

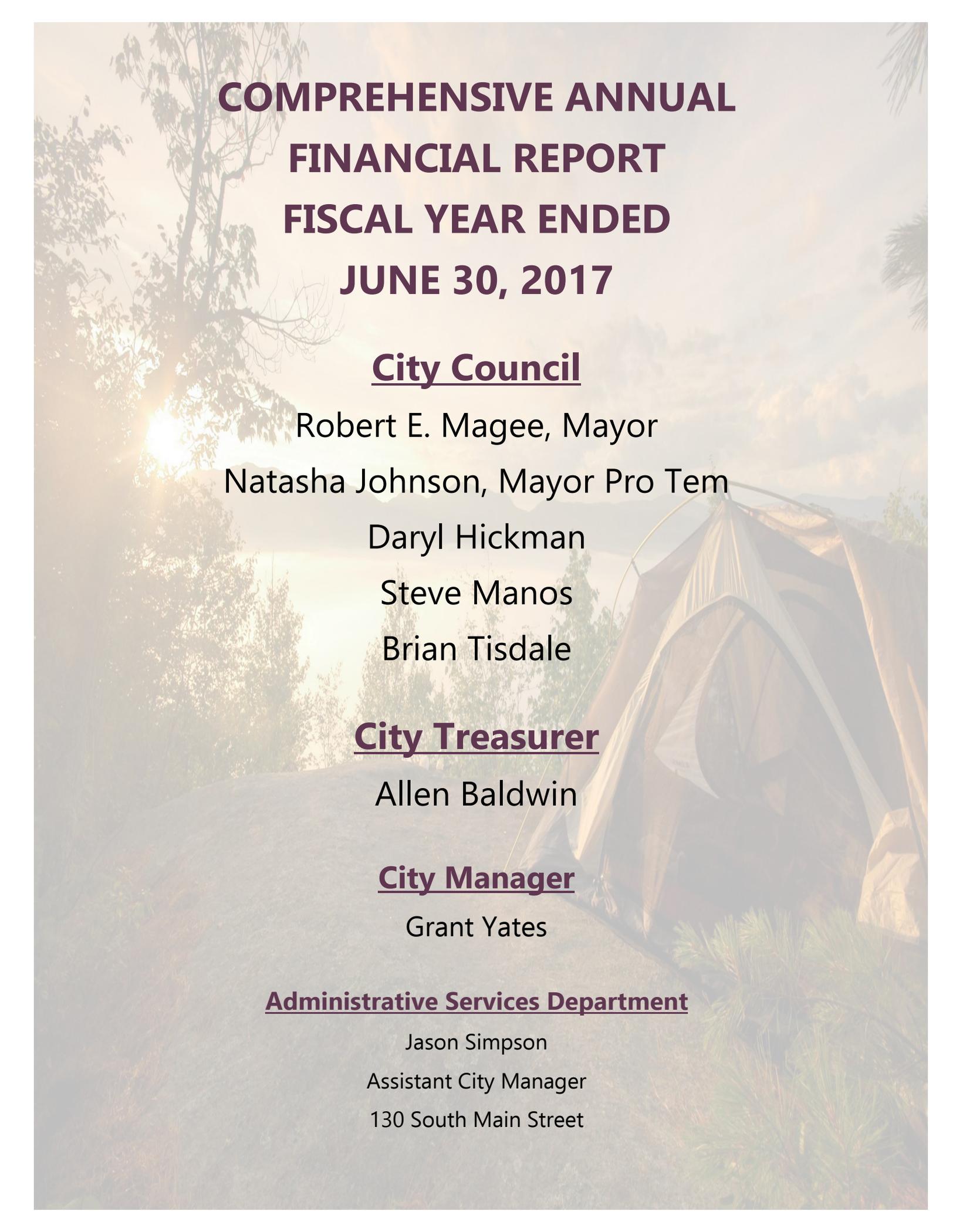


CITY OF LAKE ELSINORE, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2017





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The background of the entire page is a photograph of a tent pitched in a wooded area during sunset. The sun is low on the left side, creating a warm, golden glow and silhouetting the trees. The tent is a large, dark-colored tent with a mesh screen on the front. The overall mood is peaceful and natural.

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2017**

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



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CITY OF LAKE ELSINORE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017

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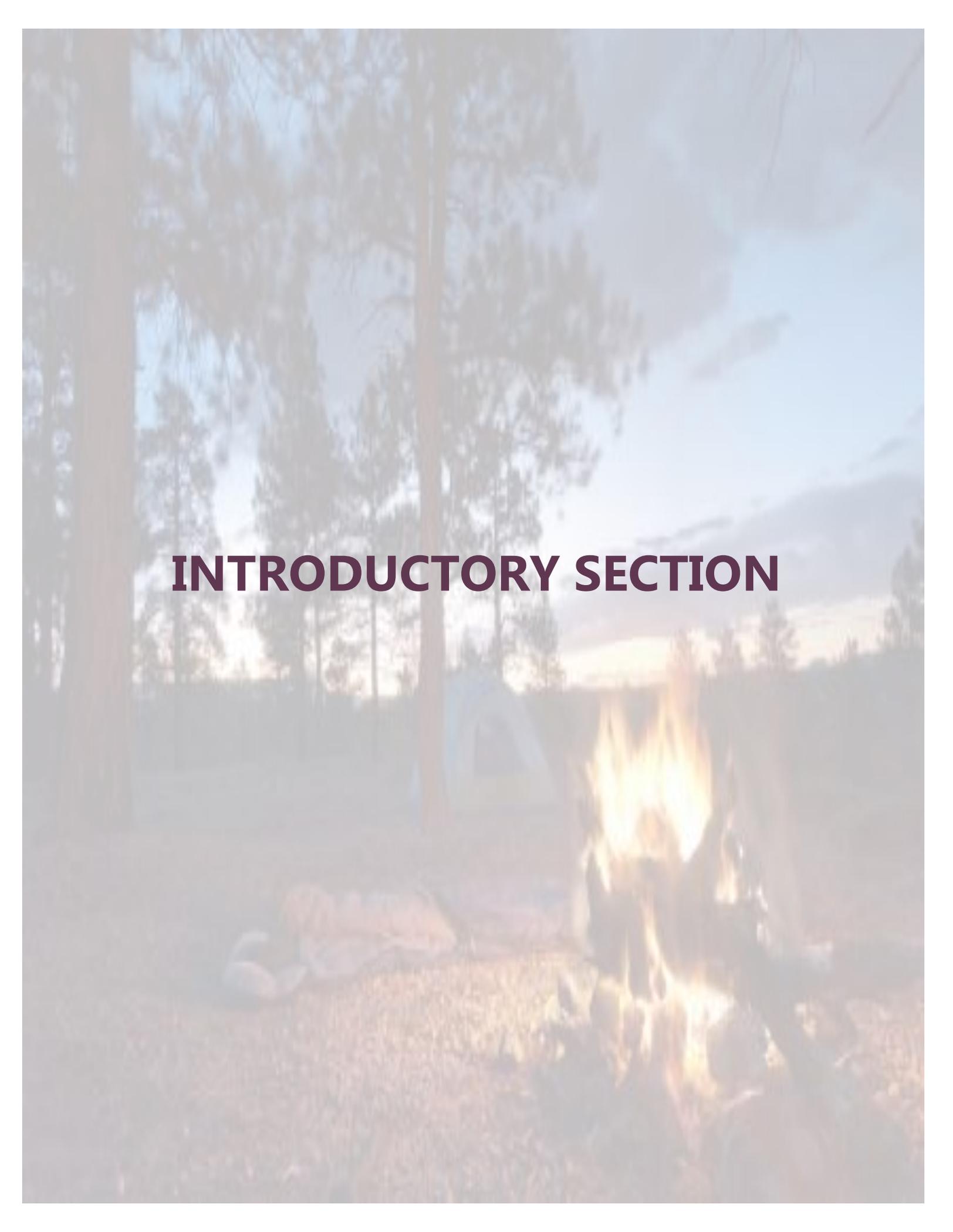
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INTRODUCTORY SECTION



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December 29, 2017

To the Honorable Mayor, Members of the Governing Council and Citizens of the City of Lake Elsinore:

We are pleased to submit the June 30, 2017 Comprehensive Annual Financial Report (CAFR) for the City of Lake Elsinore (City). This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances. Management assumes full responsibility for the completeness and reliability of the information presented and that it is reported in a manner that fairly presents the financial position and operations of the City. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect its assets and to compile sufficient reliable information to prepare the City's financial statement in conformity with GAAP.

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

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

Independent Audit

State statutes require an annual audit by independent certified public accountants. Lance, Soll, & Lunghard (LSL), LLP., a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Lake Elsinore's financial statements for the year ended June 30, 2017, are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

Reporting Standards

For reporting purposes, the City has adopted the provisions of GASB Statement No. 1, which established the authoritative status of the pronouncements of its predecessor, the National Council on Governmental Accounting (NCGA), and of the accounting and financial reporting guidance contained in the Industry Audit Guide, *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants. Through widespread acceptance, pronouncements of the NCGA, GASB and the AICPA through its Industry Audit Guide,

have long been acknowledged as the primary authoritative statements of GAAP applicable to state and local government.

Financial Reporting Entity

For financial reporting purposes, in conformance with the criteria of GASB "Defining the Governmental Reporting Entity," this report includes the operating statements and statements of financial position of the City of Lake Elsinore, the Lake Elsinore Public Financing Authority, the Lake Elsinore Recreation Authority, and the Facilities 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. They are therefore shown as blended Component Units. The Public Financing Authority, the Facilities Financing Authority, and the Recreation Authority are reported as Debt Service Funds.

Because of the dissolution of the Redevelopment Agency of the City of Lake Elsinore, the agency is not shown as a component unit of the City of Lake Elsinore's financial statements. The City, as the Successor Agency to the Redevelopment Agency, continues to carry out remaining activities of the Redevelopment Agency until activities are complete. Successor Agency trust information is disclosed in the notes to the financial statements (Note No. 18).

Profile of the City

The City of Lake Elsinore was incorporated in 1888 and is located in the Elsinore Valley, in Western Riverside County. The Elsinore Valley is centralized with about an hour to two hours' drive between major anchor cities such as San Diego, Los Angeles, Orange County, Palm Springs, and Big Bear. Serving a population of 62,092, the city limits fall on the Easterly shores of Lake Elsinore, the largest natural freshwater lake of Southern California. The City currently occupies 42 square miles with 5 square miles being water. Residents enjoy perfect climate, blue sky, clean air, world-famous thermal winds for aerial sports, water sports, and off-road motor sports. All of this is set against the spectacular Cleveland National Forest, providing opportunities for hiking, biking, bird watching or relaxing in the beauty that abounds in this outdoor recreation destination.

The City is incorporated as a general law city with a council/manager form of municipal government, which consists of five council members who are elected to four-year staggered terms. The mayor and mayor pro tem are honorary positions filled by council members for one-year terms. The Council is responsible for setting policy and approving actions to carry out the functions of municipal government. The City is empowered to levy property tax on real property located within the city limits. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

Termed the "*Action Sports Capital of the World*", management works to support sports on and around the lake. Centrally located within the city limits, lays out 3,000 surface acre recreational lake with campgrounds and boat launches where water sport players can play. Within the city limits, citizens and visitors can play at the: Lake Elsinore Motorsports Park, a motor-cross track for off-road riding and racing; Skylark Field Airport (CA89), an airport for skydiving and flying; and the Links at Summerly, an 18-hole golf course. Owned by the City, residents can visit our Diamond Stadium, a state-of-the-art baseball facility with the capacity of 14,000 spectators. Home base for the Storm Minor League Baseball Team, other events are held at the Stadium such as high school graduations for schools throughout the valley, music concerts, off-road vehicle races, and other various events.

Services Provided

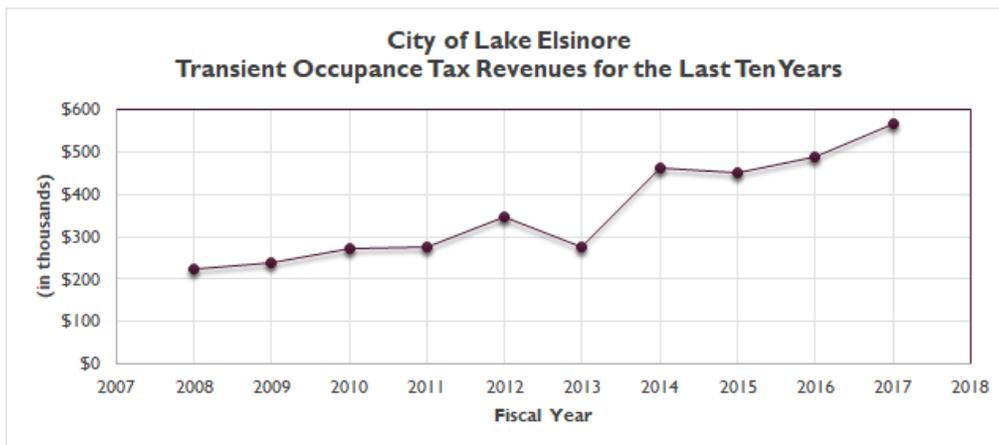
The City provides a range of municipal services for citizens throughout the community that include maintenance of 18 parks, fire prevention, animal services, planning and development, building inspections, licenses and permits, construction and maintenance of streets, right-of-way landscaping maintenance, traffic and street lighting, capital improvements, general administration, recreational services, cultural activities, and lake services. The City contracts with Riverside County for both Police and Fire services. The Lake Elsinore Unified School District provides 24 schools for 22,078 students within the city limits and sphere of influence areas. Water and sewer services are provided by the Elsinore Valley Municipal Water District.

Local Economy

The City offers easy access to major freeways, available industrial and commercial land, quality labor force of both skilled and semi-skilled workers, and an economic philosophy of assisting local businesses for future growth. The region's geographic location, competitive cost structure and sophisticated logistics facilitates one of the fastest growing communities in the area. The City's median age is 30.2 with a per capital personal income of \$19,099. This is a slight decrease from the prior year of \$19,375 with the unemployment rate at 6.5%, which is down from the prior year of 7.2%. The median housing price in the City is approximately \$345,000 which is a median increase of 4.55% from the prior year, while the statewide median is in the \$555,150 range.

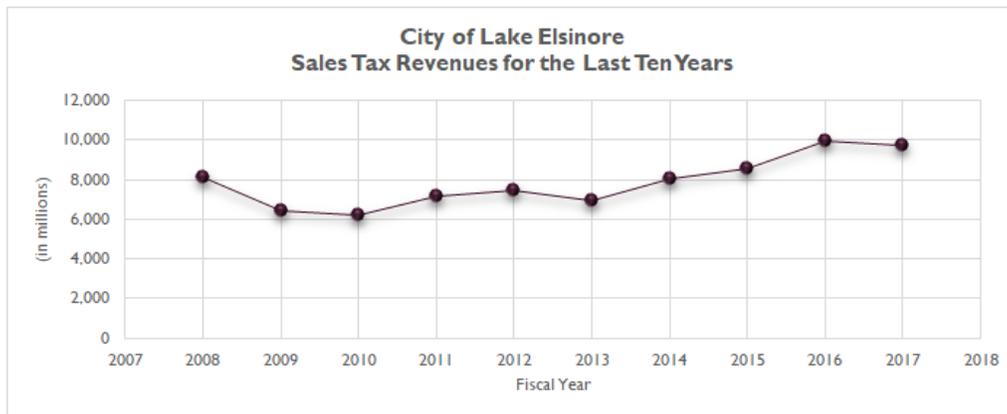
With the City's arena for varied sports activities and increased growth, the City experienced an increase of 16% in the transient occupancy tax (TOT) revenues for a total of \$565,961 for the fiscal year from \$487,423 of the prior year. The TOT revenue is the City's 10% tax received for short term rental properties such as (but not limited to) hotels, motels, RV parks and campgrounds.

Chart 1.



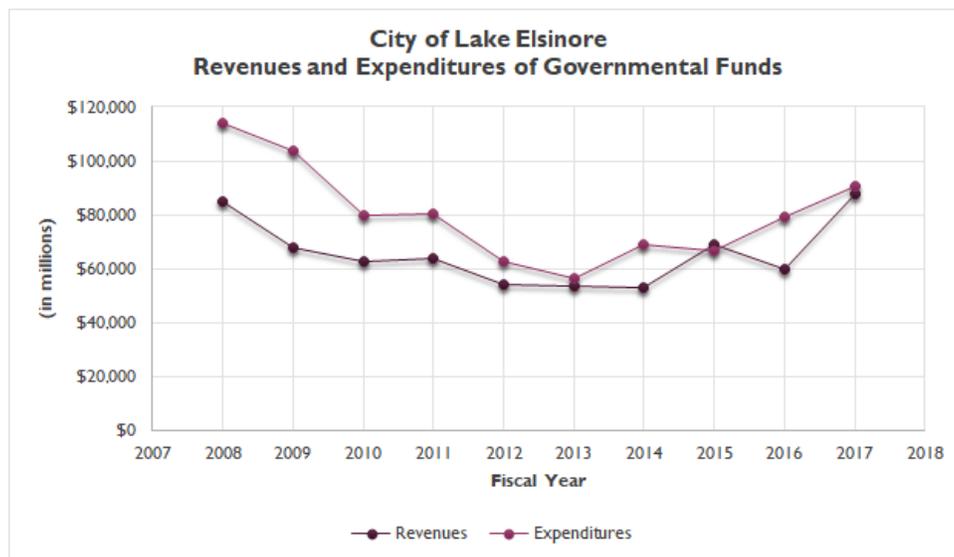
The City's Economic Development Department works with the Chamber of Commerce and the Visitor's Bureau in its effort to encourage the expansion and relocation of industries that generate local sales tax and employment opportunities. The City's sales tax revenue, the largest general fund revenue, experienced slight decrease of sales overall of 2%, which is largely due to the end of the Triple Flip program last year. The top producer business groups that contributed to this revenue source were general consumer goods in the lead, auto sales second, and restaurants and hotels third.

Chart 2.



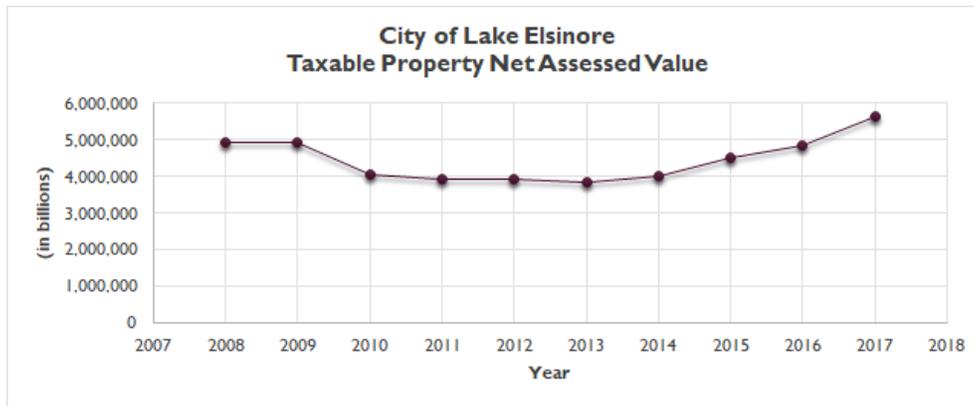
The City's net position continues to recover from losses experienced after the end of the 2008-2009 recession and local housing market drop. The chart below shows the dramatic losses and slow recovery to 2017 where revenues almost meet expenses. Not only does this reveal an improved local economy, but improved budgeting controls. Public Safety costs continue to increase each year and are the most costly of government programs funded.

Chart 3.



Taxable property values are on the upswing with only a little more than 1/3 built-out. The 2/3 of vacant land includes open frontage along California's Interstate 15 Highway available for commercial development. The chart below shows full recovery from the housing market drop of 2008 and constitutes a 7.4% increase.

Chart 4.



Vision Statement and Major Initiatives

The City Council's visionary statement guides Council and Staff's focus with Council's budgetary initiatives:

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

Council's "Dream Extreme" motto coupled with economic development will facilitate goals to becoming an ultimate lake destination. After all, we are the *Action Sports Capital of the World* where our residents and visitors can *Dream Extreme*. The City Council's budgetary and legislative priorities are updated annually and are included in the Operating Budget. With the vision statement of focus on the "lake" and "play," Council's directive includes building recreation facilities and supporting sport venues. Listed below are the Council's established strategic key initiatives.

- Public Safety
- Recreation
- Transportation
- Economic Development
- Image
- Education
- Services

Things to Come

Last fiscal year the City embarked on a capital improvement plan to transform the existing City owned La Laguna RV Resort and Campground. Located on the North shore of the Lake, the resort includes the recently constructed boat launch. The transformation is underway and when completed will create new amenities and renovation of the campground for use by the community, residents, and visitors. Improvements will include picnic and shade structures, activity areas, new campsites, RV hookups, RV storage, parking, concession stand, bait & tackle shop, new entryway, and administrative buildings. This year, an RV storage area has been installed, vintage trailers and constructed Yurts have been set-up, and are available to rent.

After the close of the 2017 fiscal year, 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 Artisan Alley have begun construction.

Budgetary Control and Accounting Basis

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and various Boards. Budgets are adopted for the General Fund, Special Revenue Funds, Assessment Districts, Internal Service Funds, and Capital Project Funds. The level of budgetary control is maintained at the expenditure object level for fixed assets.

Each fiscal year, the annual operating budget is proposed after a considerable review process in which staff and Council identify 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. The five-year revenue and expenditure projections are developed to identify future impacts of proposed staffing and program changes, as well as, the impact of capital improvement projects. The annual budget 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 that make the City the desirable place as our vision statement outlines. The annual budget is presented to Council for adoption at the start of each fiscal year. The budget is prepared by fund, function (e.g. community services), and department (e.g., recreation). Department heads may transfer funds within a department as they see fit. Transfers between departments; however, need special approval from the Council.

In developing and modifying the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets and the reliability of financial records and maintaining accountability of assets. To facilitate reporting, budgetary control is maintained through computer approval paths for all financial transactions of all funds as well as computer-generated reports. Capital Project expenditures are also controlled at the project level. Encumbrance accounting is utilized to assure effective budgetary control; purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end, and encumbrances outstanding at that time are reported as a reserve of fund balance for subsequent year expenditures.

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

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

Fund Descriptions

The various fund types used by the City and included in this report are listed below and a description of them is included in the Note's to the Financial Statements.

Fund Category	Fund Type
Government Funds	General Fund Special Revenue Funds Debt Service Funds Capital Project Fund Permanent Fund
Proprietary Funds	Internal Service Funds: Insurance Service Information Systems Services Support Service Fleet Service Facilities Service
Fiduciary Funds	Private-purpose Trust Funds Agency Funds

Cash Management

On an annual basis, the City reviews and adjusts its Investment Policy. The investment policies and practices of the City are, in every case, subject to and limited by applicable provisions of state law and to prudent money management principles. All funds are invested in accordance with the City's Investment Policy. The investment policy applies to all financial assets, except bond proceeds and retirement funds. Cash during the year was invested in State Local Agency Investment Fund and Government-backed securities throughout the year. PFM Asset Management, LLC, manages a portion of invested cash. The City's portfolio at the close of the fiscal year is shown below.

<u>Type of Security</u>	<u>% of Portfolio</u>	<u>% Permitted by Policy</u>
U.S. Treasury Bond/Note	17.18%	100%
Federal Agency Bond/Note	11.04%	100%
Municipal Bond/Note	0.41%	100%
Certificate of Deposit	7.06%	25%
Commercial Paper	0.72%	25%
Federal Agency CMO	0.78%	40%
Corporate Note	10.14%	30%
CAMP - Pooled Sweep Account	0.16%	100%
Local Agency Investment Fund	52.51%	100%

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

<u>Type of Security</u>	<u>Maximum Percentage</u>
U.S. Treasury Bills	Unlimited
U.S. Treasury Bond / Note	Unlimited
Municipal Bond / Note	Unlimited
Federal Agency Collateralized Mortgage Obligation	40%
Federal Agency Bond / Note	Unlimited *
Banker's Acceptance	40%
Certificates of Deposit	25%
Negotiable Certificates of Deposit	30%
Commercial Paper	25%
Corporate Note	30%
Repurchase Agreements	Unlimited
Reverse Repurchase Agreements	20% *
LAIF (Local Agency Investment Fund)	Unlimited
CAMP - Pooled Sweep Account	Unlimited

*No more than 40% in any one federal agency

*Investment in LAIF may not exceed \$65 million in each entity

Risk Management

The City is a member of the California Joint Powers Insurance Authority, which provides administration of the pooling of self-insured members funding. Through membership, the City receives coverage for liability, facility, automobile, and workers compensation protection. The Authority utilizes a staff of risk managers to assist member agencies in all aspects of coverage and safety issues. More information on this insurance is disclosed in the notes to the financial statements (Note No. 16).

Debt Administration

The City of Lake Elsinore, not including the component units, has no outstanding bond debt as of June 30, 2013. The City's Financing Authority, a joint powers authority between the City and Redevelopment Agency, was put in place to provide an economical and cost effective pool of funds to acquire authorized local public obligations. Certain bonds issued and sold through the Financing Authority were authorized under the Marks-Roos Local Bond Pooling Act of 1985.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, the government published a CAFR that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that provides the user with the financial information they need to assess the City's financial health. A Certificate of Achievement is valid for one year only and management believes that the

Honorable Mayor and City Council
December 29, 2017

current CAFR continues to meet the program's requirements; as a result, management has submitted the current CAFR for consideration of the award.

The preparation and development of this report would not have been possible without the special efforts of the entire Administrative Services Department. We wish to express gratitude to all those staff members of both the City and independent auditors who were associates with the preparation of this report. Additionally, we express our appreciation to the Finance Division staff for their dedicated service and contribution to the department during the fiscal year. Their efforts are reflected in this report and in other documents resulting from the annual financial management process. We would like to thank the City Manager, Mayor, City Council, and City Treasurer for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jason Simpson", with a stylized flourish extending to the right.

Jason Simpson
Assistant City Manager



Government Finance Officers Association

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

Presented to

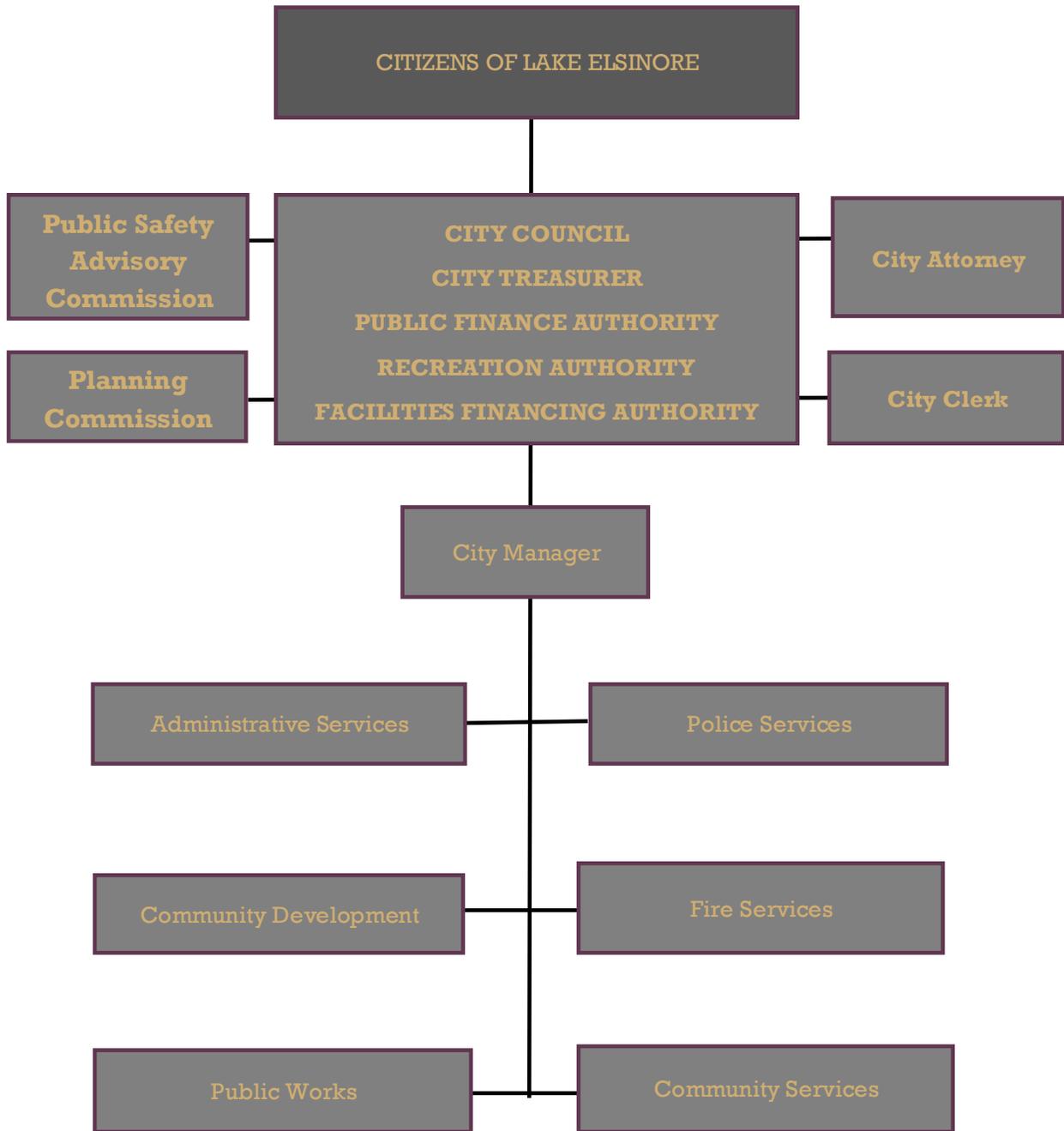
**City of Lake Elsinore
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

**CITY OF LAKE ELSINORE
ORGANIZATION CHART**



CITY OF LAKE ELSINORE DIRECTORY

ELECTED OFFICIALS

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

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

ADMINISTRATION

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

CAFR TEAM

Jason Simpson	Assistant City Manager
Shannon Buckley	Finance Manager
Nancy Lassey	Finance Administrator
Monica Fernandez	Accountant I
Andrew Zavala	Accountant I

*At December 31, 2017



FINANCIAL SECTION



TM

A photograph of a silver Airstream trailer parked in a desert-like setting at dusk. The trailer's interior lights are on, and its arched door is open. In the foreground, a campfire burns brightly in a metal fire pit. A black folding chair and a wooden log are also visible. The background features rugged mountains and a tall pine tree.

**INDEPENDENT AUDITOR'S
REPORT**



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Lake Elsinore, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Lake Elsinore, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Honorable Mayor and Members of the City Council
City of Lake Elsinore, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Elsinore, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and the Low and Moderate-Income Housing Fund, the schedule of proportionate share of net pension liability and the schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



CPAs AND ADVISORS

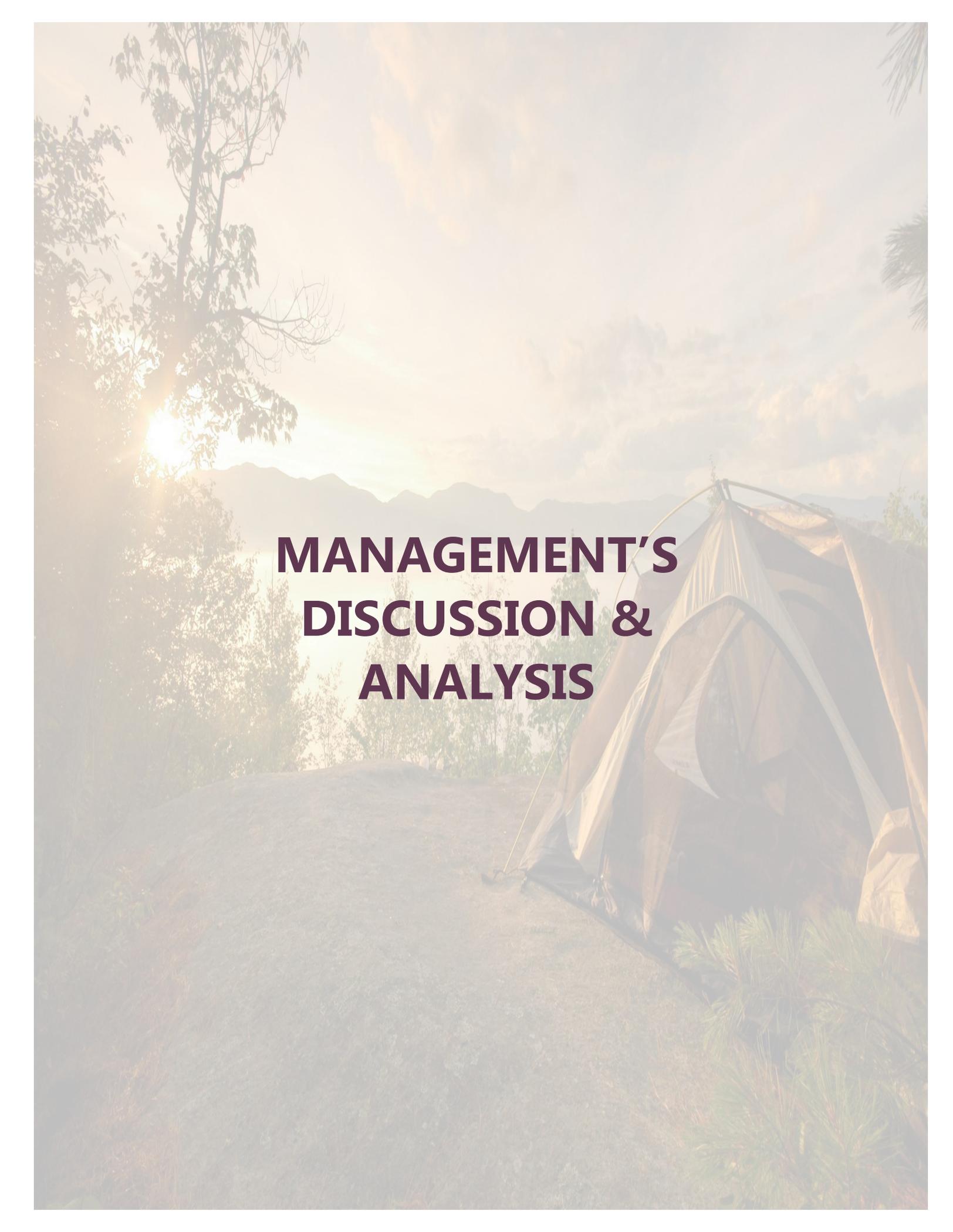
To the Honorable Mayor and Members of the City Council
City of Lake Elsinore, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 29, 2017

A scenic landscape featuring a tent pitched on a grassy hillside. In the background, there are mountains and a sunset with a bright sun partially obscured by trees on the left. The sky is filled with soft, golden light and scattered clouds. The overall mood is peaceful and serene.

MANAGEMENT'S DISCUSSION & ANALYSIS

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

As management of the City of Lake Elsinore (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which is in the introductory section already presented. This report is organized into three sections: introductory, financial, and statistical.

FINANCIAL HIGHLIGHTS

- The City's capital asset, net of depreciation, increased by \$9.2 million as a result of increased community parks, campground, and infrastructure improvements.
- Capital expenditures increased as a result of an increase in capital improvement project construction. This follows the City council's initiatives of transportation, economic development, image, and services.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11.5 million or 29% of total General Fund expenditures. City Council has designated 17.5% or \$2 million of the \$11.5 million for future contingencies.
- The City of Lake Elsinore's total long-term debt had a net increase of \$5.1 million during the current fiscal year. The net increase includes bond issuance for capital improvement reimbursements and the City's campground.
- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$225,036,484.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

Government-wide Financial Statements - Continued

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities, the Lake Elsinore Public Financing Authority and the Lake Elsinore Recreation Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lake Elsinore can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The basic governmental fund financial statements can be found on pages 16 - 19 of this report.

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

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

Governmental Funds - Continued

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

Proprietary funds. The City maintains various *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, information technology systems, support systems, fleet services, and facilities services. The basic proprietary fund financial statements can be found on pages 22 - 24 of this report.

Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The internal services funds are combined in a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 143 - 147 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Lake Elsinore's own programs. The accounting used for the fiduciary fund is much like that used by the proprietary funds, accrual basis of accounting. The basic fiduciary fund financial statements can be found on pages 25 - 26 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27 - 81 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found starting on pages 83 - 87 of this report. Immediately following the required supplementary information, the *supplementary schedules* present the governmental fund statements. Combining and individual fund statements and schedules can be found on pages 92 - 151 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$225 million at the close of the most recent fiscal year. For the City, 65.2% of the net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt

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

June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statements of Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and other assets	\$ 373,935,612	\$ 368,715,948
Capital assets	165,788,457	156,562,992
Total Assets	539,724,069	525,278,940
Total Deferred Outflows of Resources	6,689,410	5,149,726
Liabilities:		
Long-term debt outstanding	275,014,036	280,728,181
Other liabilities	45,971,505	38,851,639
Total Liabilities	320,985,541	319,579,820
Total Deferred Inflows of Resources	391,454	804,146
Net Position:		
Net investment in capital assets	146,735,654	145,170,561
Restricted	90,363,046	75,054,285
Unrestricted	(12,062,216)	(10,180,146)
Total Net Position	\$ 225,036,484	\$ 210,044,700

An additional portion of the City's net position, 40.2%, represents resources that are subject to external restrictions on how they may be used. The deficit balance of approximately (\$12) million is *unrestricted net position* reflect the fact that governmental activities raise resources based on when liabilities are expected to be paid, rather than when they are incurred. Most governments do not have sufficient current resources on hand to cover current and long-term liabilities. The deficit in and of itself should not be considered an economic or financial difficulty; however, it does measure how far the City has committed the government's future tax revenues for purposes other than capital acquisition.

The City's total net position increased by \$15 million primarily a result from an increase in capital assets through increased improvements of infrastructure and capital projects construction. The decrease in cash and investments is a result of increased capital improvement costs, which also resulted in increased capital depreciation. The most significant decrease in revenues was for operating grants and contributions which decreased by \$14.4 million; however, capital grants and contributions increased by \$24.4 million. Expenses in public safety increased by \$2.1 million because of increased costs for law enforcement and fire services, which are provided by the County of Riverside.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

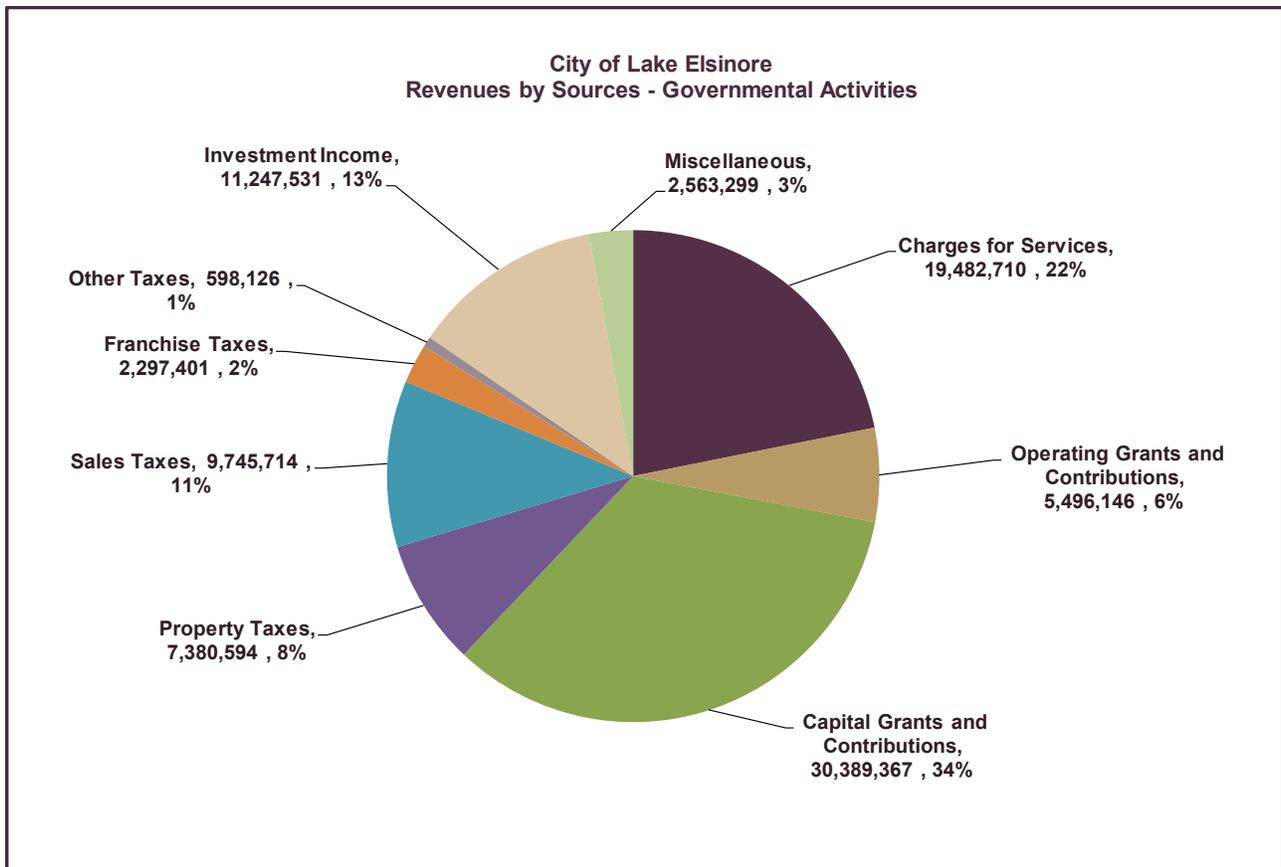
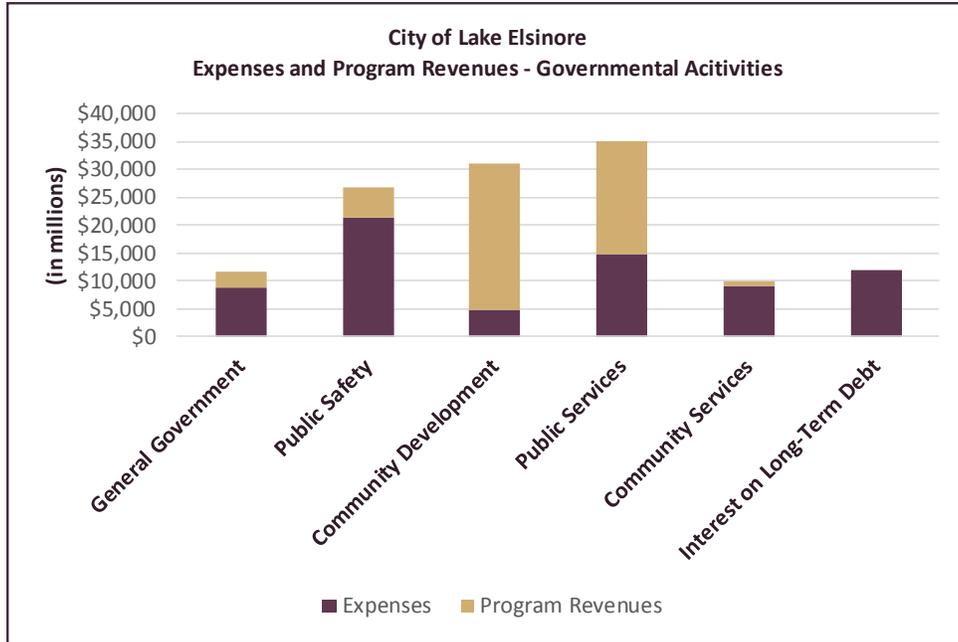
GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

**Condensed Statements of Revenues,
Expenses and Changes in Net Position**

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for services	\$ 19,482,710	\$ 13,272,053
Operating grants and contributions	5,496,146	19,883,338
Capital grants and contributions	30,389,367	5,901,491
General Revenues:		
Taxes:		
Property taxes	7,380,594	6,537,540
Sales taxes	9,745,714	9,939,637
Franchise taxes	2,297,401	2,423,707
Other taxes	598,126	838,364
Investment earnings	11,247,531	925,517
Miscellaneous	2,745,222	706,094
Total Revenues	89,382,811	60,427,741
Expenses:		
General government	8,904,130	6,477,776
Public safety	21,218,964	19,098,659
Community development	4,807,685	4,005,355
Public services	14,839,344	18,668,180
Community services	9,101,424	5,411,152
Interest on long-term debt	11,832,732	11,204,357
Total Expenses	70,704,279	64,865,479
Change in net Position	18,678,532	(4,437,738)
Net position at beginning of year	210,044,700	215,948,262
Restatement of Net Position	(3,686,748)	(1,465,824)
Net position at beginning of year, as restated	206,357,952	214,482,438
Net position at end of year	\$ 225,036,484	\$ 210,044,700

City of Lake Elsinore, California
Management's Discussion and Analysis
 June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued



City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$324.9 million, an increase of \$6.9 million in comparison with the prior year. Of the \$324.9 million ending fund balance, a net \$11.4 million, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable*, \$2.1 million; *restricted*, \$302.1 million; or *assigned*, \$9.3 million for particular purposes.

The General Fund is the chief operating fund of the City of Lake Elsinore. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.5 million, while total fund balance was \$12.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 29.04% of total General Fund expenditures, while total fund balance represents 31.80% of that same amount.

The fund balance of the City's General Fund increased by \$214,244 during the current fiscal year. The primary factor for this overall 7% increase is an increase from taxes, intergovernmental revenues, and charges for services.

For the major funds, the Public Financing Authority Debt Service Fund's restricted fund balance decreased by \$8.1 million as the result of the annual debt service retirements. The low and Moderate Income Housing Fund had a decrease of \$484,964 in fund balance from more program spending in community development than investment earnings. The Recreation Authority had a increase of \$612 in fund balance as a result of near match of inflows -v- outflows. For the major capital projects funds, the Assessment Districts Capital Project Fund had a decrease of fund balance by \$541,994 as a result of capital outlay for park other public improvements. For the Capital Improvement Plan Capital Project Fund, the increase of \$7.4 million was from amounts transferred and contributions that will be used on completing construction projects in 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original - versus - Final: The difference between the original budget and the final amended budget reflects \$708,192 net increase in appropriations. This reflects increases of \$776,692 for community developments, community services, public services, and non-departmental capital outlay as a means to match increased costs. Additionally, this reflects a decrease in the City Council's budget.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS - Continued

Revenue Variances: Taxes fell short of the final budgeted amount by \$97,785 a decrease of sales. Licenses, permits, and fees, were higher than budgeted by \$126,131 resulting from more permits issued than anticipated offset by decreased fines and forfeitures by \$89,057.

Expenditure Variances: General government expenditures were lower than the ending budgeted by \$248,630 resulting from an increase in costs for engineering, park maintenance, code enforcement and fire suppression services. Public safety, fire prevention, and animal services expenditures were less than the final budget by \$434,521 resulting from reduction of contracted services and close monitoring of spending. Community Development expenditures were less than budgeted by \$154,527 because more services were completed in-house rather than using a consultant. Community Services Department spending was less than budgeted due to less spending \$643,739. Finally, Public Services actuals were less than budgeted by \$186,183 because of a change in managing weed abatement and reducing over-time costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$165.8 million (net of accumulated depreciation), which is an increase by \$9.2 million from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City of Lake Elsinore's investment in capital assets for the current fiscal year was 6%. Major or notable capital asset events during the current fiscal year included the following:

- City-wide Street Improvements
- City-wide Curb & Gutter Improvements
- Yarborough Park Improvements
- Serenity Park Improvements
- Rosetta Canyon Sports Park
- Campground Rehabilitation
- Senior Center Rehabilitation
- Diamond Stadium Seating Replacement
- Gunnerson Avenue Repaving

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2016	2016
Land	\$ 2,914,048	\$ 2,926,422
Construction in progress	16,875,588	8,274,206
Buildings and structures	13,268,310	13,490,789
Improvements other than buildings	10,426,616	10,852,753
Machinery and equipment	521,576	531,587
Furniture and fixtures	74,113	144,300
Automotive equipment	1,134,574	1,238,451
Technology Equipment & Software	428,545	522,699
Infrastructure	<u>120,145,087</u>	<u>118,581,785</u>
Totals	<u>\$ 165,788,457</u>	<u>\$ 156,562,992</u>

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

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These issues include \$180 million of local agency revenue bonds, \$49.8 million of tax allocation bonds, \$12.1 million of revenue refunding bonds, \$7.2 of certificate of participation bonds, and \$11.1 million in other post-employment benefit (OPEB) obligation. Changes in long-term obligations resulted from the reduction of debt through principal and interest payments and an increase in the OPEB obligation, which resulted in a net increase of debt by \$2 million.

Outstanding Debt

	Governmental Activities	
	2017	2016
Local agency revenue bonds	\$ 180,030,000	\$ 185,235,000
Tax allocation bonds	42,490,000	44,705,000
Lease Revenue Bonds	10,330,000	-
Deferred amounts	10,419,105	10,699,833
Revenue refunding bonds	12,119,354	12,717,253
Certificate of participation bonds	7,420,593	7,644,938
Net pension liability	10,798,127	8,943,640
Other post-employment benefit obligation	11,167,454	10,009,953
Compensated absences	<u>1,037,530</u>	<u>772,564</u>
Totals	<u>\$ 285,812,163</u>	<u>\$ 280,728,181</u>

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

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

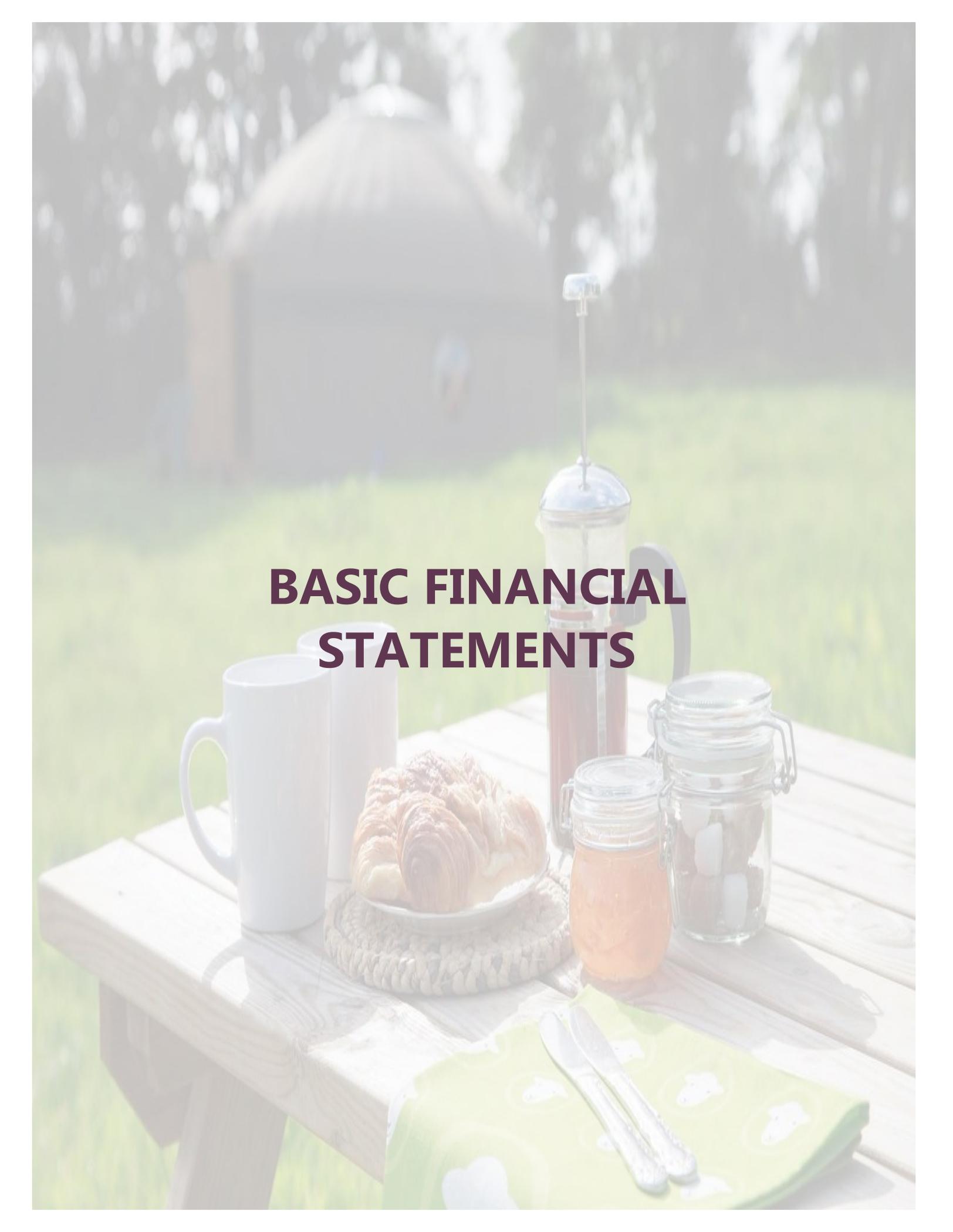
- Property taxes are estimated to increase slightly for the next fiscal year due to an assumed increase of assessed valuations as well as increased construction of new homes.
- Because of the City's marketing and economic development efforts retail sales taxes are anticipated to increase.
- Community facility district's (CFD) assessments are estimated to increase as a result of the increased annexations of developments. Some CFD revenues are earmarked for services such as law, fire, and paramedic that will offset the increased costs of those services. All new development must annex into these service type CFDs.

These factors were considered in preparing the City of Lake Elsinore's budget for fiscal year 2017-18.

REQUEST FOR INFORMATION

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



A photograph of a breakfast table set outdoors on a wooden table. The table features two white mugs, a plate of pastries on a woven mat, a tall glass carafe with a metal top, a jar of orange jam, and a jar of white sugar. A green napkin with a white pattern and silverware is also visible. The background shows a lush green lawn and a wooden structure with a thatched roof, all under a soft, overcast sky.

BASIC FINANCIAL STATEMENTS

CITY OF LAKE ELSINORE

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Cash and investments	\$ 54,471,877
Receivables:	
Accounts	1,366,642
Notes and loans	74,951,796
Accrued interest	14,619,745
Prepaid costs	1,069,295
Due from other governments	2,616,497
Land held for resale	995,783
Restricted assets:	
Cash with fiscal agent	37,626,919
Investment in bonds	186,217,058
Capital assets not being depreciated	19,789,636
Capital assets, net of depreciation	145,998,821
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Total Assets	539,724,069
	<hr/>
Deferred Outflows of Resources:	
Deferred charge on refunding	2,665,065
Pension related items	4,024,345
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Total Deferred Outflows of Resources	6,689,410
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Liabilities:	
Accounts payable	6,806,042
Accrued liabilities	934,488
Accrued interest	3,745,486
Unearned revenue	15,046
Deposits payable	23,666,506
Due to other governments	5,810
Noncurrent liabilities:	
Due within one year	9,038,753
Due in more than one year	254,807,829
Net OPEB liability	11,167,454
Net pension liability	10,798,127
	<hr/>
Total Liabilities	320,985,541
	<hr/>
Deferred Inflows of Resources:	
Pension related items	391,454
	<hr/>
Total Deferred Inflows of Resources	391,454
	<hr/>
Net Position:	
Net investment in capital assets	146,735,654
Restricted for:	
Public works	11,707,895
Debt service	8,266,714
Low & moderate income housing	54,220,395
Public facilities & improvements	15,057,470
Lighting & landscape maintenance	768,056
Development	313,542
Other purposes	28,974
Unrestricted	(12,062,216)
	<hr/>
Total Net Position	\$ 225,036,484
	<hr/>

CITY OF LAKE ELSINORE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Governmental Activities:				
General government	\$ 8,904,130	\$ 1,726,741	\$ 1,021,812	\$ -
Public safety	21,218,964	2,665,603	2,768,054	-
Community development	4,807,685	8,727,675	289,759	17,202,554
Community services	9,101,424	858,119	53,235	-
Public services	14,839,344	5,504,572	1,363,286	13,186,813
Interest on long-term debt	11,832,732	-	-	-
Total Governmental Activities	70,704,279	19,482,710	5,496,146	30,389,367
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				7,380,594
Sales taxes				9,745,714
Franchise taxes				2,297,401
Other taxes				598,126
Use of money and property				11,247,531
Miscellaneous				2,563,299
Transfers				181,923
Total General Revenues and Transfers				34,014,588
Change in Net Position				18,678,532
Net Position at Beginning of Year				210,044,700
Restatement of Net Position				(3,686,748)
Net Position at End of Year				\$ 225,036,484

CITY OF LAKE ELSINORE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	Special Revenue Funds	Capital Projects Funds	
		<u>Low and Moderate Income Housing</u>	<u>Assessment Districts</u>	<u>Capital Improvement Plan</u>
Assets:				
Pooled cash and investments	\$ 13,698,531	\$ 11,330,997	\$ 126,253	\$ 8,531,490
Receivables:				
Accounts	872,895	9,770	-	286,000
Notes and loans	1,000,000	31,273,186	-	-
Accrued interest	263,151	10,796,935	135	33,421
Prepaid costs	96,846	-	-	-
Due from other governments	1,845,341	-	-	-
Due from other funds	319,325	-	-	-
Land held for resale	-	768,369	-	45,491
Restricted assets:				
Cash and investments with fiscal agents	-	-	304,421	-
Investment in bonds	-	-	-	-
Total Assets	\$ 18,096,089	\$ 54,179,257	\$ 430,809	\$ 8,896,402
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,106,568	\$ 1,594,559	\$ -	\$ 558,113
Accrued liabilities	917,199	-	-	-
Unearned revenues	15,046	-	-	-
Deposits payable	-	-	-	-
Due to other governments	5,810	-	-	-
Due to other funds	62,561	-	-	-
Total Liabilities	5,107,184	1,594,559	-	558,113
Deferred Inflows of Resources:				
Unavailable revenues	379,752	10,772,113	-	45,491
Total Deferred Inflows of Resources	379,752	10,772,113	-	45,491
Fund Balances:				
Nonspendable	1,096,846	-	-	-
Restricted	-	41,812,585	430,809	-
Assigned	-	-	-	8,292,798
Unassigned	11,512,307	-	-	-
Total Fund Balances	12,609,153	41,812,585	430,809	8,292,798
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,096,089	\$ 54,179,257	\$ 430,809	\$ 8,896,402

CITY OF LAKE ELSINORE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Debt Service Funds</u>			<u>Total Governmental Funds</u>
	<u>Public Financing Authority</u>	<u>Recreation Authority</u>	<u>Other Governmental Funds</u>	
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 18,629,083	\$ 52,316,354
Receivables:				
Accounts	-	-	196,977	1,365,642
Notes and loans	42,490,000	-	188,610	74,951,796
Accrued interest	7,771	770	76,479	11,178,662
Prepaid costs	14,091	82,224	76,190	269,351
Due from other governments	-	-	771,156	2,616,497
Due from other funds	-	-	62,561	381,886
Land held for resale	-	-	181,923	995,783
Restricted assets:				
Cash and investments with fiscal agents	22,084,249	1,729,811	13,508,438	37,626,919
Investment in bonds	186,217,058	-	-	186,217,058
Total Assets	<u>\$ 250,813,169</u>	<u>\$ 1,812,805</u>	<u>\$ 33,691,417</u>	<u>\$ 367,919,948</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 279,113	\$ 6,538,353
Accrued liabilities	-	-	-	917,199
Unearned revenues	-	-	-	15,046
Deposits payable	21,920,374	-	1,746,132	23,666,506
Due to other governments	-	-	-	5,810
Due to other funds	-	-	319,325	381,886
Total Liabilities	<u>21,920,374</u>	<u>-</u>	<u>2,344,570</u>	<u>31,524,800</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	280,230	11,477,586
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>280,230</u>	<u>11,477,586</u>
Fund Balances:				
Nonspendable	-	-	979,130	2,075,976
Restricted	228,892,795	1,812,805	29,161,939	302,110,933
Assigned	-	-	1,020,484	9,313,282
Unassigned	-	-	(94,936)	11,417,371
Total Fund Balances	<u>228,892,795</u>	<u>1,812,805</u>	<u>31,066,617</u>	<u>324,917,562</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 250,813,169</u>	<u>\$ 1,812,805</u>	<u>\$ 33,691,417</u>	<u>\$ 367,919,948</u>

CITY OF LAKE ELSINORE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Fund balances of governmental funds		\$ 324,917,562
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		165,171,105
Long-term debt, compensated absences and total net pension liability are not included in the governmental fund activity:		
Bonds payable	\$ (252,215,000)	
Unamortized bond premiums/discounts	(10,594,052)	
Deferred charges on refunding	2,665,065	
Net pension liability	(9,934,277)	
Compensated Absences	<u>(1,037,530)</u>	(271,115,794)
Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period		
Pension related deferred outflows of resources		3,631,677
Pension related deferred inflows of resources		(360,137)
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds		3,434,551
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(11,167,454)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(3,745,486)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		11,477,586
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>2,792,874</u>
Net Position of governmental activities		<u><u>\$ 225,036,484</u></u>

CITY OF LAKE ELSINORE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Special Revenue Funds	Capital Projects Funds	
		Low and Moderate Income Housing	Assessment Districts	Capital Improvement Plan
Revenues:				
Taxes	\$ 20,077,953	\$ -	\$ -	\$ -
Special assessments	10,648	-	-	-
Licenses and permits	4,045,758	-	-	-
Intergovernmental	4,960,104	-	-	-
Charges for services	2,826,491	-	-	-
Investment earnings	7,712	5,280	(1,351)	17,115
Fines and forfeitures	653,023	-	-	-
Contributions	-	-	17,202,554	11,178,085
Miscellaneous	6,375,569	-	-	192,706
Total Revenues	38,957,258	5,280	17,201,203	11,387,906
Expenditures:				
Current:				
General government	5,510,745	-	-	-
Public safety	20,751,331	-	-	-
Community development	3,832,944	490,244	-	-
Community services	3,233,169	-	-	-
Public services	6,221,890	-	6,106,208	-
Capital outlay	95,824	-	9,740,602	10,509,978
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	39,645,903	490,244	15,846,810	10,509,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	(688,645)	(484,964)	1,354,393	877,928
Other Financing Sources (Uses):				
Transfers in	3,346,147	-	-	6,532,762
Transfers out	(2,443,258)	-	(1,896,387)	-
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	902,889	-	(1,896,387)	6,532,762
Net Change in Fund Balances	214,244	(484,964)	(541,994)	7,410,690
Fund Balances, Beginning of Year	12,394,909	42,297,549	972,803	882,108
Fund Balances, End of Year	\$ 12,609,153	\$ 41,812,585	\$ 430,809	\$ 8,292,798

CITY OF LAKE ELSINORE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Debt Service Funds			Total Governmental Funds
	Public Financing Authority	Recreation Authority	Other Governmental Funds	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 20,077,953
Special assessments	-	-	1,780,293	1,790,941
Licenses and permits	-	-	3,419,716	7,465,474
Intergovernmental	-	-	1,886,021	6,846,125
Charges for services	-	-	-	2,826,491
Investment earnings	10,315,225	3,774	63,010	10,410,765
Fines and forfeitures	-	-	1,636,334	2,289,357
Contributions	-	-	959,130	29,339,769
Miscellaneous	-	-	62,010	6,630,285
Total Revenues	10,315,225	3,774	9,806,514	87,677,160
Expenditures:				
Current:				
General government	514,901	3,162	316,690	6,345,498
Public safety	-	-	-	20,751,331
Community development	-	-	71,838	4,395,026
Community services	-	-	730,364	3,963,533
Public services	-	-	1,640,935	13,969,033
Capital outlay	-	-	895,057	21,241,461
Debt service:				
Principal retirement	7,420,000	600,000	295,000	8,315,000
Interest and fiscal charges	10,536,959	529,700	731,060	11,797,719
Total Expenditures	18,471,860	1,132,862	4,680,944	90,778,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,156,635)	(1,129,088)	5,125,570	(3,101,441)
Other Financing Sources (Uses):				
Transfers in	-	1,129,700	13,475,334	24,483,943
Transfers out	-	-	(20,462,375)	(24,802,020)
Debt issued	-	-	10,410,000	10,410,000
Total Other Financing Sources (Uses)	-	1,129,700	3,422,959	10,091,923
Net Change in Fund Balances	(8,156,635)	612	8,548,529	6,990,482
Fund Balances, Beginning of Year	237,049,430	1,812,193	22,518,088	317,927,080
Fund Balances, End of Year	\$ 228,892,795	\$ 1,812,805	\$ 31,066,617	\$ 324,917,562

CITY OF LAKE ELSINORE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds \$ 6,990,482

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 20,411,922	
Depreciation	(7,124,422)	
Contributed capital assets	489,463	
Gain/(loss) on sale of capital assets	<u>(1,090,980)</u>	12,685,983

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	8,315,000	
Bond proceeds	(10,410,000)	
Amortization of bond premiums/discounts	<u>32,220</u>	(2,062,780)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 40,278

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (264,966)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (1,157,501)

Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position. 946,880

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 921,134

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 579,022

Change in net position of governmental activities \$ 18,678,532

CITY OF LAKE ELSINORE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

	<u>Governmental Activities- Internal Service Funds</u>
Assets:	
Current:	
Cash and cash equivalents	\$ 2,155,523
Receivables:	
Accounts	1,000
Accrued interest	6,532
Prepaid costs	<u>799,944</u>
Total Current Assets	<u>2,962,999</u>
Noncurrent:	
Capital assets - net of accumulated depreciation	<u>617,352</u>
Total Noncurrent Assets	<u>617,352</u>
Total Assets	<u>3,580,351</u>
Deferred Outflows of Resources:	
Pension Related Items	<u>392,668</u>
Total Deferred Outflows of Resources	<u>392,668</u>
Liabilities:	
Current:	
Accounts payable	267,689
Accrued liabilities	<u>17,289</u>
Total Current Liabilities	<u>284,978</u>
Noncurrent:	
Net pension liability	<u>863,850</u>
Total Noncurrent Liabilities	<u>863,850</u>
Total Liabilities	<u>1,148,828</u>
Deferred Inflows of Resources:	
Pension Related Items	<u>31,317</u>
Total Deferred Inflows of Resources	<u>31,317</u>
Net Position:	
Net investment in capital assets	617,352
Unrestricted	<u>2,175,522</u>
Total Net Position	<u>\$ 2,792,874</u>

CITY OF LAKE ELSINORE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 3,115,034
Miscellaneous	12,060
	<hr/>
Total Operating Revenues	3,127,094
	<hr/>
Operating Expenses:	
Personnel Services	1,423,707
Contractual Services	338,600
Utilities	198,840
Maintenance and Operation	805,664
Depreciation expense	84,386
Insurance	475,841
	<hr/>
Total Operating Expenses	3,327,038
	<hr/>
Operating Income (Loss)	(199,944)
	<hr/>
Nonoperating Revenues (Expenses):	
Interest revenue	5,620
Gain on disposal of capital assets	273,346
	<hr/>
Total Nonoperating Revenues (Expenses)	278,966
	<hr/>
Income (Loss) Before Transfers	79,022
	<hr/>
Transfers in	500,000
	<hr/>
Changes in Net Position	579,022
	<hr/>
Net Position:	
Beginning of Year	2,213,852
	<hr/>
End of Fiscal Year	\$ 2,792,874
	<hr/> <hr/>

CITY OF LAKE ELSINORE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 3,127,375
Cash paid to suppliers for goods and services	(1,931,696)
Cash paid to employees for services	(830,416)
	<hr/>
Net Cash Provided (Used) by Operating Activities	365,263
	<hr/>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	500,000
	<hr/>
Net Cash Provided (Used) by Non-Capital Financing Activities	500,000
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(37,269)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(37,269)
	<hr/>
Cash Flows from Investing Activities:	
Interest received	105
	<hr/>
Net Cash Provided (Used) by Investing Activities	105
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	828,099
	<hr/>
Cash and Cash Equivalents at Beginning of Year	1,327,424
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 2,155,523
	<hr/>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (199,944)
	<hr/>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	84,386
(Increase) decrease in accounts receivable	281
(Increase) decrease in deferred outflows from pensions	(301,928)
(Increase) decrease in prepaid expense	(333,409)
Increase (decrease) in accounts payable	215,422
Increase (decrease) in accrued liabilities	5,288
Increase (decrease) in net pension liability	863,850
Increase (decrease) in deferred inflows from pensions	31,317
	<hr/>
Total Adjustments	565,207
	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 365,263
	<hr/>

CITY OF LAKE ELSINORE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund Successor Agency Private- Purpose Trust Fund</u>
Assets:		
Pooled cash and investments	\$ 20,750,607	\$ 12,590,604
Receivables:		
Accounts	-	810
Accrued interest	43,856	46,123
Prepaid costs	-	77,205
Due from other governments	329,923	-
Land held for resale	-	6,039,993
Deferred charges	-	986,284
Restricted assets:		
Cash and investments with fiscal agents	4,454,341	35
Capital assets:		
Capital assets, not being depreciated	-	2,004,419
Capital assets, net of accumulated depreciation	-	11,832,992
Deposits with Other Agencies	17,255,828	4,664,546
Total Assets	<u>\$ 42,834,555</u>	<u>\$ 38,243,011</u>
Liabilities:		
Accounts payable	\$ 87,744	\$ 83,895
Accrued interest	-	704,006
Deposits payable	2,890,669	-
Due to other governments	3,511,332	-
Long-term liabilities:		
Due in one year	-	2,995,000
Due in more than one year	-	8,259,302
Due to Bondholders	36,344,810	-
Loans payable	-	69,393,973
Total Liabilities	<u>\$ 42,834,555</u>	<u>\$ 81,436,176</u>
Net Position:		
Held in trust for other purposes		\$ (43,193,165)
Total Net Position		<u>\$ (43,193,165)</u>

CITY OF LAKE ELSINORE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2017

	<u>Private-Purpose Trust Fund Successor Agency Private- Purpose Trust</u>
Additions:	
Taxes	\$ 11,252,897
Investment earnings	(49,204)
Miscellaneous	<u>171,575</u>
Total Additions	<u>11,375,268</u>
Deductions:	
Contractual services	3,201,414
Interest expense	2,690,455
Depreciation expense	748,585
Contributions to other governments	<u>293,386</u>
Total Deductions	<u>6,933,840</u>
Changes in Net Position	4,441,428
Net Position - Beginning of the Year	<u>(47,634,593)</u>
Net Position - End of the Year	<u>\$ (43,193,165)</u>

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

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

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

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

Based upon the application of these criteria, an agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30, 2017 year end. All the component units are blended in these financial statements. The governing bodies of these component units are comprised of the City Council and the services they provide almost exclusively benefits the City of Lake Elsinore. A component unit financial statement for each component unit previously described may be obtained at 130 S. Main Street, Lake Elsinore, California 92530. The following is a brief review of each component unit included in the primary government's reporting entity.

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

The Lake Elsinore Recreation Authority – The "Recreation Authority" is a joint exercise of powers between the City and the Lake Elsinore Redevelopment Agency created by a joint powers agreement dated December 1, 1996. The purpose of the Recreation Authority is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenues bonds are to be repaid solely from the revenues of certain public obligations. The Recreation Authority does not have taxing power. The City Council also acts as the governing body of the Recreation Authority. The Recreation Authority's activities are blended with those of the City in these financial statements and are reported as a debt service fund. On February 1, 2012, the Lake Elsinore Redevelopment Agency was dissolved and the City became the Successor Agency to the Lake Elsinore Redevelopment Agency.

The Lake Elsinore Facilities Financing Authority – On September 13, 2016 City Council formed the Lake Elsinore Facilities Financing Authority which is a joint powers agreement between the City and the Lake Elsinore Parking Authority to issue lease revenue bonds. The use of lease revenue bonds is a financing pool to fund general infrastructure and 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. The City Council also acts as the governing body of the Facilities Financing Authority. The Facilities Financing Authority activities are blended with those of the City in these financial statements and are reported as a debt service fund.

b. Basis of Presentation

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

Separate financial statements for the government's governmental funds, proprietary funds and fiduciary funds are presented after the government-wide financial

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

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The City reports the following major governmental funds:

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

The Low and Moderate-Income Housing Special Revenue Fund is used to account for revenues and expenditures associated with the low and moderate-income projects. Expenditures for this fund are restricted to low and moderate-income housing projects.

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

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

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

The Capital Improvement Plan Capital Project Fund is used to account for capital improvement plan projects, financed by grants, resources from other funds and miscellaneous revenues.

Additionally, the City reports the following fund types:

The Internal Service Funds are used to account for goods or services provided by one department to other departments on a cost-reimbursement basis.

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

The Agency Funds are used to account for special assessments and taxes received by the City as an agent for individuals, other governments and other entities used to pay interest, principal, and services on community facilities and assessment district bonds.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

d. Encumbrances

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

e. Investments

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

f. Employee Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation, sick, holiday benefits and compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement. The amount recorded in accordance with GASB No. Statement 16 at June 30, 2017 was \$1,037,530.

g. Inter-fund Activity

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

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

h. Risk Management

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

i. Capital Assets

Capital assets, which include land, structures, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of 2 years or more. Infrastructure is capitalized if cost is in excess of \$50,000 and it has an expected useful life of 2 years or more. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings and structures	40
Improvements Other Than Buildings	25
Machinery and Equipment	5-8
Furniture and Fixtures	5-7
Automotive Equipment	5-15
Infrastructure	35-100

j. Property Tax Revenue

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

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

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

k. Miscellaneous Revenues

Included in miscellaneous revenues for the governmental funds is \$2,599,314 of fire service tax credits, \$3,236,579 reimbursement revenues and \$794,392 other revenues. Miscellaneous revenues for the Statement of Activities include \$1,796,060 reimbursed revenues and \$767,239 other revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunding debt. The City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 12), which are amortized by an actuarial determined period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from interest on loans and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. These amounts (see Note 12) are amortized by an actuarial determined period.

m. Use of Estimates

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

n. Budgetary information

The following funds did not have legally adopted budgets during the current fiscal year:

Other Governmental Funds

- Cost Recovery System
- Pedestrian Sidewalk
- TUMF
- Street Lighting
- Facilities Construction
- Facilities Financing Authority
- Endowment Trust – Carl Graves

The following funds had a deficit fund balance at June 30, 2017. These deficits are expected to be eliminated through future revenues and transfers.

	<u>Amount</u>
Other Governmental Funds:	
TUMF - Special Revenue Fund	\$ 94,936

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

Fund	Expenditures	Appropriations	Excess
Major Governmental Funds:			
General Fund:			
General Government			
City Attorney	\$ 587,649	\$ 500,000	\$ 87,649
City Manager	789,165	758,121	31,044
Public Safety			
Suppression - Contracted	7,938,614	7,597,637	340,977
Community Development			
Code Enforcement/Graffiti	764,065	745,926	18,139
Economic Development	443,954	440,896	3,058
Public works			
Engineering	1,919,099	1,799,224	119,875
Park Maintenance	2,075,010	2,041,631	33,379
Capital Outlay	95,824	-	95,824
Transfers Out	2,443,258	1,387,100	1,056,158
Low and Moderate Income Housing			
Community Development	490,244	181,000	309,244
Other Governmental Funds:			
Supplemental Law Enforcement Service			
Transfer Out	129,324	100,000	29,324
Gas Tax			
Transfer Out	908,848	850,760	58,088
Developer Agreement Revenue/Trust			
General Government	292,181	-	292,181
Transfer Out	815,235	730,000	85,235
Miscellaneous General Project			
Transfer Out	2,280,613	-	2,280,613
Public Improvement In-Lieu			
Transfer Out	158,431	-	158,431
Road Improvement Program Fund			
Transfer Out	282,865	-	282,865
Public Financing Authority			
General Government	514,901	-	514,901

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments

The City had the following cash and investments at June 30:

	Fair Value 2017
Statement of Net Position:	
Cash and investments	\$ 54,471,877
Restricted Cash with fiscal agent	223,843,977
Statement of Fiduciary Net Position	
Cash and investments	33,341,211
Restricted Cash and Investments with Fiscal Agent	4,454,376
Total Cash and Investments	<u>\$ 316,111,441</u>

Cash and investments consist of the following:

Petty Cash	\$ 1,300
Deposits in Financial Institution	2,093,738
Investments	314,016,403
Total Cash and Investments	<u>\$ 316,111,441</u>

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
US Treasury Obligations	5 years	None	None
US Government Sponsored Agency Securities	5 years	None	40%
State and Local Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Insured or Collateralized Time Certificate of Deposits	5 years	None	5%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	30 days	None	5%
Reverse Repurchase Agreements	92 days	10%	5%
Medium-Term Corporate Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	None	\$65,000,000
California Asset Management Program (CAMP)	N/A	None	5%
Money Market Fund	N/A	20%	5%
Supranational	5 years	30%	5%

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

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

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

Investment Type	6 Months or Less	Investment Maturities (in Years)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Local Agency Investment Fund	\$ 44,946,103	\$ 44,946,103	\$ -	\$ -	\$ -
Corporate Notes	8,683,046	1,194,604	1,306,154	6,182,288	-
Federal Agency Securities	10,041,229	171,837	1,368,662	8,500,730	-
U.S. Treasury Notes	14,600,249	-	-	14,600,249	-
Municipal Bonds	350,567	125,524	225,043	-	-
Certificates of Deposits	6,337,594	2,604,918	3,732,676	-	-
California Asset Management Program Pool (CAMP)	135,078	135,078	-	-	-
Commercial Paper	624,186	624,186	-	-	-
Investments with Fiscal Agents:	-	-	-	-	-
Money Market Funds	42,081,293	42,081,293	-	-	-
Local Obligation Bonds	186,217,058	186,217,058	-	-	-
Total	\$ 314,016,403	\$ 278,100,601	\$ 6,632,535	\$ 29,283,267	\$ -

Disclosures Relating to Credit Risk

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

		Minimum Legal Rating	AAA	AA+	Other	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 44,946,103	N/A	\$ -	\$ -	\$ -	\$ 44,946,103	\$ -
Corporate Notes	8,683,046	AA	401,019	418,478	7,863,549	-	-
Federal Agency Securities	10,041,229	N/A	-	10,041,229	-	-	-
US Treasury Notes	14,600,249	N/A	-	-	-	-	14,600,249
Municipal Bonds	350,567		-	-	350,567	-	-
Certificate of Deposit	6,337,594		-	-	6,337,594	-	-
California Asset Management Program Pool (CAMP)	135,078	N/A	135,078	-	-	-	-
Commercial Paper	624,186	A-1	-	-	624,186	-	-
Held by Bond Trustee:							
Money Market Mutual Funds	42,081,293		42,081,293	-	-	-	-
Local Obligation Bonds	186,217,058		-	-	-	186,217,058	-
Total	<u>\$ 314,016,403</u>		<u>\$ 42,617,390</u>	<u>\$ 10,459,707</u>	<u>\$ 15,175,896</u>	<u>\$ 231,163,161</u>	<u>\$ 14,600,249</u>

The ratings for the other above are as follows:

Other:	
AA	\$ 403,802
AA-	4,503,401
A-1+	775,569
A-1	624,186
A+	4,337,818
A	2,146,567
A-	1,427,222
BBB+	957,331
	<u>\$ 15,175,896</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
CFD 2003-2 Special Tax Bonds, 2014 Series B (Improvement Area A and C)	Local Obligation Bonds	17,898,976
CFD 2003-2 Special Tax Bonds, 2015 Series (Improvement Area B)	Local Obligation Bonds	27,318,051
CFD 2004-3-1 Special Tax Bonds, 2015 Series (Improvement Area 1)	Local Obligation Bonds	21,626,791
CFD 2004-3-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	Local Obligation Bonds	23,903,295
CFD 2005-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	Local Obligation Bonds	21,626,791

Custodial Credit Risk

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2017, \$3,019,683 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Local Agency Investment Fund

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Authority may invest up to \$65,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2017 was 0.98%. The carrying value and estimated market value of the LAIF Pool at June 30, 2017 was \$77,559,119,071 and \$77,539,216,146, respectively. The City's share of the Pool at June 30, 2017 was approximately 0.0579 percent.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$825,000,000 and asset-backed securities totaling \$1,419,481,000. LAIF's and the Authority's exposure to risk (credit, market or legal) is not currently available.

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

Investment in California Asset Management Program

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

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

Investment in Bonds

The Lake Elsinore Public Financing Authority has purchased various Assessment District (AD) and Community Facilities District (CFD) bonds from the proceeds of revenue bonds issued by the Authority to facilitate the respective bond issues of the Districts. The CFD and Assessment District Bonds are secured solely by assessments on property owners within the Districts. The repayment schedules of the bonds, and interest thereon, to the Authority are concurrent and sufficient to satisfy the debt service requirements of the respective Authority revenue bonds.

Investment Type	Fair Value
AD 93-1 Refunding Improvement Bonds, 2012 Series A	\$ 12,970,170
CFD 2005-5 Special Tax Bonds, 2012 Series A	2,949,822
CFD 2003-2 Special Tax Bonds, 2012 Series (Improvement Area C)	5,198,132
CFD 2006-1 Special Tax Bonds, 2013 Series (Improvement Area A)	3,354,785
CFD 88-3 Special Tax Bonds, 2013 Series B	2,046,064
CFD 98-1 Special Tax Bonds, 2013 Series C	11,591,210
CFD 2003-2 Special Tax Bonds, 2014 Series A (Improvement Area D)	7,194,444
CFD 2003-2 Special Tax Bonds, 2014 Series B (Improvement Area A and C)	17,898,976
CFD 95-1 Special Tax Bonds, 2015 Series	1,138,252
CFD 2003-2 Special Tax Bonds, 2015 Series (Improvement Area B)	27,318,051
CFD 2004-3-1 Special Tax Bonds, 2015 Series (Improvement Area 1)	21,626,791
CFD 2004-3-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	23,903,295
CFD 2005-1 Special Tax Bonds, 2015 Series	9,106,017
CFD 2005-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	21,626,791
CFD 2005-6 Special Tax Bonds, 2015 Series	5,691,261
CFD 2006-2 Special Tax Bonds, 2015 Series	3,414,756
CFD 2006-1 Special Tax Bonds, 2015 A Series (Improvement Area B)	2,868,240
CFD 88-3 Special Tax Bonds, 2015 B Series	6,320,000
	<u>\$ 186,217,058</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

Cash and Investment by Entity

Cash and investments held by entity at June 30, 2017 are as follows:

	City of Lake Elsinore	Successor Agency	Public Financing Authority	Recreation Authority	Facilities Financing Authority	Totals
Petty Cash and Change Drawer	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ 1,300
Deposits at Carrying Amount (1)	2,093,738	-	-	-	-	2,093,738
Local Agency Investment Fund	36,535,911	8,410,192	-	-	-	44,946,103
Corporate Notes	8,683,046	-	-	-	-	8,683,046
Federal Agency Securities	10,041,229	-	-	-	-	10,041,229
US Treasury Notes	14,600,249	-	-	-	-	14,600,249
Municipal Bonds	350,567	-	-	-	-	350,567
Commercial Paper	624,186	-	-	-	-	624,186
Certificate of Deposits	6,337,594	-	-	-	-	6,337,594
California Asset Management Program Pool (CAMP)	135,078	-	-	-	-	135,078
Held by Bond Trustee:						
Money Market Mutual Bonds	18,262,277	35	22,084,249	1,729,811	4,921	42,081,293
Local Obligations Bonds	-	-	186,217,058	-	-	186,217,058
Total	<u>\$ 97,665,175</u>	<u>\$ 8,410,227</u>	<u>\$ 208,301,307</u>	<u>\$ 1,729,811</u>	<u>\$ 4,921</u>	<u>\$ 316,111,441</u>

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

Note 3: Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority.

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 3: Fair Value Measurements (Continued)

- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of assets measured on a recurring basis at June 30, 2017, are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Uncategorized
Local Agency Investment Fund	\$ 44,946,103	\$ 44,946,103	\$ -
Corporate Notes	8,683,046	8,683,046	-
Federal Agency Securities	10,041,229	10,041,229	-
US Treasury Notes	14,600,249	14,600,249	-
Municipal Bonds	350,567	350,567	-
Certificate of Deposits	6,337,594	6,337,594	-
Commercial Paper	624,186	624,186	-
California Asset Management Program Pool (CAMP)	135,078	-	135,078
Held by Bond Trustee:			
Money Market Mutual Bonds	42,081,293	-	42,081,293
Local Obligations Bonds	186,217,058	186,217,058	-
Total	<u>\$ 314,016,403</u>	<u>\$ 271,800,032</u>	<u>\$ 42,216,371</u>

Fair values for investments are determined by using a matrix pricing technique. Matrix pricing is used to value securities based on the security's relationship to benchmark quoted prices. Uncategorized investments do not fall under the fair value hierarchy as there is no active market for the investments. Land held for resale was acquired for the purpose of redevelopment rather than for income and profit. Therefore, land for resale is exempt under GASB 72 fair value measurements.

Note 4: Loans Receivable from Successor Agency

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 4: Loans Receivable from Successor Agency (Continued)

1995 Loan from Housing Fund

As of June 30, 2017, the Successor Agency owed the City, in its capacity as housing successor agency, \$26,194,304. The loans were made from the Low and Moderate-Income Housing Special Revenue Fund from the 1995 Series A and 1999 Series C bond proceeds pursuant to that certain Housing Fund Loan Agreement dated December 1, 1995. The loan proceeds were deposited into the Rancho Laguna Special Revenue Fund, and then subsequently loaned to each of the three project areas as interfund loans in accordance with the loan agreement. The 1995 Series A and 1999 Series C bonds were refunded in fiscal year 2010 with the issuance of the 2010 Series A and 2010 Series B bonds. The loans payable includes an original amount of \$18,040,440 and accrued interest of \$9,142,315. During the fiscal year, accrued interest of \$482,963 was earned on the outstanding loans. The loans from the Low and Moderate-Income Housing Special Revenue Fund are repayable from all available revenues of the Successor Agency after payment of senior indebtedness in accordance with the governing loan agreement.

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

SERAF Advances from Housing Fund

Advances due to the City, in its capacity as housing successor agency, include a loan of \$3,750,000 as a result of the suspension of a portion of the 20% set aside requirement to assist in the payment of the SERAF obligation for fiscal year 2010. This advance is to be repaid by the Successor Agency in installments beginning fiscal year 2014-2015. Repayment of the SERAF advances are limited by a formula set forth in AB 1484, have a priority over repayment of certain other advances, and shall not be made prior to the 2013-2014 fiscal year. The balance of the loan as of June 30, 2017 is \$2,395,746.

Public Finance Authority Loan Agreements

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

CITY OF LAKE ELSINORE

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Note 4: Loans Receivable from Successor Agency (Continued)

The following table represents the outstanding balance of loans receivable from the Successor Agency at June 30, 2017:

<u>Tax Allocation Revenue Bonds</u>	<u>Loans Receivable Balance</u>
2010 Series A Issue	\$ 12,825,000
2010 Series B Issue	6,830,000
2010 Series C Issue	<u>22,835,000</u>
Total Due to/from Other Funds	<u>\$ 42,490,000</u>

Note 5: Notes Receivable

The City has a note receivable in the amount of \$1,000,000 from Pottery Court Housing Associates, L.P. dated December 9, 2009. The proceeds of the loan assisted with the development of the Pottery Court Affordable Housing Project. This loan was funded with HOPE VI grant funds from the United States Department of Housing and Urban Development. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing on July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 75 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2017, the total outstanding balance of \$1,210,000 includes accrued interest of \$210,000.

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$9,737,000 from Pottery Court Housing Associates, L.P. dated March 10, 2011. The proceeds of the loan assisted with the acquisition of property and development of the Pottery Court Affordable Housing Project. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 67.5 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2017, the total outstanding balance of \$11,293,465 includes interest of \$1,556,465.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 5: Notes Receivable (Continued)

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$1,100,000 from LMV II Affordable, LP dated October 12, 2010. The proceeds of the loan assisted with the rehabilitation of 64 units of affordable housing for families of the Lakeview II Affordable Housing Project. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the second permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 30 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants evidencing completion of the rehabilitation. The release of construction covenants was recorded on August 8, 2012. At June 30, 2017, the total outstanding balance of \$1,173,333 includes interest of \$73,333.

Note 6: Capital Assets

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

	Beginning Balance	Adjustments *	Beginning Balance	Additions	Deletions	Transfers	Transfers from Successor Agency	Ending Balance
Governmental Activities:								
Capital assets, not being depreciated:								
Land	\$ 2,926,422	\$ -	\$ 2,926,422	\$ 334,841	\$ (836,678)	\$ -	\$ 489,463	\$ 2,914,048
Construction-in-progress	8,274,206	-	8,274,206	9,547,362	-	(945,980)	-	16,875,588
Total Capital Assets, Not Being Depreciated	11,200,628	-	11,200,628	9,882,203	(836,678)	(945,980)	489,463	19,789,636
Capital assets, being depreciated:								
Building and Structures	19,035,969	-	19,035,969	468,867	(418,802)	-	-	19,086,034
Improvement other than buildings	17,580,547	-	17,580,547	63,542	(193,842)	303,534	-	17,753,781
Machinery and Equipment	2,890,196	-	2,890,196	146,031	(228,883)	-	-	2,807,344
Furniture and Fixtures	986,087	-	986,087	-	(620,407)	-	-	365,680
Automotive Equipment	3,307,070	-	3,307,070	52,816	(530,296)	-	-	2,829,590
Technology Equipment and Software	609,456	-	609,456	53,478	(9,745)	-	-	653,189
Infrastructure	203,062,300	991,147	204,053,447	10,271,717	(4,212)	642,446	-	214,963,398
Total Capital Assets, Being Depreciated	247,471,625	991,147	248,462,772	11,056,451	(2,006,187)	945,980	-	258,459,016
Less accumulated depreciation:								
Building and Structures	(5,545,180)	-	(5,545,180)	(407,356)	134,812	-	-	(5,817,724)
Improvement other than buildings	(6,727,794)	-	(6,727,794)	(635,188)	35,817	-	-	(7,327,165)
Machinery and Equipment	(2,358,609)	-	(2,358,609)	(145,759)	218,600	-	-	(2,285,768)
Furniture and Fixtures	(841,787)	-	(841,787)	(60,704)	610,924	-	-	(291,567)
Automotive Equipment	(2,068,619)	-	(2,068,619)	(156,693)	530,296	-	-	(1,695,016)
Technology Equipment and Software	(86,757)	-	(86,757)	(141,785)	3,898	-	-	(224,644)
Infrastructure	(84,480,515)	(4,677,895)	(89,158,410)	(5,661,323)	1,422	-	-	(94,818,311)
Total Accumulated Depreciation	(102,109,261)	(4,677,895)	(106,787,156)	(7,208,808)	1,535,769	-	-	(112,460,195)
Total Capital Assets, Being Depreciated, Net	145,362,364	(3,686,748)	141,675,616	18,265,259	(3,541,956)	945,980	-	145,998,821
Governmental Activities Capital Assets, Net	\$ 156,562,992	\$ (3,686,748)	\$ 152,876,244	\$ 13,729,846	\$ (1,307,096)	\$ -	\$ 489,463	\$ 165,788,457

*A net prior period adjustment to net position of \$3,686,748 was required to correct accumulated depreciation for capital assets and to correct historical balances of capital assets.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 6: Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 292,822
Public Safety	467,633
Public Services	5,877,710
Community Services	486,257
Internal Service Funds	<u>84,386</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 7,208,808</u></u>

Note 7: Long-Term Liabilities

	<u>Date of Issue</u>	<u>Years of Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized</u>
Local Agency Revenue Bonds:				
2012 Series A	7/12	2014-2039	1.50 - 5.25%	\$ 3,450,000
2012 Series B	11/12	2015-2031	2.00 - 5.125%	15,345,000
2012 Series C	12/12	2016-2043	2.00 - 5.00%	5,345,000
2013 Series A	5/13	2016-2044	1.75 - 5.00%	3,620,000
2013 Series B	7/13	2015-2021	2.00 - 3.25%	4,215,000
2013 Series C	7/13	2014-2034	2.00 - 5.25%	13,615,000
2014 Series A	1/14	2017-2045	2.25 - 5.75%	7,505,000
2014 Series B	7/14	2016-2041	3.00 - 5.00%	18,210,000
2015 Series	2/15	2016-2041	2.00 - 5.00%	108,845,000
2015 Series A	2/15	2017-2045	2.00 - 3.65%	3,200,000
2015 Series B	5/15	2017-2021	2.00 - 5.00%	7,590,000
Lease Revenue Bonds:				
2016 Series A	11/16	2017-2046	1.25 - 3.75%	10,410,000
Tax Allocation Revenue Bonds:				
2010 Series A	2/10	2011-2034	2.00 - 5.25%	15,435,000
2010 Series B	5/10	2011-2026	2.00 - 4.75%	10,855,000
2010 Series C	10/10	2012-2031	2.00 - 5.00%	29,435,000
Revenue Refunding Bonds:				
2013 Series A	9/13	2014-2032	3.00 - 5.00%	14,460,000
Certificate of Participation				
2014 Series A	10/4	2015-2039	2.00 - 5.00%	7,965,000

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Public Financing Authority:					
Local Agency Revenue Bonds:					
2012 Series A	\$ 3,280,000	\$ -	\$ (55,000)	\$ 3,225,000	\$ 60,000
2012 Series B	14,100,000	-	(655,000)	13,445,000	675,000
2012 Series C	5,340,000	-	(5,000)	5,335,000	15,000
2013 Series A	3,605,000	-	(20,000)	3,585,000	25,000
2013 Series B	2,825,000	-	(650,000)	2,175,000	620,000
2013 Series C	12,655,000	-	(495,000)	12,160,000	505,000
2014 Series A	7,505,000	-	(10,000)	7,495,000	20,000
2014 Series B	17,950,000	-	(370,000)	17,580,000	400,000
2015 Series	107,185,000	-	(1,645,000)	105,540,000	1,825,000
2015 Series A	3,200,000	-	(30,000)	3,170,000	35,000
2015 Series B	7,590,000	-	(1,270,000)	6,320,000	1,410,000
Tax Allocation Revenue Bonds:					
2010 Series A	13,170,000	-	(345,000)	12,825,000	350,000
2010 Series B	7,460,000	-	(630,000)	6,830,000	645,000
2010 Series C	24,075,000	-	(1,240,000)	22,835,000	1,270,000
Facilities Financing Authority:					
Lease Revenue Bonds:					
2016 Series A	-	10,410,000	(80,000)	10,330,000	240,000
Subtotal	229,940,000	10,410,000	(7,500,000)	232,850,000	8,095,000
Add (Less) Deferred Amounts:					
Bond Premiums	11,328,236	88,026	(569,751)	10,846,511	-
Bond Discounts	(628,403)	-	200,997	(427,406)	-
Subtotal	240,639,833	10,498,026	(7,868,754)	243,269,105	8,095,000
Revenue Refunding Bonds					
2013 Series A	12,750,000	-	(600,000)	12,150,000	620,000
Bond Discount	(32,747)	-	2,101	(30,646)	-
Certificates of Participation :					
2014 Series A	7,430,000	-	(215,000)	7,215,000	220,000
Premiums	214,938	-	(9,345)	205,593	-
Net Pension Liability	8,943,640	2,984,060	(1,129,573)	10,798,127	-
Other Post Employment					
Benefit Obligation (Note 15)	10,009,953	1,846,779	(689,278)	11,167,454	-
Compensated Absences	772,564	543,957	(278,991)	1,037,530	103,753
Total	<u>\$ 280,728,181</u>	<u>\$ 15,872,822</u>	<u>\$ (10,788,840)</u>	<u>\$ 285,812,163</u>	<u>\$ 9,038,753</u>

The City historically allocates costs to liquidate liabilities pension liability based on the allocation of the employees earning, the respective benefits, and their respective payroll expense to various funds across the City.

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

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.

2012 Series A

In July 2012, \$3,450,000 principal amount of 2012 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$25,000 to \$255,000 from September 1, 2013 through September 1, 2038. Interest payments ranging from 1.5% to 5.25% are due from March 1, 2013 through September 1, 2038. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2012 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$264,767, which is sufficient to cover the Bond Indenture Reserve Requirement of \$264,325.

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

Year Ending June 30	2012A Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 60,000	\$ 159,519	\$ 219,519
2019	65,000	157,719	222,719
2020	75,000	155,478	230,478
2021	80,000	152,763	232,763
2022	85,000	149,666	234,666
2023 - 2027	570,000	686,016	1,256,016
2028 - 2032	810,000	515,288	1,325,288
2033 - 2037	1,040,000	273,788	1,313,788
2038	440,000	26,513	466,513
Totals	<u>\$ 3,225,000</u>	<u>\$ 2,276,750</u>	<u>\$ 5,501,750</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

2012 Series B

In November 2012, \$15,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$615,000 to \$1,360,000 from September 2, 2014 through September 2, 2030. Interest payments ranging from 2.0% to 5.125% are due from March 2, 2013 through September 2, 2030. The bonds are subject to call and redemption prior to their stated maturity commencing March 2, 2013 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$1,432,097, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,429,700.

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

Year Ending June 30	2012B Local Agency Revenue Refunding Bonds		
	Principal	Interest	Total
2018	\$ 675,000	\$ 619,188	\$ 1,294,188
2019	705,000	597,166	1,302,166
2020	735,000	571,947	1,306,947
2021	770,000	543,706	1,313,706
2022	805,000	511,178	1,316,178
2022 - 2027	4,775,000	1,913,178	6,688,178
2028 - 2031	4,980,000	529,669	5,509,669
Totals	<u>\$ 13,445,000</u>	<u>\$ 5,286,032</u>	<u>\$ 18,731,032</u>

2012 Series C

In December 2012, \$5,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$5,000 to \$1,200,000 from September 1, 2015 through September 1, 2042. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2013 through September 1, 2042. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2013 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$535,397, which is sufficient to cover the Bond Indenture Reserve Requirement of \$521,409.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

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

Year Ending June 30	2012C Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 15,000	\$ 260,766	\$ 275,766
2019	20,000	260,281	280,281
2020	25,000	259,588	284,588
2021	30,000	258,656	288,656
2022	35,000	257,475	292,475
2023 - 2027	315,000	1,255,572	1,570,572
2028 - 2032	570,000	1,158,356	1,728,356
2033 - 2037	925,000	974,125	1,899,125
2038 - 2042	2,200,000	665,000	2,865,000
2043	1,200,000	30,000	1,230,000
Totals	<u>\$ 5,335,000</u>	<u>\$ 5,379,819</u>	<u>\$ 10,714,819</u>

2013 Series A

In May 2013, \$3,620,000 principal amount of 2013 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$15,000 to \$310,000 from September 1, 2015 through September 1, 2043. Interest payments ranging from 1.75% to 5.0% are due from March 1, 2014 through September 1, 2043. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2014 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$326,191, which is sufficient to cover the Bond Indenture Reserve Requirement of \$318,404.

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

Year Ending June 30	2013A Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 25,000	\$ 168,672	\$ 193,672
2019	30,000	168,000	198,000
2020	35,000	167,100	202,100
2021	40,000	165,925	205,925
2022	45,000	164,516	209,516
2023 - 2027	320,000	790,619	1,110,619
2028 - 2032	525,000	700,634	1,225,634
2033 - 2037	795,000	547,056	1,342,056
2038 - 2042	1,170,000	305,000	1,475,000
2043 - 2044	600,000	30,500	630,500
Totals	<u>\$ 3,585,000</u>	<u>\$ 3,208,022</u>	<u>\$ 6,793,022</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

2013 Series B

In July 2013, \$4,215,000 principal amount of 2013 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$425,000 to \$705,000 from September 1, 2014 through September 1, 2020. Interest payments ranging from 2.00% to 3.25% are due from September 1, 2013 through September 1, 2020. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2013 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$422,394, which is sufficient to cover the Bond Indenture Reserve Requirement of \$422,207.

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

Year Ending June 30	2013B Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 620,000	\$ 54,013	\$ 674,013
2019	580,000	38,288	618,288
2020	550,000	22,063	572,063
2021	425,000	6,906	431,906
Totals	<u>\$ 2,175,000</u>	<u>\$ 121,270</u>	<u>\$ 2,296,270</u>

2013 Series C

In July 2013, \$13,615,000 principal amount of 2013 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$475,000 to \$1,025,000 from September 1, 2014 through September 1, 2033. Interest payments ranging from 2.00% to 5.25% are due from September 1, 2013 through September 1, 2033. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2033 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$1,084,672, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,082,856.

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

Year Ending June 30	2013C Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 505,000	\$ 565,431	\$ 1,070,431
2019	525,000	549,981	1,074,981
2020	540,000	532,994	1,072,994
2021	555,000	514,169	1,069,169
2022	575,000	493,316	1,068,316
2023 - 2027	3,270,000	2,055,600	5,325,600
2028 - 2032	4,190,000	1,097,250	5,287,250
2033 - 2034	2,000,000	106,313	2,106,313
Totals	<u>\$ 12,160,000</u>	<u>\$ 5,915,054</u>	<u>\$ 18,075,054</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

2014 Series A

In January 2014, \$7,505,000 principal amount of 2014 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$10,000 to \$705,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.25% to 5.75% are due from September 1, 2014 through September 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2023 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$706,193, which is sufficient to cover the Bond Indenture Reserve Requirement of \$705,011.

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

Year Ending June 30	2014A Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 20,000	\$ 415,594	\$ 435,594
2019	30,000	414,856	444,856
2020	40,000	413,669	453,669
2021	50,000	411,969	461,969
2022	60,000	409,694	469,694
2023 - 2027	500,000	1,992,609	2,492,609
2028 - 2032	925,000	1,817,650	2,742,650
2033 - 2037	1,530,000	1,483,019	3,013,019
2038 - 2042	2,380,000	928,050	3,308,050
2043 - 2045	1,960,000	174,800	2,134,800
Totals	<u>\$ 7,495,000</u>	<u>\$ 8,461,910</u>	<u>\$ 15,956,910</u>

2014 Series B

In July 2014, \$18,210,000 principal amount of 2014 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$260,000 to \$660,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 3.00% to 5.00% are due from March 1, 2015 through September 1, 2040. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2024 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$1,470,366, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,467,905.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

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

Year Ending June 30	2014B Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 400,000	\$ 785,688	\$ 1,185,688
2019	435,000	771,075	1,206,075
2020	480,000	753,863	1,233,863
2021	530,000	733,663	1,263,663
2022	575,000	708,688	1,283,688
2023 - 2027	3,590,000	3,069,747	6,659,747
2028 - 2032	4,715,000	2,247,316	6,962,316
2033- 2037	4,495,000	1,024,644	5,519,644
2038 - 2041	2,360,000	247,250	2,607,250
Totals	<u>\$ 17,580,000</u>	<u>\$ 10,341,934</u>	<u>\$ 27,921,934</u>

2015 Series

In February 2015, \$108,845,000 principal amount of 2015 Series Local Agency Revenue Bonds, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$655,000 to \$8,405,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 2.0% to 5.0% are due from September 1, 2015 through September 1, 2040. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2025 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$9,284,429, which is sufficient to cover the Bond Indenture Reserve Requirement of \$9,264,273.

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

Year Ending June 30	2015 Local Agency Revenue Refunding Bonds		
	Principal	Interest	Total
2018	\$ 1,825,000	\$ 5,103,175	\$ 6,928,175
2019	2,040,000	5,034,250	7,074,250
2020	2,250,000	4,948,450	7,198,450
2021	2,500,000	4,841,975	7,341,975
2022	2,755,000	4,712,725	7,467,725
2023 - 2027	18,245,000	21,130,375	39,375,375
2028 - 2032	27,175,000	15,601,225	42,776,225
2033 - 2037	37,240,000	7,516,476	44,756,476
2038 - 2041	11,510,000	879,750	12,389,750
Totals	<u>\$ 105,540,000</u>	<u>\$ 69,768,401</u>	<u>\$ 175,308,401</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

2015 Series A

In February 2015, \$3,200,000 principal amount of 2015 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$30,000 to \$235,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.0% to 3.625% are due from September 1, 2015 through September 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2023 at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$230,534, which is sufficient to cover the Bond Indenture Reserve Requirement of \$230,148.

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

Year Ending June 30	2015A Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 35,000	\$ 105,919	\$ 140,919
2019	40,000	105,169	145,169
2020	40,000	104,369	144,369
2021	45,000	103,519	148,519
2022	50,000	102,538	152,538
2023 - 2027	325,000	490,063	815,063
2028 - 2032	460,000	430,338	890,338
2033 - 2037	635,000	338,409	973,409
2039 - 2042	875,000	203,453	1,078,453
2043 - 2045	665,000	37,066	702,066
Totals	<u>\$ 3,170,000</u>	<u>\$ 2,020,843</u>	<u>\$ 5,190,843</u>

2015 Series B

In May 2015, \$7,590,000 principal amount of 2015 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$1,270,000 to \$1,810,000 from September 1, 2016 through September 1, 2020. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2016 through September 1, 2020. The bonds are not subject to call and redemption prior to their stated maturity. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$290,061, which is sufficient to cover the Bond Indenture Reserve Requirement of \$285,075.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

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

Year Ending June 30	2015B Local Agency Revenue Bonds		
	Principal	Interest	Total
2018	\$ 1,410,000	\$ 251,650	\$ 1,661,650
2019	1,500,000	200,500	1,700,500
2020	1,600,000	130,500	1,730,500
2021	1,810,000	45,250	1,855,250
Totals	<u>\$ 6,320,000</u>	<u>\$ 627,900</u>	<u>\$ 6,947,900</u>

2010 Series A

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$1,496,867, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,471,914.

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

Year Ending June 30	2010A Tax Allocation Revenue Bonds		
	Principal	Interest	Total
2018	\$ 350,000	\$ 630,944	\$ 980,944
2019	365,000	618,869	983,869
2020	380,000	605,356	985,356
2021	395,000	590,331	985,331
2022	405,000	574,078	979,078
2023 - 2027	2,330,000	2,566,963	4,896,963
2028 - 2032	5,230,000	1,823,063	7,053,063
2033 - 2034	3,370,000	177,713	3,547,713
Totals	<u>\$ 12,825,000</u>	<u>\$ 7,587,317</u>	<u>\$ 20,412,317</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

2010 Series B

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; interest at 2.00% to 4.75%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$941,245, which is sufficient to cover the Bond Indenture Reserve Requirement of \$939,538.

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

Year Ending June 30	2010B Tax Allocation Revenue Bonds		
	Principal	Interest	Total
2018	\$ 645,000	\$ 280,019	\$ 925,019
2019	670,000	257,394	927,394
2020	690,000	231,450	921,450
2021	720,000	202,350	922,350
2022	750,000	170,175	920,175
2023 - 2026	3,355,000	320,175	3,675,175
Totals	<u>\$ 6,830,000</u>	<u>\$ 1,461,563</u>	<u>\$ 8,291,563</u>

2010 Series C

In October 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; interest at 2.00% to 5.00%. The bonds are subject to call and redemption on or after their stated maturity commencing September 1, 2020, at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$2,226,434, which is sufficient to cover the Bond Indenture Reserve Requirement of \$2,222,395.

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

Year Ending June 30	2010C Tax Allocation Revenue Bonds		
	Principal	Interest	Total
2018	\$ 1,270,000	\$ 931,445	\$ 2,201,445
2019	1,310,000	891,926	2,201,926
2020	1,350,000	848,676	2,198,676
2021	1,395,000	800,611	2,195,611
2022	1,445,000	746,426	2,191,426
2023 - 2027	8,150,000	2,768,211	10,918,211
2028 - 2031	7,915,000	779,206	8,694,206
Totals	<u>\$ 22,835,000</u>	<u>\$ 7,766,501</u>	<u>\$ 30,601,501</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

2013 Series A

In September 2013, \$14,460,000 principal amount of 2013 Revenue Refunding Bonds, Series A, was issued in accordance with the indenture to provide funds to advance refund the 2000 Revenue Refunding Bonds, Series A. The original purpose of the prior bonds was to finance the Authority's lease of certain City recreation facilities from the City for lease back to the City. The term bonds are due in annual installments of \$565,000 to \$1,075,000 from February 1, 2014 through February 1, 2032; interest rates varying from 3.00% to 5.00%. The bonds are subject to call and redemption prior to their stated maturity commencing February 1, 2024, at specified redemption prices. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$1,131,700, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,131,700.

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

Year Ending June 30	2013A Lease Revenue Refunding Bonds		
	Principal	Interest	Total
2018	\$ 620,000	\$ 511,700	\$ 1,131,700
2019	635,000	493,100	1,128,100
2020	655,000	474,050	1,129,050
2021	675,000	454,400	1,129,400
2022	700,000	427,400	1,127,400
2023 - 2027	3,955,000	1,688,975	5,643,975
2028 - 2032	4,910,000	737,375	5,647,375
Totals	<u>\$ 12,150,000</u>	<u>\$ 4,787,000</u>	<u>\$ 16,937,000</u>

Certificates of Participation

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Long-Term Liabilities (Continued)

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

Year Ending June 30	2014A Certificate of Participation		
	Principal	Interest	Total
2018	\$ 220,000	\$ 275,938	\$ 495,938
2019	235,000	264,938	499,938
2020	240,000	255,538	495,538
2021	250,000	245,938	495,938
2022	255,000	240,938	495,938
2023 - 2027	1,370,000	1,112,388	2,482,388
2028 - 2032	1,655,000	836,000	2,491,000
2033 - 2037	2,050,000	440,000	2,490,000
2038 - 2039	940,000	56,800	996,800
Totals	\$ 7,215,000	\$ 3,728,478	\$ 10,943,478

Revenues Pledged

The City has pledged a portion of future Measure A revenues to repay the Certificates of Participation 2014 Series A. The City's certificates of participation is payable solely from the Measure A revenues. Total principal and interest remaining on the certificates of participation is \$11,443,012, payable through fiscal year 2039. For the current year, principal and interest paid by Measure A revenues were \$215,000 and \$284,538, respectively.

Lease Revenue Bonds

In November 2016, \$10,410,000 principal amount of Lease Revenue Bonds, Series 2016A, was issued to fund the acquisition, construction and installation of certain capital improvements owned by the city, purchase municipal bond insurance to guarantee payment of principal and interest. The bonds are due in annual installments of \$80,000 to \$540,000 from April 1, 2017 through April 1, 2046. Interest payments ranging from 1.25% to 3.75% are due from April 1, 2017 through April 1, 2046. The certificates are subject to call and redemption prior to their stated maturity commencing April 1, 2026 at specified redemption prices. The reserve requirement is covered by an insurance policy.

Year Ending June 30	2016A Lease Revenue Bonds		
	Principal	Interest	Total
2018	\$ 240,000	\$ 319,038	\$ 559,038
2019	245,000	314,238	559,238
2020	250,000	309,338	559,338
2021	255,000	306,213	561,213
2022	255,000	302,388	557,388
2023 - 2027	1,355,000	1,436,913	2,791,913
2028 - 2032	1,605,000	1,189,963	2,794,963
2033 - 2037	1,875,000	919,394	2,794,394
2038 - 2039	2,200,000	589,500	2,789,500
2042 - 2043	2,050,000	182,525	2,232,525
Totals	\$ 10,330,000	\$ 5,869,510	\$ 16,199,510

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 8: Special Assessment District Bonds

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

	<u>Original Issue</u>	<u>Outstanding at June 30, 2017</u>
Assessment District NO. 93-1 Refunding Improvement Bonds, 2012 Series B	\$ 15,345,000	<u>\$ 13,445,000</u>
Total Assessment District Bonds		<u><u>\$ 13,445,000</u></u>

Note 9: Community Facilities District Bonds

These bonds are authorized pursuant to the Mello-Roos Community Facilities District Act of 1982 as amended, and are payable from special taxes levied on property within the Community Facility Districts according to a methodology approved by the voters within the District and by the City Council of the City of Lake Elsinore. Neither the faith and credit nor taxing power of the City of Lake Elsinore is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. Therefore, the outstanding balances of these bonds are not reflected in these financial statements. A summary of Mello-Roos Bonds outstanding are as follows:

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 9: Community Facilities District Bonds (Continued)

	Original Issue	Outstanding Amount at June 30, 2017
Community Facilities District 90-2 Tuscany Hills Public Improvements (2007A Series)	\$ 7,340,000	\$ 7,340,000
Community Facilities District 2005-5 Wasson Canyon (2012A Series)	3,450,000	3,225,000
Community Facilities District 2006-1 Summerly Improvement Area A (2013 Series)	3,620,000	3,585,000
Community Facilities District 2003-2 Canyon Hills Improvement Area C (2013 Series)	5,345,000	5,335,000
Community Facilities District 88-3 West Lake Elsinore (2013B Series)	4,215,000	2,175,000
Community Facilities District 98-1 Summerhill Public Improvements (2013C Series)	13,615,000	12,160,000
Community Facilities District 2003-2 Canyon Hills Improvement Area D (2014A Series)	7,505,000	7,495,000
Community Facilities District 2003-2 IA-A Canyon Hills (2014 Series)	10,895,000	10,340,000
Community Facilities District 2003-2 IA-C Canyon Hills (2014 Series)	7,315,000	7,240,000
Community Facilities District 95-1 Lake Elsinore City Center Public Improvements (2015 Series)	1,030,000	940,000
Community Facilities District 2003-2 Improvement Area B Canyon Hills (2015 Series)	25,795,000	25,250,000
Community Facilities District 2004-3-1 Improvement Area 1 Rosetta Canyon (2015 Series)	21,005,000	20,250,000
Community Facilities District 2004-3-1 Improvement Area 2 Rosetta Canyon (2015 Series)	23,115,000	22,555,000
Community Facilities District 2005-1 Serenity (2015 Series)	8,165,000	7,745,000
Community Facilities District 2005-2 Improvement Area A Alberhill Ranch (2015 Series)	21,095,000	20,430,000
Community Facilities District 2005-6 City Center Townhomes (2015 Series)	2,815,000	2,720,000
Community Facilities District 2006-2 Viscaya (2015 Series)	5,825,000	5,650,000
Community Facilities District 2006-1 Improvement Area B Summerly (2015 Series)	3,200,000	3,170,000
Community Facilities District 88-3 West Lake Elsinore (2015 Series B)	7,590,000	6,320,000
Community Facilities District 2006-1 Improvement Area CC (2016A Series)	3,000,000	2,985,000
Community Facilities District 2003-2 IA-D Canyon Hills (2016 Series A)	16,495,000	16,495,000
Community Facilities District 2006-1 IA-FF (2016 Series B)	3,785,000	3,785,000
Total Community Facilities District Bonds	<u>\$ 206,215,000</u>	<u>\$ 197,190,000</u>

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 10: Inter-fund Receivables, Payables and Transfers

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

Due To/From

Due to and from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 319,325
Other Governmental Funds	General Fund	62,561
	Total	<u>\$ 381,886</u>

The outstanding balances above between funds are to provide cash flows for expenditures.

Transfers In/Out

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,346,147
Recreation Authority Debt Service Fund	General Fund	1,129,700
Capital Improvement Plan Capital Project Fund	Assessment Districts Capital Project Fund	1,896,388
Capital Improvement Plan Capital Project Fund	Other Governmental Funds	4,636,374
Other Governmental Funds	General Fund	813,558
Other Governmental Funds	Other Governmental Funds	12,479,853
Other Governmental Funds	Governmental Activities	181,923
Internal Service Funds	General Fund	500,000
	Total	<u>\$ 24,983,943</u>

The transfers between the General Fund, Internal Service Funds and the Other Governmental Funds were made to provide cash flows for expenditures. The transfers between the Recreation Authority Debt Service Fund and the General Fund were made to provide lease payments on long-term debt. The transfers between Other Governmental Funds, Capital Improvement Plan Capital Project Fund and the Assessment Districts Capital Project Fund were made for capital related projects.

The transfer between the governmental activities and the other governmental funds was to transfer land to land held for resale into the governmental fund level.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 11: Fund Balance and Net Position

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

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

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

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

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

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 11: Fund Balance and Net Position (Continued)

The details of the fund balances as of June 30, 2017 are presented below:

	General Fund	Low and Moderate Income Housing Special Revenue Fund	Public Financing Authority Debt Service Fund	Recreation Authority Debt Service Fund
Fund balances:				
Nonspendable:				
Prepaid items	\$ 96,846	\$ -	\$ -	\$ -
Notes Receivable	1,000,000	-	-	-
Endowment Principal	-	-	-	-
Restricted for:				
Debt Service	-	-	228,892,795	1,812,805
Low & Moderate Income Housing	-	41,812,585	-	-
Transportation & Public Works	-	-	-	-
Development	-	-	-	-
Lighting & Landscape Maintenance	-	-	-	-
Public Facilities and Improvements	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Construction	-	-	-	-
Scholarships	-	-	-	-
Unassigned	<u>11,512,307</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 12,609,153</u>	<u>\$ 41,812,585</u>	<u>\$ 228,892,795</u>	<u>\$ 1,812,805</u>
	Assessment Districts Capital Projects Fund	Capital Improvement Plan Capital Projects Fund	Non - Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ -	\$ 96,846
Notes Receivable	-	-	-	1,000,000
Endowment Principal	-	-	979,130	979,130
Restricted for:				
Debt Service	-	-	81,114	230,786,714
Low & Moderate Income Housing	-	-	1,635,697	43,448,282
Transportation & Public Works	-	-	11,707,895	11,707,895
Development	-	-	313,542	313,542
Lighting & Landscape Maintenance	-	-	768,056	768,056
Public Facilities and Improvements	430,809	-	14,626,661	15,057,470
Other purposes	-	-	28,974	28,974
Assigned for:				
Construction	-	8,292,798	1,005,158	9,297,956
Scholarships	-	-	15,326	15,326
Unassigned	<u>-</u>	<u>-</u>	<u>(94,936)</u>	<u>11,417,371</u>
Total fund balances	<u>\$ 430,809</u>	<u>\$ 8,292,798</u>	<u>\$ 31,066,617</u>	<u>\$ 324,917,562</u>

The details of other restricted purposes in the Statement of Net Position as of June 30, 2017 are presented below:

Geothermal	\$ 20,335
Education	<u>8,639</u>
Total net Position - Other Restricted Purposes	<u>\$ 28,974</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 12: Pension Plan

a. General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (three miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding provisions, assumptions and membership information that can be found on the CalPERS website.

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 12: Pension Plan (Continued)

The rate plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

City Miscellaneous Plan			
	Tier 1 *	Tier 2*	PEPRA
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% at 55	2.0% at 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.46% - 2.418%, 50 yrs - 55+ yrs, respectively	1.092% - 2.418%, 55 yrs - 60+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000%	1.500%	6.250%
Required employer contribution rates	10.808%	7.159%	6.555%
Safety Plan (1)			
Hire date	Prior to January 1, 2013	On or After January 1, 2013	
Benefit formula	0.5% @ 55	N/A	
Benefit vesting schedule	5 years service	N/A	
Benefit payments	monthly for life	N/A	
Retirement age	minimum 50 yrs	N/A	
Monthly benefits, as a % of eligible compensation	0.50%	N/A	
Required employee contribution rates	N/A	N/A	
Required employer contribution rates	N/A	N/A	

(1) Note, the City currently does not have any safety employees. The safety rate plan represents former safety employees.

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

For the year ended June 30, 2017, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$1,049,049.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 12: Pension Plan (Continued)

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$10,798,127.

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

The City net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan measured as of June 30, 2015 and 2016 was as follows:

<u>Proportion</u>		<u>Change</u>
<u>June 30,2016</u>	<u>June 30,2015</u>	<u>Increase</u>
		<u>(Decrease)</u>
0.31058%	0.32568%	-0.01510%

For the year ended June 30, 2017, the City recognized pension expense (credit) of \$925,535. At June 30, 2017, City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows of</u>
	<u>of Resources</u>	<u>Resources</u>
Current year contributions that occurred after the measurement date of June 30, 2016	\$ 1,313,558	\$ -
Change of Assumption	-	(372,315)
Difference between Expected and Actual Experiences	39,309	(9,102)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,937,653	-
Adjustment due to differences in proportions	640,285	(10,037)
Difference in proportionate share	93,540	-
Total	\$ 4,024,345	\$ (391,454)

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 12: Pension Plan (Continued)

The \$1,313,558 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	
2017	\$ 474,996
2018	449,898
2019	892,561
2020	501,878

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2007, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 12: Pension Plan (Continued)***Discount Rate***

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by CalPERS effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Assets	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

* An expected inflation of 2.5% used for this period

**An expected inflation of 3.0% used for this period

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 12: Pension Plan (Continued)

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

The following presents the net pension liability of the Plan's as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% 6.65%	Current Discount 7.65%	Discount Rate +1% 8.65%
Net Pension Liability	\$ 15,922,343	\$ 10,798,127	\$ 6,563,247

Note 13: Other Post-Employment Benefits (Continued)

Plan Description

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

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. Currently, contributions are not required from plan members. Contributions are funded on a pay-as-you-go basis. During the fiscal year ended June 30, 2017, the City made contributions to fund \$689,278.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for fiscal year 2016-17 was \$1,730,780.

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 13: Other Post-Employment Benefits (Continued)**Three-Year Trend Information**

For fiscal year 2017, the City's annual OPEB cost (expense) of \$1,846,779 was equal to the ARC and interest on Net OPEB Obligation. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 1,818,869	\$ 555,602	30.5%	\$ 8,707,294
6/30/2016	1,872,558	569,899	30.4%	10,009,953
6/30/2017	1,846,779	689,278	37.3%	11,167,454

* Including implied rate subsidy

Annual OPEB Cost and Net OPEB Obligation Funded Status and Funding Progress

As of July 1, 2017, the third actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$19,603,471 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,603,471. The covered payroll (annual payroll of active employees covered by the plan) was \$5,551,024 and the ratio of the UAAL to the covered payroll was 353.15%.

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

Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, the frozen entry age method (closed period) was used. The actuarial assumptions includes an inflation rate of 4.25% per annum and medical cost trend rates ranging from 4.7% to 9.0% for the first four years and an ultimate rate of 5.0% after four years, dental cost trend is 4% per year. The City's unfunded actuarial accrued liability is being amortized by level dollar contributions over twenty years as a level dollar amount. Amortization periods for the plan are closed.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 14: Deferred Compensation

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

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

Note 15: Liability, Property and Protection

The City of Lake Elsinore is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-insurance Programs of the Insurance Authority

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

Primary Liability Program

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 15: Liability, Property and Protection (Continued)

For 2016-17, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority.

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

Workers' Compensation Program

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

For 2016-17, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

Purchased Insurance Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City's property currently has all-risk property protection in the amount of \$500 million. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 15: Liability, Property and Protection (Continued)

Crime Insurance

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

Adequacy of Protection

During the past three fiscal years none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-17.

Note 16: Litigation

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

Note 17: Successor Agency Trust Disclosures

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Lake Elsinore (City) that previously had reported a redevelopment agency within the reporting entity as a blended component unit. The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: Successor Agency Trust Disclosures (Continued)

Successor Agency Capital Assets

Capital assets activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,426,392	\$ 94,047	\$ (516,020)	\$ 2,004,419
Total Capital Assets, Not Being Depreciated	<u>2,426,392</u>	<u>94,047</u>	<u>(516,020)</u>	<u>2,004,419</u>
Capital assets, being depreciated:				
Building improvements	17,226,669	2,025,538	(44,088)	19,208,119
Improvement other than buildings	568,927	-	-	568,927
Machinery and Equipment	1,271,178	57,766	-	1,328,944
Furniture and fixtures	53,972	-	(53,972)	-
Total Capital Assets, Being Depreciated	<u>19,120,746</u>	<u>2,083,304</u>	<u>(98,060)</u>	<u>21,105,990</u>
Less accumulated depreciation:				
Building improvements	(7,215,230)	(674,015)	44,088	(7,845,157)
Improvement other than buildings	(311,550)	(35,925)	-	(347,475)
Machinery and Equipment	(1,041,721)	(38,645)	-	(1,080,366)
Furniture and fixtures	(4,235)	-	4,235	-
Total Accumulated Depreciation	<u>(8,572,736)</u>	<u>(748,585)</u>	<u>48,323</u>	<u>(9,272,998)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,548,010</u>	<u>1,334,719</u>	<u>(49,737)</u>	<u>11,832,992</u>
Capital Assets, Net	<u>\$ 12,974,402</u>	<u>\$ 1,428,766</u>	<u>\$ (565,757)</u>	<u>\$ 13,837,411</u>

Successor Agency Long – Term Liabilities

	<u>Date of Issue</u>	<u>Years of Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized</u>
Loans payable				
City of Lake Elsinore	Various	Various	Various	Various
Lake Elsinore Financing Authority	Various	Various	Various	\$61,275,000
Subordinate Tax				
Allocation Revenue Bonds:				
2011 Series Project Area II	4/11	2011 - 2034	3.60%-7.65%	3,260,000
2011 Series Project Area III	4/11	2011 - 2039	3.60%-7.75%	1,350,000
Developer Agreements:				
Oak Grove Equities	3/93	1995-2014	7.00%	1,800,000
Outlet Center	12/89	1996-2015	N/A	2,410,000
McMillin Summerly, LLC	12/02	N/A	N/A	19,000,000

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: Successor Agency Trust Disclosures (Continued)

Long term activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loans Payable :					
City of Lake Elsinore (Note 4)	\$ 29,641,411	\$ 482,963 ⁽¹⁾	\$ (545,873)	\$ 29,578,501	\$ -
Lake Elsinore Public Financing Authority	44,705,000	-	(2,215,000)	42,490,000	2,265,000
Discounts	(442,400)	-	32,872	(409,528)	-
Subtotal	<u>73,904,011</u>	<u>482,963</u>	<u>(2,728,001)</u>	<u>71,658,973</u>	<u>2,265,000</u>
Subordinate Tax Allocation Bonds :					
2015 Series	8,065,000	-	(730,000)	7,335,000	730,000
Premiums	264,075	-	(11,913)	252,162	-
Subtotal	<u>8,329,075</u>	<u>-</u>	<u>(741,913)</u>	<u>7,587,162</u>	<u>730,000</u>
Developer Agreements:					
McMillin Summerly, LLC	1,146,127	256,013	-	1,402,140	-
Subtotal	<u>1,146,127</u>	<u>256,013</u>	<u>-</u>	<u>1,402,140</u>	<u>-</u>
Total	<u>\$ 83,379,213</u>	<u>\$ 738,976</u>	<u>\$ (3,469,914)</u>	<u>\$ 80,648,275</u>	<u>\$ 2,995,000</u>

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

a. Loans Payable

Public Financing Authority

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

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

At June 30, 2017, outstanding principal under loan agreements between the Successor Agency and the Authority totaled \$42,490,000 based on 2010 Series A, Series B and Series C Tax Allocation Revenue Bonds.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: Successor Agency Trust Disclosures (Continued)

2010 Series A

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued by the Authority. Concurrently with this issuance of the bonds, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$13,170,000 of outstanding 1995 Series C Tax Allocation Revenue Bonds. The loan is payable in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The loan balance at June 30, 2017 is \$12,825,000. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$1,496,867, which is sufficient to cover the Bond Indenture Reserve Requirement.

2010 Series B

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued by the Authority. Concurrently with this issuance of the bonds, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$10,065,000 of outstanding 1995 Series A Tax Allocation Revenue Bonds. The advance refunding resulted in an economic gain of \$757,319 and a decrease in cash flow expenditures of \$893,956. Proceeds from the 2010 Series B bonds were invested in an escrow fund with a trustee, which together with earnings, will pay interest and principal on the bonds until fully retired. The 1995 Series A bonds are legally defeased and are no longer a liability of the Agency. The Series B loan is payable in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; and bears interest at 2.00% to 4.75%. The loan balance at June 30, 2017 is \$6,830,000. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$941,245, which is sufficient to cover the Bond Indenture Reserve Requirement.

2010 Series C

In November 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued by the Authority. Concurrently with the bond issuance, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$27,495,000 of outstanding 1999 Series A Tax Allocation Revenue Bonds. Tax revenues from Project Areas 1 and 2 are pledged for the repayment of the loan. In the event that tax revenues are not sufficient from Project Areas 1 and 2, the Agency covenanted to make interfund loans from Project Area 3 and the Low and Moderate Income Housing Fund to make the loan payment. The loan is payable in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; and bears interest at 2.00% to 5.00%. The loan balance at June 30, 2016 is \$22,835,000. At June 30, 2017, the Authority has a cash reserve balance for debt service of \$2,226,434, which is sufficient to cover the Bond Indenture Reserve Requirement.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 17: Successor Agency Trust Disclosures (Continued)

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,265,000	\$ 1,842,408	\$ 4,107,408
2019	2,345,000	1,768,189	4,113,189
2020	2,420,000	1,685,482	4,105,482
2021	2,510,000	1,593,292	4,103,292
2022	2,600,000	1,490,679	4,090,679
2023 - 2027	13,835,000	5,655,349	19,490,349
2028 - 2032	13,145,000	2,602,269	15,747,269
2033	3,370,000	177,713	3,547,713
Totals	<u>\$ 42,490,000</u>	<u>\$ 16,815,381</u>	<u>\$ 59,305,381</u>

2015 Series

In August 2015, \$8,065,000 principal amount of Subordinate Tax Allocation Refunding Bonds, Series 2015 were issued to advance refund the 2011 Launch Ramp Project and 2011 Summerly Project Lake Elsinore Public Financing Authority bonds. The term bonds are due in annual installments of \$35,000 to \$805,000 from September 1, 2016 through September 1, 2038; interest at 1.625% to 5%. The bonds are subject to call and redemption prior to their stated maturity at specified redemption prices.

b. Subordinate Tax Allocation Revenue Bonds

Future debt requirements for the Subordinate Tax Allocation Refunding Bonds Series 2015 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 730,000	\$ 227,094	\$ 957,094
2019	740,000	212,394	952,394
2020	760,000	189,794	949,794
2021	790,000	168,175	958,175
2022	805,000	145,656	950,656
2023 - 2027	1,195,000	532,481	1,727,481
2028 - 2032	1,460,000	274,469	1,734,469
2033 - 2037	765,000	54,009	819,009
2038 - 2042	90,000	3,263	93,263
Totals	<u>\$ 7,335,000</u>	<u>\$ 1,807,335</u>	<u>\$ 9,142,335</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: Successor Agency Trust Disclosures (Continued)

c. Developer Agreements

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

McMillin Summerly LLC

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

Property taxes accrued for payment as of June 30, 2016, is \$1,402,140 to the developer and master developer upon satisfaction of the terms of the DDA. A portion of the tax increment pledge reimburses the developer for construction of certain extraordinary infrastructure associated with the project. Developer’s reimbursement for construction of certain extraordinary infrastructure is limited to \$19,000,000, as adjusted in accordance with the terms of the DDA. The Agency issued two subordinate tax allocation bonds 2011 Series totaling \$4,610,000, the proceeds of which were used to reimburse the developer for construction of certain extraordinary infrastructure. Any unpaid reimbursement of extraordinary infrastructure is to be forgiven upon the expiration of the Agency’s right to receive tax increment under its Redevelopment Plans for Project Areas II and III. The DDA prohibits further bonded indebtedness secured by tax increment generated by the project site, other than for specified project purposes.

d. Commitments and Contingencies

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

Lake Elsinore Stadium

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: Successor Agency Trust Disclosures (Continued)

The Successor Agency and the Lake Elsinore Storm entered into a Stadium Interim Management Agreement dated January 1, 2013 to provide for the performance by the Lake Elsinore Storm of certain maintenance, upkeep, and operations of Diamond Stadium. The Management Agreement provides that the Successor Agency pay an aggregate management and maintenance fee to the Lake Elsinore Storm in the amount of \$694,692 for the 2017 fiscal year and \$356,030 for the 2018 fiscal year. This amount is net of payments owed to the Successor Agency pursuant to a License Agreement, as amended, and includes payments by the Successor Agency due pursuant to a Stadium Field and Maintenance Agreement, as amended, and assignment of revenues pursuant to a Concession License Agreement, as amended. The Management Agreement was amended and expires on June 30, 2018.

Other Matters

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve unfavorable to the City.

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Bonds with pledged revenue were fully paid as of June 30, 2017. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$ 11,252,897 and the debt service obligation on the bonds was \$6,160,369.

Note 18: Joint Powers Agreements

On March 28, 2000, the City agreed to enter into a joint powers agreement under Proposition 13 with Elsinore Valley Municipal Water District and the Santa Ana Watersheds Project Authority to form the Lake Elsinore and San Jacinto Watersheds Authority. The Authority is due to receive \$15 million in Proposition 13 water bond proceeds to improve the Lake Elsinore and San Jacinto Watersheds Authority lake water quality. As of June 30, 2015, the Authority had minimal activity and according to the criteria in Note 1A, the Authority is not included in these financial statements.

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 18: Joint Powers Agreements

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

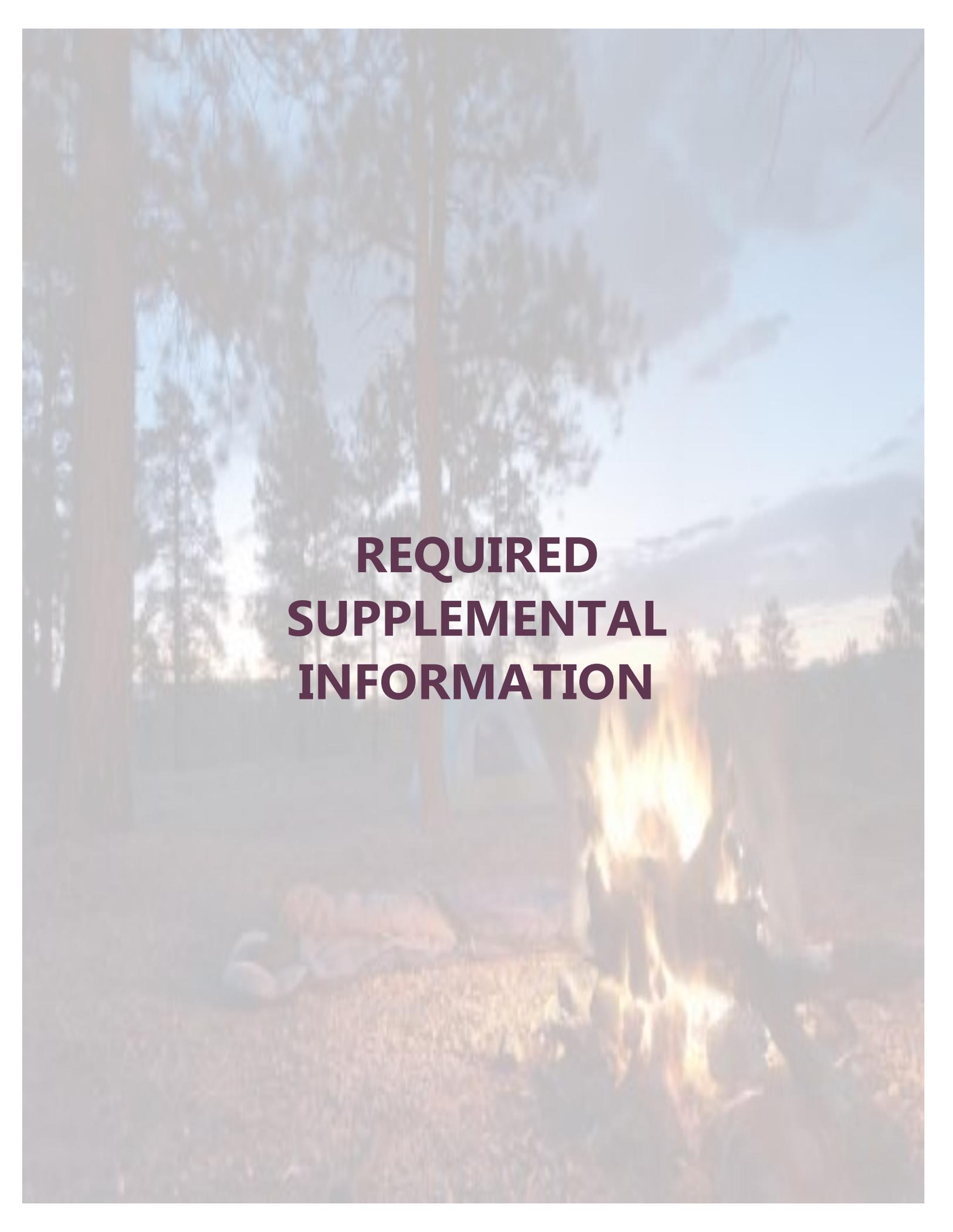
Note 19: Prior Period Adjustments

A net prior period adjustment to net position of \$3,686,748 was required to correct accumulated depreciation for capital assets and to correct historical balances of capital assets.

Note 20: Subsequent Events

On December 21, 2017 \$7,975,000 principal amount of Lease Revenue Bonds, Series 2017, was issued by the Lake Elsinore Facilities Financing Authority to finance the acquisition, construction and installation of certain capital improvements owned by the City for Community Facilities District 2003-2 (Canyon Hills) Improvement Area B. The bonds are due in annual installments of \$105,000 to \$450,000 from September 1, 2018 through September 1, 2044. Interest payments ranging from 2.00% to 4.00% are due from March 1, 2018 through March 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2038 at specified redemption prices.

On November 30, 2017 \$5,070,000 principal amount of Community Facilities District No. 2006-1 (Summerly) Special Tax Bonds, Series 2017 (Improvement Area EE) to finance the acquisition, construction and installation of certain capital improvements owned by the City. The bonds are due in annual installments of \$45,000 to \$380,000 from September 1, 2019 through September 1, 2047. Interest payments ranging from 2.00% to 4.00% are due from March 1, 2018 through March 1, 2047. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2038 at specified redemption prices.



**REQUIRED
SUPPLEMENTAL
INFORMATION**

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,394,909	\$ 12,394,909	\$ 12,394,909	\$ -
Resources (Inflows):				
Taxes	20,062,639	20,175,738	20,077,953	(97,785)
Assessments	-	-	10,648	10,648
Licenses and permits	3,513,290	3,919,627	4,045,758	126,131
Intergovernmental	2,071,052	1,969,052	4,960,104	2,991,052
Charges for services	3,125,869	3,461,751	2,826,491	(635,260)
Use of money and property	210,000	210,000	7,712	(202,288)
Fines and forfeitures	696,930	742,080	653,023	(89,057)
Miscellaneous	5,827,814	5,859,912	6,375,569	515,657
Transfers in	5,020,697	4,553,954	3,346,147	(1,207,807)
Amounts Available for Appropriations	52,923,200	53,287,023	54,698,314	1,411,291
Charges to Appropriation (Outflow):				
General government				
City Council	302,364	233,864	232,227	1,637
Community Support	89,200	89,200	33,484	55,716
City Clerk	603,973	603,973	528,510	75,463
City Attorney	500,000	500,000	587,649	(87,649)
City Manager	758,121	758,121	789,165	(31,044)
Administrative Services	2,029,209	2,029,209	1,794,702	234,507
Public safety				
Police Services - Contracted	12,431,410	12,431,410	11,705,026	726,384
Suppression - Contracted	7,597,637	7,597,637	7,938,614	(340,977)
Prevention - Contracted	317,605	317,605	300,448	17,157
Animal Services - Contracted	839,200	839,200	807,243	31,957
Community development				
Planning & Zoning	1,243,418	1,243,418	1,165,706	77,712
Building & Safety	1,208,921	1,557,231	1,459,219	98,012
Code Enforcement/Graffiti	745,926	745,926	764,065	(18,139)
Economic Development	357,896	440,896	443,954	(3,058)
Community services				
Administration	926,806	926,806	827,835	98,971
Recreation	834,773	929,773	585,930	343,843
Senior Center	301,844	301,844	155,907	145,937
Campground	337,630	482,630	427,642	54,988
Public services				
Engineering	1,799,224	1,799,224	1,919,099	(119,875)
Administration	2,092,668	2,192,218	2,038,306	153,912
Park Maintenance	2,041,631	2,041,631	2,075,010	(33,379)
Weed Abatement	375,000	375,000	189,475	185,525
Non-Departmental	2,816,469	2,822,301	2,780,863	41,438
Capital outlay	-	-	95,824	(95,824)
Transfers out	1,387,100	1,387,100	2,443,258	(1,056,158)
Total Charges to Appropriations	41,938,025	42,646,217	42,089,161	557,056
Budgetary Fund Balance, June 30	\$ 10,985,175	\$ 10,640,806	\$ 12,609,153	\$ 1,968,347

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
LOW AND MODERATE INCOME HOUSING
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 42,297,549	\$ 42,297,549	\$ 42,297,549	\$ -
Resources (Inflows):				
Use of money and property	103,200	103,200	5,280	(97,920)
Amounts Available for Appropriations	42,400,749	42,400,749	42,302,829	(97,920)
Charges to Appropriation (Outflow):				
Community development	181,000	181,000	490,244	(309,244)
Total Charges to Appropriations	181,000	181,000	490,244	(309,244)
Budgetary Fund Balance, June 30	\$ 42,219,749	\$ 42,219,749	\$ 41,812,585	\$ (407,164)

CITY OF LAKE ELSINORE

**CALPERS PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the Net Pension Liability	0.29477%	0.32568%	0.31058%
Proportionate Share of the Net Pension Liability	\$ 7,292,642	\$ 8,943,640	\$ 10,798,127
Covered-Employee Payroll	4,537,860	4,751,199	3,804,985
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	160.71%	188.24%	283.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	79.82%	75.87%

Notes to Schedule:

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions:

There were no changes of assumptions.

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only three years are shown.

CITY OF LAKE ELSINORE

**CALPERS PENSION PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 890,999	\$ 1,049,049	\$ 1,313,558
Contribution in Relation to the Actuarially Determined Contribution	(890,999)	(1,049,049)	(1,313,558)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 4,751,199	\$ 3,804,985	\$ 5,605,231
Contributions as a Percentage of Covered-Employee Payroll	18.75%	27.57%	23.43%

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only three years are shown.

Note to Schedule:

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.

BUDGETS AND BUDGETARY DATA

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

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



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**SUPPLEMENTARY
SCHEDULES**

CITY OF LAKE ELSINORE

FUND DESCRIPTIONS YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

Developer Agreement Revenue/Trust - to account for development fees based on developer agreements. Affordable Housing in Lieu - to account for collection of fees assessed to developers and for expenditures made on affordable housing projects.

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

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

CITY OF LAKE ELSINORE

FUND DESCRIPTIONS YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement Service	Traffic Offender	Gas Tax	Transportation Measure A
Assets:				
Cash and investments	\$ -	\$ -	\$ 610,141	\$ 1,339,232
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	5,940	5,959
Prepaid costs	-	-	-	-
Due from other governments	39,416	-	-	248,451
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 39,416	\$ -	\$ 616,081	\$ 1,593,642
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 55,198	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	55,198	-
Deferred Inflows of Resources:				
Unavailable revenues	39,416	-	-	48,271
Total Deferred Inflows of Resources	39,416	-	-	48,271
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	560,883	1,545,371
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	560,883	1,545,371
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,416	\$ -	\$ 616,081	\$ 1,593,642

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>SB1186 CAS Education</u>	<u>Traffic Safety</u>	<u>City-wide Lighting and Landscaping</u>	<u>L.L.M.D No. 1</u>
Assets:				
Cash and investments	\$ 8,810	\$ -	\$ -	\$ 716,528
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	32	460	-	2,845
Prepaid costs	-	-	-	-
Due from other governments	-	31,438	111,361	4,940
Due from other funds	-	-	62,561	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 8,842</u>	<u>\$ 31,898</u>	<u>\$ 173,922</u>	<u>\$ 724,313</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 203	\$ -	\$ 110,197	\$ 9,349
Deposits payable	-	-	-	-
Due to other funds	-	31,898	-	-
Total Liabilities	<u>203</u>	<u>31,898</u>	<u>110,197</u>	<u>9,349</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	63,725	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>63,725</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	8,639	-	-	714,964
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>8,639</u>	<u>-</u>	<u>-</u>	<u>714,964</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,842</u>	<u>\$ 31,898</u>	<u>\$ 173,922</u>	<u>\$ 724,313</u>

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Geothermal	AB2766 Air Pollution	C.D.B.G	Cost Recovery System
Assets:				
Cash and investments	\$ 21,946	\$ 266,432	\$ -	\$ 1,580,543
Receivables:				
Accounts	-	-	-	186,217
Notes and loans	-	-	-	-
Accrued interest	89	1,225	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	19,803	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 22,035	\$ 287,460	\$ -	\$ 1,766,760
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 56,918	\$ -	\$ 22,328
Deposits payable	1,700	-	-	1,744,432
Due to other funds	-	-	-	-
Total Liabilities	1,700	56,918	-	1,766,760
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	20,335	230,542	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	20,335	230,542	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,035	\$ 287,460	\$ -	\$ 1,766,760

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Developer Agreement Revenue/Trust</u>	<u>Affordable Housing In- Lieu</u>	<u>City Hall / Public Works</u>	<u>Community Center</u>
Assets:				
Cash and investments	\$ 310,108	\$ 1,254,479	\$ 1,247,729	\$ 463,722
Receivables:				
Accounts	-	4,342	-	-
Notes and loans	-	188,610	-	-
Accrued interest	3,434	5,487	5,614	2,002
Prepaid costs	-	-	-	-
Due from other governments	-	1,000	-	-
Due from other funds	-	-	-	-
Land held for resale	-	181,923	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 313,542</u>	<u>\$ 1,635,841</u>	<u>\$ 1,253,343</u>	<u>\$ 465,724</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	144	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>144</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	313,542	1,635,697	1,253,343	465,724
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>313,542</u>	<u>1,635,697</u>	<u>1,253,343</u>	<u>465,724</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 313,542</u>	<u>\$ 1,635,841</u>	<u>\$ 1,253,343</u>	<u>\$ 465,724</u>

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Special Revenue Funds</u>			
	<u>Lake Side Facilities</u>	<u>Animal Shelter</u>	<u>N.P.D.E.S.</u>	<u>PEG Grant</u>
Assets:				
Cash and investments	\$ 712,224	\$ 42,643	\$ 86,625	\$ -
Receivables:				
Accounts	-	-	-	6,418
Notes and loans	-	-	-	-
Accrued interest	3,077	237	323	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	31,019	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 715,301</u>	<u>\$ 42,880</u>	<u>\$ 117,967</u>	<u>\$ 6,418</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,288	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	6,418
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,288</u>	<u>6,418</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	31,019	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>31,019</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	715,301	42,880	82,660	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>715,301</u>	<u>42,880</u>	<u>82,660</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 715,301</u>	<u>\$ 42,880</u>	<u>\$ 117,967</u>	<u>\$ 6,418</u>

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds	Capital Projects Funds		
	Pedestrian Sidewalk	Miscellaneous General Project	Park Improvement and Development	Storm Drains
Assets:				
Cash and investments	\$ -	\$ 1,025,040	\$ -	\$ 1,201,442
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	4,592
Prepaid costs	-	-	-	-
Due from other governments	186,073	-	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 186,073	\$ 1,025,040	\$ -	\$ 1,206,034
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 19,882	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	186,073	-	-	-
Total Liabilities	186,073	19,882	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	1,206,034
Assigned	-	1,005,158	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	1,005,158	-	1,206,034
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 186,073	\$ 1,025,040	\$ -	\$ 1,206,034

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Capital Projects Funds</u>			
	<u>Library Capital Improvement</u>	<u>Traffic Impact</u>	<u>City Fire Protection</u>	<u>Public Improvement In- Lieu</u>
Assets:				
Cash and investments	\$ 1,748,334	\$ 4,228,179	\$ 11,967	\$ 704,811
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	7,699	17,758	800	3,151
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,756,033</u>	<u>\$ 4,245,937</u>	<u>\$ 12,767</u>	<u>\$ 707,962</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,756,033	4,245,937	12,767	707,962
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>1,756,033</u>	<u>4,245,937</u>	<u>12,767</u>	<u>707,962</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,756,033</u>	<u>\$ 4,245,937</u>	<u>\$ 12,767</u>	<u>\$ 707,962</u>

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Capital Projects Funds</u>			
	<u>Road Improvement Program Fund</u>	<u>TUMF</u>	<u>Street Lighting</u>	<u>Facilities Construction</u>
Assets:				
Cash and investments	\$ 870	\$ -	\$ 52,961	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	36	-	131	5,446
Prepaid costs	-	-	-	-
Due from other governments	-	97,655	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	3,918,972	-	-	9,584,545
Total Assets	<u>\$ 3,919,878</u>	<u>\$ 97,655</u>	<u>\$ 53,092</u>	<u>\$ 9,589,991</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 750	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	94,936	-	-
Total Liabilities	<u>750</u>	<u>94,936</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	97,655	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>97,655</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	3,919,128	-	53,092	9,589,991
Assigned	-	-	-	-
Unassigned	-	(94,936)	-	-
Total Fund Balances	<u>3,919,128</u>	<u>(94,936)</u>	<u>53,092</u>	<u>9,589,991</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,919,878</u>	<u>\$ 97,655</u>	<u>\$ 53,092</u>	<u>\$ 9,589,991</u>

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Debt Service Fund	Permanent Funds		Total Governmental Funds
	Facilities Financing Authority	Endowment Trust - Carl Graves	Endowment Trust - Adolph Korn	
Assets:				
Cash and investments	\$ -	\$ 963,064	\$ 31,253	\$ 18,629,083
Receivables:				
Accounts	-	-	-	196,977
Notes and loans	-	-	-	188,610
Accrued interest	3	-	139	76,479
Prepaid costs	76,190	-	-	76,190
Due from other governments	-	-	-	771,156
Due from other funds	-	-	-	62,561
Land held for resale	-	-	-	181,923
Restricted assets:				
Cash and investments with fiscal agents	4,921	-	-	13,508,438
Total Assets	\$ 81,114	\$ 963,064	\$ 31,392	\$ 33,691,417
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 279,113
Deposits payable	-	-	-	1,746,132
Due to other funds	-	-	-	319,325
Total Liabilities	-	-	-	2,344,570
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	280,230
Total Deferred Inflows of Resources	-	-	-	280,230
Fund Balances:				
Nonspendable	-	959,130	20,000	979,130
Restricted	81,114	-	-	29,161,939
Assigned	-	3,934	11,392	1,020,484
Unassigned	-	-	-	(94,936)
Total Fund Balances	81,114	963,064	31,392	31,066,617
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 81,114	\$ 963,064	\$ 31,392	\$ 33,691,417

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement Service	Traffic Offender	Gas Tax	Transportation Measure A
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	29,750	-	-
Intergovernmental	129,324	-	1,160,599	-
Investment earnings	-	15	237	2,934
Fines and forfeitures	-	-	-	1,262,042
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	129,324	29,765	1,160,836	1,264,976
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public Services	-	-	589,189	-
Capital outlay	-	-	125,636	372,741
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	714,825	372,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	129,324	29,765	446,011	892,235
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(129,324)	(29,765)	(908,848)	(472,645)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	(129,324)	(29,765)	(908,848)	(472,645)
Net Change in Fund Balances	-	-	(462,837)	419,590
Fund Balances, Beginning of Year	-	-	1,023,720	1,125,781
Fund Balances, End of Year	\$ -	\$ -	\$ 560,883	\$ 1,545,371

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	SB1186 CAS Education	Traffic Safety	City-wide Lighting and Landscaping	L.L.M.D No. 1
Revenues:				
Special assessments	\$ -	\$ -	\$ 1,412,710	\$ 367,583
Licenses and permits	3,966	-	-	-
Intergovernmental	-	-	-	-
Investment earnings	12	(26)	-	1,044
Fines and forfeitures	-	374,292	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	7,413	-
Total Revenues	3,978	374,266	1,420,123	368,627
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public Services	1,037	-	1,533,442	114,480
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,037	-	1,533,442	114,480
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,941	374,266	(113,319)	254,147
Other Financing Sources (Uses):				
Transfers in	-	-	113,319	-
Transfers out	-	(374,266)	-	-
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	-	(374,266)	113,319	-
Net Change in Fund Balances	2,941	-	-	254,147
Fund Balances, Beginning of Year	5,698	-	-	460,817
Fund Balances, End of Year	\$ 8,639	\$ -	\$ -	\$ 714,964

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Special Revenue Funds

	Geothermal	AB2766 Air Pollution	C.D.B.G	Cost Recovery System
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	77,904	289,759	-
Investment earnings	23	444	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	23	78,348	289,759	-
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	71,838	-
Community services	-	-	-	-
Public Services	-	6,000	-	-
Capital outlay	-	-	209,766	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	6,000	281,604	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	23	72,348	8,155	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(86,052)	(8,155)	-
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	-	(86,052)	(8,155)	-
Net Change in Fund Balances	23	(13,704)	-	-
Fund Balances, Beginning of Year	20,312	244,246	-	-
Fund Balances, End of Year	\$ 20,335	\$ 230,542	\$ -	\$ -

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Developer Agreement Revenue/Trust	Affordable Housing In- Lieu	City Hall / Public Works	Community Center
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	358,000	705,734	167,115	101,370
Intergovernmental	-	-	-	-
Investment earnings	(727)	4,711	1,821	448
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	1,000	-	-
Total Revenues	357,273	711,445	168,936	101,818
Expenditures:				
Current:				
General government	292,181	2,000	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	292,181	2,000	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,092	709,445	168,936	101,818
Other Financing Sources (Uses):				
Transfers in	20,805	-	-	-
Transfers out	(815,235)	(1,818,077)	(72,190)	(130,263)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	(794,430)	(1,818,077)	(72,190)	(130,263)
Net Change in Fund Balances	(729,338)	(1,108,632)	96,746	(28,445)
Fund Balances, Beginning of Year	1,042,880	2,744,329	1,156,597	494,169
Fund Balances, End of Year	\$ 313,542	\$ 1,635,697	\$ 1,253,343	\$ 465,724

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Special Revenue Funds

	Lake Side Facilities	Animal Shelter	N.P.D.E.S.	PEG Grant
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	144,894	64,380	147,830	31,997
Intergovernmental	-	-	-	-
Investment earnings	1,082	196	(12)	184
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	145,976	64,576	147,818	32,181
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	200
Public Services	-	-	83,756	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	83,756	200
Excess (Deficiency) of Revenues Over (Under) Expenditures	145,976	64,576	64,062	31,981
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(30,930)	(20,805)	(93,057)	(55,656)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	(30,930)	(20,805)	(93,057)	(55,656)
Net Change in Fund Balances	115,046	43,771	(28,995)	(23,675)
Fund Balances, Beginning of Year	600,255	(891)	111,655	23,675
Fund Balances, End of Year	\$ 715,301	\$ 42,880	\$ 82,660	\$ -

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds	Capital Projects Funds		
	Pedestrian Sidewalk	Miscellaneous General Project	Park Improvement and Development	Storm Drains
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	40,623	467,761
Intergovernmental	228,435	-	-	-
Investment earnings	-	12,672	76	(4,597)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	228,435	12,672	40,699	463,164
Expenditures:				
Current:				
General government	-	19,882	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public Services	-	-	-	-
Capital outlay	186,914	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	186,914	19,882	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,521	(7,210)	40,699	463,164
Other Financing Sources (Uses):				
Transfers in	-	2,637,669	-	-
Transfers out	(41,521)	(2,280,613)	(52,699)	(1,658,917)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	(41,521)	357,056	(52,699)	(1,658,917)
Net Change in Fund Balances	-	349,846	(12,000)	(1,195,753)
Fund Balances, Beginning of Year	-	655,312	12,000	2,401,787
Fund Balances, End of Year	\$ -	\$ 1,005,158	\$ -	\$ 1,206,034

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Capital Projects Funds

	Library Capital Improvement	Traffic Impact	City Fire Protection	Public Improvement In-Lieu
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	113,250	824,761	150,322	14,963
Intergovernmental	-	-	-	-
Investment earnings	2,034	5,414	114	541
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	115,284	830,175	150,436	15,504
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Community services	40,000	-	-	-
Public Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	40,000	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,284	830,175	150,436	15,504
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(215,734)	(137,669)	(158,431)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	-	(215,734)	(137,669)	(158,431)
Net Change in Fund Balances	75,284	614,441	12,767	(142,927)
Fund Balances, Beginning of Year	1,680,749	3,631,496	-	850,889
Fund Balances, End of Year	\$ 1,756,033	\$ 4,245,937	\$ 12,767	\$ 707,962

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Capital Projects Funds

	Road Improvement Program Fund	TUMF	Street Lighting	Facilities Construction
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	53,000	-
Intergovernmental	-	-	-	-
Investment earnings	2,854	24	92	27,397
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	53,597	-	-
Total Revenues	2,854	53,621	53,092	27,397
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public Services	3,195	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	215,000	-	-	-
Interest and fiscal charges	284,538	-	-	-
Total Expenditures	502,733	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(499,879)	53,621	53,092	27,397
Other Financing Sources (Uses):				
Transfers in	503,302	-	-	10,000,000
Transfers out	(282,865)	(151,252)	-	(437,406)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	220,437	(151,252)	-	9,562,594
Net Change in Fund Balances	(279,442)	(97,631)	53,092	9,589,991
Fund Balances, Beginning of Year	4,198,570	2,695	-	-
Fund Balances, End of Year	\$ 3,919,128	\$ (94,936)	\$ 53,092	\$ 9,589,991

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Debt Service	Permanent Funds		Total Governmental Funds
	Fund	Endowment Trust - Carl Graves	Endowment Trust - Adolph Korn	
	Facilities Financing Authority			
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ 1,780,293
Licenses and permits	-	-	-	3,419,716
Intergovernmental	-	-	-	1,886,021
Investment earnings	24	3,934	45	63,010
Fines and forfeitures	-	-	-	1,636,334
Contributions	-	959,130	-	959,130
Miscellaneous	-	-	-	62,010
Total Revenues	24	963,064	45	9,806,514
Expenditures:				
Current:				
General government	2,627	-	-	316,690
Community development	-	-	-	71,838
Community services	-	-	-	40,200
Public Services	-	-	-	2,331,099
Capital outlay	-	-	-	895,057
Debt service:				
Principal retirement	80,000	-	-	295,000
Interest and fiscal charges	446,522	-	-	731,060
Total Expenditures	529,149	-	-	4,680,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	(529,125)	963,064	45	5,125,570
Other Financing Sources (Uses):				
Transfers in	200,239	-	-	13,475,334
Transfers out	(10,000,000)	-	-	(20,462,375)
Debt issued	10,410,000	-	-	10,410,000
Total Other Financing Sources (Uses)	610,239	-	-	3,422,959
Net Change in Fund Balances	81,114	963,064	45	8,548,529
Fund Balances, Beginning of Year	-	-	31,347	22,518,088
Fund Balances, End of Year	\$ 81,114	\$ 963,064	\$ 31,392	\$ 31,066,617

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT SERVICE
 YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	100,000	129,000	129,324	324
Amounts Available for Appropriations	100,000	129,000	129,324	324
Charges to Appropriation (Outflow):				
Transfers out	100,000	100,000	129,324	(29,324)
Total Charges to Appropriations	100,000	100,000	129,324	(29,324)
Budgetary Fund Balance, June 30	\$ -	\$ 29,000	\$ -	\$ (29,000)

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC OFFENDER
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Licenses and permits	121,000	121,000	29,750	(91,250)
Use of money and property	190	200	15	(185)
Amounts Available for Appropriations	121,190	121,200	29,765	(91,435)
Charges to Appropriation (Outflow):				
Transfers out	121,000	121,000	29,765	91,235
Total Charges to Appropriations	121,000	121,000	29,765	91,235
Budgetary Fund Balance, June 30	\$ 190	\$ 200	\$ -	\$ (200)

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,023,720	\$ 1,023,720	\$ 1,023,720	\$ -
Resources (Inflows):				
Intergovernmental	1,509,760	1,509,760	1,160,599	(349,161)
Use of money and property	10,000	10,000	237	(9,763)
Amounts Available for Appropriations	2,543,480	2,543,480	2,184,556	(358,924)
Charges to Appropriation (Outflow):				
Public services	399,000	659,000	589,189	69,811
Capital outlay	1,574,580	1,574,580	125,636	1,448,944
Transfers out	1,110,760	850,760	908,848	(58,088)
Total Charges to Appropriations	3,084,340	3,084,340	1,623,673	1,460,667
Budgetary Fund Balance, June 30	\$ (540,860)	\$ (540,860)	\$ 560,883	\$ 1,101,743

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION MEASURE A
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,125,781	\$ 1,125,781	\$ 1,125,781	\$ -
Resources (Inflows):				
Use of money and property	4,000	4,000	2,934	(1,066)
Fines and forfeitures	1,161,019	1,161,019	1,262,042	101,023
Amounts Available for Appropriations	2,290,800	2,290,800	2,390,757	99,957
Charges to Appropriation (Outflow):				
Capital outlay	1,789,104	1,785,802	372,741	1,413,061
Transfers out	500,000	503,302	472,645	30,657
Total Charges to Appropriations	2,289,104	2,289,104	845,386	1,443,718
Budgetary Fund Balance, June 30	\$ 1,696	\$ 1,696	\$ 1,545,371	\$ 1,543,675

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
SB1186 CAS EDUCATION
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,698	\$ 5,698	\$ 5,698	\$ -
Resources (Inflows):				
Licenses and permits	2,400	2,400	3,966	1,566
Use of money and property	34	34	12	(22)
Amounts Available for Appropriations	8,132	8,132	9,676	1,544
Charges to Appropriation (Outflow):				
Public services	4,533	4,533	1,037	3,496
Total Charges to Appropriations	4,533	4,533	1,037	3,496
Budgetary Fund Balance, June 30	\$ 3,599	\$ 3,599	\$ 8,639	\$ 5,040

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	750	750	(26)	(776)
Fines and forfeitures	483,750	483,750	374,292	(109,458)
Amounts Available for Appropriations	484,500	484,500	374,266	(110,234)
Charges to Appropriation (Outflow):				
Transfers out	484,500	484,500	374,266	110,234
Total Charges to Appropriations	484,500	484,500	374,266	110,234
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
CITY-WIDE LIGHTING AND LANDSCAPING
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Assessments	1,406,608	1,406,608	1,412,710	6,102
Miscellaneous	-	-	7,413	7,413
Transfers in	-	-	113,319	113,319
Amounts Available for Appropriations	1,406,608	1,406,608	1,533,442	126,834
Charges to Appropriation (Outflow):				
Public services	1,676,410	1,676,410	1,533,442	142,968
Total Charges to Appropriations	1,676,410	1,676,410	1,533,442	142,968
Budgetary Fund Balance, June 30	\$ (269,802)	\$ (269,802)	\$ -	\$ 269,802

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

L.L.M.D NO. 1

YEAR ENDED JUNE 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 460,817	\$ 460,817	\$ 460,817	\$ -
Resources (Inflows):				
Assessments	363,296	363,296	367,583	4,287
Use of money and property	-	-	1,044	1,044
Amounts Available for Appropriations	824,113	824,113	829,444	5,331
Charges to Appropriation (Outflow):				
Public services	377,680	377,680	114,480	263,200
Total Charges to Appropriations	377,680	377,680	114,480	263,200
Budgetary Fund Balance, June 30	\$ 446,433	\$ 446,433	\$ 714,964	\$ 268,531

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 GEOTHERMAL
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,312	\$ 20,312	\$ 20,312	\$ -
Resources (Inflows):				
Use of money and property	150	150	23	127
Amounts Available for Appropriations	20,462	20,462	20,335	127
Budgetary Fund Balance, June 30	\$ 20,462	\$ 20,462	\$ 20,335	\$ 127

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 AB2766 AIR POLLUTION
 YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 244,246	\$ 244,246	\$ 244,246	\$ -
Resources (Inflows):				
Intergovernmental	42,890	42,890	77,904	35,014
Use of money and property	1,000	1,000	444	(556)
Amounts Available for Appropriations	<u>288,136</u>	<u>288,136</u>	<u>322,594</u>	<u>34,458</u>
Charges to Appropriation (Outflow):				
Public services	6,000	6,000	6,000	-
Transfers out	108,185	108,185	86,052	22,133
Total Charges to Appropriations	<u>114,185</u>	<u>114,185</u>	<u>92,052</u>	<u>22,133</u>
Budgetary Fund Balance, June 30	<u>\$ 173,951</u>	<u>\$ 173,951</u>	<u>\$ 230,542</u>	<u>\$ 56,591</u>

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

C.D.B.G

YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	1,786,817	1,786,817	289,759	(1,497,058)
Amounts Available for Appropriations	1,786,817	1,786,817	289,759	(1,497,058)
Charges to Appropriation (Outflow):				
Community development	10,000	72,000	71,838	162
Capital outlay	1,676,114	1,614,114	209,766	1,404,348
Transfers out	57,000	57,000	8,155	48,845
Total Charges to Appropriations	1,743,114	1,743,114	289,759	1,453,355
Budgetary Fund Balance, June 30	\$ 43,703	\$ 43,703	\$ -	\$ (43,703)

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
DEVELOPER AGREEMENT REVENUE/TRUST
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,042,880	\$ 1,042,880	\$ 1,042,880	\$ -
Resources (Inflows):				
Licenses and permits	195,000	195,000	358,000	163,000
Use of money and property	5,000	5,000	(727)	(5,727)
Transfers in	-	-	20,805	20,805
Amounts Available for Appropriations	<u>1,242,880</u>	<u>1,242,880</u>	<u>1,420,958</u>	<u>178,078</u>
Charges to Appropriation (Outflow):				
General government	-	-	292,181	(292,181)
Transfers out	730,000	730,000	815,235	(85,235)
Total Charges to Appropriations	<u>730,000</u>	<u>730,000</u>	<u>1,107,416</u>	<u>(377,416)</u>
Budgetary Fund Balance, June 30	<u>\$ 512,880</u>	<u>\$ 512,880</u>	<u>\$ 313,542</u>	<u>\$ (199,338)</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING IN-LIEU
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,744,329	\$ 2,744,329	\$ 2,744,329	\$ -
Resources (Inflows):				
Licenses and permits	262,972	262,972	705,734	442,762
Use of money and property	19,700	19,700	4,711	(14,989)
Miscellaneous	-	-	1,000	1,000
Amounts Available for Appropriations	3,027,001	3,027,001	3,455,774	428,773
Charges to Appropriation (Outflow):				
General government	-	-	2,000	(2,000)
Transfers out	2,600,000	2,600,000	1,818,077	781,923
Total Charges to Appropriations	2,600,000	2,600,000	1,820,077	779,923
Budgetary Fund Balance, June 30	\$ 427,001	\$ 427,001	\$ 1,635,697	\$ 1,208,696

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
CITY HALL / PUBLIC WORKS
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,156,597	\$ 1,156,597	\$ 1,156,597	\$ -
Resources (Inflows):				
Licenses and permits	96,000	96,000	167,115	71,115
Use of money and property	6,000	6,000	1,821	(4,179)
Amounts Available for Appropriations	<u>1,258,597</u>	<u>1,258,597</u>	<u>1,325,533</u>	<u>66,936</u>
Charges to Appropriation (Outflow):				
Transfers out	1,167,707	1,167,707	72,190	1,095,517
Total Charges to Appropriations	<u>1,167,707</u>	<u>1,167,707</u>	<u>72,190</u>	<u>1,095,517</u>
Budgetary Fund Balance, June 30	<u>\$ 90,890</u>	<u>\$ 90,890</u>	<u>\$ 1,253,343</u>	<u>\$ 1,162,453</u>

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY CENTER
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 494,169	\$ 494,169	\$ 494,169	\$ -
Resources (Inflows):				
Licenses and permits	48,000	48,000	101,370	53,370
Use of money and property	3,000	3,000	448	(2,552)
Amounts Available for Appropriations	545,169	545,169	595,987	50,818
Charges to Appropriation (Outflow):				
Transfers out	532,042	532,042	130,263	401,779
Total Charges to Appropriations	532,042	532,042	130,263	401,779
Budgetary Fund Balance, June 30	\$ 13,127	\$ 13,127	\$ 465,724	\$ 452,597

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
LAKE SIDE FACILITIES
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 600,255	\$ 600,255	\$ 600,255	\$ -
Resources (Inflows):				
Licenses and permits	100,000	100,000	144,894	44,894
Use of money and property	5,000	5,000	1,082	(3,918)
Amounts Available for Appropriations	<u>705,255</u>	<u>705,255</u>	<u>746,231</u>	<u>40,976</u>
Charges to Appropriation (Outflow):				
Transfers out	585,880	585,880	30,930	554,950
Total Charges to Appropriations	<u>585,880</u>	<u>585,880</u>	<u>30,930</u>	<u>554,950</u>
Budgetary Fund Balance, June 30	<u>\$ 119,375</u>	<u>\$ 119,375</u>	<u>\$ 715,301</u>	<u>\$ 595,926</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
ANIMAL SHELTER
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (891)	\$ (891)	\$ (891)	\$ -
Resources (Inflows):				
Licenses and permits	50,000	50,000	64,380	14,380
Use of money and property	-	-	196	196
Amounts Available for Appropriations	<u>49,109</u>	<u>49,109</u>	<u>63,685</u>	<u>14,576</u>
Charges to Appropriation (Outflow):				
Transfers out	20,805	20,805	20,805	-
Total Charges to Appropriations	<u>20,805</u>	<u>20,805</u>	<u>20,805</u>	<u>-</u>
Budgetary Fund Balance, June 30	<u>\$ 28,304</u>	<u>\$ 28,304</u>	<u>\$ 42,880</u>	<u>\$ 14,576</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
N.P.D.E.S.
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 111,655	\$ 111,655	\$ 111,655	\$ -
Resources (Inflows):				
Licenses and permits	381,201	381,201	147,830	(233,371)
Use of money and property	-	-	(12)	(12)
Amounts Available for Appropriations	<u>492,856</u>	<u>492,856</u>	<u>259,473</u>	<u>(233,383)</u>
Charges to Appropriation (Outflow):				
Public services	298,520	298,520	83,756	214,764
Transfers out	80,885	80,885	93,057	(12,172)
Total Charges to Appropriations	<u>379,405</u>	<u>379,405</u>	<u>176,813</u>	<u>202,592</u>
Budgetary Fund Balance, June 30	<u>\$ 113,451</u>	<u>\$ 113,451</u>	<u>\$ 82,660</u>	<u>\$ (30,791)</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
PEG GRANT
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,675	\$ 23,675	\$ 23,675	\$ -
Resources (Inflows):				
Licenses and permits	50,000	50,000	31,997	(18,003)
Use of money and property	-	-	184	184
Amounts Available for Appropriations	73,675	73,675	55,856	(17,819)
Charges to Appropriation (Outflow):				
Community services	-	2,000	200	1,800
Transfers out	-	77,729	55,656	22,073
Total Charges to Appropriations	79,729	79,729	55,856	23,873
Budgetary Fund Balance, June 30	\$ (6,054)	\$ (6,054)	\$ -	\$ 6,054

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GENERAL PROJECT
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 655,312	\$ 655,312	\$ 655,312	\$ -
Resources (Inflows):				
Use of money and property	14,000	14,000	12,672	(1,328)
Transfers in	3,614,252	3,614,252	2,637,669	(976,583)
Amounts Available for Appropriations	<u>4,283,564</u>	<u>4,283,564</u>	<u>3,305,653</u>	<u>(977,911)</u>
Charges to Appropriation (Outflow):				
General government	-	-	19,882	(19,882)
Transfers out	-	-	2,280,613	(2,280,613)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>2,300,495</u>	<u>(2,300,495)</u>
Budgetary Fund Balance, June 30	<u>\$ 4,283,564</u>	<u>\$ 4,283,564</u>	<u>\$ 1,005,158</u>	<u>\$ (3,278,406)</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 PARK IMPROVEMENT AND DEVELOPMENT
 YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Resources (Inflows):				
Licenses and permits	197,500	197,500	40,623	(156,877)
Use of money and property	100	100	76	(24)
Amounts Available for Appropriations	209,600	209,600	52,699	(156,901)
Charges to Appropriation (Outflow):				
Transfers out	218,759	218,759	52,699	166,060
Total Charges to Appropriations	218,759	218,759	52,699	166,060
Budgetary Fund Balance, June 30	\$ (9,159)	\$ (9,159)	\$ -	\$ 9,159

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
STORM DRAINS
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,401,787	\$ 2,401,787	\$ 2,401,787	\$ -
Resources (Inflows):				
Licenses and permits	291,811	291,811	467,761	175,950
Use of money and property	26,000	26,000	(4,597)	(30,597)
Amounts Available for Appropriations	2,719,598	2,719,598	2,864,951	145,353
Charges to Appropriation (Outflow):				
Transfers out	2,636,000	2,636,000	1,658,917	977,083
Total Charges to Appropriations	2,636,000	2,636,000	1,658,917	977,083
Budgetary Fund Balance, June 30	\$ 83,598	\$ 83,598	\$ 1,206,034	\$ 1,122,436

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
LIBRARY CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,680,749	\$ 1,680,749	\$ 1,680,749	\$ -
Resources (Inflows):				
Licenses and permits	57,000	57,000	113,250	56,250
Use of money and property	12,000	12,000	2,034	(9,966)
Amounts Available for Appropriations	<u>1,749,749</u>	<u>1,749,749</u>	<u>1,796,033</u>	<u>46,284</u>
Charges to Appropriation (Outflow):				
Community services	40,000	40,000	40,000	-
Transfers out	1,679,357	1,679,357	-	1,679,357
Total Charges to Appropriations	<u>1,719,357</u>	<u>1,719,357</u>	<u>40,000</u>	<u>1,679,357</u>
Budgetary Fund Balance, June 30	<u>\$ 30,392</u>	<u>\$ 30,392</u>	<u>\$ 1,756,033</u>	<u>\$ 1,725,641</u>

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC IMPACT
 YEAR ENDED JUNE 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 3,631,496	\$ 3,631,496	\$ 3,631,496	\$ -
Resources (Inflows):				
Licenses and permits	300,000	300,000	824,761	524,761
Use of money and property	20,000	20,000	5,414	(14,586)
Amounts Available for Appropriations	<u>3,951,496</u>	<u>3,951,496</u>	<u>4,461,671</u>	<u>510,175</u>
Charges to Appropriation (Outflow):				
Transfers out	3,493,856	3,493,856	215,734	3,278,122
Total Charges to Appropriations	<u>3,493,856</u>	<u>3,493,856</u>	<u>215,734</u>	<u>3,278,122</u>
Budgetary Fund Balance, June 30	<u>\$ 457,640</u>	<u>\$ 457,640</u>	<u>\$ 4,245,937</u>	<u>\$ 3,788,297</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
CITY FIRE PROTECTION
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Licenses and permits	125,000	125,000	150,322	25,322
Use of money and property	400	400	114	(286)
Amounts Available for Appropriations	125,400	125,400	150,436	25,036
Charges to Appropriation (Outflow):				
Transfers out	125,400	125,400	137,669	(12,269)
Total Charges to Appropriations	125,400	125,400	137,669	(12,269)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 12,767	\$ 12,767

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENT IN-LIEU
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 850,889	\$ 850,889	\$ 850,889	\$ -
Resources (Inflows):				
Licenses and permits	85,000	85,000	14,963	(70,037)
Use of money and property	5,000	5,000	541	(4,459)
Amounts Available for Appropriations	<u>940,889</u>	<u>940,889</u>	<u>866,393</u>	<u>(74,496)</u>
Charges to Appropriation (Outflow):				
Transfers out	-	-	158,431	(158,431)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>158,431</u>	<u>(158,431)</u>
Budgetary Fund Balance, June 30	<u>\$ 940,889</u>	<u>\$ 940,889</u>	<u>\$ 707,962</u>	<u>\$ (232,927)</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
ROAD IMPROVEMENT PROGRAM FUND
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 4,198,570	\$ 4,198,570	\$ 4,198,570	\$ -
Resources (Inflows):				
Use of money and property	-	-	2,854	2,854
Transfers in	500,000	500,000	503,302	3,302
Amounts Available for Appropriations	4,698,570	4,698,570	4,704,726	6,156
Charges to Appropriation (Outflow):				
Public services	500	500	3,195	(2,695)
Debt service:				
Principal retirement	215,000	215,000	215,000	-
Interest and fiscal charges	284,538	284,538	284,538	-
Transfers out	-	-	282,865	(282,865)
Total Charges to Appropriations	500,038	500,038	785,598	(285,560)
Budgetary Fund Balance, June 30	\$ 4,198,532	\$ 4,198,532	\$ 3,919,128	\$ (279,404)

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
ASSESSMENT DISTRICTS
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 972,803	\$ 972,803	\$ 972,803	\$ -
Resources (Inflows):				
Use of money and property	614	614	(1,351)	(1,965)
Contributions	-	15,846,431	17,202,554	1,356,123
Amounts Available for Appropriation	<u>973,417</u>	<u>16,819,848</u>	<u>18,174,006</u>	<u>1,354,158</u>
Charges to Appropriation (Outflow):				
Public services	-	6,105,829	6,106,208	(379)
Capital outlay	-	9,740,602	9,740,602	-
Transfers out	5,923,778	5,923,778	1,896,387	4,027,391
Total Charges to Appropriations	<u>5,923,778</u>	<u>21,770,209</u>	<u>17,743,197</u>	<u>4,027,012</u>
Budgetary Fund Balance, June 30	<u>\$ (4,950,361)</u>	<u>\$ (4,950,361)</u>	<u>\$ 430,809</u>	<u>\$ 5,381,170</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT PLAN
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 882,108	\$ 882,108	\$ 882,108	\$ -
Resources (Inflows):				
Use of money and property	-	-	17,115	17,115
Contributions	5,185,681	5,185,681	11,178,085	5,992,404
Miscellaneous	-	-	192,706	192,706
Transfers in	-	-	6,532,762	6,532,762
Amounts Available for Appropriations	<u>6,067,789</u>	<u>6,067,789</u>	<u>18,802,776</u>	<u>12,734,987</u>
Charges to Appropriation (Outflow):				
Capital outlay	-	50,644,524	10,509,978	40,134,546
Total Charges to Appropriations	<u>-</u>	<u>50,644,524</u>	<u>10,509,978</u>	<u>40,134,546</u>
Budgetary Fund Balance, June 30	<u>\$ 6,067,789</u>	<u>\$ (44,576,735)</u>	<u>\$ 8,292,798</u>	<u>\$ 52,869,533</u>

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 237,049,430	\$ 237,049,430	\$ 237,049,430	\$ -
Resources (Inflows):				
Use of money and property	12,610,520	12,610,520	10,315,225	(2,295,295)
Amounts Available for Appropriations	249,659,950	249,659,950	247,364,655	(2,295,295)
Charges to Appropriation (Outflow):				
General government	-	-	514,901	(514,901)
Debt service:				
Principal retirement	8,035,000	8,035,000	7,420,000	615,000
Interest and fiscal charges	10,953,151	10,953,151	10,536,959	416,192
Payment to refunded bond escrow agent	1,005,000	1,005,000	-	1,005,000
Total Charges to Appropriations	19,993,151	19,993,151	18,471,860	1,521,291
Budgetary Fund Balance, June 30	\$ 229,666,799	\$ 229,666,799	\$ 228,892,795	\$ (774,004)

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 RECREATION AUTHORITY
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,812,193	\$ 1,812,193	\$ 1,812,193	\$ -
Resources (Inflows):				
Revenue from lease/rent	85	85	3,774	3,689
Transfers in	-	-	1,129,700	1,129,700
Amounts Available for Appropriations	1,812,278	1,812,278	2,945,667	1,133,389
Charges to Appropriation (Outflow):				
General government	114,000	114,000	3,162	110,838
Debt service:				
Principal retirement	600,000	600,000	600,000	-
Interest and fiscal charges	529,700	529,700	529,700	-
Total Charges to Appropriations	1,243,700	1,243,700	1,132,862	110,838
Budgetary Fund Balance, June 30	\$ 568,578	\$ 568,578	\$ 1,812,805	\$ 1,244,227

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 ENDOWMENT TRUST - ADOLPH KORN
 YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 31,347	\$ 31,347	\$ 31,347	\$ -
Resources (Inflows):				
Use of money and property	90	90	45	(45)
Amounts Available for Appropriations	<u>31,437</u>	<u>31,437</u>	<u>31,392</u>	<u>(45)</u>
Budgetary Fund Balance, June 30	<u>\$ 31,437</u>	<u>\$ 31,437</u>	<u>\$ 31,392</u>	<u>\$ (45)</u>

CITY OF LAKE ELSINORE

**FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2017**

Insurance Fund - this fund is used to finance and account for the City's risk management and insurance programs.

Info Systems Fund - this fund is used to account for the cost of providing electronic data processing equipment, software and central telephone services.

Support Services Fund - this fund is used to account for the cost of providing central mailing and reprographic services.

Fleet Services Fund - this fund is used to account for the replacement of the City's vehicles.

Facilities Fund - this fund is used to account for the operations and maintenance of City Hall and the City's maintenance facilities.

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 314,273	\$ 605,515	\$ 22,000
Receivables:			
Accounts	-	-	-
Accrued interest	2,971	-	-
Prepaid costs	796,374	-	-
Total Current Assets	1,113,618	605,515	22,000
Noncurrent:			
Capital assets - net of accumulated depreciation	-	84,227	7,737
Total Noncurrent Assets	-	84,227	7,737
Total Assets	1,113,618	689,742	29,737
Deferred Outflows of Resources:			
Pension Related Items	-	153,118	-
Total Deferred Outflows of Resources	-	153,118	-
Liabilities:			
Current:			
Accounts payable	227	173,762	6,954
Accrued liabilities	-	13,123	-
Total Current Liabilities	227	186,885	6,954
Noncurrent:			
Net pension liability	-	323,944	-
Total Noncurrent Liabilities	-	323,944	-
Total Liabilities	227	510,829	6,954
Deferred Inflows of Resources:			
Pension Related Items	-	11,744	-
Total Deferred Inflows of Resources	-	11,744	-
Net Position:			
Net investment in capital assets	-	84,227	7,737
Unrestricted	1,113,391	236,060	15,046
Total Net Position	\$ 1,113,391	\$ 320,287	\$ 22,783

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	<u>Fleet Services</u>	<u>Facilities</u>	<u>Totals</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 319,396	\$ 894,339	\$ 2,155,523
Receivables:			
Accounts	1,000	-	1,000
Accrued interest	1,092	2,469	6,532
Prepaid costs	-	3,570	799,944
Total Current Assets	321,488	900,378	2,962,999
Noncurrent:			
Capital assets - net of accumulated depreciation	466,082	59,306	617,352
Total Noncurrent Assets	466,082	59,306	617,352
Total Assets	787,570	959,684	3,580,351
Deferred Outflows of Resources:			
Pension Related Items	145,623	93,927	392,668
Total Deferred Outflows of Resources	145,623	93,927	392,668
Liabilities:			
Current:			
Accounts payable	47,729	39,017	267,689
Accrued liabilities	3,124	1,042	17,289
Total Current Liabilities	50,853	40,059	284,978
Noncurrent:			
Net pension liability	431,925	107,981	863,850
Total Noncurrent Liabilities	431,925	107,981	863,850
Total Liabilities	482,778	148,040	1,148,828
Deferred Inflows of Resources:			
Pension Related Items	15,658	3,915	31,317
Total Deferred Inflows of Resources	15,658	3,915	31,317
Net Position:			
Net investment in capital assets	466,082	59,306	617,352
Unrestricted	(31,325)	842,350	2,175,522
Total Net Position	\$ 434,757	\$ 901,656	\$ 2,792,874

CITY OF LAKE ELSINORE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>
Operating Revenues:			
Charges for Services	\$ 818,797	\$ 1,156,094	\$ 82,812
Miscellaneous	-	788	-
Total Operating Revenues	818,797	1,156,882	82,812
Operating Expenses:			
Personnel Services	-	741,882	-
Contractual Services	1,214	89,822	21,811
Utilities	-	114,183	-
Maintenance and Operation	660	373,947	56,110
Depreciation expense	-	8,530	2,159
Insurance	475,841	-	-
Total Operating Expenses	477,715	1,328,364	80,080
Operating Income (Loss)	341,082	(171,482)	2,732
Nonoperating Revenues (Expenses):			
Interest revenue	2,888	-	-
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	2,888	-	-
Income (Loss) Before Transfers	343,970	(171,482)	2,732
Transfers in	-	300,000	-
Changes in Net Position	343,970	128,518	2,732
Net Position:			
Beginning of Year	769,421	191,769	20,051
End of Fiscal Year	\$ 1,113,391	\$ 320,287	\$ 22,783

CITY OF LAKE ELSINORE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	Fleet Services	Facilities	Totals
Operating Revenues:			
Charges for Services	\$ 573,855	\$ 483,476	\$ 3,115,034
Miscellaneous	11,166	106	12,060
Total Operating Revenues	585,021	483,582	3,127,094
Operating Expenses:			
Personnel Services	569,507	112,318	1,423,707
Contractual Services	45,728	180,025	338,600
Utilities	-	84,657	198,840
Maintenance and Operation	248,374	126,573	805,664
Depreciation expense	69,461	4,236	84,386
Insurance	-	-	475,841
Total Operating Expenses	933,070	507,809	3,327,038
Operating Income (Loss)	(348,049)	(24,227)	(199,944)
Nonoperating Revenues (Expenses):			
Interest revenue	517	2,215	5,620
Gain (loss) on disposal of capital assets	273,346	-	273,346
Total Nonoperating Revenues (Expenses)	273,863	2,215	278,966
Income (Loss) Before Transfers	(74,186)	(22,012)	79,022
Transfers in	-	200,000	500,000
Changes in Net Position	(74,186)	177,988	579,022
Net Position:			
Beginning of Year	508,943	723,668	2,213,852
End of Fiscal Year	\$ 434,757	\$ 901,656	\$ 2,792,874

CITY OF LAKE ELSINORE

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 818,797	\$ 1,156,882	\$ 82,812
Cash paid to suppliers for goods and services	(807,327)	(406,661)	(76,383)
Cash paid to employees for services	-	(524,236)	-
Net Cash Provided (Used) by Operating Activities	11,470	225,985	6,429
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	300,000	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	300,000	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(53,477)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(53,477)	-
Cash Flows from Investing Activities:			
Interest received	(83)	-	1,017
Net Cash Provided (Used) by Investing Activities	(83)	-	1,017
Net Increase (Decrease) in Cash and Cash Equivalents	11,387	472,508	7,446
Cash and Cash Equivalents at Beginning of Year	302,886	133,007	14,554
Cash and Cash Equivalents at End of Year	\$ 314,273	\$ 605,515	\$ 22,000
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 341,082	\$ (171,482)	\$ 2,732
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	8,530	2,159
(Increase) decrease in accounts receivable	-	-	-
(Increase) decrease in deferred outflows from pensions	-	(118,042)	-
(Increase) decrease in prepaid expense	(329,839)	-	-
Increase (decrease) in accounts payable	227	166,055	1,538
Increase (decrease) in accrued liabilities	-	5,236	-
Increase (decrease) in net pension liability	-	323,944	-
Increase (decrease) in deferred inflows from pensions	-	11,744	-
Total Adjustments	(329,612)	397,467	3,697
Net Cash Provided (Used) by Operating Activities	\$ 11,470	\$ 225,985	\$ 6,429

CITY OF LAKE ELSINORE

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Fleet Services</u>	<u>Facilities</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 585,302	\$ 483,582	\$ 3,127,375
Cash paid to suppliers for goods and services	(277,617)	(363,708)	(1,931,696)
Cash paid to employees for services	(225,665)	(80,515)	(830,416)
Net Cash Provided (Used) by Operating Activities	<u>82,020</u>	<u>39,359</u>	<u>365,263</u>
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	200,000	500,000
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>200,000</u>	<u>500,000</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	79,750	(63,542)	(37,269)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>79,750</u>	<u>(63,542)</u>	<u>(37,269)</u>
Cash Flows from Investing Activities:			
Interest received	(575)	(254)	105
Net Cash Provided (Used) by Investing Activities	<u>(575)</u>	<u>(254)</u>	<u>105</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>161,195</u>	<u>175,563</u>	<u>828,099</u>
Cash and Cash Equivalents at Beginning of Year	158,201	718,776	1,327,424
Cash and Cash Equivalents at End of Year	<u>\$ 319,396</u>	<u>\$ 894,339</u>	<u>\$ 2,155,523</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (348,049)	\$ (24,227)	\$ (199,944)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	69,461	4,236	84,386
(Increase) decrease in accounts receivable	281	-	281
(Increase) decrease in deferred outflows from pensions	(104,644)	(79,242)	(301,928)
(Increase) decrease in prepaid expense	-	(3,570)	(333,409)
Increase (decrease) in accounts payable	16,485	31,117	215,422
Increase (decrease) in accrued liabilities	903	(851)	5,288
Increase (decrease) in net pension liability	431,925	107,981	863,850
Increase (decrease) in deferred inflows from pensions	15,658	3,915	31,317
Total Adjustments	<u>430,069</u>	<u>63,586</u>	<u>565,207</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 82,020</u>	<u>\$ 39,359</u>	<u>\$ 365,263</u>

CITY OF LAKE ELSINORE

**FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2017**

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

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

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

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

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2017

	Developer Deposit Trust	Assessment Districts	Lake Maintenance	Destratification Equipment Replacement	Totals
Assets:					
Pooled cash and investments	\$ 5,055,317	\$ 15,411,425	\$ -	\$ 283,865	\$ 20,750,607
Receivables:					
Accrued interest	-	42,952	-	904	43,856
Due from other governments	-	329,923	-	-	329,923
Restricted assets:					
Cash and investments with fiscal agents	-	3,747,335	707,006	-	4,454,341
Deposits with other agencies	-	17,255,828	-	-	17,255,828
Total Assets	<u>\$ 5,055,317</u>	<u>\$ 36,787,463</u>	<u>\$ 707,006</u>	<u>\$ 284,769</u>	<u>\$ 42,834,555</u>
Liabilities:					
Accounts payable	\$ 83,468	\$ 4,276	\$ -	\$ -	\$ 87,744
Deposits payable	1,460,517	438,377	707,006	284,769	2,890,669
Due to other governments	3,511,332	-	-	-	3,511,332
Due to bondholders	-	36,344,810	-	-	36,344,810
Total Liabilities	<u>\$ 5,055,317</u>	<u>\$ 36,787,463</u>	<u>\$ 707,006</u>	<u>\$ 284,769</u>	<u>\$ 42,834,555</u>

CITY OF LAKE ELSINORE

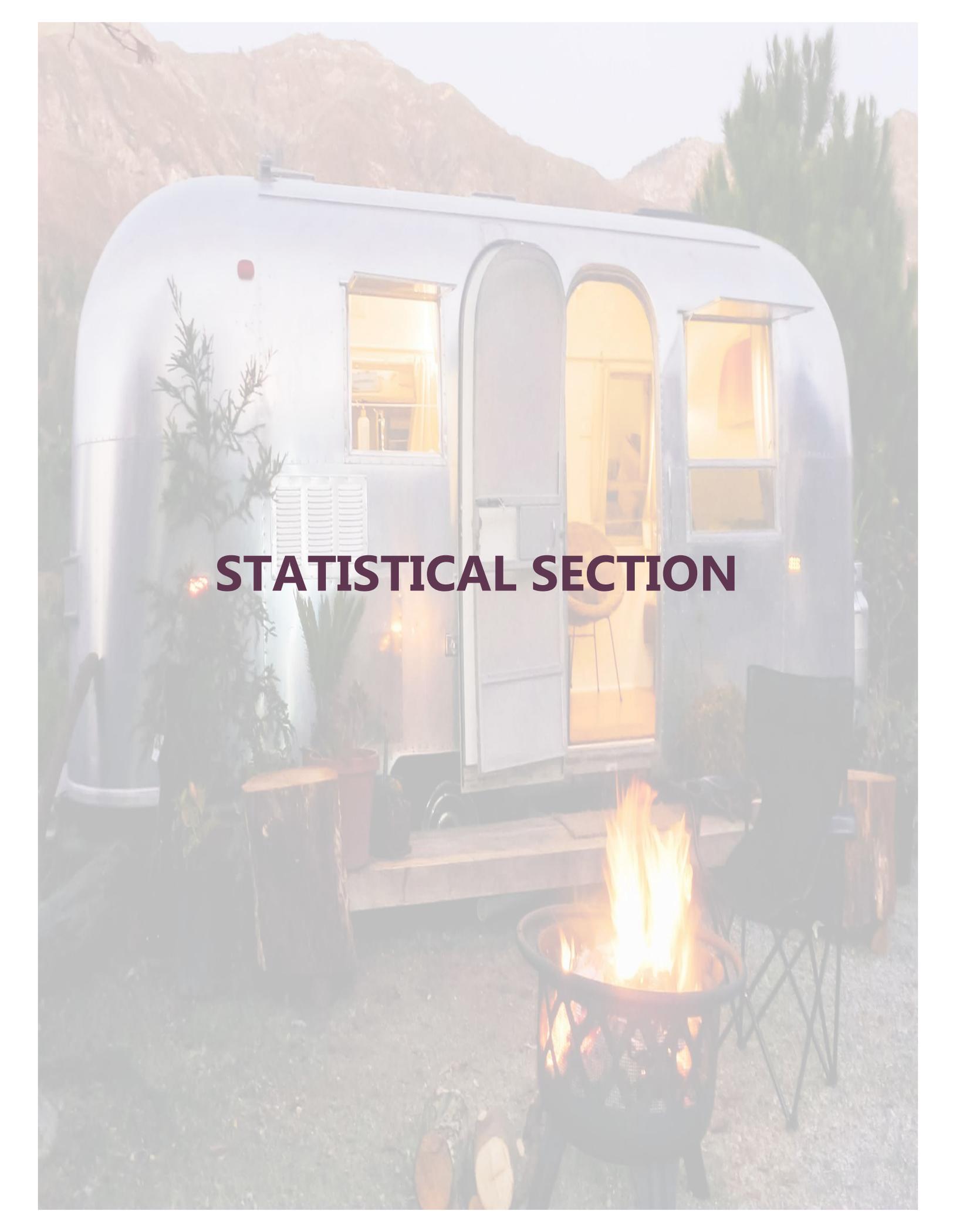
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>Developer Deposit Trust</u>				
Assets:				
Pooled cash and investments	\$ 5,320,039	\$ 716,464	\$ 981,186	\$ 5,055,317
Total Assets	\$ 5,320,039	\$ 716,464	\$ 981,186	\$ 5,055,317
Liabilities:				
Accounts payable	\$ -	\$ 699,995	\$ 616,527	\$ 83,468
Deposits payable	1,469,748	1,671,377	1,680,608	1,460,517
Due to other governments	3,850,291	-	338,959	3,511,332
Total Liabilities	\$ 5,320,039	\$ 2,371,372	\$ 2,636,094	\$ 5,055,317
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 1,658,311	\$ 27,975,519	\$ 14,222,405	\$ 15,411,425
Receivables:				
Accrued interest	16,511	42,954	16,513	42,952
Due from other governments	339,095	329,517	338,689	329,923
Restricted assets:				
Cash and investments with fiscal agents	21,880,362	26,001,785	44,134,812	3,747,335
Deposits with other agencies	17,150,518	109,281	3,971	17,255,828
Total Assets	\$ 41,044,797	\$ 54,459,056	\$ 58,716,390	\$ 36,787,463
Liabilities:				
Accounts payable	\$ 63,372	\$ 5,573,655	\$ 5,632,751	\$ 4,276
Deposits payable	257,092	287,654	106,369	438,377
Due to bondholders	40,724,333	58,336,365	62,715,888	36,344,810
Total Liabilities	\$ 41,044,797	\$ 64,197,674	\$ 68,455,008	\$ 36,787,463
<u>Lake Maintenance</u>				
Assets:				
Restricted assets:				
Cash and investments with fiscal agents	\$ 559,028	\$ 1,627,269	\$ 1,479,291	\$ 707,006
Total Assets	\$ 559,028	\$ 1,627,269	\$ 1,479,291	\$ 707,006
Liabilities:				
Deposits payable	\$ 559,028	\$ 1,627,269	\$ 1,479,291	\$ 707,006
Total Liabilities	\$ 559,028	\$ 1,627,269	\$ 1,479,291	\$ 707,006
<u>Destratification Equipment Replacement</u>				
Assets:				
Pooled cash and investments	\$ 231,416	\$ 103,778	\$ 51,329	\$ 283,865
Receivables:				
Accrued interest	677	904	677	904
Total Assets	\$ 232,093	\$ 104,682	\$ 52,006	\$ 284,769

CITY OF LAKE ELSINORE

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2017</u>
Liabilities:				
Deposits payable	\$ 232,093	\$ 104,682	\$ 52,006	\$ 284,769
Total Liabilities	<u>\$ 232,093</u>	<u>\$ 104,682</u>	<u>\$ 52,006</u>	<u>\$ 284,769</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 7,209,766	\$ 28,795,761	\$ 15,254,920	\$ 20,750,607
Receivables:				
Accrued interest	17,188	43,858	17,190	43,856
Due from other governments	339,095	329,517	338,689	329,923
Restricted assets:				
Cash and investments with fiscal agents	22,439,390	27,629,054	45,614,103	4,454,341
Deposits with other agencies	17,150,518	109,281	3,971	17,255,828
Total Assets	<u>\$ 47,155,957</u>	<u>\$ 56,907,471</u>	<u>\$ 61,228,873</u>	<u>\$ 42,834,555</u>
Liabilities:				
Accounts payable	\$ 63,372	\$ 6,273,650	\$ 6,249,278	\$ 87,744
Deposits payable	2,517,961	3,690,982	3,318,274	2,890,669
Due to other governments	3,850,291	-	338,959	3,511,332
Due to bondholders	40,724,333	58,336,365	62,715,888	36,344,810
Total Liabilities	<u>\$ 47,155,957</u>	<u>\$ 68,300,997</u>	<u>\$ 72,622,399</u>	<u>\$ 42,834,555</u>

A photograph of a silver Airstream trailer parked in a desert-like setting at dusk or night. The trailer's interior lights are on, and the front door is open, revealing a chair inside. In the foreground, a campfire burns brightly in a metal fire pit. To the right of the fire pit is a black folding chair. The background features rugged, rocky mountains and some greenery. The text "STATISTICAL SECTION" is overlaid in the center of the image.

STATISTICAL SECTION

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

	Fiscal Year			
	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Net Investment in				
Capital Assets	\$ 125,539,928	\$ 141,550,858	\$ 142,968,348	\$ 141,427,875
Restricted	151,937,522	122,099,858	110,984,917	134,777,767
Unrestricted	(96,240,481)	(96,792,528)	(93,859,128)	(110,573,961)
 Total Governmental Activities Net Position	 <u>\$ 181,236,969</u>	 <u>\$ 166,858,188</u>	 <u>\$ 160,094,137</u>	 <u>\$ 165,631,681</u>

Source: City Finance Department

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 134,976,102	\$ 147,176,443	\$ 131,965,428	\$ 137,914,627	\$ 145,170,561	\$ 146,735,654
141,619,986	75,129,411	74,462,124	90,537,124	75,054,285	90,363,046
(48,524,474)	(2,804,065)	7,500,328	(12,503,489)	(10,180,146)	(12,062,216)
<u>\$ 228,071,614</u>	<u>\$ 219,501,789</u>	<u>\$ 213,927,880</u>	<u>\$ 215,948,262</u>	<u>\$ 210,044,700</u>	<u>\$ 225,036,484</u>

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

	Fiscal Year			
	2008	2009	2010	2011
EXPENSES				
Governmental Activities:				
General Government	\$ 8,195,897	\$ 10,562,122	\$ 10,252,727	\$ 11,079,707
Public Safety	14,293,269	13,139,389	11,022,531	11,212,605
Community Development	32,342,175	31,976,146	15,847,532	16,060,065
Community Services	6,013,006	4,737,856	4,295,719	4,704,242
Public Services	10,861,673	14,123,738	14,812,199	8,145,956
Interest on Long-term Debt	10,145,830	10,168,917	10,509,806	7,674,342
Total Governmental Activities Expenses	<u>81,851,850</u>	<u>84,708,168</u>	<u>66,740,514</u>	<u>58,876,917</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	6,885,167	4,828,438	3,181,706	3,167,346
Public Safety	-	-	-	-
Community Development	3,960,353	1,064,036	924,493	1,508,526
Community Services	1,422,754	1,482,146	1,578,779	1,586,602
Public Services	-	-	-	-
Operating Grants and Contributions	4,109,188	6,482,888	4,561,669	3,292,972
Capital Grants and Contributions	2,159,798	-	-	6,573,426
Total Governmental Activities Program Revenues	<u>18,537,260</u>	<u>13,857,508</u>	<u>10,246,647</u>	<u>16,128,872</u>
NET REVENUES (EXPENSES)				
Governmental Activities	(63,314,590)	(70,850,660)	(56,493,867)	(42,748,045)
Total Net Revenues (Expenses)	<u>\$ (63,314,590)</u>	<u>\$ (70,850,660)</u>	<u>\$ (56,493,867)</u>	<u>\$ (42,748,045)</u>

Source: City Finance Department

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 11,944,507	\$ 8,833,983	\$ 7,836,775	\$ 8,617,841	\$ 6,477,776	\$ 8,904,130
11,911,363	12,684,631	14,485,711	18,626,488	19,098,659	21,218,964
4,989,313	10,242,652	9,079,863	7,391,688	4,005,355	4,807,685
7,010,026	4,416,500	4,819,153	4,652,536	5,411,152	9,101,424
9,834,764	10,359,134	10,610,540	11,162,854	18,668,180	14,839,344
8,835,312	6,451,470	6,330,889	8,097,248	11,204,357	11,832,732
<u>54,525,285</u>	<u>52,988,370</u>	<u>53,162,931</u>	<u>58,548,655</u>	<u>64,865,479</u>	<u>70,704,279</u>
3,035,324	456,760	460,808	1,464,689	734,034	1,726,741
-	700,069	1,067,440	1,427,632	1,922,602	2,665,603
1,247,117	4,381,899	5,018,102	3,905,472	4,660,580	8,727,675
1,578,318	2,822,458	3,112,662	2,405,100	2,977,699	858,119
-	1,117,800	1,574,245	2,329,172	2,977,138	5,504,572
3,306,452	12,172,208	20,954,573	20,141,320	19,883,338	5,496,146
4,539,293	9,587,008	6,485,279	21,044,552	5,901,491	30,389,367
<u>13,706,504</u>	<u>31,238,202</u>	<u>38,673,109</u>	<u>52,717,937</u>	<u>39,056,882</u>	<u>55,368,223</u>
(40,818,781)	(21,750,168)	(14,489,822)	(5,830,718)	(25,808,597)	(15,336,056)
<u>\$ (40,818,781)</u>	<u>\$ (21,750,168)</u>	<u>\$ (14,489,822)</u>	<u>\$ (5,830,718)</u>	<u>\$ (25,808,597)</u>	<u>\$ (15,336,056)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
GENERAL REVENUES				
Governmental Activities				
Taxes				
Property Taxes	\$ 33,307,785	\$ 31,590,868	\$ 25,904,948	\$ 24,237,023
Sales Taxes	8,148,355	6,414,419	6,236,748	7,190,695
Franchise Taxes	1,768,178	1,824,890	1,792,699	1,913,807
Other Taxes	770,024	751,794	519,001	483,556
Fines, Forfeitures and Penalties	918,619	937,506	733,792	972,457
Investment Earnings	14,271,312	9,334,141	7,470,635	7,782,639
Miscellaneous and Transfers	7,193,803	5,768,257	6,661,239	5,705,412
Special Item				
Loss on CFD and AD Investments	-	-	-	-
Extraordinary Item				
Gain on Dissolution of Redevelopment Agency	-	-	-	-
Total General Revenues, Special and Extraordinary Items	<u>66,378,076</u>	<u>56,621,875</u>	<u>49,319,062</u>	<u>48,285,589</u>
CHANGES IN NET POSITION				
Governmental Activities	<u>3,063,486</u>	<u>(14,228,785)</u>	<u>(7,174,805)</u>	<u>5,537,544</u>
Total Changes in Net Position	<u>\$ 3,063,486</u>	<u>\$ (14,228,785)</u>	<u>\$ (7,174,805)</u>	<u>\$ 5,537,544</u>

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 14,698,032	\$ 5,804,265	\$ 5,487,743	\$ 6,276,548	\$ 6,537,540	\$ 7,380,594
7,444,947	6,935,215	8,031,486	8,572,066	9,939,637	9,745,714
2,002,550	2,097,081	2,275,619	2,389,413	2,423,707	2,297,401
538,402	567,560	760,203	767,058	838,364	598,126
1,850,398	592,185	507,265	683,573	-	-
8,031,256	689,149	574,477	966,365	925,517	11,247,531
6,992,813	688,105	1,054,958	1,022,472	706,094	2,745,222
-	-	(9,880,891)	(4,502,385)	-	
61,700,316	-	-	-	-	
103,258,714	17,373,560	8,810,860	16,175,110	21,370,859	34,014,588
62,439,933	(4,376,008)	(5,678,962)	10,344,392	(4,437,738)	18,678,532
\$ 62,439,933	\$ (4,376,008)	\$ (5,678,962)	\$ 10,344,392	\$ (4,437,738)	\$ 18,678,532

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

	Fiscal Year			
	2008	2009	2010	2011
GENERAL FUND				
Reserved	\$ 9,476,355	\$ 8,580,684	\$ 8,589,723	\$ -
Unreserved	9,285,492	8,762,248	6,327,596	-
Total General Fund	<u>\$ 18,761,847</u>	<u>\$ 17,342,932</u>	<u>\$ 14,917,319</u>	<u>\$ -</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 188,270,868	\$ 163,768,859	\$ 161,473,544	\$ -
Unreserved, Reported In				
Special Revenue Funds	10,731,428	5,241,416	6,999,090	-
Debt Service Funds	(5,375,005)	(3,841,954)	(28,305,645)	-
Capital Projects Funds	8,824,274	2,966,273	5,497,137	-
Total All Other Governmental Funds	<u>\$ 202,451,565</u>	<u>\$ 168,134,594</u>	<u>\$ 145,664,126</u>	<u>\$ -</u>
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ 4,027,179
Unassigned	-	-	-	10,788,602
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,815,781</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ 84,348,929
Restricted	-	-	-	105,281,543
Assigned	-	-	-	11,255,852
Unassigned	-	-	-	(38,062,318)
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,824,006</u>

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

Source: City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>					
\$ 2,505,503	\$ 1,821,906	\$ 1,264,392	\$ 1,016,468	\$ 1,029,015	\$ 1,096,846
11,826,885	12,017,317	10,488,843	10,954,475	11,365,894	11,512,307
<u>\$ 14,332,388</u>	<u>\$ 13,839,223</u>	<u>\$ 11,753,235</u>	<u>\$ 11,970,943</u>	<u>\$ 12,394,909</u>	<u>\$ 12,609,153</u>
\$ 76,688,811	\$ 20,003	\$ 20,003	\$ 132,037	\$ 124,177	\$ 979,130
79,292,713	202,134,812	199,162,404	335,415,122	303,860,121	302,110,933
12,548,403	1,034,681	1,232,105	1,929,497	1,548,764	9,313,282
(987,601)	(905,426)	(1,014,226)	(1,316,398)	(891)	(94,936)
<u>\$ 167,542,326</u>	<u>\$ 202,284,070</u>	<u>\$ 199,400,286</u>	<u>\$ 336,160,258</u>	<u>\$ 305,532,171</u>	<u>\$ 312,308,409</u>

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

	Fiscal Year			
	2008	2009	2010	2011
REVENUES				
Property Taxes	\$ 33,307,785	\$ 31,590,868	\$ 25,429,344	\$ 24,443,046
Other Taxes	10,741,363	9,071,246	8,517,826	9,557,873
Special Assessments	1,422,754	1,482,146	1,578,779	1,586,602
Licenses, Permits and Fees	6,266,086	2,267,568	2,587,918	3,291,938
Intergovernmental Revenues	4,109,188	3,630,144	7,322,908	4,680,095
Charges for Services	4,579,433	3,548,413	1,594,774	1,383,934
Fines, Forfeitures and Penalties	918,619	937,506	733,792	972,457
Investment Earnings	14,237,891	9,445,099	7,928,611	7,147,497
Contributions from Property Owners	2,159,798	-	-	5,352,614
Miscellaneous	7,193,803	5,768,257	6,910,516	5,608,837
Total Revenues	84,936,720	67,741,247	62,604,468	64,024,893
EXPENDITURES				
Current:				
General Government	6,190,346	6,479,795	6,797,320	8,904,165
Public Safety	14,293,269	13,139,389	11,022,531	11,212,605
Community Development	4,549,297	4,662,003	3,049,501	18,805,484
Community Services	5,221,331	3,750,267	3,313,082	3,714,646
Public Services	9,321,939	12,202,971	12,901,064	6,221,286
Pass-through Payments	9,878,294	9,647,322	7,782,513	7,655,170
Set Aside Suspension	-	-	3,750,000	-
SERAF Payments	-	-	6,976,853	1,436,411
Capital Outlay	49,056,332	38,113,875	4,394,834	2,931,038
Debt Service:				
Payment to Escrow Agent	-	-	1,987,745	1,832,080
Bond Issuance Costs	1,213,789	-	1,584,965	1,874,527
Principal Retirement	3,872,984	5,469,538	6,037,770	6,928,822
Interest and Fiscal Charges	10,132,679	10,066,977	10,318,720	9,046,095
Total Expenditures	113,730,260	103,532,137	79,916,898	80,562,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,793,540)</u>	<u>(35,790,890)</u>	<u>(17,312,430)</u>	<u>(16,537,436)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,412,891	4,386,162	4,500,694	6,186,205
Transfers Out	(6,412,891)	(4,386,162)	(4,500,694)	(6,186,205)
Debt Issuance	-	-	-	-
Loans Issued	-	-	26,290,000	47,780,000
Loan Payments	-	-	(23,235,000)	(27,495,000)
Premiums	274,026	-	-	-
Discounts	(3,117)	-	(166,785)	(621,302)
Refunding Bonds Issued	22,295,000	-	26,290,000	29,435,000
Certificates of Participation Issued	-	-	-	-
Tax Allocation Bonds Issued	-	-	-	10,160,000
Capital Debt Issued	3,265,000	-	-	-
Sale of Capital Assets	-	-	-	-
Payment to Refunded Bond Escrow Agent	(22,221,899)	-	(22,082,648)	(25,662,920)
Total Other Financing Sources (Uses)	3,609,010	-	7,095,567	33,595,778
Net Change in Fund Balances before Special and Extraordinary Items	(25,184,530)	(35,790,890)	(10,216,863)	17,058,342
Extraordinary/Special Items	-	-	-	-
Net Change in Fund Balances	\$ (25,184,530)	\$ (35,790,890)	\$ (10,216,863)	\$ 17,058,342
Debt Service as a Percentage of Noncapital Expenditures	24%	24%	26%	25%

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

Source: City Finance Department

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 14,738,584	\$ 5,844,498	\$ 5,495,091	\$ 6,249,786	\$ 6,551,939	\$ 20,077,953	
9,911,400	9,572,675	11,043,792	11,705,293	13,178,135	-	
1,578,318	1,585,606	1,641,557	1,671,595	1,680,980	1,790,941	
2,908,091	4,999,154	5,936,900	4,655,325	6,894,107	7,465,474	
6,193,777	5,055,511	5,582,705	5,812,486	6,807,169	6,846,125	
1,374,351	1,746,713	2,409,558	3,189,138	2,453,380	2,826,491	
1,850,398	927,315	931,168	1,088,411	1,103,154	2,289,357	
7,180,018	12,122,739	10,315,842	7,972,858	11,117,857	10,410,765	
1,221,184	8,079,739	5,985,053	22,535,167	6,219,934	29,339,769	
7,384,749	3,469,837	3,545,812	4,099,189	3,574,278	6,630,285	
<u>54,340,870</u>	<u>53,403,787</u>	<u>52,887,478</u>	<u>68,979,248</u>	<u>59,580,933</u>	<u>87,677,160</u>	
7,467,755	5,871,649	4,788,505	4,611,722	5,318,933	6,345,498	
11,911,364	12,339,592	14,093,095	18,163,150	18,614,077	20,751,331	
1,608,782	2,925,329	3,407,415	6,200,761	4,164,059	4,395,026	
5,963,873	4,281,401	4,363,257	4,174,545	4,984,422	3,963,912	
7,800,095	6,772,010	7,107,120	6,551,578	6,345,398	13,968,654	
3,542,473	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
10,268,753	10,889,810	8,992,686	11,123,256	20,106,238	21,241,461	
-	-	-	-	982,386	-	
238,290	1,260,059	1,485,399	2,445,261	6,515	-	
6,091,578	5,725,000	18,385,000	7,165,000	7,375,000	8,315,000	
7,951,971	6,081,766	6,091,389	6,231,581	11,468,287	11,797,719	
<u>62,844,934</u>	<u>56,146,616</u>	<u>68,713,866</u>	<u>66,666,854</u>	<u>79,365,315</u>	<u>90,778,601</u>	
<u>(8,504,064)</u>	<u>(2,742,829)</u>	<u>(15,826,388)</u>	<u>2,312,394</u>	<u>(19,784,382)</u>	<u>(3,101,441)</u>	
2,509,613	2,235,297	1,851,084	10,947,946	18,142,559	24,483,943	
(2,509,613)	(2,235,297)	(1,851,084)	(10,947,946)	(19,791,262)	(24,802,020)	
-	-	-	-	-	10,410,000	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	120,640	14,460,000	12,151,673	-	-	
(30,000)	(23,125)	(149,044)	(96,307)	-	-	
1,405,000	27,760,000	25,335,000	137,845,000	-	-	
-	-	-	7,965,000	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	13,362	14,743	-	
<u>(1,345,000)</u>	<u>(3,244,386)</u>	<u>(19,013,502)</u>	<u>(18,542,280)</u>	<u>-</u>	<u>-</u>	
30,000	24,613,129	20,632,454	139,336,448	(1,633,960)	10,091,923	
(8,474,064)	21,870,300	4,806,066	141,648,842	(21,418,342)	6,990,482	
<u>11,708,991</u>	<u>-</u>	<u>(9,880,891)</u>	<u>(4,502,385)</u>	<u>(7,319,955)</u>	<u>-</u>	
<u>\$ 3,234,927</u>	<u>\$ 21,870,300</u>	<u>\$ (5,074,825)</u>	<u>\$ 137,146,457</u>	<u>\$ (28,738,297)</u>	<u>\$ 6,990,482</u>	
27%	29%	40%	24%	28%	29%	

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

Fiscal Year Ended June 30	Property Taxes	Sales Taxes	Franchise Taxes	Other Taxes	Total
2008	33,307,785	8,148,355	1,768,178	770,024	43,994,342
2009	31,590,868	6,414,419	1,824,890	751,794	40,581,971
2010	25,904,948	6,236,748	1,792,699	519,001	34,453,396
2011	24,237,023	7,190,695	1,913,807	483,556	33,825,081
2012	14,698,032	7,444,947	2,002,550	538,402	24,683,931
2013	5,804,265	6,935,215	2,097,081	567,560	15,404,121
2014	5,487,743	8,031,486	2,275,619	760,203	16,555,051
2015	6,276,548	8,572,066	2,389,413	767,058	18,005,085
2016	6,537,540	9,939,637	2,423,707	838,364	19,739,248
2017	7,380,594	9,745,714	2,297,401	598,126	20,021,835

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

Sources: City of Lake Elsinore Finance Department



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

Fiscal Year Ended June 30	City				
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured
2008	4,805,770,856	119,986,192	n/a	4,925,757,048	2,393,710,398
2009	4,813,251,955	114,156,049	n/a	4,927,408,004	2,411,198,603
2010	3,957,216,079	104,903,811	n/a	4,062,119,890	2,077,411,999
2011	3,780,316,703	148,435,245	n/a	3,928,751,948	1,998,889,644
2012	3,777,595,058	145,931,118	n/a	3,923,526,176	1,955,649,172
2013	3,666,499,221	167,898,562	n/a	3,834,397,783	1,880,967,030
2014	3,888,934,354	142,565,053	n/a	4,031,499,407	1,938,704,040
2015	4,463,835,597	136,300,859	(105,231,318)	4,494,905,138	2,135,333,435
2016	4,768,722,323	129,261,454	(93,034,816)	4,804,948,961	n/a
2017	5,177,285,267	130,180,313	(95,434,240)	5,212,031,340	n/a

Notes:
n/a=not available

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹In accordance with the timeline set forth in Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

²Total Direct Rate is the weighted average of all individual direct rates. Beginning on 2013/14, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

Source: Riverside County Assessor 2016/17 Combined Tax Rolls

<u>Unsecured</u>	<u>Less: Exemptions</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
100,647,142	n/a	2,494,357,540	0.51623%
91,268,375	n/a	2,502,466,978	0.51775%
83,367,167	n/a	2,160,779,166	0.53513%
79,994,003	n/a	2,078,883,647	0.53306%
78,927,893	n/a	2,034,577,065	0.52110%
110,109,381	n/a	1,991,076,411	0.51923%
89,830,332	n/a	2,028,534,372	0.08908%
83,968,122	(71,673,963)	2,147,627,594	0.08528%
n/a	n/a	n/a	0.08349%
n/a	n/a	n/a	0.08181%

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

AGENCY	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Menifee School Dist.	0.00549	0.02370	0.03254	0.03436	0.03486	0.03543	0.03421	0.03275	0.03010	0.03269
Metro Water East	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	-
Metro Water West	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	-
Metro Water Original Area	-	-	-	-	-	-	-	-	-	0.00350
Mt. San Jacinto Jr. College	-	-	-	-	-	-	-	-	0.01394	0.01320
Perris School Dist.	0.02999	0.02894	0.02485	0.01983	0.01983	0.01800	0.02524	0.05588	0.04699	0.05491
Perris Union High School	0.02110	0.02031	0.02686	0.03126	0.03429	0.03429	0.06970	0.06303	0.06236	0.06092
Total Direct & Overlapping ² Tax Rates	1.06558	1.08155	1.09285	1.09285	1.09638	1.09472	1.13615	1.15866	1.16039	1.16522
City's Share of 1% Levy Per Prop 13 ³	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415
GENERAL OBLIGATION DEBT RATE										
RDA Basic Rate ⁴	1.00450	1.00430	1.00430	1.00370	1.00370	-	-	-	-	-
Total Direct Rate ⁵	<u>0.51623</u>	<u>0.51775</u>	<u>0.53513</u>	<u>0.53306</u>	<u>0.52110</u>	<u>0.51923</u>	<u>0.08908</u>	<u>0.08528</u>	<u>0.08349</u>	<u>0.08181</u>

Notes:

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

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

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

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

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

Source: Riverside County Assessor 2007/08 - 2016/17 Tax Rate Table

City of Lake Elsinore, California
Principal Property Tax Payers
Current Year Compared to 2008

TAXPAYER	Fiscal Year 2017		Fiscal Year 2008	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Percent of Total City Taxable Assessed Value ⁽²⁾
Plaza Apartments Investment	\$ 49,022,659	0.94%	\$ -	0.00%
Pacific Aggregates, Inc.	26,218,419	0.50%	-	0.00%
Rivers Edge Apartments LLC	24,950,091	0.48%	-	0.00%
Helf Canyon Hills Market Place	23,843,144	0.46%	-	0.00%
Mohr Affinity, LLC	23,588,293	0.45%	-	0.00%
Walmart Sores Inc.	23,172,234	0.44%	-	0.00%
Lake Elsinore Marketplace	21,144,432	0.41%	-	0.00%
HGEF Holding Company LLC	18,292,726	0.35%	-	0.00%
Costco Wholesale Corporation	17,719,241	0.34%	16,572,263	0.34%
Pacific Clay Products Inc.	16,647,259	0.32%	-	0.00%
Centex Homes	-	0.00%	48,200,987	0.98%
Castle and Cooke Lake Elsinore Outlet	-	0.00%	45,040,836	0.91%
Castle and Cooke Lake Elsinore West Inc	-	0.00%	36,606,780	0.74%
Castle and Cooke Lake Elsinore West	-	0.00%	30,096,816	0.61%
Harbor Grand Apartments Inv	-	0.00%	23,959,698	0.49%
First National Bank of Arizona	-	0.00%	20,643,780	0.42%
Pulte Home Corporation	-	0.00%	19,661,189	0.40%
Lowe's HIW Inc.	-	0.00%	16,187,882	0.33%
Laing CP Lake Elsinore	-	0.00%	16,164,694	0.33%
	<u>\$ 244,598,498</u>	<u>4.69%</u>	<u>\$ 273,134,925</u>	<u>5.55%</u>

(1) 2016-17 Local Secured Assessed Valuation: \$5,212,031,340

(2) 2006-07 Local Secured Assessed Valuation: \$4,925,757,048

Source: Riverside County Assessor 2016/17 and 2007/08 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	2,208,181	1,797,013	81.38%	157,326	1,954,340	88.50%
2009	2,230,658	1,650,569	73.99%	250,474	1,901,043	85.22%
2010	1,894,552	1,643,583	86.75%	209,977	1,853,560	97.84%
2011	1,900,256	1,767,798	93.03%	121,988	1,889,786	99.45%
2012	1,874,319	1,770,492	94.46%	67,549	1,838,040	98.06%
2013	1,844,800	1,767,808	95.83%	64,528	1,832,336	99.32%
2014	1,935,629	1,822,844	94.17%	50,284	1,873,128	96.77%
2015	2,171,126	2,074,751	95.56%	43,741	2,118,492	97.58%
2016	2,308,803	2,300,196	99.63%	61,115	2,361,311	102.27%
2017	2,434,193	2,457,566	100.96%	66,383	2,523,949	103.69%

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

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



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

Fiscal Year Ended June 30	General Consumer Goods	Autos and Transportation	Business and Industry	Restaurants and Hotels	Building and Construction
2008	2,317,488	1,436,593	363,034	684,387	739,634
2009	2,221,776	895,720	253,028	682,798	644,591
2010	2,235,363	794,700	167,078	651,995	596,944
2011	2,361,769	890,865	175,895	641,608	602,028
2012	2,419,664	962,971	253,830	678,111	618,795
2013	2,528,412	1,014,135	213,857	711,110	650,148
2014	2,473,302	1,040,650	406,542	783,964	768,931
2015	2,547,975	1,428,726	430,417	857,198	838,876
2016	2,634,703	1,614,074	426,315	903,775	923,941
2017	2,641,653	1,758,829	526,084	978,920	989,062

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Sources: State Board of Equalization and HdL Companies

<u>Fuel and Service Stations</u>	<u>Food and Drugs</u>	<u>Other and Transfers</u>	<u>Total</u>
1,070,889	492,445	35,556	7,140,026
1,030,792	446,255	-	6,174,960
964,291	444,685	4,209	5,859,265
1,033,721	437,268	4,073	6,147,227
1,046,935	558,890	5,759	6,544,955
990,747	656,593	5,279	6,770,281
1,023,468	622,414	(138)	7,119,133
925,698	641,504	133	7,670,527
901,585	633,606	(3,586)	8,034,413
977,729	510,667	30	8,382,974

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

Fiscal Year Ended June 30	Governmental Activities				
	Local Agency Revenue Bonds	Tax Allocation Bonds	Subordinate Tax Allocation Bonds	Revenue/ Revenue Refunding Bonds	Developer/ Owner Agreements
2008	\$ 58,755,000	\$ 54,010,000	\$ -	\$ 14,435,000	\$ 3,635,257
2009	56,745,000	52,785,000	-	14,095,000	3,441,041
2010	53,725,000	54,545,000	-	13,740,000	3,263,574
2011	64,220,000	60,080,000	4,610,000	13,365,000	3,070,763
2012	61,835,000	58,580,000	-	12,975,000	-
2013	83,470,000	56,125,000	-	12,565,000	-
2014	80,570,000	53,605,000	-	13,895,000	-
2015	205,598,458	50,450,128	-	13,295,152	-
2016	196,377,233	44,262,600	-	12,717,253	-
2017	190,449,105	42,490,000	-	22,449,354	-

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

Source: City Finance Department; California State Department of Finance

Governmental Activities (Continued)

Certificates of Participation	Notes/ Loans Payable	Capitalized Lease	Total Governmental Activities	Percentage of Personal Income	Debt per Capita
\$ -	\$ 356,589	\$ 93,478	\$ 131,285,324	12.75%	2,760
-	307,542	20,316	127,393,899	11.76%	2,572
-	256,720	-	125,530,294	11.78%	2,494
-	204,046	-	145,549,809	14.79%	2,855
-	-	-	133,390,000	12.40%	2,516
-	-	-	152,160,000	13.95%	2,745
-	-	-	148,070,000	13.49%	2,611
7,859,283	-	-	277,203,022	25.55%	4,890
7,644,938	-	-	261,002,024	22.08%	4,278
7,420,593	-	-	262,809,052	22.16%	4,233

City of Lake Elsinore, California
Direct and Overlapping Bonded Debt
June 30, 2017

2016-17 Assessed Valuation	\$ 5,212,031,340		City's Share of Overlapping Debt 6/30/17
	Percentage Applicable (1)	Outstanding Debt 6/30/17	Debt 6/30/17
OVERLAPPING TAX AND ASSESSMENT DEBT:			
DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			
City of Lake Elsinore 1915 Act Bonds	100%	\$ 13,445,000	\$ 13,445,000
City of Lake Elsinore Community Facilities Districts	100%	197,200,000	197,200,000
TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			<u>210,645,000</u>
OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			
Riverside County Flood Control District, Zone No. 3 Benefit AD	62.08%	475,000.00	294,894
Riverside County Flood Control District, Zone No. 4	0.844%	18,730,000	158,081
Metropolitan Water District	0.203%	74,905,000	152,057
Perris Union High School District	2.849%	110,014,224	3,134,305
Menifee Union School District	4.713%	67,554,720	3,183,854
Perris School District	0.273%	29,721,242	81,139
Lake Elsinore Unified School District CFDs	43.278%	32,415,000	14,028,564
Lake Elsinore Unified School District Community Facilities Districts	100%	32,754,727	32,754,727
Perris Union High School District CFD No. 92-1	9.125%	35,150,000	3,207,438
Elsinore Valley Metropolitan Water District CFD No. 2003-1	100%	3,298,000	3,298,000
TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 60,293,059</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 270,938,059</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
DIRECT GENERAL FUND DEBT			
City of Lake Elsinore General Fund Obligation	100%	\$ 12,150,000	\$ 12,150,000
City of Lake Elsinore General Fund Obligation	100%	10,330,000	10,330,000
City of Lake Elsinore Certificates of Participation	100%	7,215,000	7,215,000
TOTAL DIRECT GENERAL FUND DEBT			<u>\$ 29,695,000</u>
OVERLAPPING GENERAL FUND DEBT			
Riverside County General Fund Obligations	2.098%	\$ 849,105,407	\$ 17,814,231
Riverside County Pension Obligations	2.098%	286,535,000	6,011,504
Mt. San Jacinto Community College District General Fund Obligations	6.527%	63,950,000	4,174,017
Lake Elsinore Unified School District Certificates of Participation	43.278%	33,186,647	14,362,517
Perris Union High School District General Fund Obligations	2.849%	7,877,084	224,418
Menifee and Perris School District Certificates of Participation	3.790 & 0.293%	35,874,958	1,370,662
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>\$ 43,957,349</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 73,652,349</u>
Less: Riverside County General Fund Self-supporting Obligations			101,695
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 73,550,654</u>
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY):	100.000%	\$ 49,825,000	<u>\$ 49,825,000</u>
Total Direct General Fund Debt			\$ 29,695,000
Total Gross Overlapping Debt			\$ 364,720,408
Total Net Overlapping Debt			\$ 364,618,713
Gross Combined Total Debt (2)			\$ 394,415,408
Net Combined Total Debt			\$ 394,313,713

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.

Ratios to 2016-17 Assessed Valuation:

Total Direct Debt (\$29,695,000)	0.57%
Gross Combined Total Debt	7.57%
Net Combined Total Debt	7.57%

Ratios to Redevelopment Incremental Valuation (\$2,273,298,501):

Total Overlapping Tax Increment Debt	2.19%
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Source: California Municipal Statistics



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

	Fiscal Year			
	2008	2009	2010	2011
Assessed Valuation	\$ 4,925,757,048	\$ 4,927,408,004	\$ 4,062,119,890	\$ 3,928,751,948
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	1,221,818,006	1,221,544,416	1,015,529,973	982,187,987
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	183,272,701	183,231,662	152,329,496	147,328,198
Total Net Debt Applicable to Limitation	-	-	-	-
Legal Debt Margin	<u>\$ 183,272,701</u>	<u>\$ 183,231,662</u>	<u>\$ 152,329,496</u>	<u>\$ 147,328,198</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	0.0%

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

Sources: HdL Companies and Riverside County Assessor Tax Roll

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,923,526,176	\$ 3,834,397,783	\$ 4,031,499,407	\$ 4,494,905,138	\$ 4,804,948,961	\$ 5,212,031,340
25%	25%	25%	25%	25%	25%
980,881,544	958,599,446	1,007,874,852	1,123,726,285	1,201,237,240	1,303,007,835
15%	15%	15%	15%	15%	15%
147,132,232	143,789,917	151,181,228	168,558,943	180,185,586	195,451,175
-	-	-	-	-	-
<u>\$ 147,132,232</u>	<u>\$ 143,789,917</u>	<u>\$ 151,181,228</u>	<u>\$ 180,185,586</u>	<u>\$ 180,185,586</u>	<u>\$ 195,451,175</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Tax Allocation Bonds

Fiscal Year Ended June 30	Successor Redevelopment Tax Increment Revenue	Debt Service		Coverage	Tax Allocation Bonds
		Principal	Interest		
2008	\$ 26,484,367	\$ 1,688,978	\$ 3,663,448	4.95	\$ 54,010,000
2009	24,892,412	1,761,323	3,558,405	4.68	52,785,000
2010	19,877,054	1,295,000	3,304,802	4.32	54,545,000
2011	19,004,495	1,195,000	2,315,314	5.41	60,080,000
2012	9,451,004	1,500,000	1,071,681	3.68	58,580,000
2013	10,090,329	2,455,000	1,050,131	2.88	56,125,000
2014	10,864,084	2,520,000	2,333,745	2.24	53,605,000
2015	10,070,883	2,590,000	2,262,351	2.08	51,015,000
2016	12,245,321	2,760,000	2,361,749	2.39	52,770,000
2017	8,891,703	2,945,000	2,149,445	1.75	49,825,000

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

Source: City Finance Department

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

Fiscal Year Ended June 30	Population (1)	Personal Income (In Thousands) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2008	47,567	1,029,928	21,652	5.8%
2009	49,528	1,083,488	21,876	8.2%
2010	50,324	1,065,544	21,174	13.2%
2011	50,983	984,074	19,302	14.3%
2012	53,024	1,075,380	20,281	13.2%
2013	55,430	1,090,807	19,679	9.3%
2014	56,718	1,097,663	19,353	8.1%
2015	56,688	1,085,008	19,140	8.8%
2016	61,006	1,182,026	19,375	7.2%
2017	62,092	1,185,907	19,099	6.5%

Sources:

HDL, Coren & Cone

(1) Population: California State Department of Finance

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

(4) Unemployment Date: California State Employment Development Department

City of Lake Elsinore, California
Principal Employers
Current Year Compared to 2008

	2017		2008	
	Number of Employees	Percent of Total Employment*	Number of Employees	Percent of Total Employment*
EMPLOYMENT				
Estimated Total Employment *		27,900 (1)	(1)	22,200
EMPLOYER				
Lake Elsinore Unified School District	2,644	9.48%	1,060	4.77%
M & M Framing	500	1.79%	- (2)	0.00%
Stater Bros (3 locations)	319	1.14%	- (2)	0.00%
Lake Elsinore Hotel & Casino	275	0.99%	- (2)	0.00%
Costco	259	0.93%	250	1.13%
Walmart Store	234	0.84%	228	1.03%
Riverside County - Department of Social Services	173	0.62%	- (2)	0.00%
EVMWD (Elsinore Valley Mun Water Dist)	154	0.55%	- (2)	0.00%
Home Depot	150	0.54%	200	0.90%
Target	150	0.54%	200 (2)	0.90%
Total Top 10 Employers	4,858	17.41%	1,938	8.73%

Notes:

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

(2) Data not available or Company not in business for 2008

Source:

MuniServices, LLC

Results based on direct correspondence with City's local businesses.

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

FUNCTION	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	26	20	20	17	24	22	24	20	20	21
Community Services (Includes Public Works)	52	41	42	47	42	43	47	45	51	61
Community Development	23	21	14	11	10	14	14	18	20	19
Total	<u>101</u>	<u>82</u>	<u>76</u>	<u>75</u>	<u>76</u>	<u>79</u>	<u>85</u>	<u>83</u>	<u>91</u>	<u>101</u>

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

Source: City Finance Department

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

FUNCTION	Fiscal Year				
	2008	2009	2010	2011	2012
Police					
Lake Related Boating Enforcement Citations	100	n/a	444	244	384
Hazardous Traffic Violations	5,000	n/a	1,561	1,200	1,358
DUI Arrests	n/a	n/a	261	n/a	241
Fire					
Calls	3,778	3,876	4,007	3,950	3,944
Fire Suppression Equipment	3	3	3	3	3
Public Works					
Centerline Miles of Paved Surface Streets Maintained	155	174	173	173	174
Centerline Miles of Dirt Surface Streets Maintained	10	9	9	9	9
Weed Abatement-Lots Cleaned	581	390	365	470	452
Community Development					
Construction Permits Issued	1,604	505	771	829	760
Property Value Per Permits (Estimated in 000's)	\$ 78,680	\$ 21,474	\$ 42,848	\$ 50,899	\$ 43,381
New Home Building Permits Issued	74	43	211	223	210
Parks and Recreation					
Daily Lake Use Passes Sold	36,000	25,230	23,765	19,577	20,702

n/a=not available

Source: City of Lake Elsinore, Various Departments

Fiscal Year				
2013	2014	2015	2016	2017
204	425	419	597	134
2,155	2,848	3,338	3,711	4,141
216	197	179	137	140
4,554	4,484	4,456	5,110	5,249
4	4	4	4	3
189	189	189	254	254
9	9	9	9	9
360	414	227	204	116
909	972	735	2,022	2,933
\$ 124,755	\$ 121,773	\$ 71,664	\$ 104,923	\$ 188,892
660	626	346	410	449
21,413	20,183	14,996	11,427	11,278

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

FUNCTION	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Fire Stations	3	3	3	3	3	4	4	4	4	4
Public Works Street Miles	157	157	157	157	157	157	157	157	254	254
Lake, Parks, & Recreation Parks and River Walk	16	16	17	17	17	17	17	17	18	18
Beaches and Recreation Facilities	8	8	10	10	10	10	10	10	10	10
Libraries	2	2	2	2	2	2	2	2	2	2
Stadium Amphitheater Seats	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
Lake Surface Acres	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Lakeshore Miles	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5

Source: City of Lake Elsinore, Various Departments

