.42%
Total	<u>6,913,288</u>	<u>7,597,637</u>	<u>7,900,281</u>	<u>302,644</u>	<u>3.98%</u>

### ACCOMPLISHMENTS

- Successfully deployed the ALS Fire/Rescue Boat 85 on all three holiday weekends of the summer.
- Reviewed and renewed Lake Elsinore Wildland Fire Protection Contract with CAL FIRE to ensure adequate coverage and remove developed areas that no longer needed to be protected.
- Worked with the City on negotiating contract with Canyon Lake.
- Worked with the City on its fee study to help insure fiscal sustainability of our fire protection system.

### GOALS

- Renew the current Wildland Fire Protection Agreement with CAL FIRE at its current acres.
- Review cost of staffing, training, maintenance for City funded boat and rescue watercraft program. Establish budgeted line item for staffing boat program on major holiday weekends.
- Continue best management practices to maintain fiscal accountability.
- Develop boat and rescue watercraft use agreements to address staffing, training, maintenance and loaning of watercraft.

### PERFORMANCE MEASURES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Average Response Time (Minutes)	5	5	5
Respond To all Incidents within Five Minutes of Dispatch	85%	89%	95%
Initiate Emergency Advanced Life Support Within 15 Minutes of Dispatch	100%	100%	100%
Initiate Suppression Action On All Fires Within 15 minutes of Dispatch	85%	89%	90%





## ANIMAL SERVICES

### MISSION

To contract with and support the Animal Friends of the Valley to provide adequate and reasonable animal control sheltering and field services for our residents including: dog and cat licensing, community patrols, spay and neuter, microchipping and adoption services to protect the public safety of our community while reducing pet over population and saving animal lives.

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/ Decrease	% Change
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>		
<u>ANIMAL SERVICES</u>					
Operations & Maintenance	\$ 495,675	\$ 520,300	\$ 544,640	\$ 24,340	4.68%
Debt Service	308,509	318,900	292,000	(26,900)	-8.44%
Total	<u>804,184</u>	<u>839,200</u>	<u>836,640</u>	<u>(2,560)</u>	<u>-0.31%</u>

### ACCOMPLISHMENTS

- Reviewed and participated in first annual performance review of the local shelter.
- Continued efforts to offer reduced cost microchipping for up to 1,000 residents.
- Participated regularly in the Southwest Communities Financing Authority Board and Executive Committee meetings.

### GOALS

- Negotiate, renew, and expand the terms of the City's long-term animal control field services agreement.
- Explore funding opportunities to phase in future increases in the total number of active animal control patrol hours per day.
- Support the Animal Friends of the Valleys marketing and donor development opportunity by sharing critical animal control messages through the City's existing communication channels including the Recreation Guide, social media and the City website.
- Identify programs, such as amnesty and vouchers, that encourages pet owners to license and spay/neuter their pets.
- Research the feasibility of new regulations that can have long-term impacts on the City's pet population and costs related to animal control by ensuring responsible pet ownership such as mandatory microchipping or spay/neuter policies.

### PERFORMANCE MEASURES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Percentage of Licensed Animals In The City	N/A	N/A	10%
Number of Animals Taken To The Shelter	2,164	2,022	1,950
Number of New Policies Adopted and Implemented	N/A	N/A	1
Percentage of Cost Recovery Improvement	N/A	N/A	10%
Percentage of City Expenses For Regional Animal Shelter	25.1%	24.7%	23.5%

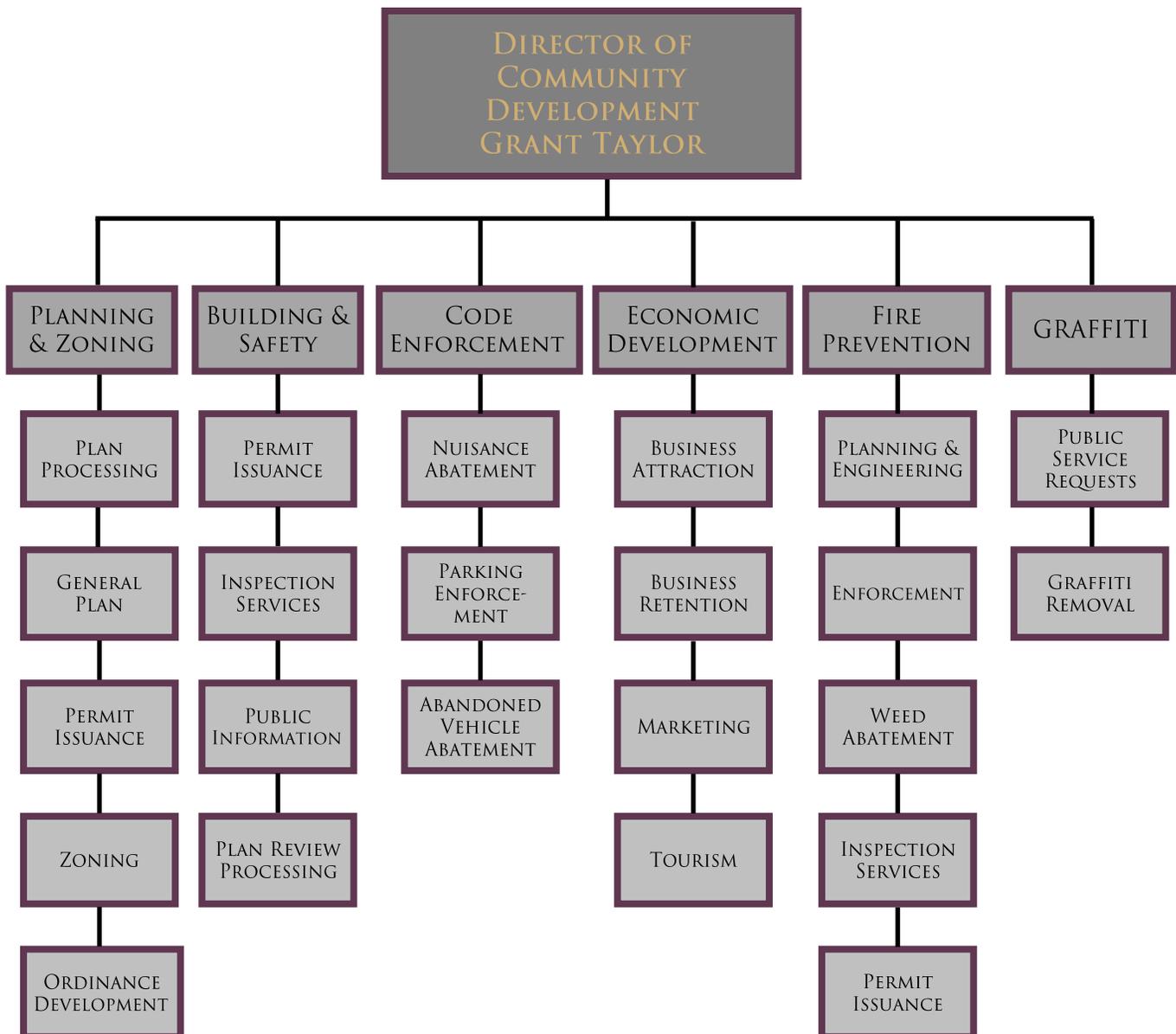


# COMMUNITY DEVELOPMENT

## MISSION

Community Development is a multi-disciplinary department providing a range of planning, development services, and affordable housing and related programs to citizens, elected officials, appointed boards, commissions, and City Departments. The department ensures that all development is consistent with the Municipal and Building Codes, the goals of the community, life safety, and neighborhood preservation. The Community Development Department is comprised of six Divisions: Planning & Zoning, Building & Safety, Code Enforcement, Economic Development, Fire Prevention, and Graffiti. The Community Development activities are primarily involved in the Planning Division, which provides support for the Planning Commission, and assists the Commission and community in fulfilling the vision, goals, and policies as defined by the City Council.

## ORGANIZATIONAL CHART





## COMMUNITY DEVELOPMENT- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/De crease	% Change
<u>PLANNING &amp; ZONING</u>					
Salaries & Benefits	\$ 835,600	\$ 941,527	\$ 915,750	\$ (25,777)	-2.74%
Operations & Maintenance	150,665	116,000	59,500	(56,500)	-48.71%
Charges for Services	189,749	185,891	239,578	53,687	28.88%
Total	<u>\$ 1,176,014</u>	<u>\$ 1,243,418</u>	<u>\$ 1,214,828</u>	<u>\$ (28,590)</u>	<u>-2.30%</u>
<u>BUILDING &amp; SAFETY</u>					
Salaries & Benefits	\$ 683,780	\$ 839,415	\$ 965,260	\$ 125,845	14.99%
Operations & Maintenance	284,570	394,430	526,790	132,360	33.56%
Charges for Services	154,680	170,576	355,501	184,925	108.41%
Total	<u>\$ 1,123,030</u>	<u>\$ 1,404,421</u>	<u>\$ 1,847,551</u>	<u>\$ 443,130</u>	<u>31.55%</u>
<u>CODE ENFORCEMENT</u>					
Salaries & Benefits	\$ 410,586	\$ 474,929	\$ 602,920	\$ 127,991	26.95%
Operations & Maintenance	13,680	15,200	11,600	(3,600)	-23.68%
Charges for Services	86,754	131,099	205,034	73,935	56.40%
Total	<u>\$ 511,020</u>	<u>\$ 621,228</u>	<u>\$ 819,554</u>	<u>\$ 198,326</u>	<u>31.92%</u>
<u>ECONOMIC DEVELOPMENT</u>					
Salaries & Benefits	\$ 189,383	\$ 113,164	\$ 3,680	(\$109,484)	-96.75%
Operations & Maintenance	163,009	307,070	270,270	(36,800)	-11.98%
Charges for Services	21,086	20,662	4,093	(16,569)	-80.19%
Total	<u>\$ 373,478</u>	<u>\$ 440,896</u>	<u>\$ 278,043</u>	<u>\$ (162,853)</u>	<u>-36.94%</u>
<u>FIRE PREVENTION</u>					
Operations & Maintenance	\$ 206,290	\$ 269,860	\$ 662,678	\$392,818	145.56%
Charges for Services	32,060	47,745	92,271	44,526	93.26%
Total	<u>\$ 238,350</u>	<u>\$ 317,605</u>	<u>\$ 754,949</u>	<u>\$ 437,344</u>	<u>137.70%</u>
<u>GRAFFITI</u>					
Salaries & Benefits	\$ 88,415	\$ 93,085	\$ 93,920	\$ 835	0.90%
Operations & Maintenance	5,308	10,600	10,600	-	0.00%
Charges for Services	18,839	20,513	37,988	17,475	85.19%
Total	<u>\$ 112,562</u>	<u>\$ 124,198</u>	<u>\$ 142,508</u>	<u>\$ 18,310</u>	<u>14.74%</u>



## COMMUNITY DEVELOPMENT- CONTINUED

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>PLANNING COMMISSION</u>			
Planning Commissioner - PT	5.00	-	5.00
Total	5.00	-	5.00
<u>PLANNING &amp; ZONING</u>			
Director of Community Development	1.00	(0.60)	0.40
Planning Manager	1.00	-	1.00
Principal Planner	1.00	-	1.00
Project Analyst - PT	-	1.00	1.00
Senior Planner	1.00	-	1.00
Associate Planner	1.00	-	1.00
Community Development Technician	1.00	-	1.00
Office Specialist III	1.00	-	1.00
Total	7.00	0.40	7.40
<u>BUILDING &amp; SAFETY</u>			
Director of Community Development	-	0.50	0.50
Building & Safety Manager	1.00	-	1.00
Building Inspector	2.00	-	2.00
Building Inspector - PT	1.00	-	1.00
Senior Community Development Technicia	1.00	-	1.00
Community Development Technician	1.00	-	1.00
Office Specialist III	1.00	-	1.00
Total	7.00	0.50	7.50
<u>CODE ENFORCEMENT</u>			
Director of Community Development	-	0.05	0.05
Code Enforcement Administrator	1.00	-	1.00
Code Enforcement Officer II (Unfunded)	2.00	-	2.00
Code Enforcement Officer I	2.00	1.00	3.00
Community Development Technician II	1.00	-	1.00
Total	6.00	1.05	7.05
<u>ECONOMIC DEVELOPMENT</u>			
Director of Community Development	-	0.05	0.05
GIS Analyst	1.00	(1.00)	-
Total	1.00	(0.95)	0.05
<u>GRAFFITI</u>			
Graffiti Technician	1.00	-	1.00
Total	1.00	-	1.00



## COMMUNITY DEVELOPMENT- CONTINUED

### ACCOMPLISHMENTS - PLANNING & ZONING

- Continue to streamline entitlement applications.
- Cellular Facility Code Amendment.
- Camping Code Amendment.
- Donation Bins Code Amendment.
- Voluntary Parcel Merger Code Amendment.
- Cellular leases at Alberhill Ranch and Canyon Hills Parks.
- Secured purchase of Ulla Lane Parcel for Regional Drainage.
- Review and comments on Valley Ivyglen/Alberhill Substations EIR.
- Established Historic Advisory Group.
- Completed processing of key planning projects to include: Diamond Sports Center, Walmart Superstore, Artisan Alley, La Quinta Inn, Airstream RV, Kumar Gas Station, Wakerider Resort, Outlet Development Agreement, Golden Corral, Stadium Pizza, Pasadena Industrial Park, Fairway Industrial Park, Ness Industrial Park, Nichols Road Annexation, Summit Annexation, Circle K, Cemetery Building, Alberhill Villages Specific Plan, Canyon Hills, Summerly, Trieste, Lakeshore Point, Terracina, Cottage Lane, Lakeside Point, and multiple single family residences.

### GOALS - PLANNING & ZONING

- Complete East Lake Specific Plan Update.
- Complete Downtown Master Plan Update.
- Review and Revisit General Plan.
- Prepare Quarterly Code Amendments.
- Final EIR Comments and Actions on Valley Ivyglen/Alberhill Project.
- Complete Processing of key planning projects to include: Lakeshore Town Center, Sky Museum, Links Hotel, Quikrete Plant, Central Plaza Center, Summerly, Canyon Hills, Alberhill.
- Continue to streamline application processes.
- Continue to provide efficient, effective and excellent customer services.

### PERFORMANCE MEASURES - PLANNING & ZONING

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Resolutions Adopted Related To Zoning and Development Applications	95	70	100
Current Planning Applications Processed	60	60	75
Advance Planning Applications Processed	16	16	10
Over-The-Public Counter Permit Approvals	150	150	125
Landscaping Plans Received, Plan Checked and Approved	28	40	60
Number of Pre-Application Meetings Scheduled	150	150	15
Percent of All Customer Requests Responded To Within 1 Working Day	70%	75%	75%
Issue All Comment Letters Within 30 Days of Receipt of Application	100%	100%	100%



## COMMUNITY DEVELOPMENT- CONTINUED

### ACCOMPLISHMENTS - BUILDING & SAFETY

- Increased staff levels at counter with a counter tech, added full time Contract Building Inspector.
- Maintaining Laser fiche scanning of Building Plans and Permits.
- Receivership program in full operation.
- Updated staff with latest technology and computer systems.
- Improved reports system and permitting through EnerGov.
- We are now able to schedule inspections through the web site.

### GOALS - BUILDING & SAFETY

- Continue to work with all departments through the EnerGov system for fees, reports and approvals.
- Purchase two trucks for Building Inspectors.
- Continue to cross train Code, Building and Fire.
- Provide electronic access of archived plans and documents to the public through the internet using Laser fiche and schedule building permits through the web site and EnerGov.
- Remove the Ambassador Hotel and Pioneer Lumber through the Structure Abatement and Receivership Programs.
- Provide education and training for staff.
- Increase staffing.

### PERFORMANCE MEASURES - BUILDING & SAFETY

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Total Building Permits Issued	4,239	4,000	5,760
Number of Inspections Performed	20,318	40,000	20,870
Number of Initial Plan Reviews Completed	595	800	958
Percentage of Initial Plan Re-Reviews Completed Within 10 Working Days	100%	100%	100%
Number of Residential Plan Reviews Completed	313	500	905
Percentage of Residential Plan Re-Reviews Completed Within 7 Working Days	100%	100%	100%
Number of Commercial Plan Reviews Completed	26	30	53
Percentage of Commercial Plan Re-Reviews Completed Within 10 Working Days	100%	100%	100%
Number of Certificates of Occupancy Inspections Performed	87	100	108



## COMMUNITY DEVELOPMENT- CONTINUED

### ACCOMPLISHMENTS - CODE ENFORCEMENT

- Utilized Abandoned Vehicle Abatement funds to pay for 50% of 3 new vehicles.
- Amended the shopping cart ordinance to hold merchants responsible for their inventory and to establish penalties for individuals illegally removing carts.
- Worked as part of a regional task force to address the transient issues County wide.
- Utilized the City Prosecutors Office to successfully abate several nuisance properties.
- Continued our pro-active approach to cleaning up transient camps located throughout the City.
- Introduced Code Staff to the City's new software program.

### GOALS - CODE ENFORCEMENT

- Continue our working relationships with outside agencies (Riverside County Sheriff, Social Services, Mental Health and Animal Control) to better serve the Citizens of Lake Elsinore.
- Become proficient in the City's new software program.
- Continue to maintain a level of excellence in the enforcement of codes.
- Continue to train Code Enforcement Officers to get Building Inspector certifications for Post Disaster Certification.
- Provide more opportunities to educate the public on code enforcement procedures.
- Continue to provide additional enforcement of nuisance violations and increase the quality of life in the City of Lake Elsinore.
- Add an additional Code Enforcement Officer.

### PERFORMANCE MEASURES - CODE ENFORCEMENT

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Houses Placed in Structure Abatement	10	5	5
Number of Nuisance Cases Processed	1,600	2,000	1,900
Number of Nuisance Cases Resolved	1,500	1,900	1,800
Number of Nuisance Abatement Hearings held	10	36	0
Number of Citation Hearings Held	40	80	48
Code Enforcement Concerns Responded to within 3 Working Days	100%	100%	100%
Percent of Resource Information Available To Public within 24 Hours	100%	100%	100%
Number of Closed Cases	1,500	2,000	1,900



## COMMUNITY DEVELOPMENT- CONTINUED

### ACCOMPLISHMENTS - ECONOMIC DEVELOPMENT

- Represented the City at two ICSC Conferences.
- Represented the City at two Fred Hall Shows.
- Provided assistance to 20 Lake Elsinore businesses.
- Create new marketing handouts.
- Worked with Discover IE/Visit California to promote Lake Elsinore.
- Migrated 16 hardcopy Specific Plans into digital GIS format.
- Updated all web-based GIS Gallery Maps.
- Acquired new 2015 Aerial photography.
- Provided GIS Support for EnerGov Implementation.
- Updated Zoning Map to incorporate all zone changes approved in 2015-16.
- Provided GIS technical assistance and updates.

### GOALS - ECONOMIC DEVELOPMENT

- Work closely with the Chamber of Commerce and other economic development organizations to further economic development opportunities in the City and media.
- Represent Lake Elsinore at Economic Development/Tourism Trade Shows.
- Work closely with the Economic Development Coalition to further economic development and business attraction retention in Western Riverside County.
- Pursue development and implementation of a Tourist Business Improvement District.
- Provide meetings and tours to prospective businesses.
- Coordinate with the Building Department on the creation of some standardized permit forms that combine conditions to streamline and expedite the permit application processes.
- Coordinate with the Planning Department and refine some existing forms that streamline and expedite the permit application processes.
- Expand staffing to accommodate added responsibilities, conduct all state mandated inspections and prepare for the extremely large volume of development while maintaining a very high level of customer service.

### PERFORMANCE MEASURES - ECONOMIC DEVELOPMENT

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of General Requests	125	125	125
Number of Local Site Visits	12	12	12
Number of Trade Show/Business Attraction Events	5	5	5
Number of Media, Networking Events, Speaking Events	30	30	30
Number of Ads Placed	8	8	8
Companies Assisted in Conjunction With The Economic Development Program	12	12	12
Membership in Economic Development Related Organizations	7	7	7



## COMMUNITY DEVELOPMENT- CONTINUED

### ACCOMPLISHMENTS - FIRE PREVENTION

- Implementation and the refinement of the EnerGov System and processes in coordination with our roll out person.
- Evaluated and submitted the Fire Department Fee schedule.
- Implemented the City’s newly revamped Hazardous Vegetation and Rubbish Abatement Program.
- Write the City municipal Code to Amend and adopt the new Title 24 codes. Additionally, we reviewed and eliminated unnecessary provisions of the municipal where certain sections were redundant and others that were unnecessary. This was completed in coordination with the City Building, City Planning and County Fire to simplify the Municipal Code amendment and to provide safe areas to live work and play.
- Worked with outside Fire agencies to standardize the review processes and code implementation.
- New customer service forms were created to clearly identify responsibility for fire protection maintenance.
- New clearly defined enforcement measures with due process were put into place for unsafe buildings.

### GOALS - FIRE PREVENTION

- Continue to evaluate Fire Planning Processes and refine to provide comprehensive customer service (conducted in coordination with local stakeholders). Including form creation, plan intake processes, and inspection procedures. This is an ongoing process.
- Continue to develop and refine forms, process, procedures, and improve the Fire website.
- Streamline the Hazardous Vegetation processes and utilize the first year experience to provide better customer service to our stakeholders.
- Expand our annual Fire inspection program to all State mandated facilities in our jurisdiction and find ways to remain cost neutral.

### PERFORMANCE MEASURES - FIRE PREVENTION

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Businesses Inspected	240	364	300
Number of Plan Checks	228	267	250
Number of Fire Planning Reviews	100	69	75
Number of Fire Construction Inspections	1,500	2,203	1850
Number of School/Day Care Facility Inspections	46	28	40
Number of Special Events/Fireworks Inspections	41	27	30
Number of Notices Mailed to Property Owners	N/A	7,589	7,500
Number of Private Lots Cleaned	N/A	103	100
Number of Cases Closed	N/A	7,589	7,500



## COMMUNITY DEVELOPMENT- CONTINUED

### ACCOMPLISHMENTS - GRAFFITI

- Took pro-active approach to have graffiti removed before any complaint is received.
- To respond to complaints of graffiti within 24 hours.
- Have graffiti removed within 24 hours of receiving complaint.
- Entire Code Enforcement Team cross-trained to address graffiti reports and allow for a quicker response time.

### GOALS - GRAFFITI

- To respond to complaints of graffiti within 24 hours
- Have graffiti removed within 24 hours of receiving complaint
- Frequent high target area within the City and remove the graffiti before it is report.
- Continue to partner with the community through education and outreach in an effort to deter this illegal and costly endeavor.

### PERFORMANCE MEASURES - GRAFFITI

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Public Service Request Processed Per Day	N/A	5	5
Percent of All Customer Requests Responded To Within 24 Hours	N/A	100%	100%
Number of Sites Removed	N/A	2,500	2,500

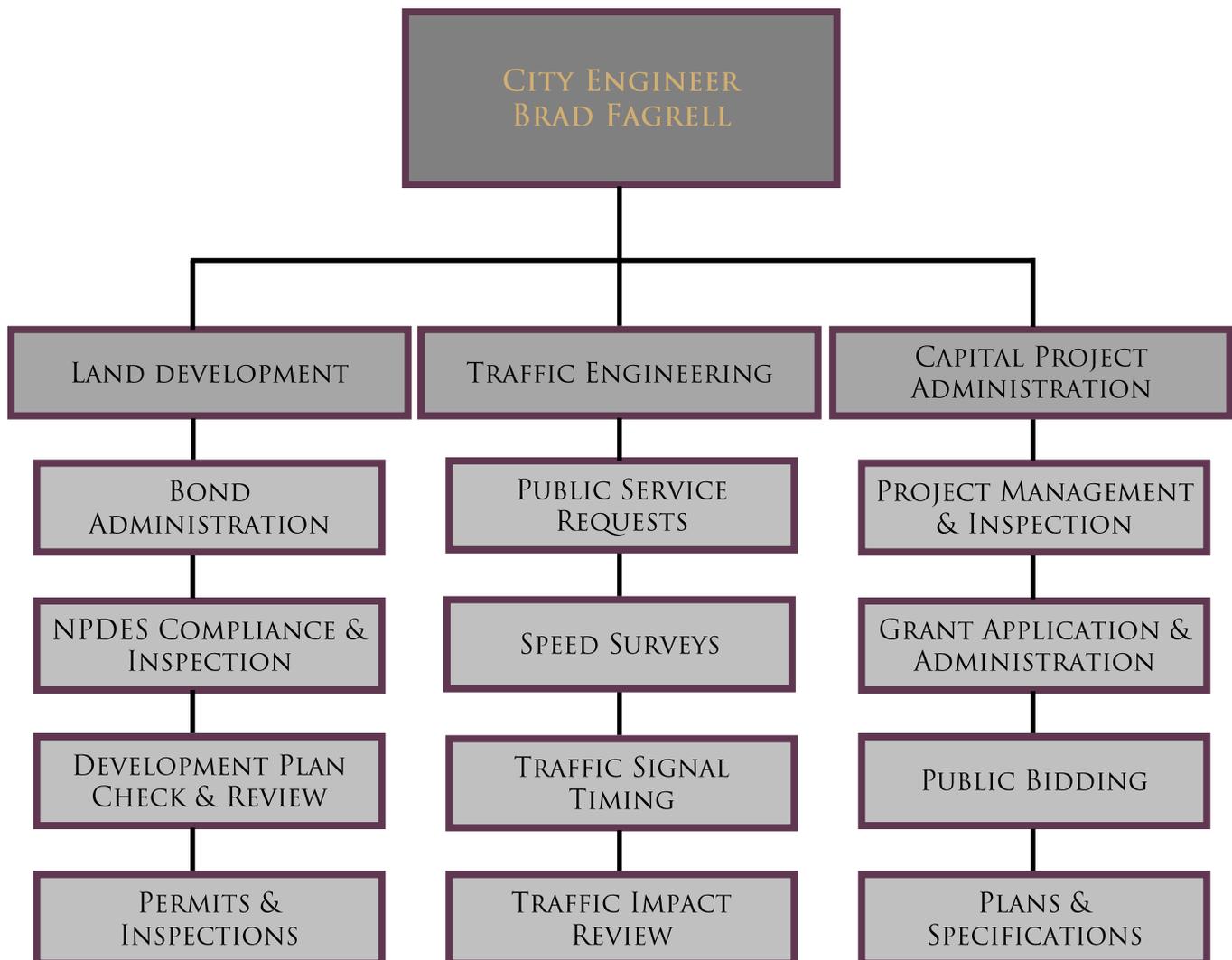


# ENGINEERING

## MISSION

The Engineering Division is responsible for the development of public infrastructure and all physical improvements within the public right-of-way. These improvements include the development of public streets (roadways, curbs, gutters and sidewalks), traffic controls including: signals, striping, signage and storm drains. The Department provides public counter support, development review for grading, drainage and traffic issues, and timely inspections of Capital Improvement and Private Development projects.

## ORGANIZATIONAL CHART





## ENGINEERING- CONTINUED

### EXPENDITURES BY CATEGORY

	<u>FY 15-16</u> <u>ACTUALS</u>	<u>FY 16-17</u> <u>BUDGETED</u>	<u>FY 17-18</u> <u>ADOPTED</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<b><u>ENGINEERING</u></b>					
Salaries & Benefits	\$ 839,264	\$ 1,193,657	\$ 1,233,320	\$ 39,663	3.32%
Operations & Maintenance	1,057,892.00	394,480.00	569,890.00	175,410	44.47%
Charges for Services	184,115.00	211,087.00	259,513.00	48,426	22.94%
<b>Total</b>	<b>\$ 2,081,271</b>	<b>\$ 1,799,224</b>	<b>\$ 2,062,723</b>	<b>\$ 263,499</b>	<b>14.65%</b>

### PERSONNEL ALLOCATION

	<u>AUTHORIZED</u> <u>FY2016-17</u>	<u>CHANGES</u>	<u>AUTHORIZED</u> <u>FY2017-18</u>
<b><u>ENGINEERING</u></b>			
City Engineer	1.00	-	1.00
Senior Civil Engineer	2.00	-	2.00
Engineering Inspector	2.00	-	2.00
Senior Engineer Technician	3.00	-	3.00
Office Specialist II - PT	1.00		1.00
<b>Total</b>	<b>9.00</b>	<b>-</b>	<b>9.00</b>

### ACCOMPLISHMENTS

- Completed requirements of the NPDES and FEMA annual reporting process.
- Completed Annual Citywide Slurry Seal program.
- Completed Gunnerson Rehabilitation Phase I project.
- Completed PA & ED for I-15/Franklin Street Interchange Phase II project.
- Completed PA & ED for I-15/Railroad Canyon Ultimate Interchange Phase I project.
- Completed joint paving projects with EVMWD (Illinois, CC Heights and Pottery St. areas).
- Completed Lost Road Improvements.
- Completed design work for Camino Del Norte/Canyon Estates Drive project.
- Completed Country Club Blvd. curb project.
- Completed Langstaff Street, Curb and Gutter project.
- Completed Rosetta Canyon Bike Lane Striping.
- Completed Elsinore Middle School Area Missing Link Sidewalk project.
- Completed design work for Lake Inlet Channel Levee repair project.
- Completed design work for Third St. Drainage Improvement Phase I, Phase II and Phase III project.
- Completed Storm Drain Master Plan Update.
- Completed City Entry Freeway Overcrossing Signs.
- Completed Serenity Park Improvements Phase 2A project.
- Completed Whisker's Fishing Beach Improvements.



## ENGINEERING- CONTINUED

### GOALS

- Facilitate development activity by continuing to implement efficient processing procedures.
- Continue to improve responsiveness to resident concerns.
- Continue productive working relationships with Caltrans, RCTC, County of Riverside HHW and WRCOG.
- Continue to work with CR&R on business education for mandatory commercial recycling program.
- Update Construction Standards, including Engineering Department information/forms on the City's website.
- Implement Street Light Purchase Agreement with SCE.
- Maintain National Flood Insurance Program (NFIP) discounts for property owners within the City by implementing various NEMA/NFIP activities.
- Ensure completion of Capital Improvement Projects in a cost-effective and timely manner.
- Update the Citywide Sidewalk inventory and survey database.
- Implement the update of the Citywide Storm Drain Master Plan.
- Commence the Third Street Drainage Improvement Project Construction.
- Complete design and start construction of SR-74 Gunnerson St. Safety Project.

### PERFORMANCE MEASURES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Capital Improvement Projects Completed	5	10	7
Capital Improvement Projects In Planning and/or Design	3	6	10
Grading Plan Checks and Issuance of Grading Permits	45	71	70
Street Improvement Plan Checks For Private Development and Issuance of Encroachment Permits	215	208	200
Final Maps	7	11	10
Traffic Control and Construction Plan Reviews	N/A	107	120
Development Review	N/A	61	70
Building Permits Reviewed	N/A	669	750
Number of Notices Mailed To Property Owners, Local Financial Institutions & Real Estate Agencies	268	360	360
Number of Flood Zone Inquiries and Determinations	10	6	10
Number of Construction/Commercial & Industrial Site Inspections	60	289	318
Number of Water Quality Related Complaints Investigated	10	15	17
Number of Hours For Record Keeping	1300	1300	1430
Number of Hours For New Project, Event Review, and Conditioning	130	156	208

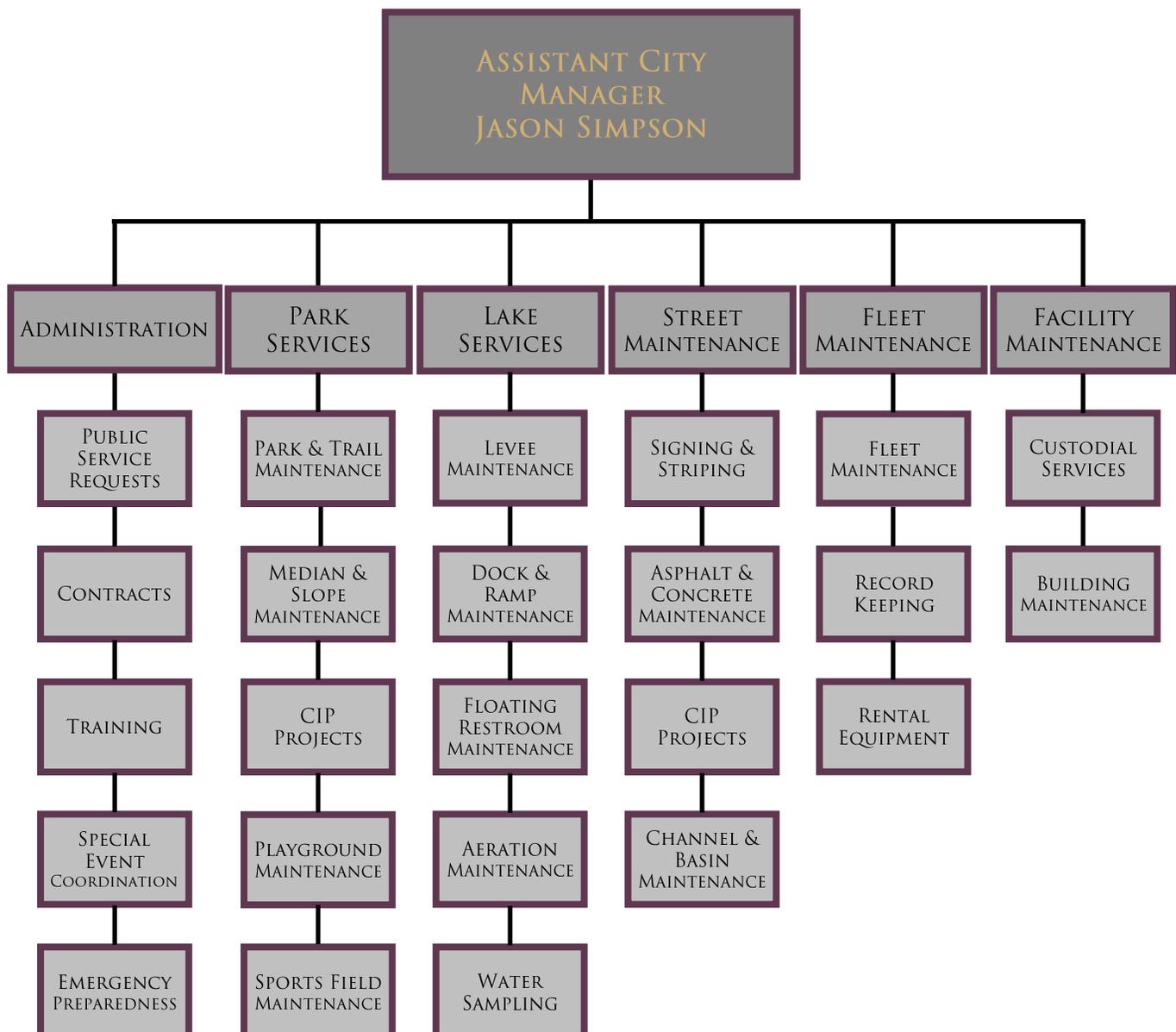


## PUBLIC WORKS

### MISSION

The mission of the Public Works Department is to provide high-quality, responsive and cost-effective engineering and operational services that support current and future infrastructure and circulation improvements, public safety, and environmental assets within the City of Lake Elsinore. This is accomplished through oversight of private and public improvement projects, maintenance of the City's public roadways and bike lanes, street lighting, traffic systems, sidewalks, public landscaping, graffiti control, and drainage facilities, implementation and regulation of water quality, pollution prevention and flood damage prevention measures designed for the protection of life, property, water courses and lake in the City. The measures include enforcement of higher construction standards, street sweeping, solid waste management, and recycling programs, public emergency response training, and responding to and aiding in recovery from earthquakes, storms and other emergencies.

### ORGANIZATIONAL CHART





## PUBLIC WORKS- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16 <u>ACTUALS</u>	FY 16-17 <u>BUDGETED</u>	FY 17-18 <u>ADOPTED</u>	Increase/ Decrease	% Change
<b><u>ADMINISTRATION</u></b>					
Salaries & Benefits	\$ 466,949	\$ 571,690	\$ 470,440	\$ (101,250)	-17.71%
Operations & Maintenance	106,616	228,070	75,470	(152,600)	-66.91%
Charges for Services	118,924	127,046	128,956	1,910	1.50%
Total	<u>\$ 692,489</u>	<u>\$ 926,806</u>	<u>\$ 674,866</u>	<u>\$ (251,940)</u>	<u>-27.18%</u>
<b><u>RECREATION</u></b>					
Salaries & Benefits	\$ 244,204	\$ 473,405	\$ 609,690	\$ 136,285	28.79%
Operations & Maintenance	265,531	272,350	370,700	98,350	36.11%
Charges for Services	100,595	184,018	153,997	(30,021)	-16.31%
Total	<u>\$ 610,330</u>	<u>\$ 929,773</u>	<u>\$ 1,134,387</u>	<u>\$ 204,614</u>	<u>22.01%</u>
<b><u>SENIOR CENTER</u></b>					
Salaries & Benefits	\$ 157,905	\$ 149,036	\$ 137,630	\$ (11,406)	-7.65%
Operations & Maintenance	59,661	63,330	60,830	(2,500)	-3.95%
Charges for Services	29,219	89,478	65,619	(23,859)	-26.66%
Total	<u>\$ 246,785</u>	<u>\$ 301,844</u>	<u>\$ 264,079</u>	<u>\$ (37,765)</u>	<u>-12.51%</u>
<b><u>LAKE AND CAMPGROUND</u></b>					
Operations & Maintenance	\$ 397,789	\$ 422,600	\$ 492,120	\$ 69,520	16.45%
Charges for Services	12,713	59,530	35,657	(23,873)	-40.10%
Total	<u>\$ 410,502</u>	<u>\$ 482,130</u>	<u>\$ 527,777</u>	<u>\$ 45,647</u>	<u>9.47%</u>

### PERSONNEL ALLOCATION

	<u>AUTHORIZED FY2016-17</u>	<u>CHANGES</u>	<u>AUTHORIZED FY2017-18</u>
<b><u>ADMINISTRATION</u></b>			
General Services Manager	1.00	-	1.00
Public Works Superintendent	1.00	-	1.00
Public Works Supervisor	1.00	-	1.00
Equipment Operator	2.00	(1.00)	1.00
Maintenance Worker II	2.00	(1.00)	1.00
Maintenance Worker I	4.00	-	4.00
Maintenance Worker I (Unfunded)	2.00	-	2.00
Administrative Assistant	1.00	-	1.00
Office Assistant (PT) (Unfunded)	1.00	(1.00)	-
Office Specialist III	1.00	-	1.00
Total	<u>16.00</u>	<u>(3.00)</u>	<u>13.00</u>



## PUBLIC WORKS- CONTINUED

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>PARKS MAINTENANCE</u>			
Senior Lead Worker	1.00	-	1.00
Equipment Operator	-	1.00	1.00
Maintenance Worker II	1.00	2.00	3.00
Maintenance Worker I	5.00	(1.00)	4.00
Total	7.00	2.00	9.00
<u>LAKE SERVICES</u>			
Maintenance Worker I	1.00	-	1.00
Maintenance Worker II	1.00	-	1.00
Total	2.00	-	2.00

### ACCOMPLISHMENTS - ADMINISTRATION

- Staff has successfully partnered with the USPS for ongoing replacement of damaged mailboxes.
- Re-stripping of parking lots at all the city's parks.
- Several dozen signs on Mission Trail and Corydon were removed and repaired sidewalks accordingly.
- Regraded and built up the shoulder on Auto Center Drive Across the street from the auto dealers to be used for parking
- Installed delineators on Nichols Road between I-15 and Collier Ave to eliminate dangerous left-hand turns into the gas station at this location.
- Completed the troubleshooting of faulty lighting circuits for the Historic Lights and converted them to LED.
- Successfully worked with Cal Trans and removed trees blocking the Storm sign on I-15.
- Conducted two classes including Teen CERT and Spanish CERT.
- Conducted Annual Public Works Week and supported various special events and programs.

### GOALS - ADMINISTRATION

- Attend County EMS meetings.
- Participate in County-wide Disaster Exercise.
- Provide responsive and professional support and service to the residents, business community, and other City Departments.
- Return citizen calls within 24 hours.
- Process invoices in an accurate and timely fashion.
- Continue effective preventative signal/communication equipment maintenance program to minimize equipment failures.
- Collaborate with Riverside County on city-wide signal inventory.
- Implement several maintenance programs including; crack sealing, concrete removal & replacement, pothole repairs and drainage maintenance to reduce costs.
- Finalize retrofitting City owned street lights from high pressure sodium to LED.



## PUBLIC WORKS- CONTINUED

### PERFORMANCE MEASURES - ADMINISTRATION

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Average Citizen Calls Processed Per Day	35	40	50
Number of Public Works Contract Administered	40	48	51
Number of CIP Projects Completed	4	4	4
Number of Trainings Completed	3	3	3
Number of CERT Classes Held	4	3	4

### ACCOMPLISHMENTS - PARK SERVICES

- Completed Swick Matich Dugout Renovations.
- Removed the old, dangerous, rusted scoreboard platforms at Swick Matich Park and fabricated and installed new platforms including access ladders.
- Installed 14 handicap accessible drinking fountains at 10 parks and 1 facility.
- Completed the installation of hardware necessary to have internet based controls for the sports field lighting systems.
- Removed roughly 2.5 acres of turf and replaced with drought tolerate plants, mulch, and upgraded irrigation systems

### GOALS - PARK SERVICES

- Sport lighting cost analysis.
- Parks parking lot striping.
- Develop cost analysis for sports turf renovation.
- Hydro seed levee system with a mix of wild flowers for erosion control.
- Report and repair any conditions in parks that are unsafe or unsightly.
- Obtain training and certifications such as Playground Inspector, Aquatic Facility Operator, Irrigation Technician, and Baseball Field Maintenance, and Pesticide Application.

### PERFORMANCE MEASURES - PARK SERVICES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Irrigation System Efficiency Upgrades	3	6	30
Number of Landscape Areas To Be Renovated	3	6	2
Number of Park Sites Energy Efficiency Lighting Upgrades	0	1	1
Number of Trees Trimmed In Parks, Slopes & Medians	1,400	2,000	2,500
Number of City Park Rehabilitation Projects	0	2	2
Number of Public Service Requests Completed	70	70	100



## PUBLIC WORKS- CONTINUED

### ACCOMPLISHMENTS - LAKE SERVICES

- Completed the demolition and removal of abandoned concrete structure and slabs on the levee.
- Extensive beach cleaning and dried algae removal was performed utilizing the Barber Beach Rake.

### GOALS - LAKE SERVICES

- Be proactive, anticipate the needs of the recreational community that utilizes lake.
- Become knowledgeable and well informed with regard to the animals, birds, and aquatic life that frequents or lives in the lake.
- Take courses in boating safety and navigation.

### PERFORMANCE MEASURES - LAKE SERVICES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Buoys Replaced	50	50	70
Number of Lake Signs Replaced	50	200	100
Number of Life Jackets Replaced	100	60	100
Number of Boating Safety Courses Completed	0	0	8

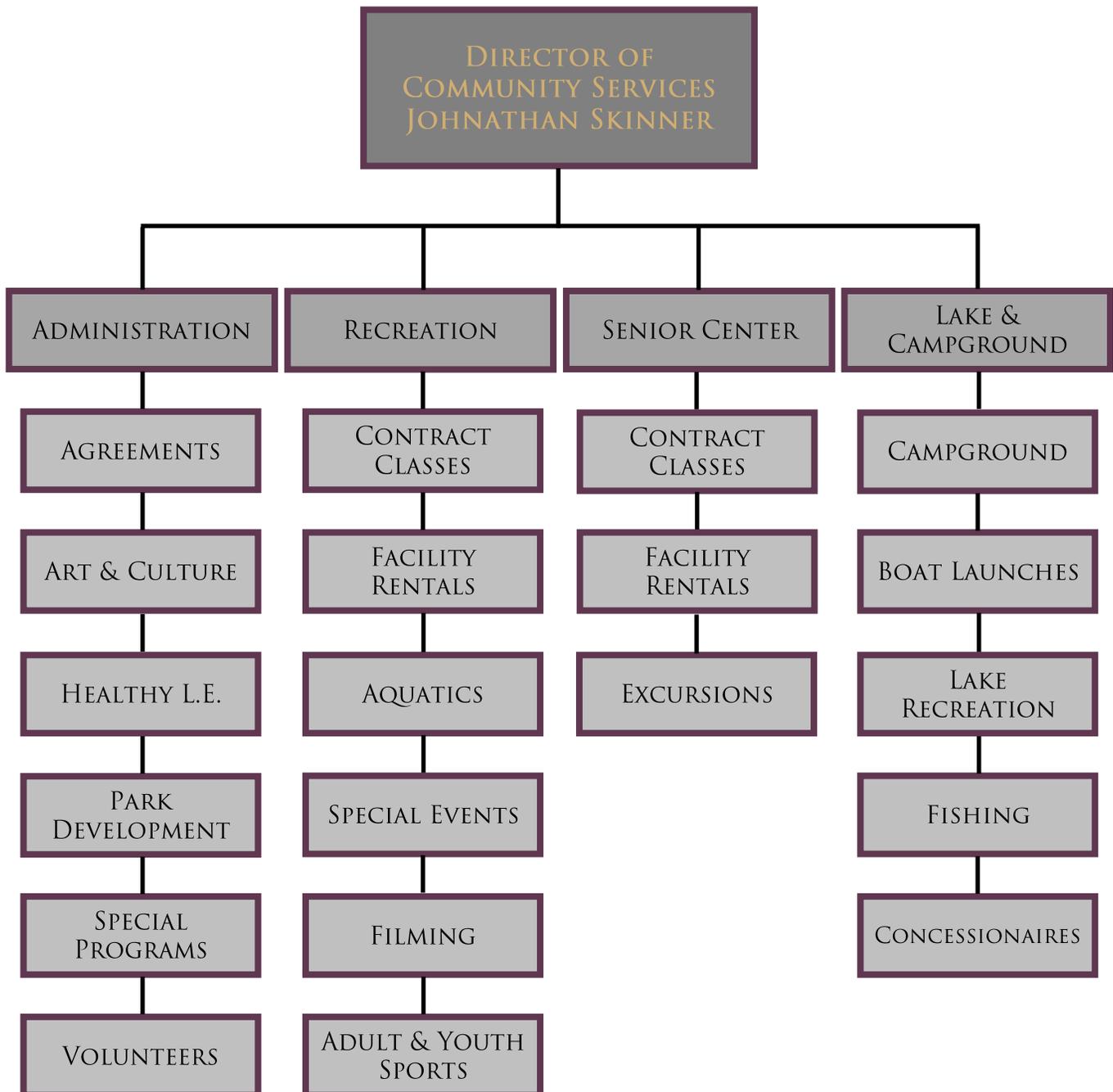


## COMMUNITY SERVICES

### MISSION

The Community Services Department provides a variety of programs that educate, entertain, and enrich the community. The Department delivers exceptional special events for the entire family. Arranges for services and programs that are needed by those with special needs, teens, and seniors. Provides professional leadership through recreational programs, services, and events that enhance the quality of life in the community.

### ORGANIZATIONAL CHART





## COMMUNITY SERVICES- CONTINUED

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/De	
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>	<u>crease</u>	<u>% Change</u>
<u>ADMINISTRATION</u>					
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## COMMUNITY SERVICES- CONTINUED

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>ADMINISTRATION</u>			
Director of Community Services	1.00	-	1.00
Management Analyst	1.00	-	1.00
Project Analyst - PT	1.00	(1.00)	-
Special Events Coordinator	1.00	(1.00)	-
Volunteer Coordinator - PT	1.00		1.00
Office Specialist III	1.00	-	1.00
Total	<u>6.00</u>	<u>(2.00)</u>	<u>4.00</u>
<u>RECREATION</u>			
Recreation Supervisor	1.00	-	1.00
Special Events Coordinator	-	1.00	1.00
Recreation Aide - PT	11.00	-	11.00
Recreation Specialist - PT	2.00	-	2.00
Recreation Leader - PT	5.00	-	5.00
Water Safety Instructor - PT	10.00	-	10.00
Total	<u>29.00</u>	<u>1.00</u>	<u>30.00</u>
<u>SENIOR CENTER</u>			
Community Services Coordinator	1.00	-	1.00
Recreation Specialist - PT	1.00	-	1.00
Recreation Leader - PT	2.00	(1.00)	1.00
Recreation Aide - PT	-	1.00	1.00
Total	<u>4.00</u>	<u>-</u>	<u>4.00</u>
<u>CAMPGROUND</u>			
Recreation Leader - PT	1.00	-	1.00
Total	<u>1.00</u>	<u>-</u>	<u>1.00</u>



## COMMUNITY SERVICES- CONTINUED

### ACCOMPLISHMENTS - ADMINISTRATION

- Expanded programming for the Arts with Studio 395; including the adoption of an Arts and Culture Subcommittee, establishment of a busking program, hosting ART on MAIN events, and approval of a license agreement to develop and implement a community arts facility, known as the Artist DETOUR.
- Developed and implemented a community health initiative, called Healthy LE, which included monthly events, community challenges, local sidewalk improvements, started a Healthy LE existing conditions analysis, adopted a Smoking in Certain Public Areas Ordinance and the establishment of a collaborative for local businesses and organizations to participate.
- Hosted initial public outreach session for the Bicycle and Trails Master Plan.
- Completed Serenity Park BMX Track/Dog Park.
- Hosted 25-year Time Capsule un-burial/reburial events.
- Partnered with County Department of Social Services (DPSS) to host the 2017 Point in Time Homeless Count.
- Established agreement process in order to streamline department review process.
- Prepared Community Services Department (CSD) Book of Knowledge full of answers frequently asked questions in order to share with other departments and improve customer service.

### GOALS - ADMINISTRATION

- Assist Studio 395 in their completion of the Artist DETOUR and assist Studio 395 in growing the ART on MAIN events and offer art workshops for the community.
- Continue to grow and expand Healthy LE programming to include partnership events with local organizations, establish an endorsement program, complete and analyze the Healthy LE existing conditions analysis to provide services appropriate to most effectively improve the health of the community.
- Work with a consultant and the community to prepare a Bicycle and Trails Master Plan that incorporates active transportation components.
- Seek Alternative revenue sources through grants, stimulus funding, and fees.
- Continue to participate in the Regional Trails program.
- Strengthen the partnership and collaborations between the Lake Elsinore Storm Staff and City Staff.

### PERFORMANCE MEASURES - ADMINISTRATION

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Healthy LE Events Held	N/A	10	15
License Agreements Executed	N/A	2	6
Volunteer Applications Submitted	N/A	72	72



## COMMUNITY SERVICES- CONTINUED

### ACCOMPLISHMENTS - RECREATION

- Recruited two (2) new contractor instructors and averaged over \$24,000 per month in registration/ reservation fees.
- Had above normal participation in Children's fair with twice as many vendors in attendance; saw over 7,000 people visit Lakepoint Park for the 4th of July celebrations.
- Processed ten (10) new special event applications and issued 15 filming permits.
- Opened Rosetta Canyon Sports Park.
- Developed lake aquatics paddling program and partnered with State to host programming at Lake Perris when lake was closed.
- Taught 530 students in the Learn to Swim program at Lakeside High School.

### GOALS - RECREATION

- Host over 40 tournaments/special events at Rosetta Canyon Sports Park.
- Open Summerly Park.
- Open old county building and host recreation classes.
- Implement recreation class participant Survey.
- Bring the Grand Prix back to Main Street.

### PERFORMANCE MEASURES - RECREATION

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of Private Rentals Held At The Cultural Center	52	50	52
Community Meetings At The Cultural Center	120	122	120
Special Event Applications Processed	30	10	30
Community Events	10	10	10
Co-Sponsored Events	9	8	9
Filming Permits	0	15	15
Rentals	18	18	18
Number of Classes Offered	400	400	400
Number of Class Participants	N/A	2,000	2,200
Community Center Users	45,000	45,000	45,000
Community Meetings	10	10	10



## COMMUNITY SERVICES- CONTINUED

### ACCOMPLISHMENTS - SENIOR CENTER

- Create a daily check-in to have an accurate number of members participating on a daily basis.
- Implement monthly computer classes.
- Create a table tennis team, as well as, a Chair Volleyball team to compete with other centers.
- Implement more healthy living classes and activities by partnering with Healthy LE and the County of Riverside.
- Continue to create more programs to keep the senior's active and to continue to improve attendance.
- Partner with our surrounding senior centers to have bus trips and activities.

### GOALS - SENIOR CENTER

- Improved facility and made emergency exits only to allow one entrance.
- Interact club comes once a month to give help to the seniors with any technology questions they have.
- New programs have been developed such as bunco, cross stitch and crafts and conversation.
- Coffee with Council was a huge success the seniors feel like they have been heard and enjoyed speaking with all 5 of our council members.
- The Page Turner's Book club has been implemented and we are continuing to grow as a club. We read one book a month and discuss it when we are all finished.
- The Lake Point walkers meet weekly sometimes we meet multiple times a week to walk to park.

### PERFORMANCE MEASURES - SENIOR CENTER

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Offer Health Education & Screenings Per Year	50	59	55
Number of Private Rentals	5	5	5
Community Meetings at Senior Center	12	8	12
Average Daily Program Attendance	120	65	75
New Programs and Classes	5	6	8



## COMMUNITY SERVICES- CONTINUED

### ACCOMPLISHMENTS - LAKE & CAMPGROUND

- Worked with campground management to implement campground and launch services at La Laguna Resort and Boat Launch.
- Developed annual pass program that could include lake use passes, launch passes, commercial pass discounts, resort passes, and fishing passes and began selling passes at boat launches in order to improve customer service.
- Hosted Kids Fishing Derby.
- Hosted Annual Lake Elsinore Casino Fishing Derby.
- Hosted a variety of lake concessionaires including AquaFlyboarding, PWC rentals, and paddle boarding/kayaking.
- Began reconstruction of campground.
- Increased fish stocking program.

### GOALS - LAKE & CAMPGROUND

- Supervision of La Laguna Resort and Boat Launch.
- Implement Customer Service training with staff.
- Continue reconstruction of campground.
- Develop and implement marketing program to increase campers and fishing.
- Increase annual campground occupancy by 5% during operations.
- Develop fish stocking program to increase fishing on the Lake.
- Convert pass payment processing from in-person to online.
- Implement water classes (Paddle Boarding, etc.) to increase use of Lake Recreation.

### PERFORMANCE MEASURES - LAKE & CAMPGROUND

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Campground Occupancy	11%	8%	16%
Number of Special Events by City	2	2	5
Annual Fish Stocking	\$24,593	\$50,000	\$50,000
Corporate Functions	0	0	2
Corporate Sponsorship of Activities	2	1	3
Lake Concessionaires	6	3	4



## NON-DEPARTMENTAL- CONTINUED

### MISSION

The Non-Departmental Division is a cost center for general administrative expenditures such as retiree medical premiums, sales tax agreements, property tax administration fee, and miscellaneous banking fees.

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/De	
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>	<u>crease</u>	<u>% Change</u>
<b><u>NON-DEPARTMENTAL</u></b>					
Salaries & Benefits	\$ 627,397	\$ 707,100	\$ 692,500	\$ (14,600)	-2.06%
Operations & Maintenance	1,047,382	730,200	264,200	(466,000)	-63.82%
Debt Service	1,127,176	1,330,439	1,701,938	371,499	27.92%
Transfer Out	1,056,361	260,000	520,271	260,271	100.10%
Total	<u>\$ 3,858,316</u>	<u>\$ 3,027,739</u>	<u>\$ 3,178,909</u>	<u>\$ 151,170</u>	<u>4.99%</u>



# INTERNAL SERVICE FUNDS OVERVIEW

Internal Service Funds (ISFs) are used to account for the funding of goods and services provided by one department to other benefitting departments on a cost-reimbursement basis. The following section includes an expenses summary of each of the Internal Services Funds.

## DEPARTMENT

INSURANCE SERVICES.....131

INFORMATION TECHNOLOGY..... 132

SUPPORT SERVICES.....134

FLEET SERVICES ..... 135

FACILITY SERVICES .....136



## INSURANCE SERVICES

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/D ecrease	% Change
<u>INSURANCE SERVICES</u>					
Salaries & Benefits	\$ -	\$ -	\$ 224,580	\$ 224,580	N/A
Operations & Maintenance	379,393	339,327	769,160	429,833	126.67%
Total	\$ 379,393	\$ 339,327	\$ 993,740	\$ 654,413	192.86%

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>INSURANCE SERVICES</u>			
Finance Manager	-	0.34	0.34
Total	-	0.34	0.34



## INFORMATION TECHNOLOGY

### MISSION

Information Technology (IT) and Support Services is charged with providing the highest quality of leadership, support, and essential services to the organization's Operating Departments to maintain service levels necessary to efficiently and effectively meet all departmental program requirements at City Hall and off-site facilities. These services include GIS, Enterprise Applications, Network Infrastructure, Tech Support, Support Services, and Central Services. IT oversees 141 desktop computers; network infrastructure; and over 382 user accounts at City Hall and over 5 off-site facilities citywide. There are currently over 35 business application systems administered and supported by staff.

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/D	
	ACTUALS	BUDGETED	ADOPTED	crease	% Change
<u>INFORMATION TECHNOLOGY</u>					
Salaries & Benefits	\$ 382,890	\$ 588,668	\$ 580,220	\$ (8,448)	-1.44%
Operations & Maintenance	361,402	479,995	506,510	26,515	5.52%
Charges for Services	3,223	-	46,100	46,100	N/A
Capital Outlay	-	32,000	-	(32,000)	-100.00%
Total	\$ 747,515	\$ 1,100,663	\$ 1,132,830	\$ 32,167	2.92%

### PERSONNEL ALLOCATION

	AUTHORIZED		AUTHORIZED
	FY2016-17	CHANGES	FY2017-18
<u>INFORMATION TECHNOLOGY</u>			
Information Technology Manager	1.00	-	1.00
Information Technician I	1.00	-	1.00
Business Process Analyst	1.00	-	1.00
Information Technology Database Analyst	1.00	-	1.00
Total	4.00	-	4.00

### ACCOMPLISHMENTS

- Expanded server and storage capacity to facilitate future growth and provided added redundancy.
- Consolidated remaining physical servers where appropriate to reduce resource consumption and decrease total required IT footprint.
- Implemented new ERP solution and migrated away from legacy platform to improve efficiency and customer service.
- Launched new City website utilizing updated standards and a more modern look designed for reading and interacting via mobile devices.
- Upgraded video surveillance equipment at City facilities.



## INFORMATION TECHNOLOGY- CONTINUED

### GOALS

- Launch new customer service portal to allow the public to apply for and track certain City provided services (such as permits) via the City’s website (“24/7 City Hall”).
- Implement new Citywide document management and retention policy.
- Reorganize electronic file storage to make it more flexible, secure and easy to access by City staff.
- Re-evaluate data disaster recovery procedures.
- Implement a solution that provides for more rapid recovery and security of data backups/replication.
- Provide public access to electronic records.
- Update help desk procedures and issue tracking solution to improve customer service and IT resource utilization.
- Upgrade physical security at all City owned facilities.
- Deploy multimedia capabilities to Rosetta Canyon Park.
- Upgrade and expand our storage solution to a more robust environment.
- Deploy Updated and Expanded GIS Infrastructure.

### PERFORMANCE MEASURES

	FY 2015-16 ACTUALS	FY 2016-17 ACTUALS	FY 2017-18 TARGET
Number of City Council Meetings Supported	22	22	22
Number of Updates to The Local Television Channel	6	12	24
Percentage of Computers That Need To Be Replaced	70%	30%	15%
Number of Help Desk Tickets Opened	8,689	3,969	4,000
Number of Help Desk Tickets Closed Within 24 Hours	7,106	2,024	3,744



## SUPPORT SERVICES

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/D ecrease	% Change
<u>SUPPORT SERVICES</u>					
Operations & Maintenance	\$ 79,018	\$ 123,900	\$ 116,900	\$ (7,000)	-5.65%
Charges for Services	900	-	2,200	2,200	N/A
Capital Outlay	-	6,000	-	(6,000)	-100.00%
Total	<u>\$ 79,918</u>	<u>\$ 129,900</u>	<u>\$ 119,100</u>	<u>\$ (10,800)</u>	<u>-8.31%</u>



## FLEET SERVICES

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/D ecrease	% Change
<b><u>FLEET SERVICES</u></b>					
Salaries & Benefits	\$ 214,778	\$ 237,719	\$ 243,360	\$ 5,641	N/A
Operations & Maintenance	259,713	353,900	356,000	2,100	0.59%
Charges for Services	18,032	-	86,160	86,160	N/A
Total	<u>\$ 492,523</u>	<u>\$ 591,619</u>	<u>\$ 685,520</u>	<u>\$ 93,901</u>	<u>15.87%</u>

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<b><u>FLEET SERVICES</u></b>			
Chief Mechanic	1.00	-	1.00
Mechanic	1.00	-	1.00
Total	<u>2.00</u>	<u>-</u>	<u>2.00</u>



## FACILITY SERVICES

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/D ecrease	% Change
<u>FACILITY SERVICES</u>					
Salaries & Benefits	\$ 90,423	\$ 94,255	\$ 79,020	\$ (15,235)	-16.16%
Operations & Maintenance	232,269	363,650	382,650	19,000	5.22%
Total	<u>\$ 322,692</u>	<u>\$ 457,905</u>	<u>\$ 461,670</u>	<u>\$ 3,765</u>	<u>0.82%</u>

### PERSONNEL ALLOCATION

	AUTHORIZED FY2016-17	CHANGES	AUTHORIZED FY2017-18
<u>FACILITY SERVICES</u>			
Maintenance Worker II	1.00	-	1.00
Total	<u>1.00</u>	<u>-</u>	<u>1.00</u>

## OTHER ENTITIES OVERVIEW

The financial statements of the City of Lake Elsinore include the financial activities of the City, the Lake Elsinore Public Financing Authority, the Lake Elsinore Recreation Authority, and the Lake Elsinore Financing 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.

### ENTITIES

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## LAKE ELSINORE PUBLIC FINANCE AUTHORITY

### MISSION

The Lake Elsinore Public Finance Authority (LEPFA) is a joint exercise of powers between the City of Lake Elsinore and the Lake Elsinore Redevelopment Agency, created by a joint powers agreement dated July 25, 1989. The LEPFA provides financing for public capital improvements for revenue bonds to pay the cost of any public capital improvement.

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<u>LEPFA 2010 SERIES A</u>					
Debt Service	\$ 981,106	\$ 986,806	\$ 980,944	\$ (5,862)	-0.59%
Total	\$ 981,106	\$ 986,806	\$ 980,944	\$ (5,862)	-0.59%
<u>LEPFA 2010 SERIES B</u>					
Debt Service	\$ 928,550	\$ 929,950	\$ 794,019	\$ (135,931)	-14.62%
Total	\$ 928,550	\$ 929,950	\$ 794,019	\$ (135,931)	-14.62%
<u>LEPFA 2010 SERIES C</u>					
Debt Service	\$ 2,209,404	\$ 2,205,995	\$ 2,201,446	\$ (4,549)	-0.21%
Total	\$ 2,209,404	\$ 2,205,995	\$ 2,201,446	\$ (4,549)	-0.21%
<u>LEPFA 2012 SERIES A</u>					
Debt Service	\$ 204,075	\$ 212,881	\$ 216,369	\$ 3,488	1.64%
Total	\$ 204,075	\$ 212,881	\$ 216,369	\$ 3,488	1.64%
<u>LEPFA 2012 SERIES B</u>					
Debt Service	\$ 1,284,413	\$ 1,293,319	\$ 1,294,097	\$ 778	0.06%
Total	\$ 1,284,413	\$ 1,293,319	\$ 1,294,097	\$ 778	0.06%
<u>LEPFA 2012 SERIES C</u>					
Debt Service	\$ 266,125	\$ 266,019	\$ 275,766	\$ 9,747	3.66%
Total	\$ 266,125	\$ 266,019	\$ 275,766	\$ 9,747	3.66%
<u>LEPFA 2013 SERIES A</u>					
Debt Service	\$ 184,500	\$ 189,169	\$ 193,672	\$ 4,503	2.38%
Transfer Out	-	20	-	(20)	-100.00%
Total	\$ 184,500	\$ 189,189	\$ 193,672	\$ 4,483	2.37%
<u>LEPFA 2013 SERIES B</u>					
Debt Service	\$ 766,612	\$ 718,262	\$ 674,013	\$ (44,249)	-6.16%
Total	\$ 766,612	\$ 718,262	\$ 674,013	\$ (44,249)	-6.16%
<u>LEPFA 2013 SERIES C</u>					
Operations & Maintenance	\$ -	\$ 410,347	\$ -	\$ (410,347)	-100.00%
Debt Service	1,075,231	1,074,193	1,070,431	(3,762)	-0.35%
Total	\$ 1,075,231	\$ 1,484,540	\$ 1,070,431	\$ (414,109)	-27.89%



## LAKE ELSINORE PUBLIC FINANCE AUTHORITY- CONTINUED

	FY 15-16 <u>ACTUALS</u>	FY 16-17 <u>BUDGETED</u>	FY 17-18 <u>ADOPTED</u>	Increase/ Decrease	<u>% Change</u>
<u>LEPFA 2014 SERIES A</u>					
Debt Service	\$ 416,069	\$ 425,956	\$ 435,594	\$ 9,638	2.26%
Total	<u>\$ 416,069</u>	<u>\$ 425,956</u>	<u>\$ 435,594</u>	<u>\$ 9,638</u>	<u>2.26%</u>
<u>LEPFA 2014 SERIES B</u>					
Debt Service	\$ 1,067,687	\$ 1,168,238	\$ 825,688	\$ (342,550)	-29.32%
Total	<u>\$ 1,067,687</u>	<u>\$ 1,168,238</u>	<u>\$ 825,688</u>	<u>\$ (342,550)</u>	<u>-29.32%</u>
<u>LEPFA 2015</u>					
Operations & Maintenance	\$ -	\$ 154	\$ 1,000	\$ 846	549.35%
Debt Service	6,599,072	6,794,100	6,928,175	134,075	1.97%
Total	<u>\$ 6,599,072</u>	<u>\$ 6,794,254</u>	<u>\$ 6,929,175</u>	<u>\$ 134,921</u>	<u>1.99%</u>
<u>LEPFA 2015 SERIES A</u>					
Debt Service	\$ 110,728	\$ 136,569	\$ 140,919	\$ 4,350	3.19%
Total	<u>\$ 110,728</u>	<u>\$ 136,569</u>	<u>\$ 140,919</u>	<u>\$ 4,350</u>	<u>3.19%</u>
<u>LEPFA 2015 SERIES B</u>					
Operations & Maintenance	\$ 4,697	\$ 4,697	\$ -	\$ (4,697)	-100.00%
Debt Service	207,680	1,555,500	1,661,650	106,150	6.82%
Total	<u>\$ 212,377</u>	<u>\$ 1,560,197</u>	<u>\$ 1,661,650</u>	<u>\$ 101,453</u>	<u>6.50%</u>



## LAKE ELSINORE RECREATION AUTHORITY

### MISSION

The Lake Elsinore Recreation Authority (LERA) is a joint exercise of powers between the City of Lake Elsinore and the Lake Elsinore Redevelopment Agency, created by a joint powers agreement dated December 1, 1996. The LERA continues to function without the Agency. The purpose of the LERA is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenue bonds are to be repaid solely from the revenues of certain public obligations.

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/ Decrease	% Change
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>		
<u>LERA 2013</u>					
Operations & Maintenance	\$ 3,163	\$ 3,162	\$ -	\$ (3,162)	-100.00%
Debt Service	1,127,100	1,129,700	1,131,700	2,000	0.18%
Total	<u>\$ 1,130,263</u>	<u>\$ 1,132,862</u>	<u>\$ 1,131,700</u>	<u>\$ (1,162)</u>	<u>-0.10%</u>

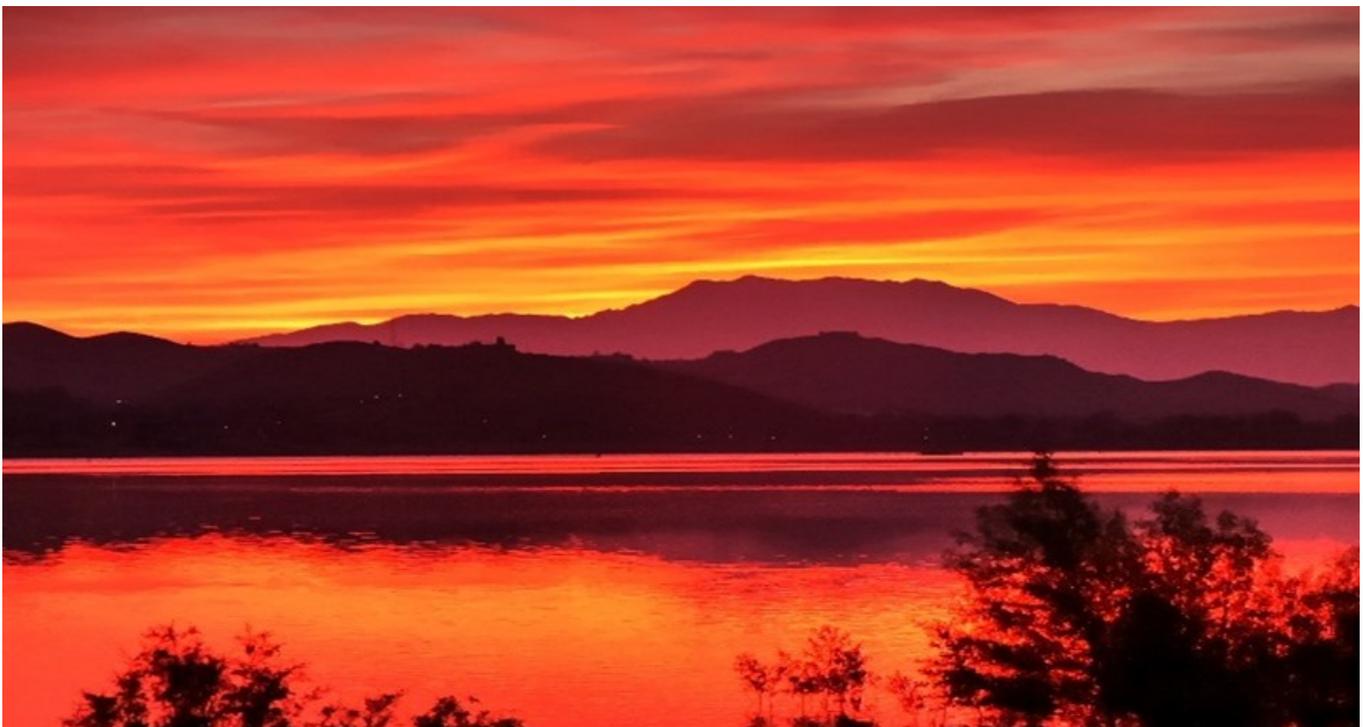


Photo provided by Donn Barnett



## LAKE ELSINORE FACILITIES FINANCING AUTHORITY

### MISSION

On April 12, 2016, City Council conceptually approved proceeding with the issuance of lease revenue bonds to finance the development of the La Laguna Resort. Under this financing structure, a joint powers authority is utilized for the sole purpose of issuing bonds for the benefit of the issuer. Therefore, on September 13, 2016, City Council formed the Lake Elsinore Facilities Financing Authority (LEFFA), a joint powers agreement between the City and Lake Elsinore Parking Authority (approved and formed on August 23, 2016) to issue the lease revenue bonds.

### EXPENDITURES BY CATEGORY

	FY 15-16	FY 16-17	FY 17-18	Increase/ Decrease	% Change
	<u>ACTUALS</u>	<u>BUDGETED</u>	<u>ADOPTED</u>		
<u>LEFFA 2016</u>					
Operations & Maintenance	\$ -	\$ 2,627	\$ 1,000	\$ (1,627)	-61.93%
Debt Service	-	10,526,792	559,038	(9,967,754)	-94.69%
Transfer Out	-	437,406	9,707,020	9,269,614	2119.22%
Total	<u>\$ -</u>	<u>\$ 10,966,825</u>	<u>\$ 10,267,058</u>	<u>\$ (699,767)</u>	<u>-6.38%</u>





## SUCCESSOR TO THE LAKE ELSINORE REDEVELOPMENT AGENCY

### MISSION

In June 2011, the Governor of California signed ABx1 26, which dissolved redevelopment agencies effective February 1, 2012 and provided for the designation of successor agencies to oversee the completion of previously obligated redevelopment activities. As a result, all assets of the redevelopment agency were transferred to the Successor Agency of the Redevelopment Agency (SARDA) on February 1, 2012 and the City Council began serving as the Successor Agency.

### EXPENDITURES BY CATEGORY

	FY 15-16 ACTUALS	FY 16-17 BUDGETED	FY 17-18 ADOPTED	Increase/ Decrease	% Change
<u>SARDA</u>					
Operations & Maintenance	\$ 660,266	\$ 851,640	\$ 1,140,000	\$ 288,360	33.86%
Debt Service	15,930,257	6,556,478	7,410,936	854,458	13.03%
Transfer Out	162,618	-	162,000	162,000	N/A
<b>Total</b>	<b>\$ 16,753,141</b>	<b>\$ 7,408,118</b>	<b>\$ 8,712,936</b>	<b>\$ 1,304,818</b>	<b>17.61%</b>





## CAPITAL IMPROVEMENT PLAN SUMMARY

The purpose of the CIP Budget Document is to serve as a planning tool, which coordinates the financing and scheduling of major projects undertaken by the City. The CIP document is prepared in accordance with generally accepted accounting principles.

This document is dynamic and, consequently, must be revised annually to address changing needs, priorities, and financial conditions. The capital improvements presented in this document are the City's major projects, which exceed \$20,000 in cost, have long-term life spans, and are generally non-recurring. These projects include land and right-of-way acquisition, design, construction or rehabilitation of public buildings or facilities, public infrastructure design and construction, and park design and construction.

The City's goal in providing a CIP Budget is to develop a multi-year plan for capital improvement, update it annually, and follow through with all capital improvements in accordance with the plan. In determining the relative merit of a proposed project, key management team members evaluate projects for feasibility, community enhancement, and safety.

### PLAN DEVELOPMENT

This CIP budget document was developed by incorporating input from key management team members, based on community comments and feedback received throughout the year. This team then, identified and evaluated community needs in the areas of roads and streets, bridges, public buildings, and parks and recreation facilities. Each proposed project was reviewed and discussed to ensure funding, timing, and necessity were appropriately addressed. The CIP City Council workshop held on May 9, 2017, provided the City Council with an opportunity to review each project in detail, and to receive public comments concerning the five-year plan. All projects were evaluated by the City's Planning Commission to ensure consistency with the City of Lake Elsinore General Plan, while considering the City's long-term vision as developed by the City Council. The proposed circulation, facilities, infrastructure, and park projects were reviewed and approved by the Planning Commission.

Projects in this document have been scheduled in each of the five fiscal years based on community needs, as determined by the City Council and availability of funding. Priority rankings in each major category have been assigned in accordance with the priority guidelines as follows:

**LEVEL I:** The project is urgent and must be completed as soon as feasible. Failure to address the project may impact the health, safety, or welfare of the community or have a potential significant impact on the financial well-being of the City. The project must be initiated or financial opportunity losses may result.

**LEVEL II:** The project is important and addressing it is necessary. The project impacts safety, law enforcement, health, welfare, economic base, quality of life.

**LEVEL III:** The project will enhance quality of life and will provide a benefit to the community. Completion of the project will improve the community by providing cultural, recreational, and/or aesthetic value, or is deemed as a necessary improvement to a public facility.

**Future Years Projects:** The project will be an improvement to the community, but does not necessarily need to be completed within a five year capital improvement program time frame.

The fiscal years 2018-22 CIP identifies a total of 49 projects consisting of 25 Circulation Projects totaling \$186,278,566; 10 Facilities Projects totaling \$45,830,357, 5 Infrastructure Projects totaling \$1,048,095; 6 Park Projects totaling \$15,719,252; and 3 Successor Agency/Housing Projects totaling \$11,697,733. The total cost to complete all of the proposed projects is \$253,659,725, of which \$61,298,070 is programmed for FY2017-18. Also of note, in this document, there is over \$6.9 million in project costs with unspecified funding sources. These projects have been identified as necessary infrastructure of the City, and will require that funding sources be identified before the projects can commence.



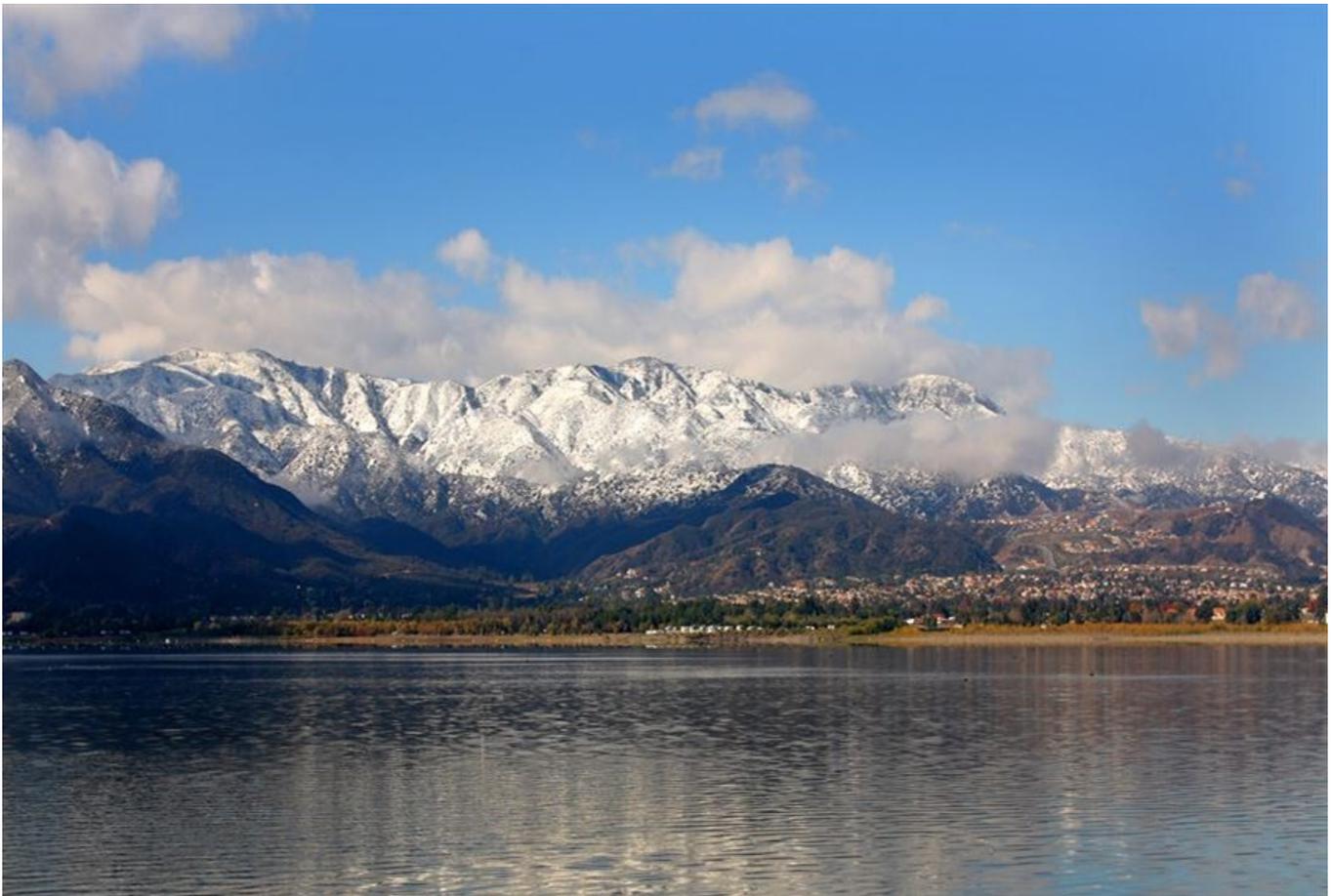
## CAPITAL IMPROVEMENT PLAN SUMMARY - CONTINUED

The administrative costs associated with managing the development of these projects have been estimated (generally as five to ten percent of estimated construction costs), and programmed in each project budget.

Future operations and maintenance costs that result from the projects included in the CIP budget have been estimated for each project. These incremental future operating costs have been incorporated into the five year operating budget forecast in the next section of this document.

The estimates reflect operating and maintenance costs only. There are no anticipated personnel costs in relation to CIP projects yet. Personnel requirements are evaluated on an annual basis as part of that year's annual operating budget process.

The following pages include a summary of projected CIP revenues; CIP projects included in the five-year CIP budget by type of project and priority, and a description of major CIP revenue sources. A separate CIP budget document is prepared by the City that includes complete detail for each project including project description, scope, location map, level, responsible department, sources of funding, and annual project cost with detail of administration, design, engineering and construction.



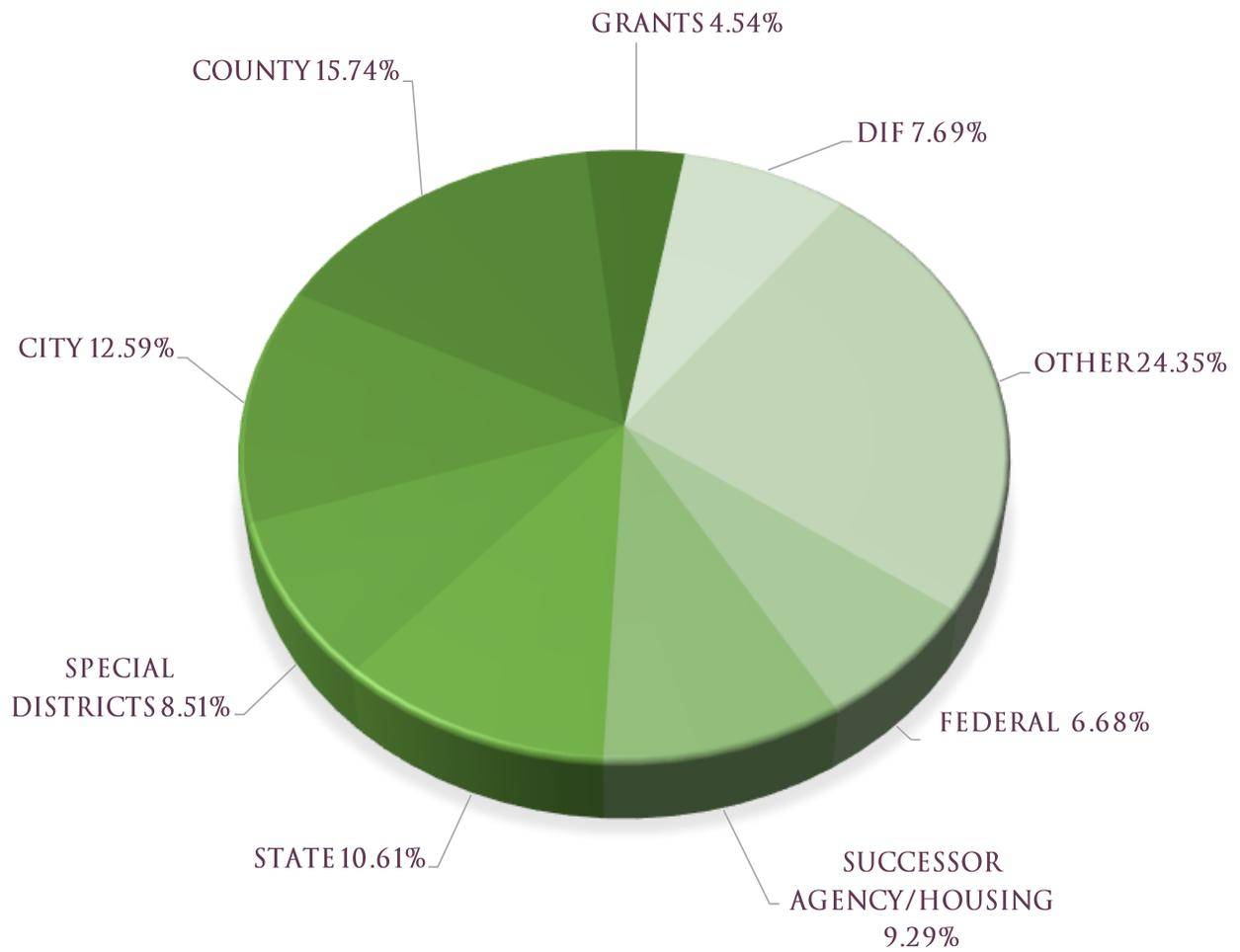


## PROJECTED REVENUE SUMMARY

Funding Source	Available Fund Balance	2017-2018 Revenue	2018-2019 Revenue	2019-2020 Revenue	2020-2021 Revenue	2021-2022 Revenue	Projected Funds Available
Assembly Bill 2766	\$ 282,135	\$ 80,950	82,569	\$ 84,220	\$ 85,905	\$ 87,623	\$ 703,402
Capital Reserves	664,094	1,775,356	1,810,863	1,847,080	1,884,022	1,921,702	9,903,118
Community Development Block Grant	378,466	330,357	-	-	-	-	708,823
Lease Revenue Bonds	9,605,420	101,600	103,632	105,705	107,819	109,975	10,134,150
<b>Development Impact Fees (DIF)</b>							
Animal Shelter	58,304	68,600	69,972	71,371	72,799	74,255	415,301
City Hall/Public Works	1,363,151	190,000	193,800	197,676	201,630	205,662	2,351,919
Community Center	524,906	114,610	116,902	119,240	121,625	124,058	1,121,341
Fire Protection	-	150,120	153,122	156,185	159,309	162,495	781,231
Lake Side Facilities	679,325	161,242	164,467	167,756	171,111	174,534	1,518,435
Library	1,739,748	82,860	84,517	86,208	87,932	89,690	2,170,955
Quimby	(192,011)	192,011	195,851	199,768	203,764	207,839	807,222
Gas Tax	910,715	1,733,220	2,425,559	2,474,070	2,523,552	2,574,023	12,641,138
Geothermal	20,712	150	153	156	159	162	21,493
<b>Grants</b>							
NSFHP	-	238,000	-	-	-	-	238,000
FHWA	-	118,755	-	-	-	-	118,755
SHOPP	-	2,240,375	-	-	-	-	2,240,375
STATE	-	2,100,000	-	-	-	-	2,100,000
Measure A	1,130,203	1,291,300	1,306,000	1,332,000	1,359,000	1,386,000	7,804,503
NPDES	115,451	364,580	371,872	379,309	386,895	394,633	2,012,740
<b>Successor Agency</b>							
Affordable Housing	1,302,001	435,740	444,455	453,344	462,411	471,659	3,569,609
Tax Increment	3,909,789	690,211	704,015	718,096	732,457	747,107	7,501,675
<b>Reimbursements/Other</b>							
Developer Agreement Fees	359,489	289,490	295,280	301,185	307,209	313,353	1,866,007
Developer Contribution	3,444,593	2,416,850	2,465,187	2,514,491	2,564,781	2,616,076	16,021,977
Public - In - Lieu	782,466	33,700	34,374	35,061	35,763	36,478	957,842
Public Education Grant	(5,854)	43,890	44,768	45,663	46,576	47,508	222,551
Storm Drain Fee	758,340	503,740	513,815	524,091	534,573	545,264	3,379,823
Traffic Impact Fee	3,942,567	504,400	514,488	524,778	535,273	545,979	6,567,485
Senate Bill 821	-	749,015	-	-	-	-	749,015
Transportation Uniform Mitigation Fee	2,718	8,933,613	-	-	-	-	8,936,331
Transportation Road Improvement Program	3,917,167	497,078	507,020	517,160	527,503	538,053	6,503,981
Trust Deposit	3,570,891	1,500,000	-	-	-	-	5,070,891
<b>TOTAL REVENUE</b>	<b>\$ 39,264,786</b>	<b>\$ 27,931,813</b>	<b>\$ 12,602,681</b>	<b>\$ 12,854,614</b>	<b>\$ 13,112,066</b>	<b>\$ 13,374,128</b>	<b>\$ 119,140,088</b>



## PROJECTED REVENUE SOURCES





# PROJECT SUMMARY BY TYPE

Project	Source of Funds	Actuals To					Future Years	Total Project		Cost To Complete
		Date	FY2017-18	FY2018-19	FY2019-20	FY2020-21		FY2021-22	Cost	
<u>Circulation</u>										
Annual Citywide Programs -										
Crack Seal & Pothole Improvements	Gas Tax		110,000	110,000	110,000	110,000	110,000	110,000	660,000	660,000
Curb, Gutter, and Sidewalk Improvements	Measure A		203,636	55,000	55,000	55,000	90,000	90,000	548,636	548,636
	AB2766		357,085						357,085	357,085
Intersection Signal Upgrades	TIF		201,000	201,000	201,000	201,000	201,000	201,000	1,206,000	1,206,000
Landscaping Renovation	Gas Tax		70,000	75,000	80,000	85,000	90,000	95,000	495,000	495,000
Roadway Drainage Improvements	Measure A		150,000	170,000	190,000	200,000	215,000	230,000	1,155,000	1,155,000
Sidewalk Improvements	Gas Tax		171,198						171,198	171,198
	Measure A		196,519	50,000	50,000	50,000	56,000	60,000	462,519	462,519
	SB821		367,717						367,717	367,717
Slurry Seal	Unspecified			50,000					50,000	1,051,434
	Measure A		625,000	375,000	390,000	485,000	490,000	500,000	2,865,000	2,865,000
Traffic Striping	Measure A		175,000	215,000	215,000	215,000	215,000	215,000	1,250,000	1,250,000
	Gas Tax		218,926	36,000				116,000	400,926	
Auto Center Drive Bridge Retrofit	FHWA Grant			144,000				3,775,194	4,269,194	4,290,120
	Developer Contribut		36,552						36,552	
Camino Del Norte Improvements	TRIP		1,768,747						1,768,747	
	TIF		2,292,411						2,302,996	4,061,158
Citywide Pavement Rehabilitation Program	Measure A		145,157						145,157	
	TRIP		2,775,941	1,990,000					4,765,941	1,990,000



# PROJECT SUMMARY BY TYPE- CONTINUED

Project	Source of Funds	Actuals To					Future Years	Total Project		Cost To Complete
		Date	FY2017-18	FY2018-19	FY2019-20	FY2020-21		FY2021-22	Cost	
<i>Circulation - Continued</i>										
East Lake Circulation - Cereal, Malaga & Lucerne	TIF		1,488,667					1,488,667		
	Unspecified		2,932,418			5,767,600		8,700,018		10,188,685
East Lake Circulation - Lucerne Bridge	Unspecified					18,000,000		18,000,000		18,000,000
I-15/Railroad Canyon Road Full Lane Improvements	Capital Improvement		3,000,000					3,000,000		3,000,000
I-15/Railroad Canyon Road Ultimate Interchange Phase I	General Projects	164,809						164,809		
	Measure A	48,125						48,125		
	IMD Grant		238,000					238,000		
	TUMF - RCTC		3,879,821	720,179	28,000,000			32,600,000		
	TUMF - WRCOG		1,802,179					1,802,179		34,640,179
I-15/State Route 74 Interchange	TUMF		2,634,251					2,634,251		
	Measure A	12,079	300,000					312,079		
	Unspecified					54,053,670		54,053,670		56,987,921
Lakeshore Drive Parking Lot	Gas Tax	61,700						61,700		
	TIF		158,026					158,026		158,026
Main Street Interchange	Measure A	20,906	275,410					296,316		
	Capital Improvement	61,926						61,926		
	SHOPP Grant		465,375					465,375		
	Unspecified		2,196,439					2,196,439		2,937,224
Missing Link Bike Lane Striping	Gas Tax		135,775					135,775		
	SB821		135,775					135,775		271,550
State Route 74 & Gunnerson Intersection	SHOPP Grant		1,775,000					1,775,000		1,775,000



# PROJECT SUMMARY BY TYPE- CONTINUED

Project	Actuals To						Future Years	Total Project Cost	Cost To Complete	
	Source of Funds	Date	FY2017-18	FY2018-19	FY2019-20	FY2020-21				FY2021-22
<b><u>Circulation - Continued</u></b>										
State Route 74 Slurry Seal	Capital Improvement		600,000					600,000	600,000	
State Route 74 Widening	General Projects	4,745						4,745		
	TUMF			5,600,000	4,400,000			10,000,000		
	Unspecified		1,500,000					1,500,000	11,500,000	
Temescal Canyon Bridge & Road Widening Phase I	Gas Tax	32,517	94,512	120,000				247,029		
	TUMF	170,638	617,362					788,000		
	FHWA Grant	642,603	118,755					761,358		
	HBP Grant					17,739,000		17,739,000	18,689,629	
Traffic Signal Installation - Grand Avenue & Riverside Drive	Signal Fee	6,432						6,432		
	TIF		205,189					205,189		
	Public Improvement In Lieu		61,015					61,015		
	Unspecified			2,760,000				2,760,000	3,026,204	
<b>TOTAL CIRCULATION PROJECTS</b>			<b>\$ 4,574,715</b>	<b>\$ 32,011,208</b>	<b>\$ 6,581,179</b>	<b>\$ 34,891,000</b>	<b>\$ 5,801,000</b>	<b>\$ 19,206,000</b>	<b>\$ 83,213,464</b>	<b>\$ 181,703,851</b>

## **Facilities**

Aquatics Center	Unspecified					5,000,000		5,000,000	5,000,000
Artist Detour Building Improvements	General Projects		25,000					25,000	25,000
Building Facilities Renovations	General Projects		100,000					100,000	
	City Hall/Public Works DIF		100,000					100,000	200,000
City Civic Center	Unspecified					24,925,000		24,925,000	24,925,000
City Hall Expansion & Renovations	General Projects		250,000					250,000	
	City Hall/Public Works DIF		150,000					150,000	400,000



# PROJECT SUMMARY BY TYPE- CONTINUED

Project	Source of Funds	Actuals To		FY2018-19	FY2019-20	FY2020-21	FY2021-22	Future Years	Total Project		
		Date							Cost	Cost To Complete	
<b><u>Facilities - Continued</u></b>											
City Library	Library DIF	157	1,802,608					5,320,486	1,802,765	7,999,843	
	Unspecified		876,749						6,197,235		
City Parking Facility	City Hall/Public Works DIF		775,000						775,000	775,000	
Community Center	Unspecified			2,000,000	4,000,000				6,000,000	6,000,000	
Community Center Renovations	CDBG		305,357						305,357	305,357	
Cultural Center 2nd Floor Renovations	City Hall/Public Works DIF		175,000						175,000		
	Community Center DIF		25,000						25,000	200,000	
<b>TOTAL FACILITIES PROJECTS</b>		<b>\$ 157</b>	<b>\$ 4,584,714</b>	<b>\$ 2,000,000</b>	<b>\$ 4,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,245,486</b>	<b>\$ 45,830,357</b>	<b>\$ 45,830,200</b>	
<b><u>Infrastructure</u></b>											
Alignment Study Master Plan	TIF	7,049	50,000						57,049	50,000	
Bike, Trails, & Pathways Master Plan	Unspecified			100,000					100,000	100,000	
Drainage Improvements - Various Locations	Gas Tax		50,000						50,000		
	TRIP		150,000						150,000		
	Storm Drainage Fee		100,000						100,000		
Dream Extreme 2040 Plan	DAG		100,000						100,000	400,000	
Palomar Multi-Use Trails	General Projects		138,751						138,751		
	Gas Tax		106,772						106,772		
	SB821		245,523						245,523	491,046	
<b>TOTAL INFRASTRUCTURE PROJECTS</b>		<b>\$ 7,049</b>	<b>\$ 941,046</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,048,095</b>	<b>\$ 1,041,046</b>	
<b><u>Parks</u></b>											
Creekside Park Playground Improvements	Unspecified							198,000	198,000	198,000	

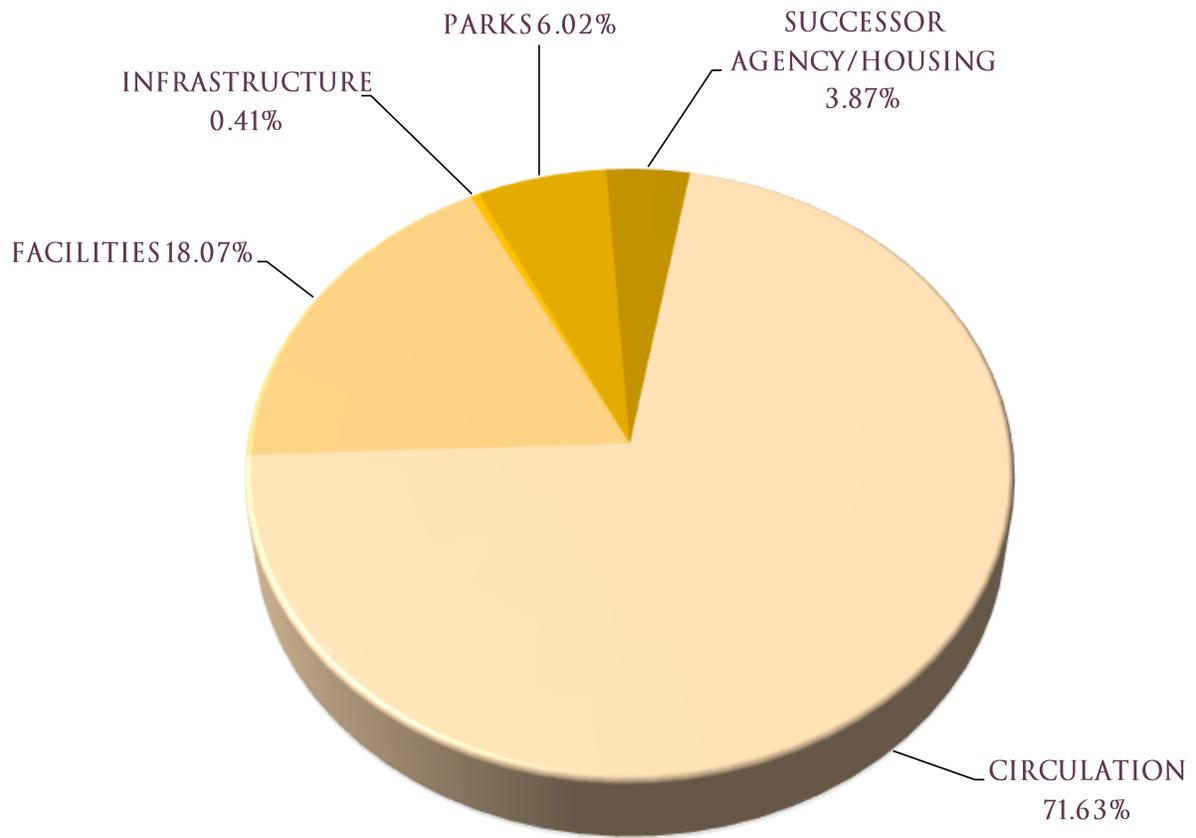


# PROJECT SUMMARY BY TYPE- CONTINUED

Project	Source of Funds	Date	Actuals To					Total Project		Cost To Complete	
			FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	Future Years	Cost		
<b><u>Parks - Continued</u></b>											
La Laguna Marina Expansion	Lake Facilities DIF		824,267							824,267	1,000,000
	Unspecified			175,733						175,733	
La Laguna Resort Rehabilitation	DAG		256,979							256,979	
	Gas Tax		313,252							313,252	
	City Hall/Public Works DIF		300,000							300,000	
	Community Center DIF		614,516							614,516	
	Storm Drainage Fee		50,000							50,000	
	Lease Revenue Bond	395,391	9,707,020							10,102,411	
	Capital Improvement		1,433,049							1,433,049	
	Public Improvement In Lieu		100,000							100,000	
Developer Contributions			829,793						829,793	13,604,609	
Lake Inlet Channel Rehabilitation	General Projects	44,172								44,172	112,080
	Storm Drainage Fee			112,080						112,080	
McVicker Park Improvements	General Projects		50,000							50,000	240,000
	Unspecified		70,000	120,000						190,000	
Tuscany Hills Park Improvements	Developer Contributions		125,000							125,000	125,000
<b>TOTAL PARKS PROJECTS</b>			<b>\$ 439,563</b>	<b>\$ 1,125,526</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198,000</b>	<b>\$ 15,719,252</b>	<b>\$ 15,279,689</b>
<b><u>Successor Agency</u></b>											
Diamond Stadium Retrofit	Successor Agency		1,634,962							6,234,962	4,600,000
Third Street Drainage Improvements Phase II	Trust Deposit		257,832							3,828,723	3,570,891
Third Street Drainage Improvements Phase III	Unspecified		1,634,048							1,634,048	1,634,048
<b>TOTAL SUCCESSOR AGENCY PROJECTS</b>			<b>\$ 1,892,794</b>	<b>\$ 9,804,939</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,697,733</b>	<b>\$ 9,804,939</b>
<b>TOTALS</b>			<b>\$ 6,914,278</b>	<b>\$ 61,298,070</b>	<b>\$ 9,806,705</b>	<b>\$ 38,891,000</b>	<b>\$ 5,801,000</b>	<b>\$ 19,206,000</b>	<b>\$ 118,656,950</b>	<b>\$ 260,574,003</b>	<b>\$ 253,659,725</b>



## PROJECTED EXPENDITURE BY TYPE





## DESCRIPTION OF REVENUE SOURCES

**Air Quality Management District (AQMD)** - An intergovernmental agency established to monitor air quality within a region and to implement State and Federal air quality standards through the development of regional air quality plans and regulations. Programs are funded in part or fully with AB2766 Subvention Funds and made available to local governments.

**Assembly Bill 2766 (AB2766)** - State funds that are available to implement programs and projects that reduce air pollution from motor vehicles.

**Assessment District** - Bonds are issued to generate proceeds to be used to finance the construction of various capital improvements. Bonds are repaid using assessments received from benefiting property owners within the district property boundaries.

**Community Development Block Grant (CDBG)** - Federal funds allocated to local government, based on a formula, but required to be applied for and used within a broad functional area such as community development.

**Community Facilities District (CFD)** - A tool that allows the City to construct desired and authorized public improvements with costs of the projects paid for by the benefited properties within the boundaries of a designated area. The costs are then financed through the issuance of bonds payable over a period of years.

**Development Impact Fees (DIF)** - Fees generated by development applications to offset the effect of development to include infrastructure, fire protection, public facilities and services, libraries, roads, schools, parks, traffic signal mitigation, and open space/public art.

**Federal Highway Administration (FHWA)** - The Federal Highway Administration (FHWA) provides stewardship over the construction, maintenance and preservation of the Nation's highways, bridges and tunnels. FHWA also conducts research and provides technical assistance to state and local agencies in an effort to improve safety, mobility, and livability, and to encourage innovation.

**Gas Tax** - The City maintains this fund to account for Highway User's Tax revenues received from the State of California under Sections 2103, 2105, 2107, and 2107.5 of the Streets and Highways Code.

**General Projects** - City General Funds retained for capital improvement projects.

**Grants** - Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose.

**Highway Bridge Rehabilitation & Replacement (HBRR)** - Authorized by the Federal Transportation Equity Act for the 21st Century (TEA -21), this program provides for the replacement or rehabilitation of public highway bridges over waterways, other topographical barriers, other highways, or railroads.

**Measure A (Local Streets and Roads)** - Funds generated from the on-half percent sales tax levied throughout Riverside County to carry out transportation projects by the county and cities.

**National Pollutant Discharge Elimination System (NPDES)** - Permit program that controls water pollution by regulating point sources that discharge pollutants into water of the United States.

**Public Improvement in Lieu** - A property owner or land developer may elect to construct capital improvements in lieu of paying fees.

**Quimby** - The City's park-in-lieu or park development fee is assessed under provisions of the Subdivision Map Act which allows the City to require the dedication of land or the payment of a fee in lieu of land to be used for the purchase (or development) of park property.



## DESCRIPTION OF REVENUE SOURCES- CONTINUED

**Rule 20A (Southern California Edison)** - The California Public Utilities Commission's (CPUC) Rule 20 sets policies and procedures for the conversion of overhead power lines and other equipment to underground facilities, a process called "undergrounding". Rule 20A projects are paid for by all Southern California Edison (SCE) ratepayers. The city and county governments choose these projects and apply for funding.

**Senate Bill 821 Bicycle and Pedestrian Facilities Program** - Each year 2% of the Local Transportation Fund revenue is made available through the Riverside County Transportation Commission's SB 821 Program for active modes of transportation projects such as sidewalks, access ramps, and bicycle plan development.

**State Highway Operation and Protection Program (SHOPP)** - A Ten-Year plan prepared by Caltrans which provides input for the funding distribution in the State Transportation Improvement Program (STIP) Fund estimates.

**State Transportation Program Local (STPL)** - The State Transportation Program for Local agencies is the biennial five-year plan adopted by the Commission for future allocations of certain state transportation funds for state highway improvements, intercity rail, and regional highway and transit improvements.

**Successor Agency** - This fund is used to account for the successor agency housing and administration activities as a result of the State's dissolution of Redevelopment Agencies.

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

**Total Road Improvement Programs (T.R.I.P.)** - California Statewide Communities Development Authority (CSCDA) offers a pooled securitization program to assist local agencies in bonding against future Measure A payments to obtain funding for more projects today. The program does not require a pledge of general fund monies.

**Unspecified** - Funds that have not been identified for various proposed project.



## DEBT ADMINISTRATION

ISSUE DATE	DESCRIPTION	PURPOSE	REMAINING PRINCIPAL	REMAINING INTEREST	MATURITY DATE
2012	Local Agency Revenue Bond Series A	Fund various capital improvements within the City or RDA areas	\$ 3,280,000	\$ 2,382,653	07/01/2039
2012	Local Agency Revenue Bond Series B	Fund various capital improvements within the City or RDA areas	\$ 14,100,000	\$ 5,924,350	11/01/2031
2012	Local Agency Revenue Bond Series C	Fund various capital improvements within the City or RDA areas	\$ 5,340,000	\$ 5,640,838	12/01/2043
2013	Local Agency Revenue Bond Series A	Fund various capital improvements within the City or RDA areas	\$ 3,605,000	\$ 3,377,191	05/01/2044
2013	Local Agency Revenue Bond Series B	Fund various capital improvements within the City or RDA areas	\$ 2,825,000	\$ 189,531	07/01/2021
2013	Local Agency Revenue Bond Series C	Fund various capital improvements within the City or RDA areas	\$ 12,655,000	\$ 6,494,248	07/01/2034
2014	Local Agency Revenue Bond Series A	Fund various capital improvements within the City or RDA areas	\$ 7,505,000	\$ 8,877,866	01/01/2045
2014	Local Agency Revenue Bond Series B	Fund various capital improvements within the City or RDA areas	\$ 17,950,000	\$ 11,140,169	07/01/2041
2015	Local Agency Revenue Bond	Fund various capital improvements within the City or RDA areas	\$ 107,185,000	\$ 74,917,500	02/01/2041
2015	Local Agency Revenue Bond Series A	Fund various capital improvements within the City or RDA areas	\$ 3,200,000	\$ 2,127,411	02/01/2045
2015	Local Agency Revenue Bond Series B	Fund various capital improvements within the City or RDA areas	\$ 7,590,000	\$ 913,400	05/01/2021
2010	Tax Allocation Bonds Series A	Fund various capital improvements within the City or RDA areas	\$ 13,170,000	\$ 8,229,122	02/01/2034
2010	Tax Allocation Bonds Series B	Fund various capital improvements within the City or RDA areas	\$ 7,460,000	\$ 1,761,513	05/01/2026
2010	Tax Allocation Bonds Series C	Fund various capital improvements within	\$ 24,075,000	\$ 8,732,496	10/01/2031



## DEBT ADMINISTRATION- CONTINUED

ISSUE DATE	DESCRIPTION	PURPOSE	REMAINING PRINCIPAL	REMAINING INTEREST	MATURITY DATE
2015	Tax Allocation Bonds	Fund various capital improvements within the	\$ 8,065,000	\$ 2,167,300	09/01/2038
2013	Revenue Refunding Bond Series A	Finance the Authority's lease of City recreation	\$ 12,750,000	\$ 5,316,700	09/01/2032
2014	Certificate of Participation	Fund various street improvement projects	\$ 7,430,000	\$ 4,013,012	10/01/20139
2016	Lease Revenue Bonds	Finance the rehabilitation of the campground.	\$ 10,410,000	\$ 5,989,745	04/01/2046

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.

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

In October 2014, \$7,965,000 principal amount of Certificates of Participation, Series 2014A, was issued for various street improvement projects. 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.



## DEBT ADMINISTRATION- CONTINUED

ISSUE DATE	DESCRIPTION	INTEREST RATES	PRINCIPAL	INTEREST	TOTAL DEBT OBLIGATION
2012	Local Agency Revenue Bond Series A	1.50% - 5.25%	\$ 60,000	\$ 157,881	\$ 212,881
2012	Local Agency Revenue Bond Series B	2.00% - 5.12%	\$ 675,000	\$ 619,187	\$ 1,294,187
2012	Local Agency Revenue Bond Series C	2.00% - 5.00%	\$ 15,000	\$ 260,766	\$ 275,766
2013	Local Agency Revenue Bond Series A	1.75% - 5.00%	\$ 25,000	\$ 168,682	\$ 193,672
2013	Local Agency Revenue Bond Series B	2.00% - 3.25%	\$ 620,000	\$ 54,012	\$ 674,012
2013	Local Agency Revenue Bond Series C	2.00% - 5.25%	\$ 505,000	\$ 565,431	\$ 1,070,431
2014	Local Agency Revenue Bond Series A	2.25% - 5.75%	\$ 20,000	\$ 415,594	\$ 435,594
2014	Local Agency Revenue Bond Series B	3.00% - 5.00%	\$ 400,000	\$ 785,687	\$ 1,185,687
2015	Local Agency Revenue Bond	2.00% - 5.00%	\$ 1,825,000	\$ 5,103,175	\$ 6,928,175
2015	Local Agency Revenue Bond Series A	2.00% - 3.65%	\$ 35,000	\$ 105,919	\$ 140,919
2015	Local Agency Revenue Bond Series B	2.00% - 5.00%	\$ 1,410,000	\$ 251,650	\$ 1,661,650
2010	Tax Allocation Bonds Series A	2.00% - 5.25%	\$ 350,000	\$ 630,944	\$ 980,944
2010	Tax Allocation Bonds Series B	2.00% - 4.75%	\$ 645,000	\$ 280,019	\$ 925,019
2010	Tax Allocation Bonds Series C	2.00% - 5.00%	\$ 1,270,000	\$ 931,445	\$ 2,201,445
2015	Tax Allocation Bonds	2.00% - 5.00%	\$ 730,000	\$ 227,094	\$ 957,094
2013	Revenue Refunding Bond Series A	3.00% - 5.00%	\$ 620,000	\$ 511,700	\$ 1,131,700
2014	Certificate of Participation	2.00% - 5.00%	\$220,000	\$ 275,937	\$ 495,937
2016	Lease Revenue Bond	2.00% - 5.00%	\$ 80,000	\$ 279,758	\$ 359,758



## LEGAL DEBT MARGIN

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. The City's debt limit is \$180,185,586.

FISCAL YEAR 2016	
Assessed Valuation	\$ 4,804,948,961
Conversion Percentage	25%
Adjusted Assessed Valuation	\$ 1,201,237,240
Debt Limit Percentage	15%
Debt Limit	\$180,185,586
Total Net Debt Applicable to Limitation	-
Legal Debt Margin	\$180,185,586
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%

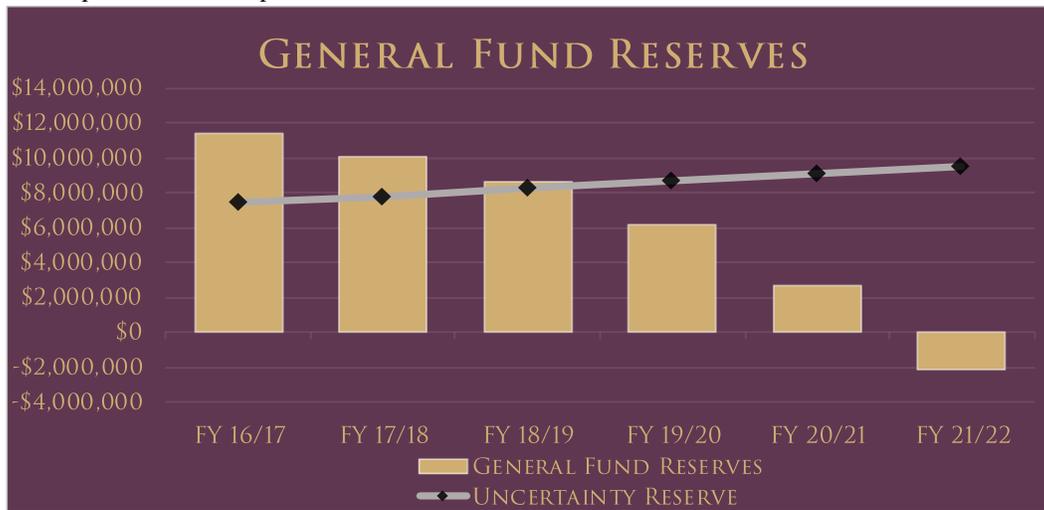
Sources: HdL Companies and Riverside County Assessor Tax Roll



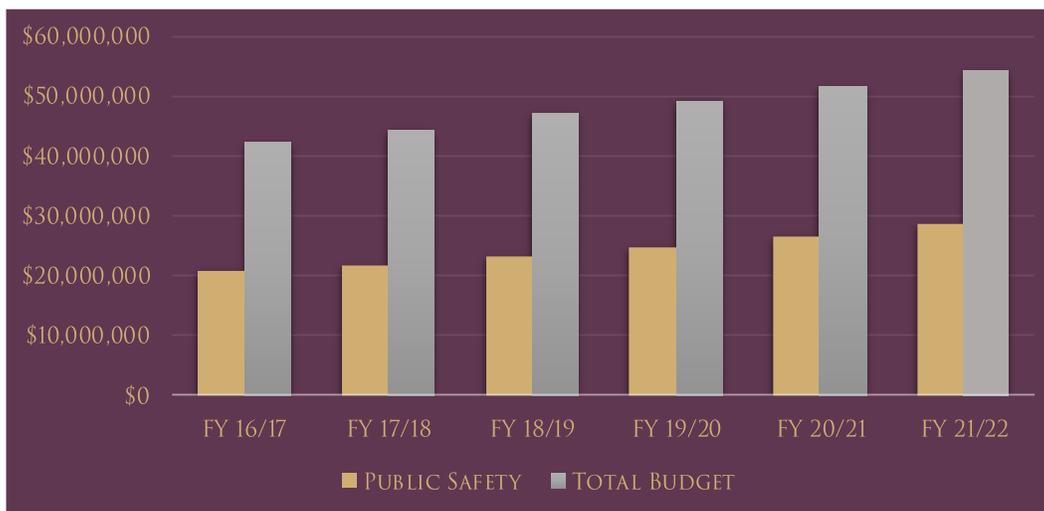
## FIVE YEAR FINANCIAL FORECAST

The five-year financial forecast was developed to assist in long range planning and policy development. The five-year financial forecast provides a tool to evaluate the ability of the City to fund proposed programs, operating and maintenance costs, capital expenditures, as well as operating costs related to future capital improvement projects. However, as the City continues to grow, it is important to ensure that it can meet increasing demands and be in a position to respond to possible changes in economic conditions.

Starting in FY15-16 and continuing throughout the five-year financial projection, the City is experiencing a structural deficit as expenditures are increasing at a faster rate than revenues. Anticipated increase in Public Safety are the main cause for rising expenditures. Over the next 5 years, the contract with the county for these services is anticipated to increase 8-10% annually. If expenditure reduction measures and/or revenue enhancements are not implemented, the General Fund balance will fall below the required 17.5% Uncertainty Reserves during FY19-20. Furthermore, the General Fund is expected to be depleted during FY21-22. Below is an illustration of the projected Fund Balance, compared to the required 17.5% Reserves.



As mentioned previously, the primary cause of the looming deficit is that revenues are not increasing at the same level as the costs for Fire and Police Services. Below is a chart illustrating the rising Public Safety Budget. From 2016-17, the cost of Fire and Police Services is projected to increase by 37.7% or \$7.9 million. Whereas all other services over the same period are projected to increase by 19.6% or \$4.2 million. By FY19-20, costs for Public Safety Services will exceed 50% of the budget.





## FIVE YEAR PROJECTION SUMMARY

	FY15-16 ACTUALS	FY16-17 PROJECTED	FY17-18 ADOPTED	FY18-19 PROJECTED	FY19-20 PROJECTED	FY20-21 PROJECTED	FY21-22 PROJECTED
<b>Revenues:</b>							
Sales Tax	\$ 9,939,637	\$ 9,720,300	\$10,230,112	\$10,635,196	\$10,954,252	\$11,282,880	\$11,621,366
Property Tax	6,523,663	7,068,582	7,598,544	7,826,500	8,061,295	8,303,134	8,552,228
Franchise Tax	2,423,707	2,650,200	2,755,808	2,838,482	2,923,637	3,011,346	3,101,686
Building Permit Fee	1,953,331	2,275,000	2,343,250	2,413,548	2,485,954	2,560,533	2,637,349
Property Transfer Tax	327,367	327,656	337,486	347,610	358,039	368,780	379,843
Transient Occupancy Tax	487,423	480,000	508,800	524,064	539,786	555,979	572,659
Other Licenses & Permits	1,738,911	1,280,561	1,315,326	1,354,785	1,395,429	1,437,292	1,480,411
Intergovernmental	151,526	89,500	92,185	94,951	97,799	100,733	103,755
Fees	3,569,065	3,539,187	4,775,264	5,994,316	6,174,146	6,359,370	6,550,151
Fines and Forfeitures	546,861	555,600	561,668	578,518	595,874	613,750	632,162
Fire Service Tax Credit	2,288,085	2,478,981	2,583,134	2,660,628	2,740,447	2,822,660	2,907,340
Investment Earnings	231,526	105,000	108,150	111,395	114,736	118,178	121,724
Reimbursements and Other	4,151,929	5,843,337	4,890,055	4,970,850	5,054,070	5,139,786	5,228,073
Special Assessments	3,791,923	3,598,979	3,689,246	3,792,198	3,905,964	4,023,143	4,143,837
Traffic Safety, Offender & Enforcement	564,024	734,510	723,665	745,375	767,736	790,768	814,491
Reimbursements for Street Program	798,500	798,500	798,500	798,500	798,500	798,500	798,500
<b>Total Revenues</b>	<b>\$39,487,480</b>	<b>\$41,545,893</b>	<b>43,311,192</b>	<b>45,686,917</b>	<b>46,967,663</b>	<b>48,286,832</b>	<b>49,645,576</b>
<b>Expenditures by Department:</b>							
<b>General Government:</b>							
City Council	\$ 306,828	\$ 233,864	\$ 227,299	\$ 233,604	\$ 240,350	247,292	254,435
Community Support	33,534	89,200	92,900	94,933	97,396	99,924	102,518
City Treasurer	-	-	-	-	-	-	-
City Clerk	432,681	603,973	577,810	594,415	611,875	629,850	648,355
City Attorney	587,691	500,000	500,000	500,000	500,000	500,000	500,000
City Manager	592,447	758,121	901,293	927,960	955,609	984,084	1,013,407
Finance	1,355,936	1,736,024	1,518,371	1,561,508	1,607,122	1,654,073	1,702,402
Human Resources	307,684	293,185	447,149	459,422	472,623	486,205	500,180
<b>Public Safety:</b>							
Police Services	11,462,439	12,431,410	13,010,246	14,020,686	15,113,487	16,292,966	17,566,039
Fire Services	6,913,288	7,597,475	7,700,281	8,221,256	8,778,656	9,374,552	10,011,623
Animal Services	804,184	839,200	836,640	847,533	861,421	875,657	890,248
<b>Community Development:</b>							
Planning	1,176,424	1,243,418	1,214,828	1,250,678	1,287,895	1,326,221	1,365,688
Economic Development	373,533	440,896	278,043	283,682	290,814	298,125	305,621
Building & Safety/Fire Prevention	1,361,712	1,722,026	2,602,500	2,668,680	2,742,674	2,818,737	2,896,925
Code Enforcement/Graffiti	624,055	745,926	962,062	990,702	1,020,309	1,050,803	1,082,208
<b>Public Services:</b>							
Engineering	2,082,484	1,799,224	2,062,723	2,118,906	2,179,567	2,241,974	2,306,180
Public Works	1,741,231	2,567,218	2,186,487	2,250,191	2,316,733	2,385,246	2,455,791
Park Maintenance	1,590,228	2,041,631	2,395,377	2,453,447	2,520,017	2,588,409	2,658,671
Lake Maintenance	1,498,080	1,376,069	1,554,841	1,590,548	1,632,687	1,675,949	1,720,367
<b>Community Services:</b>							
Recreation	692,706	926,806	674,866	694,357	714,803	735,853	757,524
Community Center	610,588	929,773	1,134,387	1,164,712	1,197,762	1,231,757	1,266,724
Senior Center	246,965	301,844	264,079	271,393	279,225	287,283	295,576
Campground	410,502	482,630	527,777	1,012,689	1,038,190	1,064,334	1,091,137
Non-Departmental - Operating	2,801,932	2,698,592	2,658,638	2,684,697	2,712,832	2,741,778	2,771,558
<b>Total Expenditures</b>	<b>\$38,007,153</b>	<b>\$42,358,505</b>	<b>\$44,328,597</b>	<b>\$46,895,999</b>	<b>\$49,172,048</b>	<b>\$51,591,073</b>	<b>\$54,163,177</b>



## FIVE YEAR PROJECTION SUMMARY- CONTINUED

	FY 15-16 ACTUALS	FY 16-17 PROJECTED	FY 17-18 ADOPTED	FY 18-19 PROJECTED	FY 19-20 PROJECTED	FY 20-21 PROJECTED	FY 21-22 PROJECTED
Excess of Revenues Over/(Under)							
Expenditures	1,480,327	(812,612)	(1,017,405)	(1,209,083)	(2,204,385)	(3,304,241)	(4,517,601)
Operating Transfers:							
Operating Transfers In	-	80,885	191,528	-	-	-	-
Operating Transfers Out	(1,056,361)	(260,000)	(260,000)	(260,000)	(260,000)	(260,000)	(260,000)
Excess of Revenues Over/ (Under)	423,966	(991,727)	(1,085,877)	(1,469,083)	(2,464,385)	(3,564,241)	(4,777,601)
Fund Balance, Beg. of Year	11,970,943	12,394,909	11,403,182	10,317,305	8,848,223	6,383,838	2,819,597
Fund Balance, End of Year	<u>\$12,394,909</u>	<u>\$11,403,182</u>	<u>\$10,317,305</u>	<u>\$ 8,848,223</u>	<u>\$ 6,383,838</u>	<u>\$ 2,819,597</u>	<u>\$ (1,958,004)</u>
<i>Detail of Fund Balance</i>							
<i>Nonspendable:</i>							
Deposits and prepaid items	\$ 29,015	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Loans Receivable	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<i>Assigned</i>							
Uncertainty reserve (17.5%)	6,836,115	7,458,238	7,803,004	8,252,300	8,650,608	9,073,938	9,524,056
<i>Unassigned</i>							
Unallocated reserve	4,529,779	2,919,944	1,489,301	(429,077)	(3,291,771)	(7,279,341)	(12,507,060)
Total Fund Balance (net)	<u>\$12,394,909</u>	<u>\$11,403,182</u>	<u>\$10,317,305</u>	<u>\$ 8,848,223</u>	<u>\$ 6,383,838</u>	<u>\$ 2,819,597</u>	<u>\$ (1,958,004)</u>



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## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

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 below.

FISCAL YEAR ENDED JUNE 30	TOTAL SECURED	TOTAL UNSECURED	LESS: EXEMPTIONS	TAXABLE ASSESSED VALUE
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
2016	4,768,722,323	129,261,454	(93,034,816)	4,804,948,961

Source: Riverside County Assessor FY2015-16 Combined Tax Rolls



## PRINCIPAL SECURED PROPERTY OWNERS YEAR ENDED JUNE 30, 2016

TAXPAYER	TAXABLE ASSESSED VALUE	PERCENT OF TOTAL CITY TAXABLE ASSESSED
Plaza Apartments Investment	\$ 48,322,624	1.00%
Pacific Aggregates, Inc.	31,154,009	0.64%
Rivers Edge Apartments LLC	24,582,856	0.51%
Helf Canyon Hills Market Place	23,485,000	0.48%
Mohr Affinity, LLC	23,236,130	0.48%
Walmart Sores Inc.	22,936,165	0.47%
Lake Elsinore Marketplace	20,826,854	0.43%
Costco Wholesale Corporation	20,232,089	0.42%
Castle & Cooke Lake Elsinore West Inc.	17,593,627	0.36%
Elsinore VETO	17,424,711	0.36%
	\$ 249,794,065	5.15%

Note: FY2015-16 Local Secured Assed Valuation : \$4,848,355,214

Source: Riverside County Assessor 2015/16 Combined Tax Rolls and the SBE Non-Unitary Tax Roll



# COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

FY2015-16 ASSESSED VALUATION		<u>\$ 4,804,948,961</u>	
		<u>APPLICABLE (1)</u>	<u>OUTSTANDING DEBT 6/30/16</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:			
DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			
City of Lake Elsinore 1915 Act Bonds	100.000%		\$ 14,100,000
City of Lake Elsinore Community Facilities Districts	100.000%		182,510,000
TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			
OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			
Riverside County Flood Control District, Zone No. 3 Benefit AD	61.466%	\$	915,000.00
Riverside County Flood Control District, Zone No. 4	0.676%		20,650,000
Metropolitan Water District	0.198%		92,865,000
Perris Union High School District	2.313%		114,315,877
Menifee Union School District	3.790%		44,004,640
Perris School District	0.293%		23,361,242
Lake Elsinore Unified School District CFDs	100.000%		33,321,327
Perris Union High School District CFD No. 92-1	7.476%		35,625,000
Elsinore Valley Metropolitan Water District CFD No. 2003-1	100.000%		3,418,000
TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
DIRECT GENERAL FUND DEBT			
City of Lake Elsinore General Fund Obligations	100.000%	\$	12,750,000
City of Lake Elsinore Certificates of Participation	100.000%		7,430,000
TOTAL DIRECT GENERAL FUND DEBT			
OVERLAPPING GENERAL FUND DEBT			
Riverside County General Fund Obligations	2.037%	\$	889,831,745
Riverside County Pension Obligations	2.037%		304,520,000
Riverside County Board of Education Certificates of Participation	2.037%		935,000
Mt. San Jacinto Community College District General Fund Obligations	6.345%		70,000,000
Lake Elsinore Unified School District Certificates of Participation	42.916%		34,075,496
Perris Union High School District General Fund Obligations	2.313%		8,331,366
Menifee and Perris School District Certificates of Participation	3.790 & 0.293%		36,508,400
TOTAL OVERLAPPING GENERAL FUND DEBT			



## COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT - CONTINUED

TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$	64,908,652
Less: Riverside County General Fund Self-supporting Obligations					127,046
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$	64,781,606
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGEN	100.000%	\$ 52,770,000		\$	52,770,000
Total Direct Debt				\$	20,180,000
Total Gross Overlapping Debt				\$	338,777,535
Total Net Overlapping Debt				\$	338,650,489
Gross Combined Total Debt (2)				\$	358,957,535
Net Combined Total Debt				\$	358,830,489

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 non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

\*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.

Source: California Municipal Statistics



## LARGEST EMPLOYERS BY NUMBER OF EMPLOYEES

	2014	2015	2016
	NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES
<b>EMPLOYMENT</b>			
Estimated Total Employment*	18,000 (1)	25,000 (1)	26,900 (1)
<b>EMPLOYER</b>			
Lake Elsinore Unified School District	2,368	2,542	2,618
M & M Framing	500	400	500
Stater Bros (3 locations)	297	297	299
Lake Elsinore Hotel & Casino	260	263	253
Costco	220	240	236
Walmart Store	237	240	235
Riverside County Department of Social Services	(2)	227	196
Elsinore Valley Municipal Water District	160	161	154
Home Depot	140	145	143
Target	125	173	140
<b>Total Top 10 Employers</b>	<b>4,307</b>	<b>4,688</b>	<b>4,774</b>

Notes:

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

(2) Data not available for 2014

Source: MuniServices, LLC.



## COMPARATIVE CITY INFORMATION

CITY	YEAR	NUMBER OF		ESTIMATED	BUDGETED	EXPENDITURES PER CAPITA
		EMPLOYEES	POPULATION	GENERAL FUND REVENUES	GENERAL FUND EXPENDITURES	
Lake Elsinore	2016	132	61,003	\$40,447,406	\$41,678,028	\$683
	2015	130	58,426	\$36,370,680	\$36,897,305	\$632
	2014	111	56,718	\$33,457,155	\$34,504,073	\$608
	2013	78	55,430	\$27,328,060	\$27,581,898	\$498
	2012	80	54,000	\$25,341,196	\$25,707,550	\$476
Temecula	2016	156	109,064	\$69,409,540	\$69,139,252	\$634
	2015	156	108,920	\$69,558,281	\$65,976,844	\$606
	2014	156	106,289	\$61,977,909	\$61,639,375	\$580
	2013	156	104,879	\$60,338,110	\$60,124,586	\$573
	2012	158	103,092	\$58,195,650	\$57,969,867	\$562
Murrieta	2016	310	112,232	\$41,456,896	\$41,256,896	\$368
	2015	315	107,279	\$39,954,041	\$39,954,041	\$372
	2014	312	106,425	\$37,492,777	\$40,092,661	\$377
	2013	340	105,832	\$36,144,582	\$33,625,345	\$318
	2012	335	102,000	\$33,552,014	\$32,953,937	\$323
Menifee	2016	67	89,004	\$29,380,373	\$31,795,333	\$357
	2015	45	87,286	\$30,910,808	\$31,235,543	\$358
	2014	45	85,455	\$28,204,680	\$28,520,562	\$334
	2013	36	83,885	\$26,566,753	\$25,513,570	\$304
	2012	30	81,540	\$21,965,158	\$23,634,522	\$290
Wildomar	2016	17	35,034	\$9,360,300	\$9,325,200	\$266
	2015	17	34,758	\$10,974,368	\$9,654,528	\$278
	2014	17	33,696	\$10,159,389	\$9,386,329	\$279
	2013	16	33,182	\$9,180,490	\$8,409,804	\$253
	2012	14	32,818	\$8,958,886	\$8,150,238	\$248
Perris	2016	156	74,005	\$74,393,000	\$64,532,000	\$872
	2015	136	72,476	\$63,179,000	\$62,788,000	\$866
	2014	140	72,063	\$52,555,000	\$47,648,000	\$661
	2013	130	70,983	\$50,979,000	\$51,435,000	\$725
	2012	157	70,391	\$44,630,000	\$58,430,000	\$830



## GLOSSARY OF TERMS

**ACCRUAL BASIS** - The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the period in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

**ACTUAL** - Represents the actual costs from the results of operations.

**ADOPTED** - Represents the budget as approved by the City Council.

**AGENCY FUND** - A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

**APPROPRIATION** - A legal authorization granted by the City Council to make expenditures and incur obligations for specific purposes.

**AUDIT** - A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities.

**BALANCE SHEET** - The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date.

**BUDGET** - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

**BUDGETARY CONTROL** - The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and revenues.

**CAPITAL EXPENDITURES** - Expenditures resulting in the acquisition of or addition to the government's general fixed assets having a unit cost of greater than \$5,000 and a useful life exceeding five years.

**CAPITAL IMPROVEMENT PLAN (CIP)** - A comprehensive plan which projects the capital needs of the community. Generally, it is a cyclical process that projects the needs for a set number of years. Capital improvements plans are essential to sound infrastructure and financial planning. The annual capital budget is derived from the long-term CIP.

**CAPITAL OUTLAY** - Expenditures which qualify as capital costs according to accounting standards. This includes furniture, fixtures, machinery, equipment, and other relatively minor fixed assets.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** - Funds allocated to local government from the federal government, usually through a local clearinghouse (Riverside County Economic Development Agency), based on a formula, but required to be applied for and required to be used within a broad functional area such as community development.

**CONTINGENCY** - A budgetary reserve set aside for emergency or unanticipated expenditures.

**DEBT SERVICE FUND** - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Sometimes referred to as a Sinking Fund.

**DESIGNATED FUND BALANCE** - Management's intended use of available expendable financial resources in governmental fund reflecting actual plans approved by the City Council.

**ENCUMBRANCE** - Obligations in the form of purchase orders, contracts, or other commitments. They cease to be encumbrances when paid, cancelled, or when the actual liability is set up.



## GLOSSARY OF TERMS- CONTINUED

**ESTIMATED** - Represents the original adopted budget plus any approved changes and anticipated year-end adjustments.

**EXPENDITURES** - Decreases in net financial resources that include current operating expenses that require the current of future use of net current assets, debt services, and capital outlays.

**FEES** - Charges for specific services.

**FISCAL YEAR** - The period designated by the City for the beginning and ending of financial transactions. The fiscal year begins July 1st and ends June 30th.

**FRANCHISE** - A special privilege granted by a government, permitting the continued use of public property, such as refuse disposal and cable television, and usually involving the elements of monopoly and regulation.

**FULL-TIME EQUIVALENTS (FTE)** - The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. Most full-time employees are paid for 2,080 hours in a year.

**FUND** - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein which are segregated for the purpose of carry on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**GANN APPROPRIATIONS LIMIT** - This term refers to Article XIII B of the California State Constitution that places limits on the amount of proceeds from taxes that state and local governmental agencies can receive and spend each year.

**GENERAL FUND** - The fund used to account for all financial resources except those required to be accounted for in another fund (i.e., enterprise or grant funds). Usually, the General Fund is the largest fund in a municipality.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** - The uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular tie. They include both broad guidelines of general application and detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

**GOALS** - The desired result of accomplishments within a given time frame.

**GRANTS** - Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

**INTERNAL SERVICE FUNDS** - A fund used to account for financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

**LONG-TERM DEBT** - Debt with a maturity of more than one year after the date of issue.

**MODIFIED ACCRUAL BASIS** - The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized. When they become susceptible to accrual that is when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred except for (1) inventories of materials and supplies that may be considered expenditures either when purchased or when used. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis for accounting.

**OBJECTIVES** - The necessary steps that need to be accomplished to achieve a desired goal.



## GLOSSARY OF TERMS- CONTINUED

**OPERATING BUDGET** - Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

**OPERATIONS & MAINTENANCE** - Supplies and other materials used in the normal operations of City departments. Includes items such as books, maintenance materials, and contractual services.

**REVENUES** - The yield of taxes and other resources of income that a governmental unit collects and receives for public use.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY (SARDA)** - Successor agency established due to ABx1 26 which dissolved the Redevelopment Agencies. Established to pay the debts and obligations and to perform the obligated activities of the former Lake Elsinore Redevelopment Agency (RDA).

**SPECIAL ASSESSMENT** - A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement of service deemed to benefit primarily those properties.

**TAXES** - Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges.

**TRANSFERS IN/OUT** - Authorized exchanges of cash or other resources between funds.

**UNDESIGNATED FUND BALANCE** - Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e. designations).

**USER CHARGES/FEES** - The payment of a fee for direct receipt of a public service by the party benefiting from the service (i.e., building permit fees, recreation classes).

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