

**CITY OF LAKE ELSINORE, CALIFORNIA
ANNUAL OPERATING BUDGET
LINE ITEM FY2019-20**



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STARTS
HERE** 



PROPOSED ANNUAL OPERATING BUDGET FISCAL YEAR 2019-2020

CITY COUNCIL

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BRIAN TISDALE, MAYOR PRO TEM
NATASHA JOHNSON
ROBERT E. MAGEE
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TRANSMITTAL MESSAGE

June 11, 2019

The Honorable Mayor and Members of City Council:

On behalf of City Staff, it is my privilege to submit for your information and consideration the Proposed Annual Operating Budget for FY19-20 for the City of Lake Elsinore. This budget document serves not only as a financial plan for the immediate future, but also as a management and communications tool outlining the City Council's vision and key initiatives for the year.

The FY19-20 proposed Annual Operating Budget has been developed after a considerable review process. Departmental budget submittals were prepared and reviewed by line item in connection with projected revenues and detailed performance objectives. Five-year revenue and expenditure projections were developed to identify the future impacts of proposed staffing and program changes, as well as the impact of proposed capital improvement projects. The result is this document: a conservative, balanced budget that provides for quality services while effectively utilizing available resources.

CITY OF LAKE ELSINORE PROFILE

The City of Lake Elsinore is a community comprised of approximately 63,365 citizens. The City maintains 19 parks on 166 acres throughout the community, which provides recreation opportunities for both the citizens of Lake Elsinore, as well as surrounding communities. Police and Fire protection are provided through a contract with Riverside County. The Lake Elsinore Unified School District provides 24 schools for 21,300 students. The City of Lake Elsinore prides itself on its community focus and quality of life.

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

TRANSMITTAL MESSAGE - CONTINUED

ECONOMIC INDICATORS

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

- Population: 63,365 up 0.7% from 2018 (Source: Department of Finance).
- Employment: Lake Elsinore - as of April 2018 is 4.7%, County of Riverside - 4.5%, State of California - 4.6%, and United States - 3.9% (Source: EDD).
- Median Age: 32.9 years old which is up from 2018 at 30.6.
- Number of Households: 20,323 in 2018 from 16,830 in 2017.
- Average Household Income: \$76,940 in 2019 up \$2,234 from 2018.
- Median Home Price: \$340,104 in 2018 to \$359,100 in 2019 (Source: HdL).

IMPACT OF LEGISLATION ON THE BUDGET

On May 19, 2019, the Governor presented his May Budget Revision to the adopted budget released in July 2019. The Governor's May Revise tops \$213 billion, an increase from the \$209 billion in his January proposal.

The Governor contributed an additional \$1.2 billion into the Rainy Day Fund, bringing the total reserve to \$16.5 billion. The fund is projected to reach its ten percent constitutional cap in FY 2022-23, two years earlier than predicted in January.

The May Revise maintains the Governor's commitment to link SB 1 transportation funding to compliance with housing element law, zoning and entitlements to meet the state's housing goals. The Governor's housing-related proposals are largely consistent with his January budget, which proposes \$1.75 billion for various housing related programs. However, the May Revise does contain some minor increases in funding to assist renters and repurposes housing production incentives grants to provide infill infrastructure funding for housing.

In response to requests for additional funding to address homelessness, the Governor's May Revise includes an additional \$150 million for homelessness services and resources, increasing the state's support to prevent and mitigate homelessness to \$1 billion.

The May Revise also includes additional investments to sustain and improve the state's emergency readiness, response and recovery capabilities. The additional \$39.9 million in funding will allow for further investments and an increase in the state's ability to protect vulnerable populations and tackle increasingly frequent and challenging natural disasters as they arise.

The May Revise maintains the Governor's January proposal to reduce the state's unfunded pension liabilities by \$3 billion, and increases the state's contributions to CalPERS by a net total of \$3.5 million.

TRANSMITTAL MESSAGE - CONTINUED

2019-20 GOALS AND OBJECTIVES

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

The City Council established the following FY19-20 budget guidelines, or key initiatives, with fiscal stability and community responsibility as they relate to the City's Vision Statement; Public Safety, Recreation, Transportation, Economic Development, Education and Service. These guidelines were then used by each Department to develop Short Term Objectives for completion in the upcoming fiscal year, and are reflected in the Department Information section of the budget document.

OBJECTIVES AND PERFORMANCE MEASURES

The budget document has been formatted to detail the short term operational objectives for completion in FY19-20, and the performance measures for evaluating the completion of those objectives. These objectives were developed in a collaborative process with all City staff members in order to collaboratively identify where each department can contribute to the overall long term goals of the City. The objectives were then used by the departments in order to justify their Proposed Annual Operating Budget submittals.

The short term objectives are detailed by Department in the Departmental Information section of this budget document. Each Department section also includes the objectives and performance measures, along with significant accomplishments, and a detail of the expenditure requests and personnel allocation which will be used to meet objectives.

LONG-RANGE FINANCIAL FORECAST

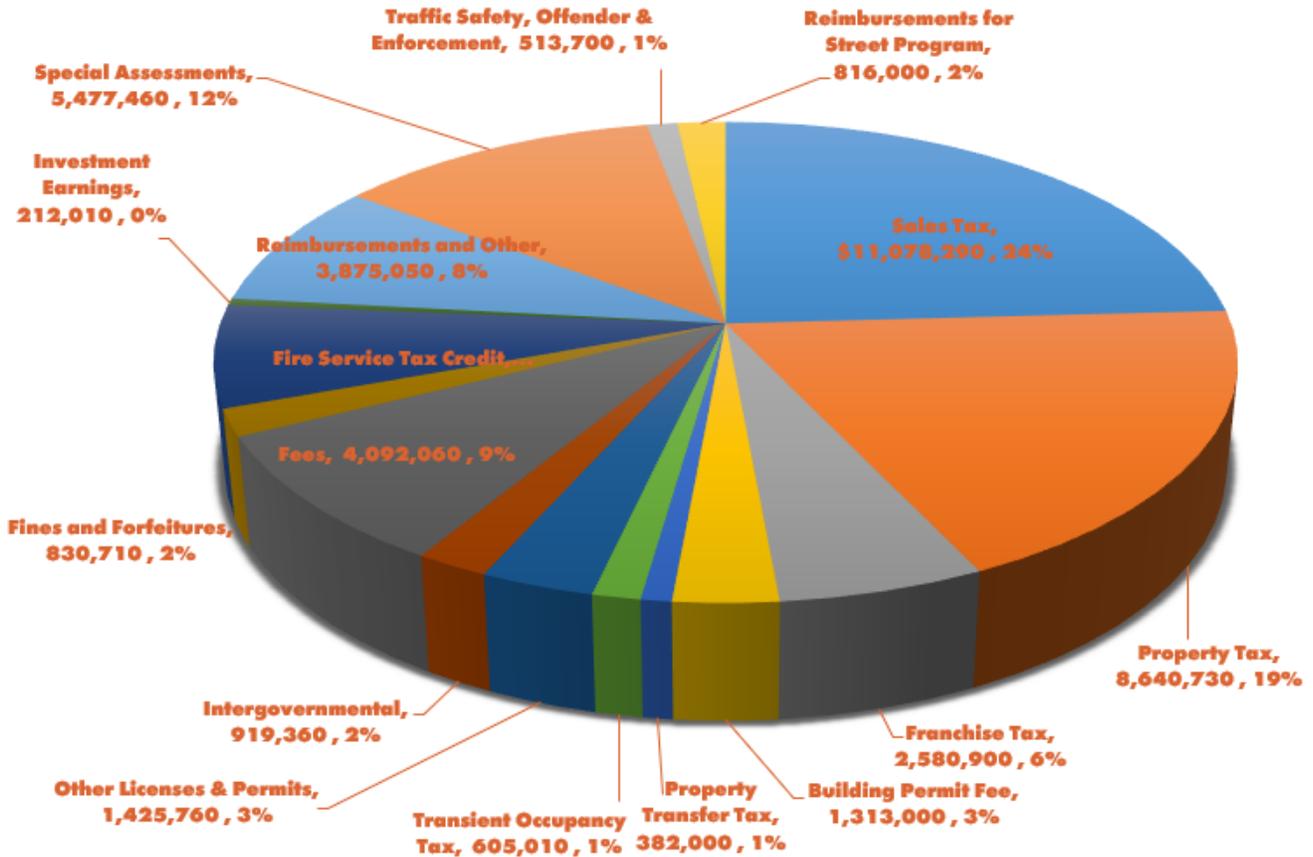
Starting in FY16-17 and continuing throughout the five-year financial projection, the City is experiencing a structural deficit as expenditures are increasing at a faster rate than revenues. Anticipated increase in Public Safety are the main cause for rising expenditures. If expenditure reduction measures and/or revenue enhancements are not implemented, the General Fund balance will fall below the required 17.5% Uncertainty Reserves during FY20-21. Furthermore, the General Fund is expected to be depleted during FY23-24. Below is an illustration of the projected Fund Balance, compared to the required 17.5% Reserves.

TRANSMITTAL MESSAGE - CONTINUED

CHANGES IN REVENUES - GENERAL FUND

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

FY 2019-20 PROJECTED GENERAL FUND REVENUES \$45,917,250



FY19-20 General Fund revenues are projected to reach \$45.9 million, an increase of \$2.1 million or 4.8% from FY18-19 and reflect continued growth of the local economy. The City has continued to work with the Chamber of Commerce and Visitor's Bureau in its effort to encourage the expansion and relocation of industries that generate local sales tax and employment opportunities. The City has also worked with these organizations to develop and market Lake Elsinore as a tourist destination.

TRANSMITTAL MESSAGE - CONTINUED

SALES AND USE TAX: Sales and Use Tax revenue is projected to increase by \$540,261 from an estimated \$10,538,030 in FY18-19 to \$11,078,291 in FY19-20. Increases are due to a more robust economy and growth in number of residents in Lake Elsinore along with additional retail opportunities for residents and visitors. Sales tax is one of the City's largest revenue sources, representing approximately 24% of the total General Fund revenue.

PROPERTY TAX: The FY19-20 revenue for property taxes will increase by approximately \$706,281 representing 18.9% of the total General Fund. Revenues continue to increase as a function of increased building activity and as Proposition 8 reassessments continue to reverse increasing the overall assessed valuation of homes in Lake Elsinore.

LICENSES, PERMITS, AND FEES: An overall decrease from \$6,866,769 in FY18-19 to \$6,830,821 is projected in FY19-20. This decrease is due to the build out of 2 development communities causing a decline in permits being pulled. This category is comprised of building permit fees, business license fees, encroachment permit fees, plan check fees, etc.

INTERGOVERNMENTAL: The Intergovernmental revenue category represents Fire Service Tax Credit, State Mandated Cost Recovery, and grants. An increase of \$180,581 is projected for FY19-20.

SPECIAL ASSESSMENTS: These special taxes are assessed to all real property owners. They are used for ongoing operation and maintenance of the City's parks, open space, storm drains, street lighting along with public safety services. These assessments are anticipated to increase \$1,088,975 which represents 12% of the General Fund revenues. Approximately \$750,000 of this increase will come from Launch Pointe, the City's newest addition.

FRANCHISE AND OTHER TAX: An overall increase of \$94,310 from an estimated \$3,473,600 in FY18-19 to a projected \$3,569,910 for FY19-20. Franchise fees are the amount of fees paid by phone, cable, natural gas, refuse collection, and electricity companies for use of the public right of way. Other taxes include the City's Transient Occupancy Tax (TOT) and Property Transfer Tax. The City collects a 10% tax on the amount of all transient (30 days or less) lodging rentals. Overall, the hotel market in the City of Lake Elsinore is strong with both occupancy rates and revenues growing. Much of the growth is attributed to the opening of Rosetta Canyon Sports Park. Property Transfer Tax is collected when real estate is transferred (most commonly, when it is sold).

REIMBURSEMENTS: These include the transfer of funds from Capital Improvement Program (CIP) projects to offset administration costs charged to the General Fund. This amount fluctuates each year, as CIP activity varies, and a 3% increase is projected for FY19-20.

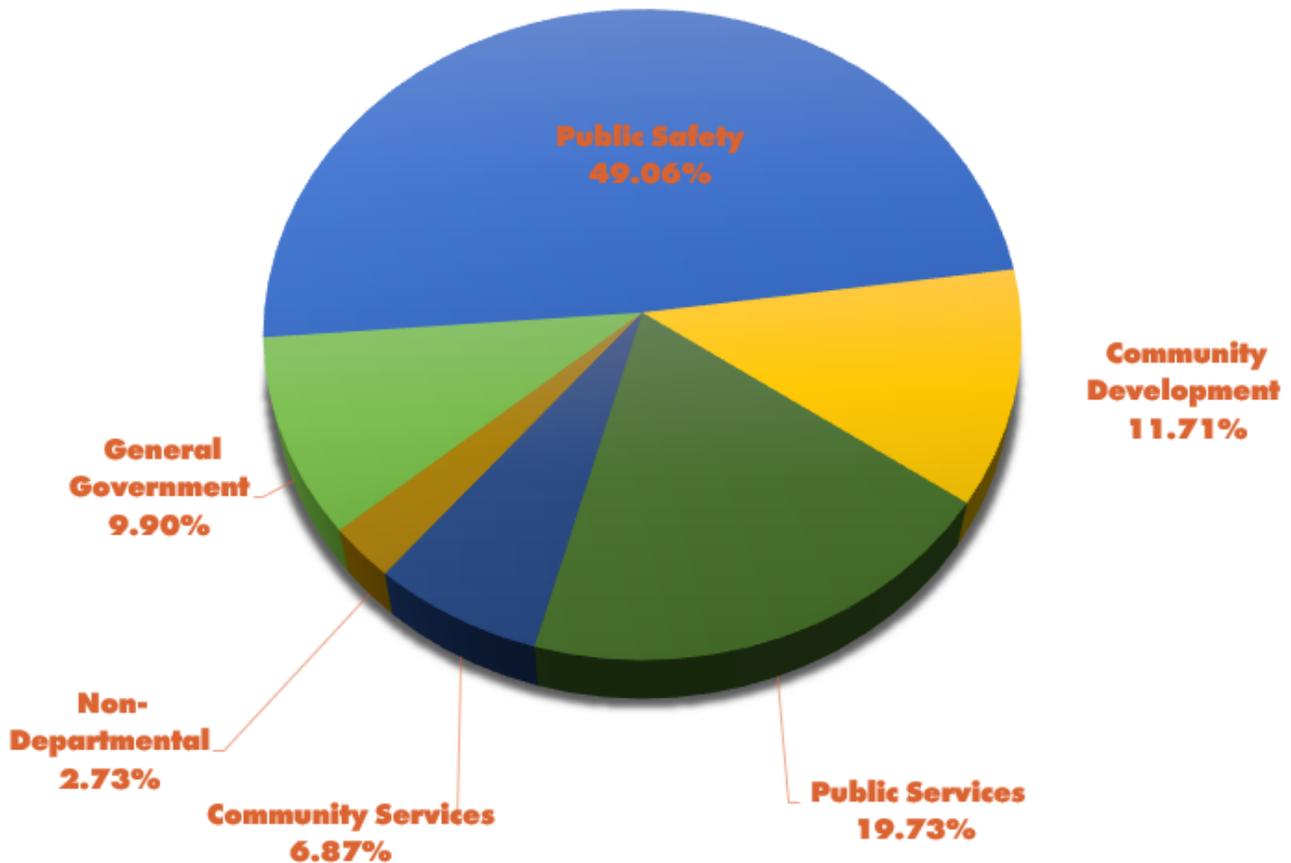
TRANSMITTAL MESSAGE - CONTINUED

CHANGES IN EXPENDITURES: GENERAL FUND

The City's Operating Budget of the General Fund is projected to be \$46,547,750 in FY19-20 (excluding operating transfers out). This proposed expenditure level results in an increase of \$1,095,264 or 24%. The increase, while significantly lower than in years past, is due primarily to rising public safety contract costs. The City contracts with Riverside County to provide both Police and Fire services. Expenditures are projected to surpass revenues received during FY19-20. It is important to note that the City of Lake Elsinore has substantial growth and development capacity, which will increase revenue and offset shortfalls as growth takes place.

Public safety continues to represent the largest single portion of the General Fund operating budget at 49.1%. Proposed expenditures for Police, Fire Services and Animal Control total \$22,836,660 (net of an estimated \$3,155,210 million fire tax credit) an increases of \$417,540 for FY19-20.

FY 2019-20 PROJECTED GENERAL FUND EXPENDITURES \$46,547,750



TRANSMITTAL MESSAGE - CONTINUED

POLICE SERVICES make up 31% of General Fund expenditures, with a total budget of \$14,369,910 for FY19-20. This represents an increase of \$257,140, or 1.82%, over the prior year due to a combination of rising labor costs per the County's union contracts and increased CalPERS contributions. Service levels are projected to remain relatively unchanged with 52.7399 sworn officers and 5 Community Service Officers. The

FIRE SERVICES constitute 17% of General Fund expenditures, with a total budget of \$7,706,730 projected for FY19-20, which is a \$55,790, or 0.73%, increase over prior year. The County contracts with Cal Fire to provide Fire Services.

OPERATING TRANSFERS OUT total \$606,270 for FY19-20, which is an increase of \$66,670 from the prior year. Transfers Out provides funding from the General Fund to the Citywide Lighting, Landscape, and Maintenance District and Citywide Lighting, Landscape, and Maintenance District No. 1 for operation costs.

ENDING FUND BALANCE for the General Fund is estimated to be \$9,309,444 for FY19-20. The Economic Uncertainty Reserve, which is equal to 17.5% of Operating Expenditures, is fully funded at \$8,145,856.

CHANGES IN REVENUES: OTHER FUNDS

GAS TAX: Senate Bill 1 was signed into law on April 28, 2017. This bill raised the base gasoline excise tax, created a transportation improvement fee and raised diesel excise and sales tax. With the passage, Gas Tax is estimated to increase \$295,686 to a total of \$1,658,273 in FY19-20. This revenue source funds the maintenance, rehabilitation, and improvement of public streets.

ROAD MAINTENANCE AND REHAB: Senate Bill 1 also created the Road Maintenance and Rehabilitation Program (RMRP) to address deferred maintenance on the State Highway System and the local street and road system. RMRA funds are estimated to increase by \$7,388 to a total of \$1,041,396 in FY 19-20.

MEASURE A: Measure A revenues are expected to increase \$87,000 from \$1,354,000 in FY18-19 to \$1,441,000 in FY19-20 due to an estimated increase in sales tax receipts within the County.

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

TRANSMITTAL MESSAGE - CONTINUED

CHANGES IN EXPENDITURES: OTHER FUNDS

GAS TAX: Passing of SB1 Gas Tax is estimated to increase expenditures \$355,058 to a total of \$2,045,658 in FY19-20. This fund is used to maintain, rehabilitate, and improve public streets.

MEASURE A: Measure A expenditures are expected to increase from \$2,749,262 in FY18-19 to \$2,874,866 in FY19-20. The increase of \$125,604 is due to the timing of capital projects, many of which have not been completed in FY18-19.

CITYWIDE LIGHTING, LANDSCAPE, AND MAINTENANCE DISTRICT: The total District estimated costs have decreased by approximately \$6,182 primarily due to the retrofitting of streetlights to LED.

2019-20 AUTHORIZED STAFFING

The City continues to restructure the organization to ensure core staffing, internally and externally, is in place to meet current and future economic opportunities, while also providing the highest level of service. The City has established a policy of annually focusing on reorganizing department structures in an effort to streamline processes and enhance efficiencies without reducing essential public services to the community. The total authorized positions for FY19-20 is 139, five of which are City Council members, five City Planning Commissioners, five Public Safety Advisory Commissioners 87 regular full-time equivalent positions of which four positions are unfunded and 52 part-time positions.

Two new positions are included in this budget to be added to the schedule of authorized positions one full-time position to support the new neighborhood center. and the other is a part-time position for Community Services to assist with newly awarded grants.

TRANSMITTAL MESSAGE - CONTINUED

FIVE-YEAR FORECAST

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

For FY19-20, General Fund expenditures are projected to exceed revenues by \$1,239,770, reserves will be fully funded at 17.5% of total expenditures, and the Ending Fund Balance is projected to be \$9,309,444, thus causing a structural deficit within the General Fund due to anticipated cost increases related to public safety

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

INTERNAL SERVICE FUNDS

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

INSURANCE FUND expenditures of \$742,810 are projected to decrease from the prior year due to a decrease in the liability insurance premium.

INFORMATION TECHNOLOGY FUND is to accumulate the necessary funds for the future replacement of technology equipment and software upon the end of the useful life of assets. Expenditures in this fund are projected to be \$1,197,540 for FY19-20 a decrease of \$87,210 from prior year.

SUPPORT SERVICES FUND expenditures of \$99,760 are projected to decrease from prior year due to the re-negotiation of the copier leases.

VEHICLES AND EQUIPMENT FUND expenditures in FY19-20 are projected to be \$1,024,150, a decrease of \$152,050 from prior year. This decrease is due to the GASB 68 adjustment done at year-end to reflect the unfunded liability for retirement for this division.

FACILITIES FUND expenditures reflect an increase of \$94,070 or 18% from prior year with a total budget of \$618,590 for FY19-20. Increase is due to the depreciation charge .

TRANSMITTAL MESSAGE - CONTINUED

LAKE ELSINORE PUBLIC FINANCE AUTHORITY

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

LAKE ELSINORE RECREATION AUTHORITY

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

LAKE ELSINORE FACILITIES FINANCING AUTHORITY

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY (SARDA)

SARDA obligations are paid with Property Tax Increment dollars that were formerly allocated to the Redevelopment Agency. Expenditures for FY19-20 total \$4,222,203, of which \$3,963,873 is dedicated to debt service payments of the outstanding Redevelopment Agency bonds.

CAPITAL IMPROVEMENT

The City's five-year Capital Improvement Plan (CIP) is presented to the City Council under a separate cover. This program provides a multi-year plan for capital improvements that is updated annually to ensure compliance with the program. The impact of capital projects on maintenance and operating costs were taken into consideration in the development of the operating budget. Circulation, Facilities, Infrastructure, Park, and Successor Agency projects are identified in the CIP budget with estimated current year project costs totaling \$49,632,109.

TRANSMITTAL MESSAGE - CONTINUED

The objectives were then used by the departments in order to identify and justify their Annual Operating Budget submittals.

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

GENERAL FINANCIAL POLICIES

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

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

RESERVE POLICY

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

CONCLUSION

The FY18-19 Operating Budget demonstrates the City Council's continued investment in Public Safety and other services as the City moves forward out of the effects of the recession. I am committed to working with the City Council to develop viable solutions in the coming year to ensure that the City's operating revenues are sufficient to cover its operating expenditures, while maintaining adequate reserves.

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

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

Respectfully submitted,


Grant Yates
City Manager

UNDERSTANDING THE BUDGET DOCUMENT

This budget document provides the public with concise and readable information about City government, and displays the objectives and budget for the City of Lake Elsinore for FY19-20. The budget document is divided into the following sections:

INTRODUCTION AND OVERVIEW

The budget document begins with the transmittal letter by the City Manager, which provides an overview of the FY19-20 Operating Budget by highlighting programs, major projects and changes in revenue and expenditure allocations for the upcoming fiscal year. There is an analysis of the impact of legislation on the City budget, as well as recent economic indicators. The introduction section details Lake Elsinore's Mission and Value Statements. The Goals and Objectives provide further detail into the policies, goals and objectives which drive the budget process. These are linked to each Department's goals and objectives. The Locator Map shows graphically where Lake Elsinore lays within the State of California and the Community Profile lists community demographics. The City Directory outlines the Executive Management Team and the Finance Team who work on a daily basis implementing the goals and strategies outlined in the Annual Operating Budget.

FINANCIAL STRUCTURE, POLICY AND PROCEDURES

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

FINANCIAL SUMMARIES

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

DEPARTMENTAL INFORMATION

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

UNDERSTANDING THE BUDGET DOCUMENT - CONTINUED

CAPITAL IMPROVEMENT AND DEBT

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

FIVE YEAR FORECAST

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

APPENDIX

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

RESOLUTION NO. 2019-050

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPTING THE FY 2019-20 ANNUAL OPERATING BUDGET AND ESTABLISHING THE CONTROLS ON CHANGES IN THE APPROPRIATIONS

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

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

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

Section 1. The City of Lake Elsinore Annual Operating Budget is hereby approved and adopted for the 2019-20 fiscal year and as amended herein 2018-19 fiscal year for as attached per Exhibit A to this Resolution.

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

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

- (a) No expenditure of funds shall be made unless there is an unencumbered appropriation available to cover the expenditure.
- (b) The Department Director may prepare a transfer of appropriations within departmental budget accounts, with the approval of the City Manager.
- (c) The City Council must authorize transfers (appropriations) of funds from the Unreserved Fund Balance and transfers between departmental budget accounts.
- (d) The City Council must authorize any changes to the Schedule of Authorized Positions. The City Manager may authorize the hiring of temporary or part-time staff as necessary within the limits imposed by the controls listed above.
- (e) The City Manager may approve change orders on Public Works contracts approved by the City Council in amounts up to project contingency established by the City Council.
- (f) Outstanding encumbrances shown on the City books at June 30, 2019 that are approved by the City Manager, are hereby appropriated for such contracts or obligations for FY2019-20.
- (g) The City of Lake Elsinore Annual Operating Budget is hereby approved.

RESOLUTION NO. 2019-050

Section 4. This Resolution shall take effect from and after the date of its passage and adoption.

Passed and Approved on this 11th day of June 2019.



Steve Manos, Mayor

Attest:



Mark Mahan
Deputy City Clerk

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

I, MARK MAHAN, Deputy City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2019-050 was adopted by the City Council of the City of Lake Elsinore, California, at the regular meeting of June 11, 2019, and that the same was adopted by the following vote:

AYES: Council Members Sheridan, Johnson and Magee; Mayor Pro-Tem Tisdale and Mayor Manos

NOES: None

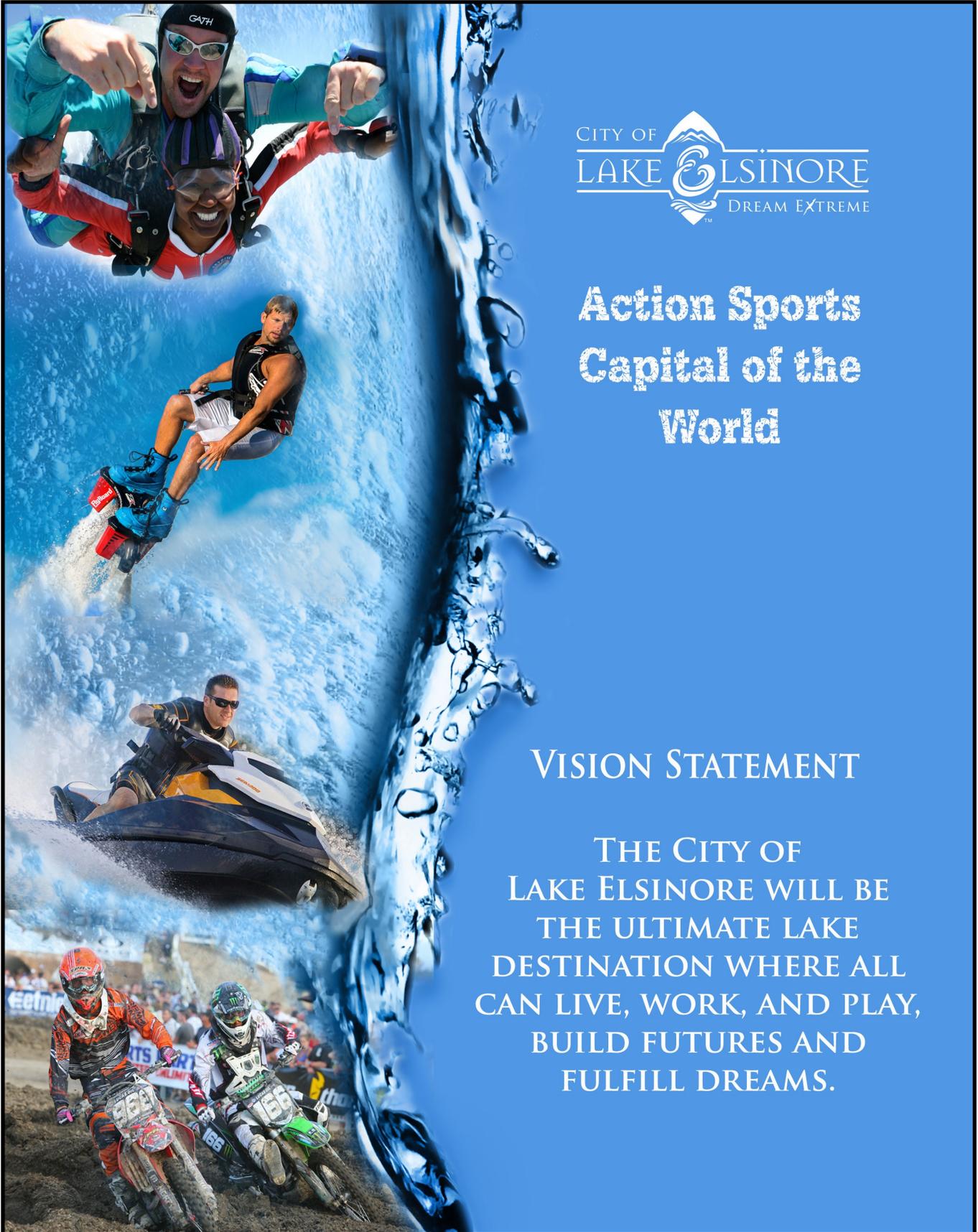
ABSENT: None

ABSTAIN: None



Mark Mahan
Deputy City Clerk

VISION STATEMENT



**Action Sports
Capital of the
World**

VISION STATEMENT

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

VALUE STATEMENT

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

CITY OF LAKE ELSINORE *Expressions of Extreme Customer Service*

C.A.A.R.E.

CUSTOMER SERVICE PERSPECTIVE

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

AUTHENTIC BEST

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

ANTICIPATE CUSTOMER NEEDS

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

RESPOND TO CUSTOMER'S NEEDS

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

EXTREME CUSTOMER SERVICE

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



COMMUNITY PROFILE

GENERAL CITY DATA

Date of Incorporation	April 20, 1888
Form of Government	City Manager
Area	43.44 Square Miles
Lake Surface Area	5.394 Square Miles
Population (2018)	63,365
Annual Average Temperature	80.58 Degrees
Annual Average Rainfall	12.01"
Number of Police Officers per 1,000 Residents	.92
Number of Fire Stations	4
Number of Parks	19

INCOME AND HOUSING

Median Household Income	\$63,306
Average Household Income	\$74,706
Number of Households	20,323
Median Household Size	3.74
Median Family Size	4.08
Median Age	30.6
Median Housing Price	\$340,104

EDUCATIONAL DATA

LAKE ELSINORE UNIFIED SCHOOL DISTRICT

Number of Schools	24
Number of Teachers	975
Number of Students	21,300
Number of Public Libraries	2

DIRECTORY

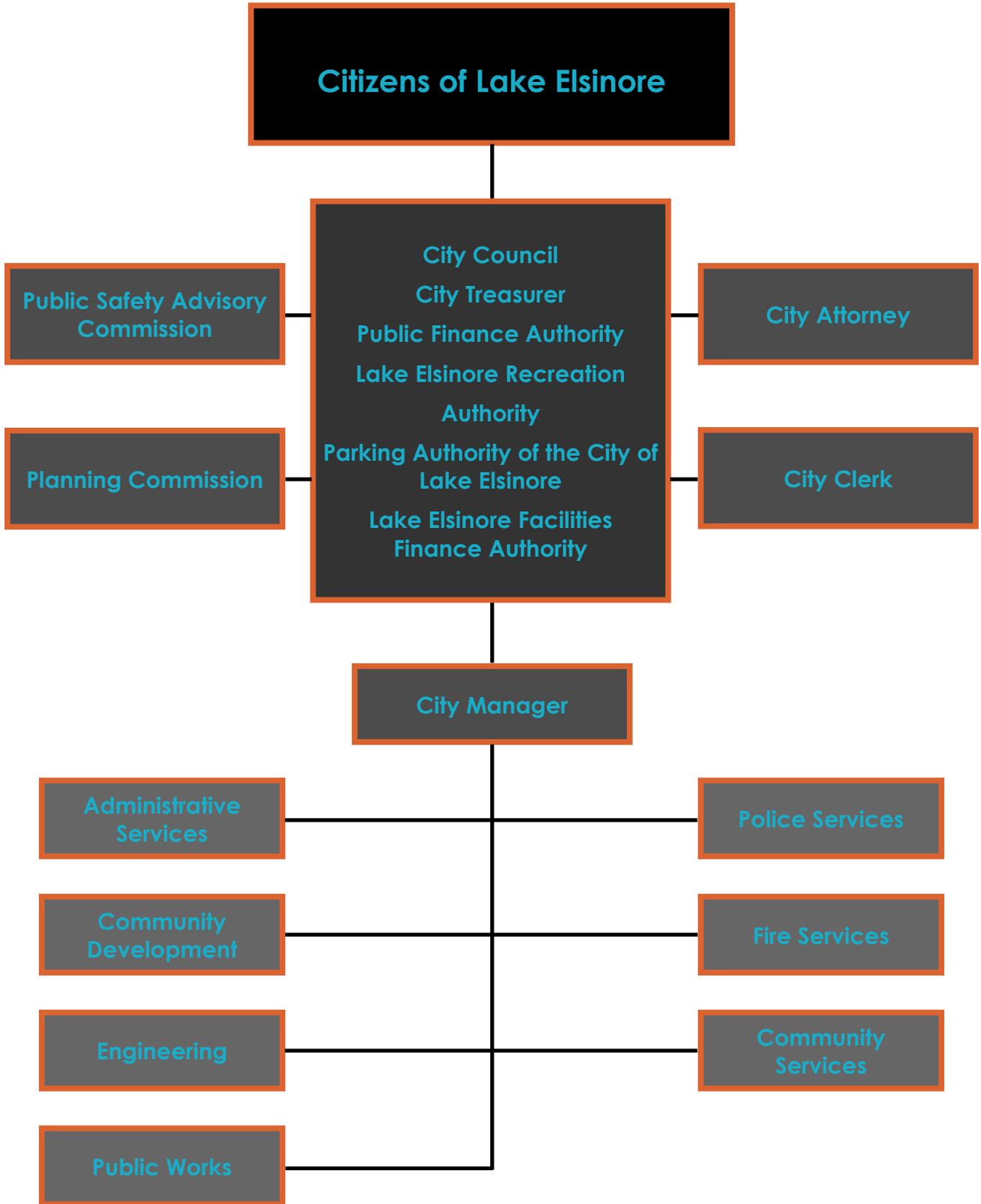
EXECUTIVE MANAGEMENT

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

BUDGET TEAM

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

CITY ORGANIZATION CHART

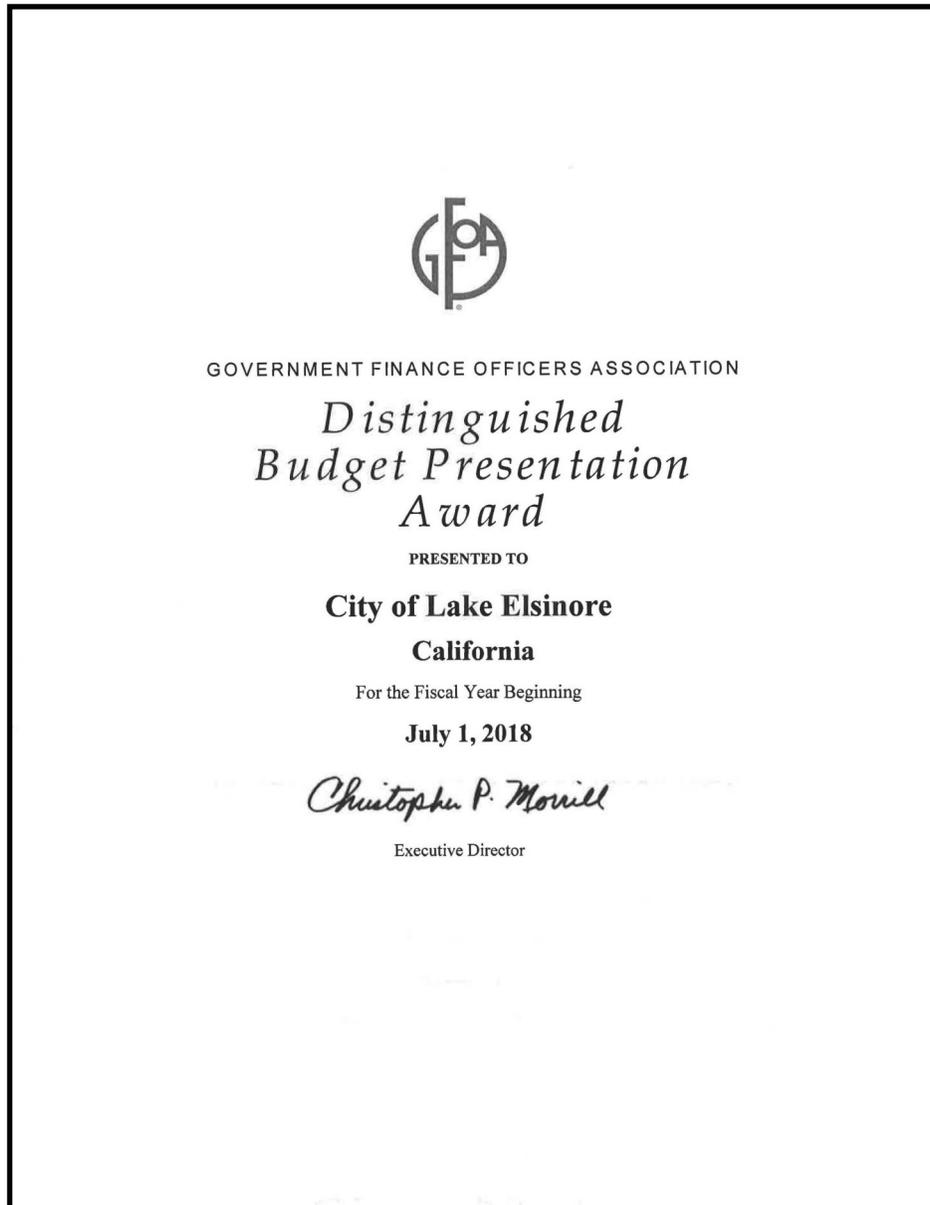


GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the City of Lake Elsinore for its annual budget for the fiscal year beginning July 1, 2018.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS AWARD



The California Society of Municipal Finance Officers (CSMFO) recognizes those entities with highly professional budget documents with two levels of certificates. The first level is the “Meritorious Budget Award,” which requires the entity to meet a very specific list of criteria defined by CSMFO. The second level is the “Operating Budget Excellence Award,” which requires that the organization meet even higher criteria which effectively enhances the usability of the document.

In preparing the Fiscal Year 2018-19 budget, the staff has once again followed CSMFO’s criteria. This document will be submitted to the CSMFO for the Fiscal Year 2018-19 budget award.



BUDGETARY FUND STRUCTURE

GOVERNMENTAL FUNDS

GENERAL FUND

SPECIAL REVENUE

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

DEBT SERVICE

- 2013 Lease Revenue Bonds
- 2016 Lease Revenue Bonds

CAPITAL PROJECTS

- Miscellaneous General Projects
- Transportation Uniform Mitigation Fee

BUDGETARY FUND STRUCTURE - CONTINUED

CAPITAL PROJECTS - CONTINUED

- Total Road Improvements
- Development Impact Fees
- Storm Drain
- Quimby
- Traffic Impact Fee
- Assessment Districts
- Community Facilities Districts
- Public Improvement In-Lieu
- Diamond Stadium

PROPRIETARY FUNDS

INTERNAL SERVICES FUNDS

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

ENTERPRISE FUND

- Launch Pointe Fund

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

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

AGENCY FUNDS

- Developer Deposit Trust
- Lake Maintenance
- Destratification Equipment Replacement

DESCRIPTION OF FUNDS

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

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

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

ACCOUNTING BASIS

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

GOVERNMENTAL FUNDS

GENERAL FUND

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

DESCRIPTION OF FUNDS - CONTINUED

SPECIAL REVENUE FUNDS

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

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

Traffic Offender - This fund is for the purposes of receiving and expending administrative fees generated from charges to drivers who have been arrested for DUI, who are driving on suspended/revoked licenses, or have never been issued a driver's license. These funds may only be used to further the traffic safety goals of the City and are not subject to OTS audit.

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

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

Gas Tax - The City maintains this fund to account for the Highway User's Tax revenues received from the State of California under Sections 2013, 2015, 2107, and 2107.5, of the Streets and Highways Code. This fund also accounts for the gasoline and vehicle taxes pursuant to the Road Repair and Accountability Act of 2017 (SB1). Monies are collected by the State of California and allocated to local agencies for streets and roads projects and other transportation uses.

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

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

Senate Bill 1186 California Disability Access and Education Fee - This fund collects and tracks the law requiring State fee of \$4.00 on every applicant for a local business license or renewal. The purpose is to increase disability access and compliance with construction related accessibility requirements and to develop educational resources for businesses in order to facilitate compliance with Federal and State disability laws.

DESCRIPTION OF FUNDS - CONTINUED

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

Lighting, Landscape and Maintenance District - These funds account for revenues derived from annual assessments which are used to pay the costs incurred by the City for landscape maintenance and street light maintenance. Benefit assessments, and a special tax are charged to property owners within the District (City), and funds are received to provide recreations, park development, street lighting, slope maintenance, refuse collection, emergency road construction and maintenance, and library services.

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

DESCRIPTION OF FUNDS - CONTINUED

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

PROPRIETARY FUNDS

INTERNAL SERVICES FUNDS

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

DESCRIPTION OF FUNDS - CONTINUED

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

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

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

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

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

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Launch Pointe - This Fund was established to account for the cost of the operations and maintenance for the new campground.

FIDUCIARY FUNDS

PRIVATE PURPOSE TRUST FUNDS

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

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

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

DESCRIPTION OF FUNDS - CONTINUED

AGENCY FUNDS

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

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

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

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



FUND USE BY DEPARTMENT

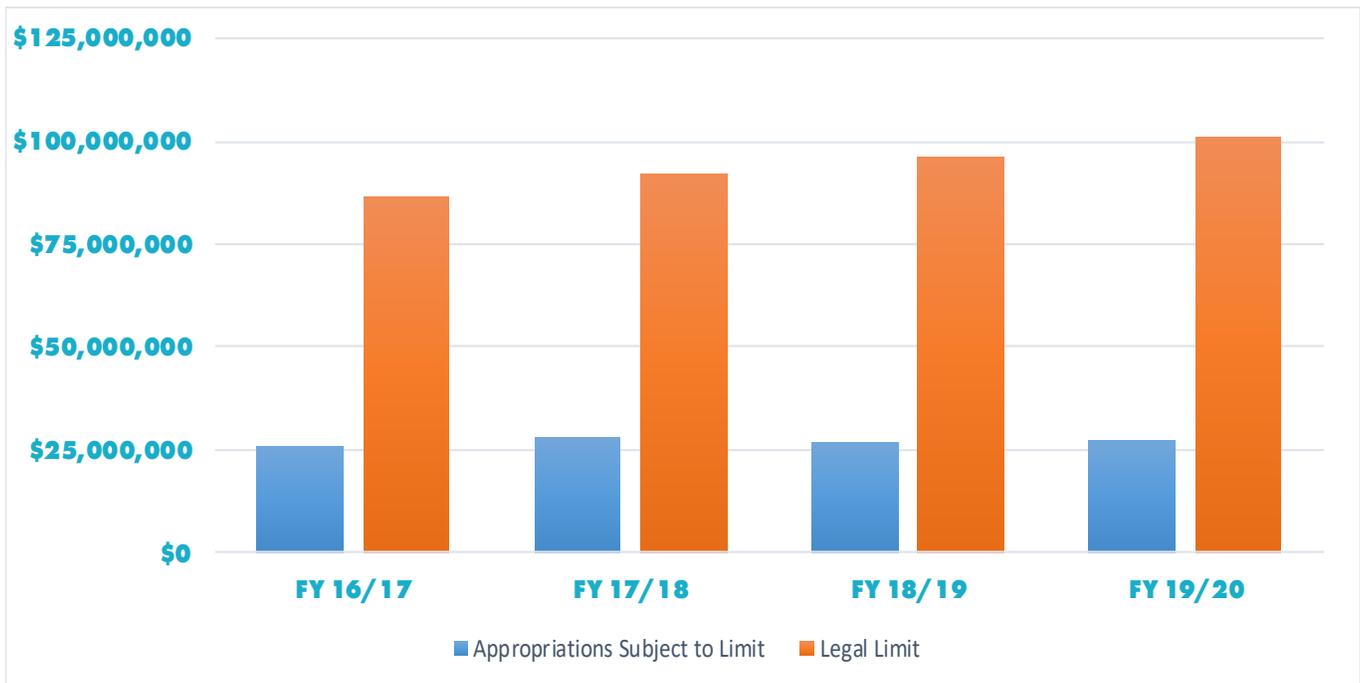
FUNDING SOURCE BY DEPARTMENT	OPERATING DEPARTMENTS																			CIP										
	City Council	Community Support	City Treasurer	City Clerk	City Attorney	City Manager	Finance	Human Resources	Police Services	Fire Services	Animal Services	Planning	Building & Safety	Code Enforcement	Economic Development	Fire Prevention	Engineering	Public Works	Park Maintenance		Lake Maintenance	Community Services	Recreation	Senior Center	Launch Pointe	Insurance	Information Technology	Support Services	Fleet	Facilities
Governmental Fund																														
Fund 100: General Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Special Revenue Funds																														
Fund 101 SLESF								✓																						
Fund 104 Traffic Offender								✓																						
Fund 110 Gas Tax																		✓											✓	
Fund 112 Measure A																													✓	
Fund 113 SB821																													✓	
Fund 114 SB1186												✓	✓																✓	
Fund 115 Traffic Safety								✓																						
Fund 130 & 135 LLMD Districts																			✓											
Fund 155 NPDES																	✓													
Fund 160 PEG																										✓				
Fund 606 AB2766																													✓	
Debt Service Funds																														
Fund 602 LERA 2013						✓																								
Fund 402 LEFFA 2017																								✓						
Capital Projects Funds																														
Fund 105 Miscellaneous General Fund																													✓	
Fund 111 TUMF																													✓	
Fund 121 TRIP																													✓	
Fund 116-120 & 232 DIF																													✓	
Fund 211 Storm Drain Fee																													✓	
Fund 221 Quimby																													✓	
Fund 205 Traffic Impact																													✓	
Fund 352 & 393 Assessment Districts																													✓	
Fund 330-350, 354-396, 650-655 CFD's																													✓	
Fund 605 Public Improvement In-Lieu																													✓	
Fund 540 Diamond Stadium																													✓	
Internal Service Funds																														
Fund 300 Insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Fund 305 Information Technology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Fund 310 Support Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Fund 315 Fleet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Fund 320 Facilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Enterprise Fund																														
Fund 180 Launch Pointe																									✓					
Agency Funds																														
Fund 630 Lake Maintenance																			✓											
Fund 631 Destratification Equipment																			✓											

GANN APPROPRIATIONS LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was approved by California voters in November 1979, and placed limits on the amount of proceeds of taxes that state and local government agencies can receive and spend each year. For cities that incorporated after FY78-79, the voters set the initial appropriations limit at the time of incorporation. Proposition 111 was approved by California voters in June 1990, which provided new adjustment formulas which make the appropriations limit more responsive to local growth issues. Each year the City Council must adopt, by resolution, the appropriations limit for the following year.

Fiscal Year 2018-19 Appropriation Limit	\$96,448,725
City Population Growth	1.14%
Per Capita Personal Income Change	3.85%
Fiscal Year 2019-20 Appropriations Limit (\$86,752,899 x 1.0576)	\$101,303,848

Appropriations subject to the limit in the FY2019-20 budget totaled \$27,476,446 which is \$73,827,402 less than the computed limit. Additional appropriations to the budget funded by non-tax sources such as service charges, restricted revenues from other agencies, grants or beginning fund balances would be unaffected by the appropriations limit. However, any supplemental appropriations funded through increased tax sources would be subject to the appropriations limit and could not exceed the \$73,827,402 variance indicated. Further, any overall actual receipts from tax sources greater than \$73,827,402 from budget estimates will result in proceeds from taxes in excess within the next two fiscal years or voter approval of an increase in the City's appropriations limit. Voter approval for an increase in the City's appropriations limit is not anticipated in the future due to the margin between the limit and tax revenue.



BUDGET AND FISCAL POLICIES

BUDGET AND STRATEGIC PLANNING PROCESS

ANNUAL OPERATING BUDGET (AOB)

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

The Budget also performs the following:

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

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

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

FIVE-YEAR FINANCIAL FORECAST

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

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

CAPITAL IMPROVEMENT PLAN (CIP)

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

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

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

This CIP budget document is developed by incorporating input from City Council and key management team members, based on community comments and feedback received throughout the year. Each proposed project is reviewed and discussed to ensure funding, timing, and necessity. A CIP City Council workshop is held to provide the City Council with an opportunity to review each project in detail, and to receive public comments concerning the five-year program.

BUDGET AND FISCAL POLICIES - CONTINUED

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

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

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

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

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

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

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

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

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

FINANCIAL REPORT

ANNUAL REPORTING

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

BUDGET ADJUSTMENTS

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

EXTENDED ANNUAL REPORTING

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

FUND BALANCE AND RESERVES

FUND BALANCE POLICY

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

BUDGET AND FISCAL POLICIES - CONTINUED

RESERVE FOR ECONOMIC UNCERTAINTY

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

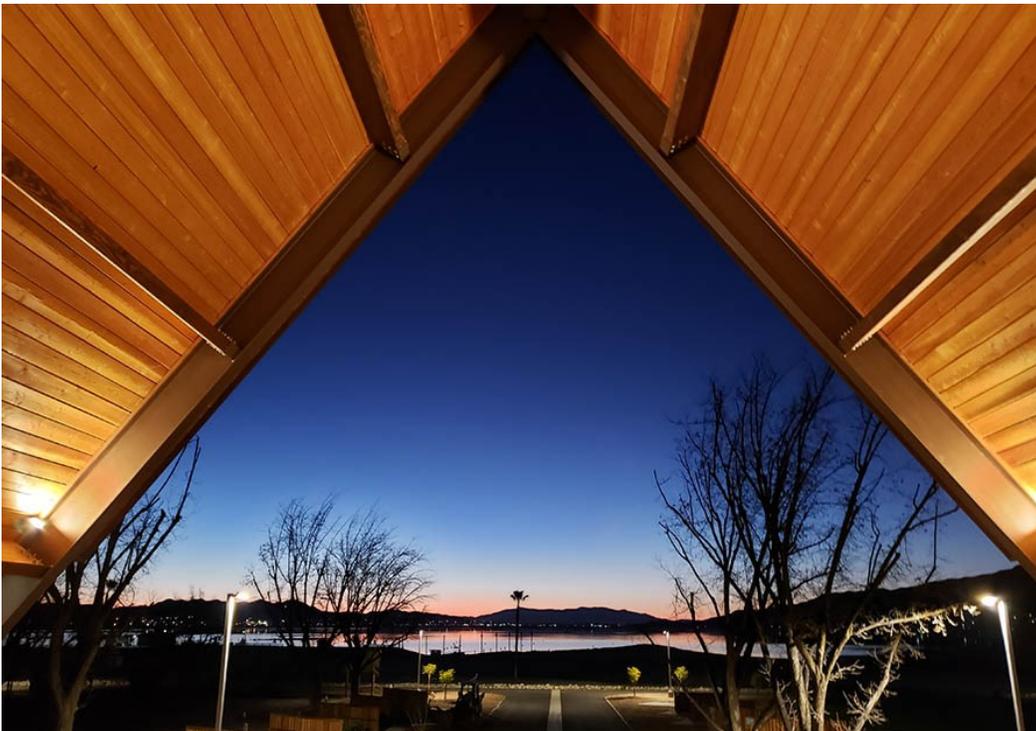
- Expenditures due to local disasters/acts of nature
- Loss of major revenue source(s) due to financial hardship or economic downturn
- State-imposed take of local revenue/mandated payments
- Significant unanticipated expenditures
- Significant payout of Comprehensive Annual Leave for employees leaving City service

FUTURE CAPITAL PROJECT DESIGNATIONS

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

OTHER DESIGNATIONS AND RESERVES

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



BUDGET AND FISCAL POLICIES - CONTINUED

FUND BALANCE COMPONENTS

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

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

HIERARCHY OF SPENDING FUND BALANCE

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

CONTINGENCY PLANNING

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

ONE-TIME EVENTS

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

ONGOING FISCAL CONSTRAINTS

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

BUDGET AND FISCAL POLICIES - CONTINUED

STAFFING POLICY

REGULAR STAFFING

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

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

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

PROJECT STAFFING

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

BUDGET AND FISCAL POLICIES - CONTINUED

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

TEMPORARY STAFFING

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

WORK HOURS

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

OVERTIME MANAGEMENT

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

INDEPENDENT CONTRACTORS

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

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

PRODUCTIVITY

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

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

PRIVATE SECTOR CONTRACTS

Contracting with the private sector for the delivery of services may provide the City with a significant opportunity for cost containment and productivity enhancements. As such, the City is committed to using private sector resources in delivering municipal services as a key element in our continuing efforts to provide cost-effective programs. Private sector contracting approaches under this policy include construction projects, professional services, outside employment agencies and ongoing operating and

BUDGET AND FISCAL POLICIES - CONTINUED

maintenance services. In evaluating the costs of private sector contracts compared with in-house performance of the service, indirect, direct, and contract administration costs of the City will be identified and considered. Whenever private sector providers are available and can meet established service levels, they will be seriously considered as viable service delivery alternatives using the evaluation criteria outlined below. For programs and activities currently provided by City employees, conversions to contract services will generally be made through attrition, reassignment or absorption by the contractor.

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

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

GOVERNMENT SERVICE CONTRACTS

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

resources to reduce costs for supervision, administration, training, clerical support, vehicles and equipment.

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

REGIONAL CONTRACTS

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

ASSET MANAGEMENT AND REPLACEMENT POLICY

ASSET MANAGEMENT AND REPLACEMENT (AMR)

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

- Streets and Roads - Assets related to the provision of transportation (e.g. pedestrian, bicycles, and vehicles)
- Public Facilities - Building and land assets used for a diverse range of services including community services, recreation, accommodation, and municipal administration.
- Parks - Assets which provide opportunities for organized and informal recreation activities, provide aesthetic and cultural value to the community, and provide public spaces for social interaction.
- Drainage Facilities - Assets which provide a measure of flooding protection to the community from storm water runoff and those assets which improve the water quality of storm water runoff going into main drains and waterways.

BUDGET AND FISCAL POLICIES - CONTINUED

PROCESS

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

POLICY

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

FUNDING STRATEGY

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

REPLACEMENT FUNDS

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

INVESTMENT POLICY

INTRODUCTION

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

SCOPE

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

OBJECTIVES

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

- A. **Safety of Principal:** Safety of Principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall seek to preserve principal by mitigating two types of risk: credit risk and interest rate risk.
 1. **Credit Risk:** The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the types of securities listed in the Authorized Investments section of this Investment Policy.
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
 2. **Interest Rate Risk:** The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates, by:
 - Structuring the investment portfolio with marketable securities so that securities can be liquidated to meet cash flow needs or structuring the portfolio to meet cash requirements for ongoing operations.

BUDGET AND FISCAL POLICIES - CONTINUED

- B. **Liquidity:** Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio will remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements.
- C. **Yield:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

PRUDENCE

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

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

PERFORMANCE EVALUATION

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

DELEGATION OF AUTHORITY

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

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

INVESTMENT PROCEDURES

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

ETHICS AND CONFLICTS OF INTEREST

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

SAFEKEEPING AND CUSTODY

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

DIVERSIFICATION

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

INTERNAL CONTROL

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

REPORTING

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

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

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

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

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

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

BUDGET AND FISCAL POLICIES - CONTINUED

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

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

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

AUTHORIZED INVESTMENTS

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

- U.S. Treasury, notes, bonds, bills, or other certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- Federal agency or United States government-sponsored enterprise obligations, participation, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 40% of the City's portfolio may be invested in any one federal agency.
- Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that such obligations are rated in one of the top three rating categories by a NRSRO and are general obligation bonds or essential service bonds secured with revenue from a water, sewer, power, or electric system.

BUDGET AND FISCAL POLICIES - CONTINUED

- Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California, provided that such obligations are rated in one of the top three rating categories by a NRSRO and are general obligation bonds or essential service bonds secured with revenue from a water, sewer, power, or electric system.
- Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The City may enter into repurchase agreements with primary government securities dealers rated "A" or its equivalent or better by two nationally recognized rating services. Counterparties should also have (i) a short-term credit rating in the highest category by a nationally recognized statistical rating organization (NRSRO); (ii) minimum assets and capital size of \$25 billion in assets and \$350 million in capital; (iii) five years of acceptable audited financial results; and (iv) a strong reputation among market participants.

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

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

- Bills of exchange or time drafts drawn on and accepted by a commercial bank and brokered to investors in the secondary market, otherwise known as bankers' acceptances. Purchases of bankers' acceptances may not exceed 180 days' maturity, or 40% of the City's surplus money that may be invested. However, no more than 30% of the City's surplus funds may be invested in the bankers' acceptances of any one commercial bank. Eligible bankers' acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by one NRSRO.

BUDGET AND FISCAL POLICIES - CONTINUED

- Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2) below:
 1. The entity meets the following criteria: (a) is organized and operating in the United States as a general corporation. (b) Has total assets in excess of five hundred million dollars (\$500,000,000). (c) Has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
 2. The entity meets the following criteria: (a) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (b) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (c) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

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

- Medium term notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subsection must be rated in one of the top three rating categories by a NRSRO and shall not be on credit watch for a potential downgrade by a NRSRO. Purchases of medium term notes may not exceed 30% of the City's portfolio.
- FDIC-insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. Any amounts invested in excess of the FDIC insured deposit limit must be collateralized in accordance with California Government Code Section 53561.
- Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally or state-licensed branch of a foreign bank. Purchases are limited to securities rated in a rating category of "AA" (long-term) or "A-1" (short-term) or their equivalents or better by a NRSRO. Purchases of negotiable certificates of deposit may not exceed 30% of the portfolio.
- State of California's Local Agency Investment Fund (LAIF). Investment in LAIF may not exceed \$65 million. The LAIF portfolio should be reviewed periodically.
- California Asset Management Program (CAMP).

BUDGET AND FISCAL POLICIES - CONTINUED

- Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). The purchase price of shares shall not exceed 20 percent of the investment portfolio of the City. To be eligible for investment pursuant to this subdivision these companies shall either:
 1. Attain the highest ranking letter or numerical rating provided by not less than two of the three largest NRSRO; or
 2. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of \$500,000,000.
- Insured savings account or money market account. To be eligible to receive local agency deposits, a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.
- Supranational-specifically the International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.
 1. Purchases restricted to debt denominated in U.S. dollars.
 2. Supranational eligible for investment under this subsection must be rated in one of the top two rating categories by a NRSRO.
 3. Purchases of supranational may not exceed 30% of the City's portfolio.
- Asset-Backed Securities (ABS)
 1. ABS eligible for investment under this subsection must be issued by an issuer rated in the rating category of "A" or its equivalent or better for the issuer's debt as provided by a NRSRO and rated in a rating category of "AA" or its equivalent or better by a NRSRO.
 2. Purchase of ABS may not exceed 20% of the City's portfolio.

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

BUDGET AND FISCAL POLICIES - CONTINUED

PROHIBITED INVESTMENTS

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

LEGISLATIVE CHANGES

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

INTEREST EARNINGS

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

POLICY REVIEW

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

CAPITAL FINANCING AND DEBT MANAGEMENT POLICY

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

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

BUDGET AND FISCAL POLICIES - CONTINUED

PURPOSE

This Debt Policy is intended to comply with Government Code Section 8855(i), and shall govern all debt undertaken by a Covered Entity.

The Covered Entities hereby recognize that a fiscally prudent debt policy is required in order to:

- Maintain the Covered Entities' sound financial position.
- Ensure the Covered Entities have the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the Covered Entities' credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the Covered Entities.

POLICY

A. Purposes for Which Debt May Be Issued

1. Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the City. Long-term debt financings are appropriate when the following conditions exist:
 - a. When the project to be financed is necessary to provide basic services.
 - b. When the project to be financed will provide benefit to constituents over multiple years.
 - c. When total debt does not constitute an unreasonable burden to the Covered Entities and the City's taxpayers and/or ratepayers, as applicable.
 - d. When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
2. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
3. The Covered Entities may use long-term debt financings subject to the following conditions:
 - a. The project to be financed must be approved by the governing board of the Covered Entity.

BUDGET AND FISCAL POLICIES - CONTINUED

- b. The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
 - c. The Covered Entity estimates that sufficient revenues will be available to service the debt through its maturity.
 - d. The Covered Entity determines that the issuance of the debt will comply with the applicable state and federal law.
2. Short-term debt. Short-term debt may be issued to provide financing for the Covered Entities' operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Covered Entities may undertake lease-purchase financing for equipment.
 3. Financings on Behalf of Other Entities. The Covered Entities may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of Covered Entities. In such cases, the Covered Entities shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

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

1. General obligation bonds (GO Bonds)
2. Bond or grant anticipation notes (BANs)
3. Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
4. Other revenue bonds and COPs
5. Tax and revenue anticipation notes (TRANS)
6. Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
7. Tax increment financing to the extent permitted under State law
8. Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations

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

BUDGET AND FISCAL POLICIES - CONTINUED

C. Relationship of Debt to Capital Improvement Program and Budget

The City and Covered Entities are committed to long-term capital planning. The City and Covered Entities intend to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the capital budget and the capital improvement plan.

The City and Covered Entities shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City and Covered Entities shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Covered Entities shall integrate their debt issuances with the goals of the capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of their public purposes.

The Covered Entities shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Covered Entities shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

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

It is a policy goal of the City and the Covered Entities to protect taxpayers, ratepayers (if applicable) and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City and the Covered Entities will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

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

BUDGET AND FISCAL POLICIES - CONTINUED

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the Covered Entities shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the Covered Entities will periodically review the requirements of and will remain in compliance with the following:

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

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

INTER-FUND TRANSFERS AND LOAN POLICY

ESTABLISHMENT OF VARIOUS FUNDS

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

TRANSFER BETWEEN FUNDS

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

INTER-FUND LOANS

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

BUDGET PROCESS

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

The Administrative Services Department began the annual budget process in February. The budget team updated the policies and procedures for budget preparation, created the budget process calendar, and prepared current budget schedules for each department to use in preparing the new budget. A budget kickoff workshop was held with the City Manager, Department Directors, and Department Analysts. This workshop included a briefing on the status of the current fiscal year budget, a review of the FY2019-20 budget process calendar, and discussion on essential principals and elements of the budget process. Staff was provided with a practical application to assist in the development of the departmental budget requests which included:

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

The operating budget preparation guidelines were distributed at this time. The guidelines outline the policies and procedures to be used in preparing the FY2019-20 budget. Clearly defined budget requirements and time sensitive budget document objectives were discussed, ensuring complete and accurate understanding by all.

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

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

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

BUDGET PROCESS - CONTINUED

Analysis was conducted of each department's request. Five-year revenue and expenditure projections were developed by the Administrative Services Department to assist in identifying the long-range impacts of proposed staffing and program changes. The information was compiled for the City Manager review.

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

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

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

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

BUDGET CALENDAR

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



ALL FUND BALANCE SUMMARY - ALL FUNDS

CITY WIDE ALL FUNDS SUMMARY

	<u>PROJECTED BEGINNING FUND BALANCE</u>	<u>REVENUES</u>	<u>APPROPRIATIONS</u>	<u>NET TRANSFERS IN/(OUT)</u>	<u>PROJECTED ENDING FUND BALANCE</u>
FY2019-20 Adopted Operating Budget					
Fund:001 GENERAL FUND	10,529,288	45,917,250	46,547,750	(609,270)	9,289,518
Fund: 101 SUPPLEMENTAL LAW ENF. (SLESF)	-	131,634	131,634	-	-
Fund: 104 TRAFFIC OFFENDER FUND	-	36,699	36,699	-	-
Fund: 106 AFFORDABLE HOUSING IN-LIEU	734,900	50,000	12,800	(30,860)	741,240
Fund: 107 DEVELOPER AGREEMENT	122,693	3,000	-	(121,697)	3,996
Fund: 110 STATE GAS TAX FUND (OPER & CIP)	388,454	1,658,273	606,500	(1,439,158)	1,069
Fund: 115 TRAFFIC SAFETY FUND	-	338,304	338,304	-	-
Fund: 130 CITY-WIDE LLMD FUND	275,535	1,411,853	1,960,700	609,270	335,958
Fund: 135 LLMD NO. 1	845,461	645,769	711,850	-	779,380
Fund: 155 NPDES	-	1,084,910	120,680	(964,230)	-
Fund: 180 LAUNCH POINTE	920,900	3,896,480	3,395,568	-	1,421,812
Fund: 203 SUMMERLY TRAFFIC INFRASTRUCTURE FEE (ELSP)	2,027,551	440,000	-	(2,467,551)	-
Fund: 300 INSURANCE SERVICES	1,437,013	742,810	742,810	-	1,437,013
Fund: 305 INFORMATION SYSTEMS SERVICES	(699,013)	1,198,810	1,197,540	-	(697,743)
Fund: 310 SUPORT SERVICES	13,246	102,480	99,760	-	15,966
Fund: 315 FLEET SERVICES	(549,361)	733,820	1,024,150	-	(839,691)
Fund: 320 FACILITIES SERVICES	561,207	590,360	618,590	-	532,977
Fund: 330 CFD 2015-2S MAINTENANCE SERVICES	25,670	79,974	105,644	-	-
Fund: 341 CFD 2017-1S PUBLIC SAFETY SERVICES FUND	(4,583)	4,583	-	-	-
Fund: 342 CFD 2007-5S RED KITE SERVICE AREA FUND	7,043	14,688	21,731	-	-
Fund: 343 CFD 2006-2S VISCAYA SERVICES AREA FUND	23,252	53,642	76,894	-	-
Fund: 344 CFD 2005-2S ALBERHILL RANCH SERVICE FUND	84,568	181,049	265,617	-	-
Fund: 367 CFD 2006-1S SUMMERLY SERVICE AREA FUND	156,409	381,244	537,653	-	-
Fund: 373 CFD 2005-5S WASSON CANYON SERVICES FUND	27,352	60,667	88,019	-	-
Fund: 650 CFD 2003-1S LAW, FIRE & PARAMEDIC SVCS	1,383,002	3,043,145	4,426,147	-	-
Fund: 651 CFD 2006-5S PARK, OPEN SPACE & STORM	50,206	110,480	160,686	-	-
Fund: 652 CFD 2007-1S LAW, FIRE & PARAMEDIC SVCS	50,273	110,527	160,800	-	-
Fund: 653 CFD 2009-1S PARK, OPEN SPACE & STREET	322,214	705,899	1,028,113	-	-
Fund: 654 CFD 2003-2S FIRE TAX SERVICE AREA FUND	(9,305)	9,305	-	-	-
Fund: 655 CFD 2015-1S SAFETY SERVICE AREA FUND	69,439	182,613	252,052	-	-
Fund: 114 SB1186 CAS EDUCATION FUND	14,039	10,000	15,849	-	8,190
Fund: CFD's/AD's/PFA/LERA	260,633,500	22,668,285	82,415,500	-	200,886,285
SUBTOTALS	<u>279,440,953</u>	<u>86,598,553</u>	<u>147,100,040</u>	<u>(5,023,496)</u>	<u>213,915,970</u>

FUND BALANCE SUMMARY - ALL FUNDS CONTINUED

	PROJECTED BEGINNING FUND BALANCE	REVENUES	APPROPRIATIONS	NET TRANSFERS IN/(OUT)	PROJECTED ENDING FUND BALANCE
FY2019-20 Adopted Capital Budget					
Fund: 105 GENERAL PROJECTS (OPER & CIP)	585,486	766,255	750,000	(582,085)	19,656
Fund: 109 SB1 ROAD MAINTENANCE AND REHAB	923,922	1,051,396	-	(1,972,716)	2,602
Fund: 111 TUMF CAPITAL PROJECT FUND	-	10,031,909	-	(10,031,909)	-
Fund: 112 MEASURE 'A' FUND	1,403,866	1,471,000	-	(2,874,866)	-
Fund: 113 SB821 FUND	-	588,386	-	(588,386)	-
Fund: 116 CITY HALL/P.W. DIF FUND	(258,743)	70,000	-	(255,000)	(443,743)
Fund: 117 COMMUNITY CENTER DIF FUND	-	50,000	-	(145,000)	(95,000)
Fund: 118 LAKE SIDE FACILITIES DIF FUND	-	60,000	-	-	60,000
Fund: 119 ANIMAL SHELTER FACILITY DIF FUND	-	30,000	-	(30,000)	-
Fund: 121 TOTAL ROAD IMPROVEMENT PRGM (TRIP)	16,890	-	495,538	478,648	-
Fund: 140 GEOTHERMAL FUND	20,475	200	-	-	20,675
Fund: 150 CDBG FUND	-	940,400	28,110	(912,290)	-
Fund: 160 PEG GRANT FUND	-	20,000	-	-	20,000
Fund: 205 TRAFFIC IMPACT FEE FUND	3,241,347	450,000	-	(3,206,189)	485,158
Fund: 211 STORM DRAIN CIP FUND	315,347	100,000	-	(164,863)	250,484
Fund: 220 STREET LIGHTING FUND	104,057	2,500	-	-	106,557
Fund: 221 QUIMBY FUND	205,986	2,500	-	-	208,486
Fund: 231 LIBRARY CIP DIF FUND	1,743,753	60,600	40,000	(1,764,310)	43
Fund: 232 FIRE PROTECTION DIF FUND	514	75,000	-	(16,255)	59,259
Fund: 254 RAILROAD CANYON IMPRV AREA 89-1	126,253	-	-	(126,253)	-
Fund: 401 LE FINANCING AUTHORITY FUND	4,110	-	-	-	4,110
Fund: 500 CAPITAL IMPROVEMENT PLAN FUND	15,319,144	5,660,995	43,412,209	27,720,325	5,288,255
Fund: 510 SARDA AREA 1 FUND	(55,854,786)	7,818,010	4,401,385	-	(52,438,161)
Fund: 540 SARDA DIAMOND STADIUM FUND	1,733,200	-	2,375,000	-	(641,800)
Fund: 603 ENDOWMENT TRUST - CARL GRAVES FUND	48,906	3,000	-	-	51,906
Fund: 604 ENDOWMENT TRUST - ADOLPH KORN FUND	728	200	-	-	928
Fund: 605 PUBLIC IMPROVEMENTS IN-LIEU FUND	102,217	17,000	-	(10,900)	108,317
Fund: 606 AB2766 AIR POLLUTION REDUCTION FUND	309,455	35,000	-	(344,455)	-
Fund: 608 TRUST DEPOSITS FUND	-	-	-	-	-
Fund: 617 SARDA HOUSING FUND	40,869,819	120,000	30,000	-	40,959,819
Fund: 630 LAKE MAINTENANCE FUND	2,203,684	1,516,030	1,600,000	-	2,119,714
Fund: 631 DESTRAFICATION EQUIPMENT REPLACEMENT	356,246	283,200	233,200	(150,000)	256,246
SUBTOTALS	13,521,876	31,223,581	53,365,442	5,023,496	(3,596,489)
TOTALS	\$ 292,962,829	\$ 117,822,134	\$ 200,465,482	\$ -	\$ 210,319,481

MAJOR REVENUE SOURCES

**MAJOR REVENUE SOURCES
FISCAL YEAR 2019-20**

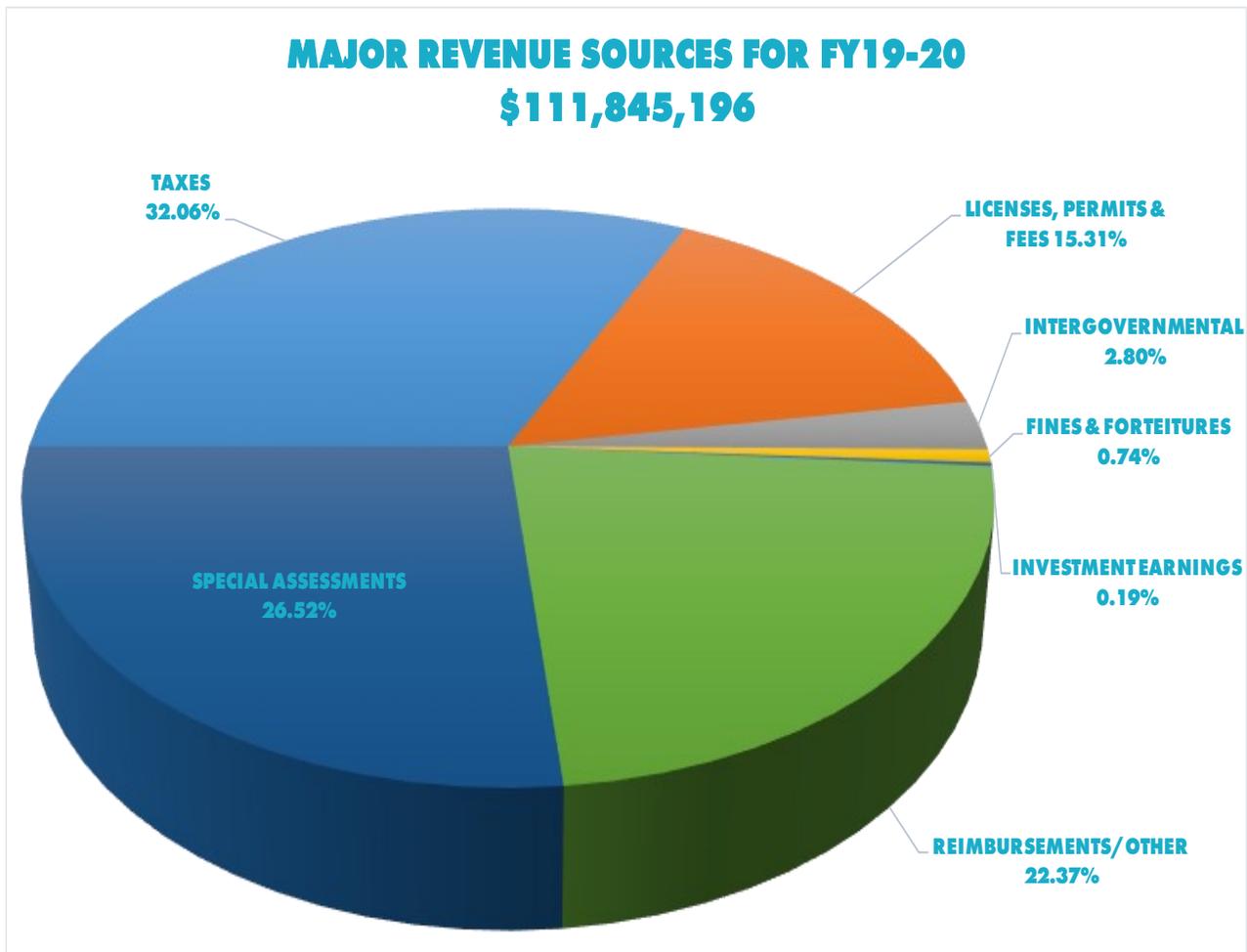
	General Fund	Special Revenue/Debt Funds	Internal Service Funds	Enterprise Funds	SARDA	Total Revenues
TAXES						
Sales Tax	\$ 11,078,291					\$ 11,078,291
Property Tax	8,640,731				7,818,010	16,458,741
Franchise Tax	2,580,900					2,580,900
Property Transfer Tax	382,000					382,000
Transient Occupancy Tax	586,500					586,500
Fire Service Tax Credit	3,090,750					3,090,750
Gas Tax		1,658,273				1,658,273
PEG Fees		20,000				20,000
LICENSES, PERMITS & FEES						
Building Permit Fee	1,313,000					1,313,000
Other Licenses & Permits						
Business License	846,950					846,950
Special Event Fees	32,000					32,000
Encroachment Permit	300,000					300,000
Fees						
Filing Fees	2,000					2,000
Impound Fees	40,230					40,230
Community Development	1,438,480					1,438,480
Engineering	1,334,360					1,334,360
Community Services	1,234,020					1,234,020
DIF Fees		345,600				345,600
Affordable Housing In-Lieu		50,000				50,000
Developer Agreement		33,000				33,000
NPDES		1,084,910				1,084,910
Launch Pointe				3,896,480		3,896,480
Charges For Service			3,368,280			3,368,280
CASp		10,000				10,000
Lake Maintenance		1,799,230				1,799,230
INTERGOVERNMENTAL						
Vehicle License Fees	33,660					33,660
State Mandate Costs	36,510					36,510
Homeowner Tax Relief	28,100					28,100
Measure A		1,471,000				1,471,000
SB821		588,386				588,386
CDBG		940,400				940,400
AB2766		35,000				35,000
FINES & FORFEITURES	830,710					830,710
INVESTMENT EARNINGS	212,010					212,010
REIMBURSEMENTS/OTHER						
Capital Improvement Program	2,473,054	18,083,455				20,556,509
Redevelopment Administration	2,132,670					2,132,670
Other	2,332,508					2,332,508
SPECIAL ASSESSMENTS	4,937,816	24,725,922				29,663,738
TOTAL REVENUE and OTHER SOURCES	\$ 45,917,250	\$ 50,845,176	\$ 3,368,280	\$ 3,896,480	\$ 7,818,010	\$ 111,845,196

MAJOR REVENUE SOURCES

SUMMARY OF MAJOR REVENUE SOURCES

FISCAL YEAR 2019-20

	General Fund	Special Revenue/Debt Funds	Internal Service Funds	Enterprise Funds	SARDA	Total Revenues
TAXES	\$ 26,359,172	\$ 1,678,273	\$ -	\$ -	\$ 7,818,010	\$ 35,855,455
LICENSES, PERMITS & FEES	6,541,040	3,322,740	3,368,280	3,896,480	-	17,128,540
INTERGOVERNMENTAL	98,270	3,034,786	-	-	-	3,133,056
FINES & FORFEITURES	830,710	-	-	-	-	830,710
INVESTMENT EARNINGS	212,010	-	-	-	-	212,010
REIMBURSEMENTS/OTHER	6,938,232	18,083,455	-	-	-	25,021,687
SPECIAL ASSESSMENTS	4,937,816	24,725,922	-	-	-	29,663,738
TOTAL REVENUE and OTHER SOURCES	\$ 45,917,250	\$ 50,845,176	\$ 3,368,280	\$ 3,896,480	\$ 7,818,010	\$ 111,845,196



GENERAL FUND REVENUES

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

TAXES - 57.79%

Sales and Use Tax: In accordance with the California Revenue and Taxation code, the State of California imposes an 7.5% sales and use tax on all taxable sales in the City. Of the 7.75%, the City receives 1% of the taxable sales in the City. Sales and Use Tax is the City's largest revenue source representing 24% of the total General Fund Revenues. As a result, the FY19-20 revenue projections for sales tax reflects a 5.13% increase from FY18-19 estimates. This increase is primarily due to an anticipated increase in consumer activity as new businesses open their doors in FY 19-20.

Property Tax: The valuation of property tax in the City is determined by the Riverside County Tax Assessor. The County levies a base tax at the rate of 1% of assessed valuation. Approximately 4.78% of the base 1% levy is allocated to the City. FY19-20 revenue estimate for property tax reflects a 8.9% increase over the projected FY18-19 amount. Home values continue to rise as the market rebounds from the Great Recession, causing an increase in assessed valuations.

Franchise Fee: The City imposes fees primarily on refuse hauling, gas, electric, and cable television operating in the City. The fee is 5% of gross receipts for utility companies and \$3,000 per year for towing companies. Overall, a 1.99% increase is projected in FY19-20 from the FY18-19 estimated amounts. This increase is a result of population growth in the City.

Property Transfer Tax: The Lake Elsinore Municipal Code authorizes the imposition of a transfer tax on real property sold in the City. The tax rate is \$0.275 for each \$500 of purchase value. The amount projected for FY19-20 of \$382,000 represents an increase of \$32,000 from FY18-19.

Transient Occupancy Tax (TOT): This is a 10% tax collected by the City on the amount of all transient (30 days or less) lodging rentals. TOT is projected to increase 2% from \$575,000 in FY18-19 to \$586,500. Hotel occupancy and TOT revenues have increased substantially since the opening of Rosetta Canyon Sports Park that saw over 70,000 visitors in its first six months of operation.

Fire Service Tax Credit: The City receives an estimated credit on its quarterly invoices from the County Fire Department. This credit is a structural fire tax incorporated with property tax that is assessed to homeowners within the County. The Fire Service Tax Credit for FY19-20 is estimated at \$3,120,920 a 7.3% increase from prior year.

GENERAL FUND REVENUES - CONTINUED

LICENSE, PERMITS & FEES - 14.3%

Building Permits: These charges comprise of building permit activities within the City. This category is projected to increase 25.65% from \$1,045,000 to \$1,313,000 in FY19-20. The increase is due to several large commercial projects nearing completion.

Other Licenses & Permits: The California Government Code and State Constitution authorizes the City to assess certain license and permit fees as a means of recovering the cost of regulation various activities. Example include business licenses. In FY19-20, Other Licenses & Permits revenue is projected to decrease 25.6% from an estimated \$1,915,670 in FY18-19 to a projected \$1,425,760 in FY19-20. This decrease is largely due to the delay in Proposition 64 applications.

Fees: These charges are projected to increase 7.6% from \$3,805,879 to \$4,092,061 in FY19-20.

INTERGOVERNMENTAL - .22%

Intergovernmental: Intergovernmental revenues include grants and other sources of revenue from governmental agencies. Major intergovernmental revenues include Motor Vehicle in Lieu and the Motor Vehicle in Lieu Triple Flip, FEMA Grants, Fire Grants, Law Enforcement Grants, Transportation Revenue and Lake Grants. The estimated intergovernmental revenue for FY19-20 decreased by \$3,230 or 3.2%.

FINES & FORFEITURES - 1.82%

Fines and Forfeitures: The City Vehicle and Penal Codes impose fines and penalties for traffic violations and vehicular parking. These revenues are collected by Riverside County through the County court system and a portion distributed to the City, less an administrative fee. The City has the responsibility for administering and collecting parking citation fines.

INVESTMENT EARNINGS - .46%

Investment Earning: The City pools its available cash from various funds and invests in instruments allowed in the City's investment policy approved by City Council. Earnings are allocated to various funds on the basis of proportionate cash balances. Projected investment earnings for FY19-20 are \$212,010, up 36.8% from prior fiscal year.

REIMBURSEMENTS & OTHER - 14.55%

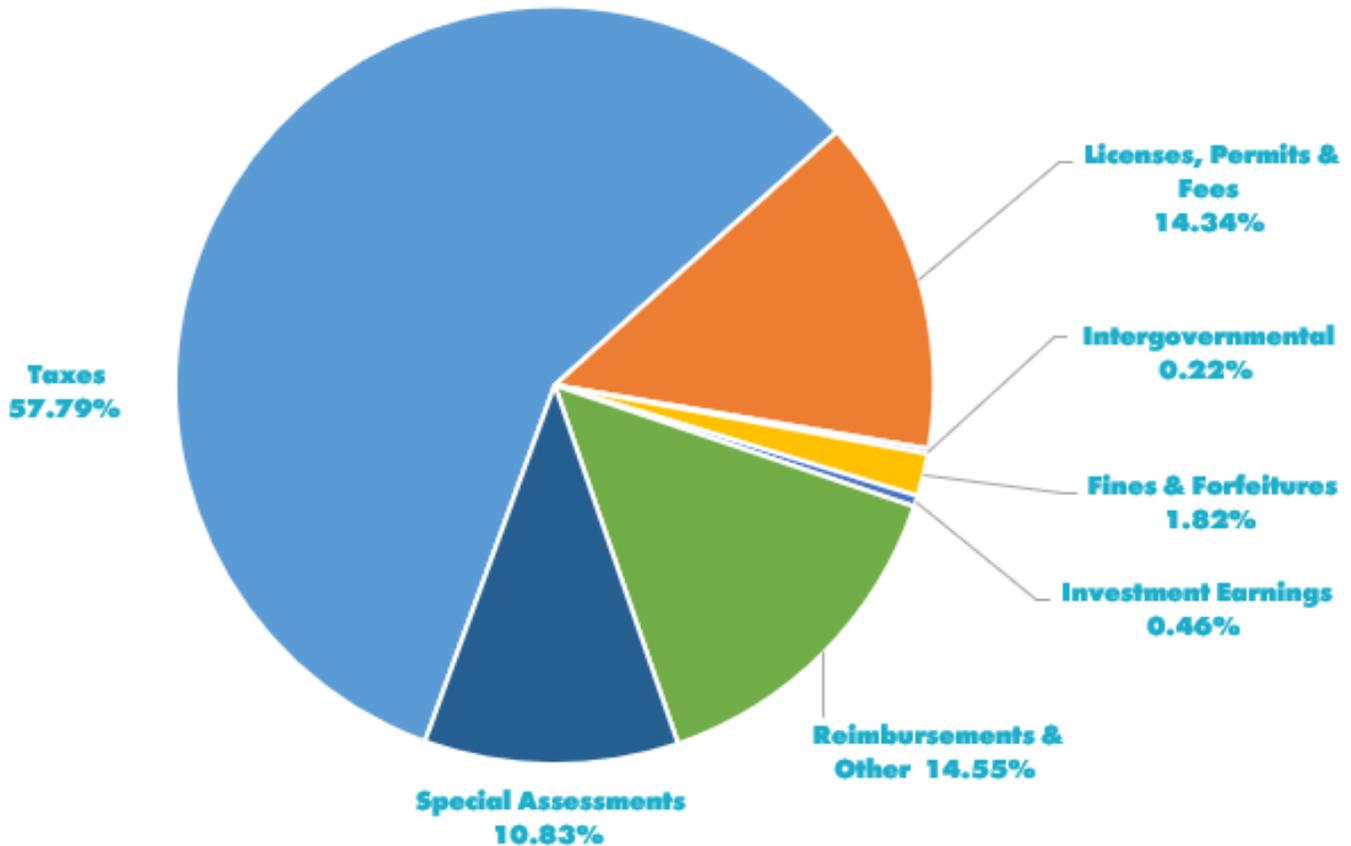
Reimbursements: This category is projected to decrease by 13.6% over prior year to \$6,938,282 in FY19-20. Reimbursements include the transfer of funds from Capital Improvement Program (CIP) projects to offset administration charged to the General Fund. This amount fluctuates each year, as CIP activity varies.

GENERAL FUND REVENUES - CONTINUED

SPECIAL ASSESSMENTS - 10.83%

Special Assessments for Service: Fees or service charges are imposed on the user for a service type for operating activities and does not result in the purchase or construction of fixed assets. In FY19-20, Special Assessment revenue is projected to increase \$549,331 from an estimated \$4,388,485 in FY18-19 to \$4,937,816 in FY19-20.

FY 2019-20 PROJECTED GENERAL FUND REVENUES \$45,917,250



EXPENDITURE SUMMARY BY DEPARTMENT— GENERAL FUND

<u>DEPARTMENT</u>	<u>SALARIES & BENEFITS</u>	<u>OPERATIONS & MAINTENANCE</u>	<u>DEBT SERVICE</u>	<u>CHARGES FOR SERVICES</u>	<u>TOTAL</u>
City Council	\$ 100,410	\$ 48,600	\$ -	\$ 72,500	\$ 221,510
Community Support	88,490	48,500	-	-	136,990
City Clerk	454,470	120,520	-	139,040	714,030
City Attorney	-	500,000	-	8,800	508,800
City Manager	760,740	13,010	-	166,320	940,070
Finance	1,151,660	207,200	-	184,730	1,543,590
Human Resources	316,590	157,000	-	51,610	525,200
Police Services	-	14,241,640	-	128,270	14,369,910
Fire Services	-	7,691,120	-	15,610	7,706,730
Animal Services	-	524,700	235,320	-	760,020
Planning & Zoning	913,250	49,500	-	165,780	1,128,530
Building & Safety	1,239,140	303,780	-	288,210	1,831,130
Code Enforcement	842,670	361,500	-	218,930	1,423,100
Economic Development	13,070	279,700	-	5,160	297,930
Fire Prevention	-	643,900	-	127,470	771,370
Engineering	1,481,510	644,860	-	229,280	2,355,650
Public Works	1,704,970	269,400	-	820,620	2,794,990
Park Services	999,510	1,742,000	-	-	2,741,510
Lake Services	261,070	1,032,960	-	-	1,294,030
Community Services	580,440	38,020	-	148,250	766,710
Recreation	567,830	542,050	-	213,230	1,323,110
Senior Center	270,540	60,930	-	218,070	549,540
Neighborhood Center	342,420	129,000	-	85,520	556,940
Non-Departmental	15,350	125,000	1,129,050	-	1,269,400
Total	\$ 12,104,130	\$ 29,774,890	\$ 1,364,370	\$ 3,287,400	\$ 46,530,790

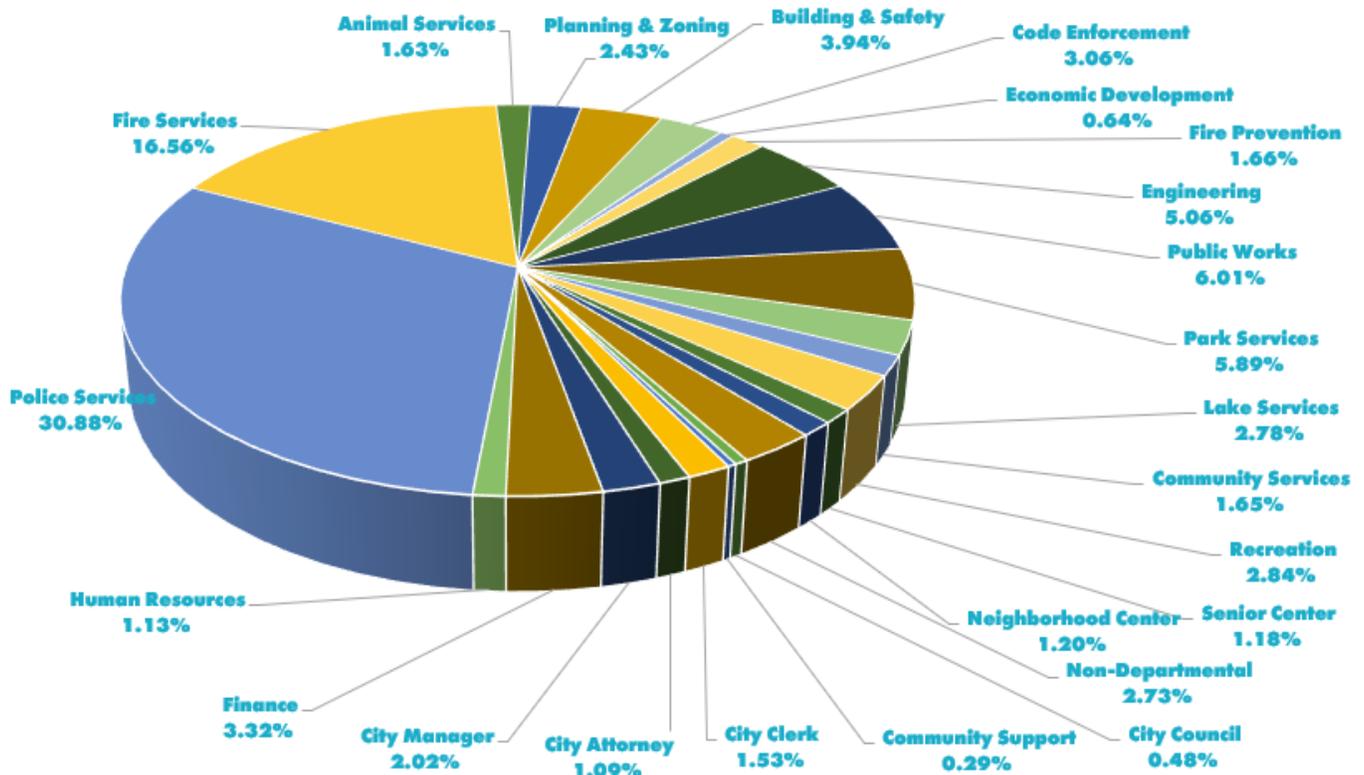
EXPENDITURE SUMMARY BY DEPARTMENT GENERAL FUND - CONTINUED

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

Overall General Fund Revenues are projected to increase 4.8% over FY18-19 projections. Due to this relatively conservative growth, departments maintained their allocations at the FY18-19 levels. Any requests for incremental increases in allocations were analyzed on a case by case basis and prioritized based on community benefit. Personnel costs are projected to increase due to the rise in CalPERS retirement employer contribution costs and new MOU negotiation terms.

Public Safety contract costs are projected to increase at a lower rate than previous years. Sheriff contract rates are estimated to increase 1.8% in FY19-20. In order to absorb this cost, the Police Department will continue to hold one vacant Community Service Officer position. Fire contract costs are also expected to increase by an additional 0.7% over the previous fiscal year. In order to mitigate this cost and in conjunction with opening of the Canyon Lake fire station, the City will continue to unfund a fire engine for another year.

**PROJECTED GENERAL FUND EXPENDITURES BY DEPARTMENT
\$46,530,790**



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

	FY17-18 ACTUALS	FY18-19 CURRENT BUDGET	FY19-20 ADOPTED BUDGET	\$Inc/(Dec)	% Inc/ (Dec)
Revenues:					
Sales Tax	\$ 10,071,435	\$ 10,538,030	\$ 11,078,291	\$ 540,261	5.13%
Property Tax	7,605,005	7,934,450	8,640,731	706,281	8.90%
Franchise Tax	2,458,938	2,530,600	2,580,900	50,300	1.99%
Building Permit Fee	1,845,037	1,045,000	1,313,000	268,000	25.65%
Property Transfer Tax	425,855	350,000	382,000	32,000	9.14%
Other Taxes	578,612	589,650	605,010	15,360	2.60%
Licenses & Permits	906,364	1,936,670	1,425,760	(510,910)	-26.38%
Intergovernmental	1,005,529	943,585	919,360	(24,225)	-2.57%
Fees	3,711,993	3,885,099	4,092,061	206,962	5.33%
Fines & Forfeitures	701,013	792,400	830,710	38,310	4.83%
Tax Credit	2,765,220	2,950,404	3,155,210	204,806	6.94%
Investment Earnings	46,916	155,000	212,010	57,010	36.78%
Reimbursements & Other	4,361,342	4,483,810	3,875,049	(608,761)	-13.58%
Special Assessments	3,821,815	4,388,485	5,477,460	1,088,975	24.81%
Reimbursements - Public Safety	518,438	491,880	513,700	21,820	4.44%
Reimbursements - Street Program	1,039,526	800,000	816,000	16,000	2.00%
Total Revenues	<u>41,863,038</u>	<u>43,815,063</u>	<u>45,917,250</u>	<u>2,102,187</u>	<u>4.80%</u>
Expenditures by Department:					
General Government:					
City Council	252,740	\$ 230,910	\$ 221,510	\$ (9,400)	-4.07%
Community Support	42,101	75,996	136,990	60,994	80.26%
City Treasurer	-	-	-	-	0.00%
City Clerk	631,756	650,500	714,030	63,530	9.77%
City Attorney	628,749	498,020	508,800	10,780	2.16%
City Manager	838,006	968,101	940,070	(28,031)	-2.90%
<i>Administrative Services</i>					
Finance	1,573,028	1,552,900	1,543,590	(9,310)	-0.60%
Human Resources	309,702	477,840	525,200	47,360	9.91%
Public Safety:					
Police Services	12,612,042	14,112,770	14,369,910	257,140	1.82%
Fire Services	6,690,503	7,650,940	7,706,730	55,790	0.73%
Animal Services	686,881	655,410	760,020	104,610	15.96%
Community Development:					
Planning	1,145,267	1,119,690	1,128,530	8,840	0.79%
Building & Safety	1,741,397	1,999,050	1,831,130	(167,920)	-8.40%
Code Enforcement	960,812	1,479,660	1,423,100	(56,560)	-3.82%
Economic Development	353,426	291,500	297,930	6,430	2.21%
Fire Prevention/Weed Abatement	446,730	790,460	771,370	(19,090)	-2.42%
Public Services:					
Engineering	1,963,039	2,258,400	2,355,650	97,250	4.31%
Public Works	2,732,257	2,809,920	2,794,990	(14,930)	-0.53%
Park Maintenance	2,231,556	2,516,930	2,741,510	224,580	8.92%
Lake Maintenance	1,271,384	1,288,520	1,294,030	5,510	0.43%
Community Services:					
Recreation	665,897	763,490	766,710	3,220	0.42%
Community Center	1,059,051	1,512,350	1,323,110	(189,240)	-12.51%
Senior Center	260,792	473,030	549,540	76,510	16.17%
Campground	540,911	-	-	-	0.00%
Neighborhood Center	-	-	556,940	556,940	0.00%
Non-Departmental - Operating	<u>2,888,569</u>	<u>1,276,100</u>	<u>1,269,400</u>	<u>(6,700)</u>	<u>-0.53%</u>
Total Expenditures	<u>42,526,598</u>	<u>45,452,487</u>	<u>46,530,790</u>	<u>1,078,304</u>	<u>2.37%</u>

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

Excess of Revenues Over (Under) Expenditures	(663,560)	(1,637,424)	(613,540)	1,023,883
Operating Transfers:				
Operating Transfers In	-	190,001	-	(190,001)
Operating Transfers out	<u>(126,326)</u>	<u>(542,600)</u>	<u>(609,270)</u>	<u>(66,670)</u>
Excess of Revenues Over (Under) Expenditures & Op Transfers In/(Out)	(789,886)	(1,990,023)	(1,222,810)	<u>767,212</u>
Estimated Year-End Adjustments	-	700,000		
Fund Balance, Beg. of Year	12,609,197	11,819,311	10,529,288	
Fund Balance, End of Year	<u>\$ 11,819,311</u>	<u>\$ 10,529,288</u>	<u>\$ 9,306,478</u>	

Detail of Fund Balance

Nonspendable:

Deposits and prepaid items	\$ 25,000	\$ 25,000	\$ 25,000
Loans Receivable	1,000,000	1,000,000	1,000,000

Assigned

Uncertainty reserve (17.5%)	7,464,262	8,049,140	8,249,511
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Unassigned

Unallocated reserve	3,330,050	1,455,148	31,968
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Total Fund Balance (net)	<u>\$ 11,819,311</u>	<u>\$ 10,529,288</u>	<u>\$ 9,306,478</u>
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SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for activities paid for by taxes or other designated revenue sources that have specific limitations on use according to law.

	FY17-18 ACTUALS	FY 18-19 CURRENT BUDGET	FY 19-20 ADOPTED BUDGET	\$ Inc/ (Dec)	% Inc/ (Dec)
Revenues:					
S.L.E.S.F.	\$ 156,083	\$ 127,800	\$ 131,634	\$ 3,834	3.00%
Traffic Offender	25,125	35,630	36,699	1,069	3.00%
Affordable Housing In-Lieu	2,633,294	659,630	50,000	(609,630)	-92.42%
Developer Agreement	224,136	297,905	3,000	(294,905)	-98.99%
Gas Tax	1,679,727	1,444,449	1,658,273	213,824	14.80%
Measure A	1,359,745	1,375,640	1,471,000	95,360	6.93%
SB821	21,910	874,558	588,386	(286,172)	-32.72%
SB1186	5,261	5,000	10,000	5,000	100.00%
Traffic Safety	337,230	328,450	338,304	9,854	3.00%
Citywide L.L.M.D.	1,717,950	1,400,040	1,411,853	11,813	0.84%
L.L.M.D. No. 1	524,915	582,978	645,769	62,791	10.77%
Geothermal	86	200	200	-	n/a
C.D.B.G.	152,019	753,616	940,400	186,784	24.79%
N.P.D.E.S.	180,106	458,130	1,084,910	626,780	136.81%
P.E.G.	23,207	23,850	20,000	(3,850)	-16.14%
AB2766	80,680	78,750	35,000	(43,750)	-55.56%
Low/Moderate Housing	479,781	100,000	120,000	20,000	20.00%
Total Revenues	9,601,255	8,546,626	8,545,428	(1,198)	-0.01%
Expenditures:					
S.L.E.S.F.	\$ 156,083	\$ 127,800	\$ 131,634	\$ 3,834	3.00%
Traffic Offender	25,125	35,630	36,699	1,069	3.00%
Affordable Housing In-Lieu	158,481	658,520	43,660	(614,860)	-93.37%
Developer Agreement	414,930	397,906	121,697	(276,209)	-69.42%
Gas Tax	1,528,242	1,686,500	2,045,658	359,158	21.30%
Measure A	1,159,113	2,749,262	2,874,866	125,604	4.57%
SB821	21,910	874,558	588,386	(286,172)	-32.72%
SB1186	6,440	15,849	15,849	-	n/a
Traffic Safety	337,230	328,450	338,304	9,854	n/a
Citywide L.L.M.D.	1,717,950	2,036,760	1,960,700	(76,060)	-3.73%
L.L.M.D. No. 1	183,489	583,640	711,850	128,210	21.97%
Geothermal	-	100	-	(100)	n/a
C.D.B.G.	152,019	753,616	940,400	186,784	24.79%
N.P.D.E.S.	237,832	458,130	1,084,910	626,780	136.81%
P.E.G.	23,207	23,850	-	(23,850)	-100.00%
AB2766	74,516	316,730	344,455	27,725	8.75%
Low/Moderate Housing	58,059	30,000	30,000	-	n/a
Total Expenditures	6,254,626	11,077,301	11,269,068	191,767	1.73%

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

Excess of Revenues Over (Under) Expenditures	<u>3,346,629</u>	<u>(2,530,675)</u>	<u>(2,723,640)</u>	<u>190,569</u>	<u>-7.53%</u>
Operating Transfers:					
Operating Transfers In	135,733	542,600	609,270	66,670	12.29%
Operating Transfers Out	<u>(181,195)</u>	<u>(218,220)</u>	<u>(964,230)</u>	<u>(746,010)</u>	<u>341.86%</u>
	<u>(45,462)</u>	<u>324,380</u>	<u>(354,960)</u>	<u>(679,340)</u>	<u>-209.43%</u>
 (Under) Expenditures & Op Transfers In/(Out)	 <u>3,301,167</u>	 <u>(2,206,295)</u>	 <u>(3,078,600)</u>	 <u>\$ (488,771)</u>	
 Fund Balance, Beg. of Year	 <u>6,675,230</u>	 <u>9,976,397</u>	 <u>7,770,102</u>		
Fund Balance, End of Year	<u>\$ 9,976,397</u>	<u>\$ 7,770,102</u>	<u>\$ 4,691,502</u>		



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

Debt Service Funds are used to account for the resources necessary to pay principal and interest payments on general long-term debt obligations of the City and related entities

	FY17-18 ACTUALS	FY 18-19 ADOPTED BUDGET	FY 19-20 ADOPTED BUDGET	\$ Inc/ (Dec)	% Inc/ (Dec)
Revenues:					
2013 Lease Revenue Bonds	\$ 1,147,692	\$ 1,128,100	\$ -	\$ (1,128,100)	-100.00%
2016 Lease Revenue Bonds	559,084	560,138	557,775	(2,363)	-0.42%
2017 Lease Revenue Bonds	8,033,815	-	-	-	n/a
Total Revenues	<u>9,740,591</u>	<u>1,688,238</u>	<u>557,775</u>	<u>(1,130,463)</u>	<u>-66.96%</u>
Expenditures:					
2013 Lease Revenue Bonds	\$ 1,134,862	\$ 1,128,100	\$ 1,119,225	\$ (8,875)	-0.79%
2016 Lease Revenue Bonds	561,665	560,138	557,775	(2,363)	-0.42%
2017 Lease Revenue Bonds	446,775	3,354,881	466,582		
Total Expenditures	<u>2,143,302</u>	<u>5,043,119</u>	<u>2,143,582</u>	<u>(11,238)</u>	<u>-0.22%</u>
Excess of Revenues Over (Under) Expenditures	<u>7,597,289</u>	<u>(3,354,881)</u>	<u>(1,585,807)</u>	<u>(1,119,225)</u>	<u>0.00%</u>
Operating Transfers:					
Operating Transfers In	-	-	-	-	0.00%
Operating Transfers Out	-	-	-	-	0.00%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Excess of Revenues Over (Under) Expenditures	<u>7,597,289</u>	<u>(3,354,881)</u>	<u>(1,585,807)</u>	<u>\$ (1,119,225)</u>	
Fund Balance, Beg. of Year	-	7,597,289	4,242,408		
Fund Balance, End of Year	<u>\$ 7,597,289</u>	<u>\$ 4,242,408</u>	<u>\$ 2,656,601</u>		



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

	FY17-18 ACTUALS	FY 18-19 CURRENT BUDGET	FY 19-20 ADOPTED BUDGET	\$ Inc/ (Dec)	% Inc/ (Dec)
Revenues:					
Miscellaneous General Projects	\$ 1,781,772	\$ 222,580	\$ 766,255	\$ 543,675	244.26%
T.U.M.F.	142,736	8,838,579	10,031,909	1,193,330	13.50%
T.R.I.P.	528,844	1,002,076	-	(1,002,076)	-100.00%
City Hall/Public Works D.I.F.	83,215	148,900	70,000	(78,900)	-52.99%
Community Center D.I.F.	50,008	76,640	50,000	(26,640)	-34.76%
Lake Facilities D.I.F.	71,812	109,600	60,000	(49,600)	-45.26%
Animal Shelter D.I.F.	32,724	41,685	30,000	(11,685)	-28.03%
Library D.I.F.	88,740	84,860	60,600	(24,260)	-28.59%
Fire D.I. F.	82,780	105,600	75,000	(30,600)	-28.98%
Storm Drains	102,338	166,900	100,000	(66,900)	-40.08%
Quimby	55,525	50,460	2,500	(47,960)	-95.05%
Traffic Impact	486,643	510,200	450,000	(60,200)	-11.80%
Public Improvement In-Lieu	42	10,900	17,000	6,100	55.96%
Street Lighting	48,615	-	2,500	2,500	n/a
Diamond Stadium	1,643,892	-	-	-	n/a
Total Revenues	5,199,686	11,368,980	11,715,764	346,784	3.05%
Expenditures:					
Miscellaneous General Projects	\$ 1,197,465	\$ 1,289,249	\$ 1,332,085	\$ 42,836	3.32%
T.U.M.F.	47,799	8,838,579	10,031,909	1,193,330	13.50%
T.R.I.P.	4,431,783	3,766,257	16,890	(3,749,367)	-99.55%
City Hall/Public Works D.I.F.	772,059	1,075,950	255,000	(820,950)	-76.30%
Community Center D.I.F.	515,732	76,640	145,000	68,360	89.20%
Lake Facilities D.I.F.	787,113	109,600	-	(109,600)	-100.00%
Animal Shelter D.I.F.	75,204	41,685	30,000	(11,685)	n/a
Library D.I.F.	39,999	1,783,753	1,804,310	20,557	1.15%
Fire D.I. F.	94,533	105,600	16,255	(89,345)	-84.61%
Storm Drains	980,040	100,000	164,863	64,863	64.86%
Quimby	-	-	-	-	n/a
Traffic Impact	463,294	4,368,400	3,206,189	(1,162,211)	-26.60%
Public Improvement In-Lieu	658,749	10,900	10,900	-	n/a
Diamond Stadium	4,291,265	1,470,805	2,375,000	904,195	61.48%
Total Expenditures	14,355,035	23,037,418	19,388,401	(3,649,017)	-15.84%
Excess of Revenues Over (Under) Expenditures	(9,155,349)	(11,668,438)	(7,672,637)	(3,302,233)	28.30%
Operating Transfers:					
Operating Transfers In	-	-	-	-	n/a
Operating Transfers Out	-	-	-	-	n/a
Excess of Revenues Over (Under) Expenditures	(9,155,349)	(11,668,438)	(7,672,637)	\$ (3,302,233)	
Fund Balance, Beg. of Year	29,069,825	19,914,476	8,246,038		
Fund Balance, End of Year	\$ 19,914,476	\$ 8,246,038	\$ 573,401		

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

	FY17-18 ACTUALS	FY 18-19 CURRENT BUDGET	FY 19-20 ADOPTED BUDGET	\$ Inc/ (Dec)	% Inc/ (Dec)
Revenues:					
Insurance Services	\$ 1,083,390	\$ 933,800	\$ 742,810	\$ (190,990)	-20.45%
Information Systems Services	1,255,068	1,118,000	1,198,810	80,810	7.23%
Support Services	89,910	120,600	102,480	(18,120)	-15.02%
Fleet Services	899,258	908,860	733,820	(175,040)	-19.26%
Facilities Services	510,158	591,400	590,360	(1,040)	-0.18%
Total Revenues	<u>3,837,784</u>	<u>3,672,660</u>	<u>3,368,280</u>	<u>(304,380)</u>	<u>-8.29%</u>
Expenditures:					
Insurance Services	\$ 797,988	\$ 757,630	\$ 742,810	\$ (14,820)	-1.96%
Information Systems Services	1,133,651	1,284,750	1,197,540	(87,210)	-6.79%
Support Services	82,838	111,060	99,760	(11,300)	-10.17%
Fleet Services	895,095	1,176,200	1,024,150	(152,050)	-12.93%
Facilities Services	504,776	524,520	618,590	94,070	17.93%
Total Expenditures	<u>3,414,348</u>	<u>3,854,160</u>	<u>3,682,850</u>	<u>(171,310)</u>	<u>-4.44%</u>
Excess of Revenues Over (Under) Expenditures	<u>423,436</u>	<u>(181,500)</u>	<u>(314,570)</u>	<u>(475,690)</u>	<u>262.09%</u>
Operating Transfers:					
Operating Transfers In	-	-	-	-	n/a
Operating Transfers Out	-	-	-	-	n/a
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>n/a</u>
Excess of Revenues Over (Under) Expenditures	423,436	(181,500)	(314,570)	<u>\$ (475,690)</u>	
Fund Balance, Beg. of Year	<u>1,375,422</u>	<u>1,798,858</u>	<u>1,617,358</u>		
Fund Balance, End of Year	<u>\$ 1,798,858</u>	<u>\$ 1,617,358</u>	<u>\$ 1,302,788</u>		

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

	FY17-18 ACTUALS	FY 18-19 CURRENT BUDGET	FY 19-20 ADOPTED BUDGET	\$ Inc/ (Dec)	% Inc/ (Dec)
Revenues:					
SARDA	\$ 10,090,173	\$ 10,005,511	\$ 7,818,010	\$ (2,187,501)	-21.86%
Total Revenues	10,090,173	10,005,511	7,818,010	(2,187,501)	-21.86%
Expenditures:					
SARDA	\$ 14,266,083	\$ 7,174,110	\$ 4,401,385	\$ (2,772,725)	-38.65%
Total Expenditures	14,266,083	7,174,110	4,401,385	(2,772,725)	-38.65%
Excess of Revenues Over (Under) Expenditures	(4,175,910)	2,831,401	3,416,625	(4,960,226)	-175.19%
Operating Transfers:					
Operating Transfers In	-	-	-	-	n/a
Operating Transfers Out	-	-	-	-	n/a
	-	-	-	-	n/a
Excess of Revenues Over (Under) Expenditures	(4,175,910)	2,831,401	3,416,625	\$ (4,960,226)	
Fund Balance, Beg. of Year	(52,447,013)	(56,622,923)	(53,791,522)		
Fund Balance, End of Year	\$ (56,622,923)	\$ (53,791,522)	\$ (50,374,897)		





SUMMARY OF CHANGES IN AUTHORIZED POSITIONS, PERSONNEL AND BENEFIT COSTS

The City continues to restructure the organization to ensure core staffing, internally and externally, is in place to meet current and future economic opportunities, while also providing the highest level of service. The total authorized positions for FY19-20 is 139, 16 of which are City Council members, City Planning Commissioners, Public Safety Advisory Commissioners, and Treasurer. The City maintains 87 regular full-time equivalent positions of which four positions are unfunded. The City also has 52 part-time positions.

One new position is included in this budget to be added to the schedule of authorized

<u>Department</u>	<u>Proposed Position</u>
Launch Pointe	General Manager
Launch Pointe	Lead Worker

positions due mainly to support the campground.

<u>Department</u>	<u>Current Position</u>	<u>Proposed Position/Department</u>
Public Works	General Services Manager	Public Works Manager
Parks	Equipment Operator	Lead Worker
Parks	Maintenance Worker I	Maintenance Worker II
Community Services	Volunteer Coordinator	Intern
Fleet	Chief Mechanic	Public Works Supervisor
Fleet	Mechanic	Lead Worker

In addition to the changes above, six full-time positions are being either re-classed to better suit the restructure of the organization.

The City contributes to the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities with the State of California. The annual cost of CalPERS pension for authorized employees for FY19-20 is estimated to be \$1,848,480. Benefit provisions and all other requirements are established by the State statute and City ordinance, with the City providing benefits based on “2.5% at 55” formula for current employees hired prior to July 1, 2011, “2.0% at 60” formula for employees hired between July 1, 2011 and January 1, 2013 or hired from a Reciprocal Agency within 6 month break in service, and “2.0% at 62” formula for employees hired after January 1, 2013 and new to CalPERS and was not a member of a Reciprocal Agency or had a break in service longer than six (6) months).

SUMMARY OF CHANGES IN AUTHORIZED POSITIONS, PERSONNEL AND BENEFIT COSTS - CONTINUED

On September 12, 2017 the City approved the Memorandum of Understanding (MOU) between the City of Lake Elsinore and the General Employees of the City of Lake Elsinore, represented by LIUNA Local 777, to be effective July 1, 2017. In addition, Council approved the Amended Salary Schedule also to be effective July 1, 2017. As part of this agreement, the Council has approved the following:

- A four (4) year agreement effective July 1, 2017 to June 30, 2021
- Compensation increase of:
 - .5% on January 1, 2019
 - .5% on July 1, 2019
 - 2% on July 1, 2020.
 - Salary ranges for Maintenance Worker I, Maintenance Worker II, Mechanic, Accountant I, Account Specialist I, Account Specialist II, and Account Specialist III shall be increased by 5% effective upon adoption of the agreement, and by an additional 5% effective the first pay period in July 2018.
 - Salary ranges Code Enforcement Officer I and Code Enforcement Officer II will increase by 2.5% effective upon adoption of the agreement, and by an additional 2.5% effective the first pay period in July 2018.
- Medical Contribution will increase by the following:
 - \$1,250 upon adoption of the agreement
 - \$1,300 effective July 1, 2018
 - \$1,325 effective July 1, 2019
 - \$1,350 effective July 1, 2020
 - If an employee elects not to participate in the City's medical coverage program, and meet other program requirements, the City will contribute a maximum of \$350 Deferred Compensation Program (ICMA 457 Plan).
- Employees shall receive Annual Leave in lieu of vacation and sick leave credits. This included the conversion of existing vacation and sick leave balances to a new annual leave bank for all employees, with a cap of 708 at conversion, with a maximum accrual cap of 788.
- Standby Pay from \$175 to \$200 (each seven day standby period)
- Completion of a Parity and Classification Study by December 31, 2020 by the City
- The Deputy City Clerk position will be a confidential position, removed from LIUNA represented group

SUMMARY OF CHANGES IN AUTHORIZED POSITIONS, PERSONNEL AND BENEFIT COSTS - CONTINUED

- Eliminated the following positions:
 - GIS Data Analyst
 - GIS Specialist
 - GIS Technician I
 - Lead Worker – Weed Abatement
 - Graphics Technician
- Add Senior Community Development Technician position
- Various wording changes (mutually agreed upon)
- The City will meet and confer on Personnel Rules and Regulations changes being proposed but still in process. LIUNA agreed that items not legally subject to meet and confer could not go to impasse if they do not agree with changes proposed. However, the goal is to keep lines of communication open and work through issues collaboratively
- Labor/Management Committee formed to address issues of mutual concern in a problem-solving context for efficiency, effective or improving quality of service delivery.



SUMMARY OF BUDGETED POSITIONS

Department	<u>FY2015-16</u>	<u>FY2016-17</u>	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>FY2019-20</u>
City Council	5.00	5.00	5.00	5.00	5.00
Community Support	0.00	0.00	0.00	0.00	0.80
City Treasurer	1.00	1.00	1.00	1.00	1.00
City Clerk	3.00	3.00	3.00	3.00	3.00
City Manager	3.00	4.00	3.50	3.50	3.70
Administrative Services:					
Finance	9.00	10.00	7.83	7.83	7.83
Human Resources	3.00	2.00	2.33	2.33	2.33
Community Development:					
Planning Commission	5.00	5.00	5.00	5.00	5.00
Planning & Zoning	7.00	7.00	7.40	7.40	7.40
Building & Safety	8.00	7.00	7.50	7.50	7.50
Code Enforcement	6.00	6.00	7.05	7.05	7.05
Economic Development	1.00	1.00	0.05	0.05	0.05
Graffiti	1.00	1.00	1.00	0.00	0.00
Police Services	1.00	0.00	0.00	0.00	0.00
Engineering					
Public Safety Advisory Commission				5.00	5.00
Engineering	8.00	9.00	9.00	9.00	9.00
Public Works:					
Public Works Administration	11.00	16.00	11.00	13.00	13.00
Park Services	5.00	7.00	9.00	9.00	9.00
Weed Abatement	5.00	0.00	0.00	0.00	0.00
Lake Services	3.00	2.00	2.00	2.00	2.00
Community Services					
Administration	6.00	6.00	4.00	4.00	4.00
Recreation	29.00	29.00	31.00	30.00	22.00
Senior Center	4.00	4.00	5.00	5.00	6.00
Neighborhood Center	0.00	0.00	0.00	0.00	9.00
Internal Service Funds					
Insurances Services	0.00	0.00	0.34	0.34	0.34
Information Technology	4.00	4.00	4.00	4.00	3.00
Fleet Services	2.00	2.00	2.00	2.00	2.00
Facilities Services	1.00	1.00	1.00	2.00	2.00
Launch Pointe	1.00	1.00	1.00	1.00	2.00
Total Authorized Positions	<u>131.00</u>	<u>132.00</u>	<u>129.00</u>	<u>135.00</u>	<u>139.00</u>

GENERAL FUND OVERVIEW BY DEPARTMENT

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

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

DEPARTMENT

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GENERAL FUND OVERVIEW BY DEPARTMENT - CONTINUED

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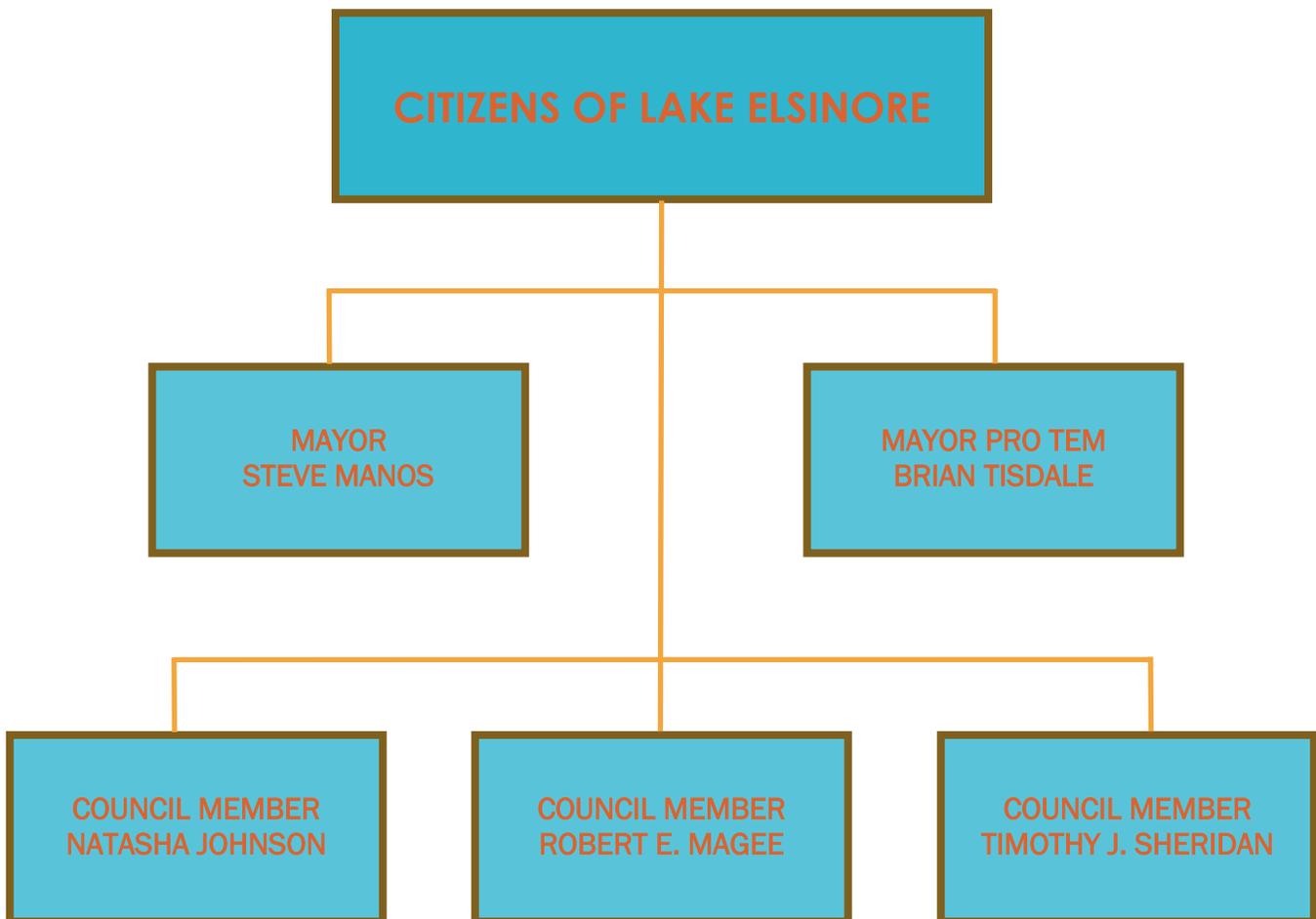


CITY COUNCIL

MISSION

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

ORGANIZATIONAL CHART



CITY COUNCIL - CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	% CHANGE
CITY COUNCIL					
Salaries & Benefits	\$ 87,675	\$ 103,740	\$ 100,410	\$ (3,330)	-3.21%
Operations & Maintenance	55,882	47,250	48,600	1,350	2.86%
Charges for Services	109,183	79,920	72,500	(7,420)	-9.28%
Total	<u>\$ 252,740</u>	<u>\$ 230,910</u>	<u>\$ 221,510</u>	<u>\$ (9,400)</u>	<u>-4.07%</u>

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	% CHANGE
COMMUNITY SUPPORT					
Salaries & Benefits	\$ -	\$ -	\$ 88,490	\$ 88,490	n/a
Operations & Maintenance	42,101	75,996	48,500	(27,496)	-36.18%
Total	<u>\$ 42,101</u>	<u>\$ 75,996</u>	<u>\$ 136,990</u>	<u>\$ 60,994</u>	<u>80.26%</u>

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
CITY COUNCIL			
Council Member	5.00	-	5.00
Total	<u>5.00</u>	<u>-</u>	<u>5.00</u>
COMMUNITY SUPPORT			
Assistant to the City Manager	-	0.40	0.40
Intern	-	0.40	0.40
Total	<u>-</u>	<u>0.80</u>	<u>0.80</u>

ACCOMPLISHMENTS - CITY COUNCIL

- Effectively participated and supported local and regional efforts to address one of the largest local emergencies in the City's history – Holy Fire and Holy Flood.
- Completed development of the City's first long-term strategic plan – the Dream Extreme 2040 Plan.
- Proactively implemented key strategies to protect the best interests of the community related to critical infrastructure projects including transmission lines and hydroelectric facilities.
- Adopted a new Downtown Elsinore Specific Plan focused on creating a vibrant, 18-hour downtown.

CITY COUNCIL - CONTINUED

ACCOMPLISHMENTS - CITY COUNCIL

- Completed critical capital improvement projects throughout the City including the widening and improvement of Railroad Canyon Road, the 3rd Street Drainage Project, Graham Avenue Pavement Rehabilitation, McVicker Canyon Skate Park, Historic Main Street Parking Lot, and the Launch Pointe Recreation Destination & RV Park Rehabilitation Project.
- Established an Eastside Circulation Subcommittee to address traffic congestion and advise on recommended roadway projects and agreements, as needed.
- Executed a cooperative agreement and began construction of the Regional Agricultural Pipeline Conversion Project in partnership with the Elsinore Valley Municipal Water District and the Riverside County Flood Control and Water Conservation District to improve the flow of recycled water to the lake and better maintain lake levels.
- Approved development agreements for ten cannabis facilities, or approximately 115,000 square feet of industrial space, within the East Lake and Business Districts of the City.
- Partnered with Habitat for Humanity, the County of Riverside and the Historic Society to relocate and preserve the historic Hayman House to be rebuilt and used as affordable unit for a local family in need.
- Approved and facilitated the development of two affordable housing projects.
- Approved several municipal code ordinance updates to align City policies and regulations with the needs of the community and future development.
- Ongoing participation in regional efforts to address homelessness, cancer initiatives and regional transportation concerns including the Move 1-15 initiative.
- Continued efforts to address traffic congestion at all five intersections within the City including Railroad Canyon, Central Avenue, Main Street and Camino Del Norte.
- Authorized the acquisition of more than 3,000 streetlights from Southern California Edison, which is expected to save the City more than \$5.4 million over the next 20 years.

GOALS - CITY COUNCIL

- Create more local jobs and services by exploring new economic development opportunities that encourage new businesses to invest and locate in the City including adopting and implementing a streamlining ordinance for the development process.
- Explore programs to address in-fill properties in the City, particularly in the Historic Downtown.

CITY COUNCIL - CONTINUED

GOALS - CITY COUNCIL

- Determine long-term strategy to address rising public safety costs while maintaining the same level or improved levels of public safety services to the community.
- Explore new City-wide revenue resources including fee schedules, financing mechanisms and reviewing applicable franchise agreement fees.
- Implement the City's Dream Extreme 2040 Plan across the organization serving as a basis for policy setting and strategic priorities.
- Assist in the implementation of the House LE regional program to address and reduce the overall homeless population within the City.
- Identify and pursue funding opportunities for future projects that will improve the overall water quality of Lake Elsinore.
- Expand public transparency and outreach efforts to engage and interact with the community on a regular, ongoing basis.
- Oversee the City's aggressive Capital Improvement Plan for the coming year including the start of several critical projects in the Railroad Canyon Road Interchange, completion of Camino Del Norte, reconstruction and improvement of Lincoln Street, and the new neighborhood center.
- Promote the use of the City's Alert LE mobile app as the primary source of official City information.
- Maintain regular, ongoing participation in regional, statewide, and national intergovernmental committees such as the Riverside County Transportation Commission, League of California Cities, Western Regional Council of Governments, and Riverside Transit Agency.

PERFORMANCE MEASURES - CITY COUNCIL

	FY17-18	FY18-19	FY19-20
Number of State, Regional and Local Meetings	50	50	50
Number of Businesses and Citizens Recognized through Business/Citizen of the Quarter Programs	4	4	4
Number of Regular City Council and Special Meeting Held	25	25	25
Number of Ordinances Adopted	15	15	6
Number of Commissioners Appointed	7	3	3
Homeless Point -in-Time Count	75	68	50
State of the City Attendance	300	340	360

CITY COUNCIL - CONTINUED

ACCOMPLISHMENTS - COMMUNITY SUPPORT

- Provided financial support to several nonprofit organizations that provide services and programs that directly benefit Lake Elsinore residents.
- Supported several local community events through in-kind services and other financial incentives including Clean Extreme, Lake Elsinore Car Cruise, the Homeless Task Force efforts and the Veterans Day Observance Ceremony.
- Staff and City Council regularly participated in and supported local and groups and events including the Regional Homeless Alliance, Riverside Transit Agency, Lake Elsinore Valley Chamber of Commerce, Elsinore Woman's Club and the Downtown Merchants Association.
- Increased media outreach and news items on website including the development of additional graphics materials to regularly share critical news with the community.
- Offered 30-day Riverside Transit Agency bus passes for sale at City Hall.
- Hired and increased street outreach services to address homelessness in the City leading to more than 50 street exits.

GOALS - COMMUNITY SUPPORT

- Provide financial support to those non-profit organizations that offer programs to assist residents within the City of Lake Elsinore.
- Offer in-kind and financial support to key special events that encourage tourism, economic development and civic pride.
- Explore ways to promote and share the Community Support Program amongst new/emerging nonprofits to support critical city initiatives such as beautification and homelessness.

PERFORMANCE MEASURES - COMMUNITY SUPPORT

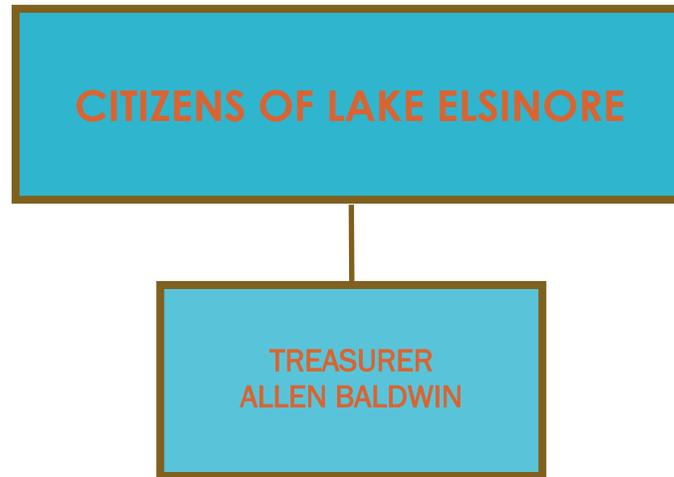
	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Amount Awarded To Local Non-Profit Organizations	\$23,000	\$30,000	\$30,000
Number of Community Organizations Supported	2	5	8
Number of Events Supported	10	5	8

CITY TREASURER

MISSION

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

ORGANIZATIONAL CHART



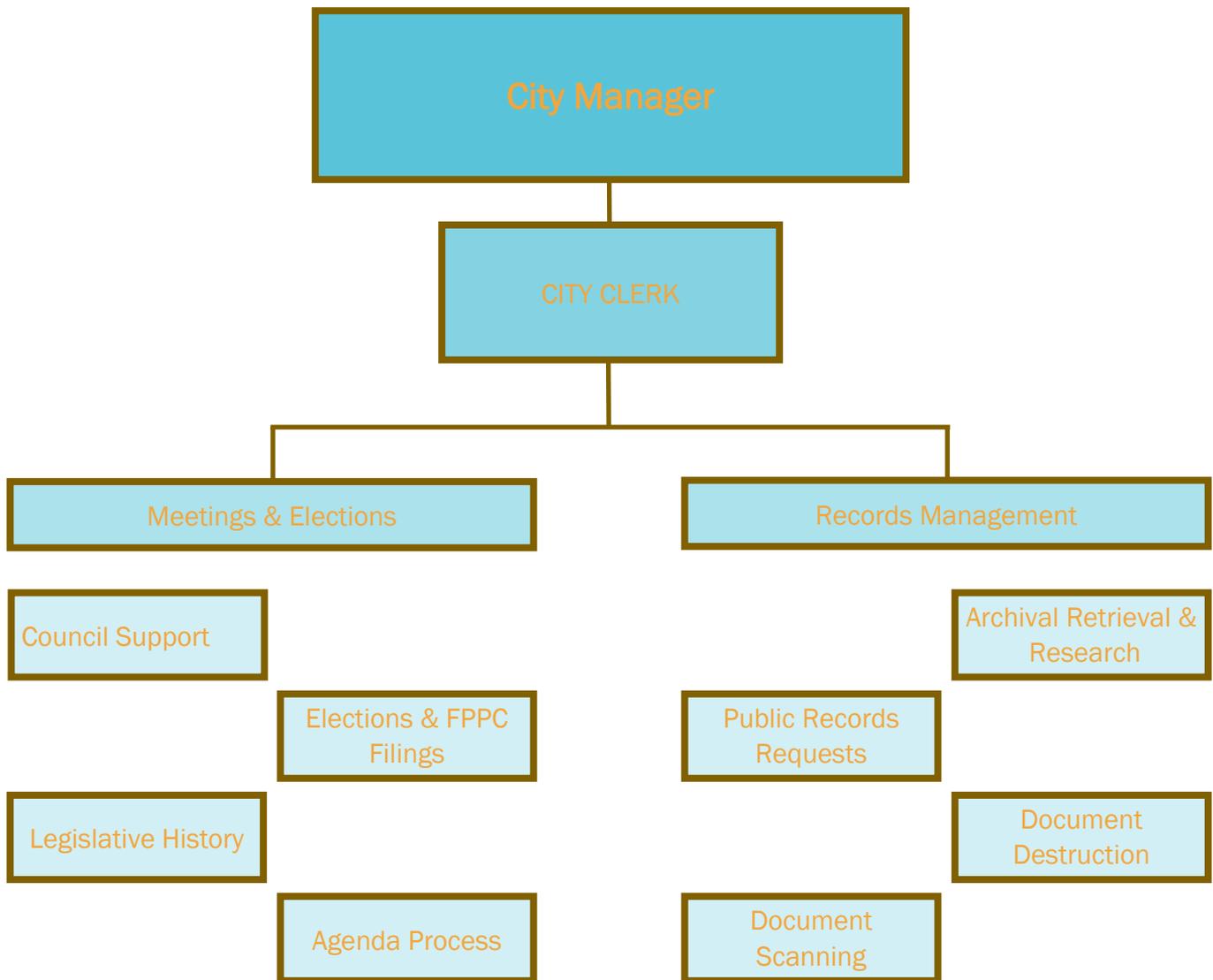


CITY CLERK

MISSION

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

ORGANIZATIONAL CHART



CITY CLERK - CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 <u>ACTUALS</u>	FY18-19 <u>ADOPTED</u>	FY19-20 <u>ADOPTED</u>	INCREASE/ DECREASE	% CHANGE
<u>CITY CLERK</u>					
Salaries & Benefits	\$ 361,807	\$ 416,410	\$ 454,470	\$ 38,060	9.14%
Operations & Maintenance	168,297	118,520	120,520	2,000	1.69%
Charges for Services	101,651	115,570	139,040	23,470	20.31%
Total	<u>\$ 631,755</u>	<u>\$ 650,500</u>	<u>\$ 714,030</u>	<u>\$ 63,530</u>	<u>9.77%</u>

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
<u>PUBLIC SAFETY ADVISORY COMMITTEE</u>			
PSAC Commissioner - PT	5.00	-	5.00
Total	<u>5.00</u>	<u>-</u>	<u>5.00</u>
<u>CITY CLERK</u>			
City Clerk	1.00	-	1.00
Deputy City Clerk	1.00	-	1.00
Office Specialist III	1.00	-	1.00
Total	<u>3.00</u>	<u>-</u>	<u>3.00</u>

ACCOMPLISHMENTS

- Provided Records Management assistance to various City departments and provided aid in the destruction of over 125 boxes and the cleaning of the Cultural Center Second Floor
- Administrative Services Records Storage
- Passports
- Electronic document recording
- Agenda Management Software
- Provided exceptional services to other departments, City Council, and the public with reduced staff numbers

GOALS

- Provide continuous training to City employees in Records and Agenda Management, Public Records Requests, and Agreements
- Laserfiche Forms to provide assistance with Public Records Requests
- Laserfiche online portal for public access
- Electronic Agreements
- City-wide records destruction
- Using passport revenue, hire additional assistance within the City Clerk's Department

CITY CLERK - CONTINUED

PERFORMANCE MEASURES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Agenda Packet and Minutes Production	42	31	40
Number of Claims Accepted	28	18	30
Number of Legal Notices Published	40	24	45
Number of Agreements Processed	355	301	375
Number of Public Records Requests Processed	300	307	650
Number of Boxes Shredded	N/A	125	200





LEP



LAKE ELSINORE, CA

CITY ATTORNEY

MISSION

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

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

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

ORGANIZATIONAL CHART



EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	%
					CHANGE
<u>CITY ATTORNEY</u>					
Operations & Maintenance	\$ 628,749	\$ 490,000	\$ 500,000	\$ 10,000	2.04%
Charges for Services	-	8,020	8,800	780	9.73%
Total	\$ 628,749	\$ 498,020	\$ 508,800	\$ 10,780	2.16%

ACCOMPLISHMENTS

- Provided timely, cost effective quality legal services to the City Council, Commissions, City Manager and all City departments to further the City Council's goals while limiting risk and costs to the City of Lake Elsinore.
- Prepared/reviewed and approved all City Council and Planning Commission Agenda Reports and attachments, including agreements, resolutions and ordinances, and attended all City Council and Planning Commission meetings.
- Advised City regarding SCE Valley-Ivy Glen and LEAPS Projects, reviewed project documents, prepared correspondence and pleadings, and presented oral arguments to protect City interests.
- Advised City regarding California Voting Rights Act, transition to Council Districts, and conduct of first District-based election.

CITY ATTORNEY - CONTINUED

ACCOMPLISHMENTS - Continued

- Advised City Council in settlement negotiations to avoid litigation and resolve dispute with Summerly regarding scope of vesting under Summerly Development Agreement.
- Advised Successor Agency in redevelopment dissolution procedures and secured DOF funding for enforceable obligations, including existing bonded indebtedness, ongoing Stadium, management, maintenance, operations and capital improvements, implementation of Summerly DDA and issuance of new Tax Allocation Bonds.
- Negotiated with the DOF and overturned denial of RPTTF for Stadium obligations resulting in ongoing funding of RPTTF; negotiated Sixth Amendment to Stadium Interim Management Agreement.
- Represented City in negotiations and document preparation in connection with affordable housing projects, including: (i) Mission Trail Apartments, (ii) Habitat for Humanity (Hayman House); (iii) Cottages at Mission Trail in furtherance of the City's mandate to provide affordable housing.

GOALS

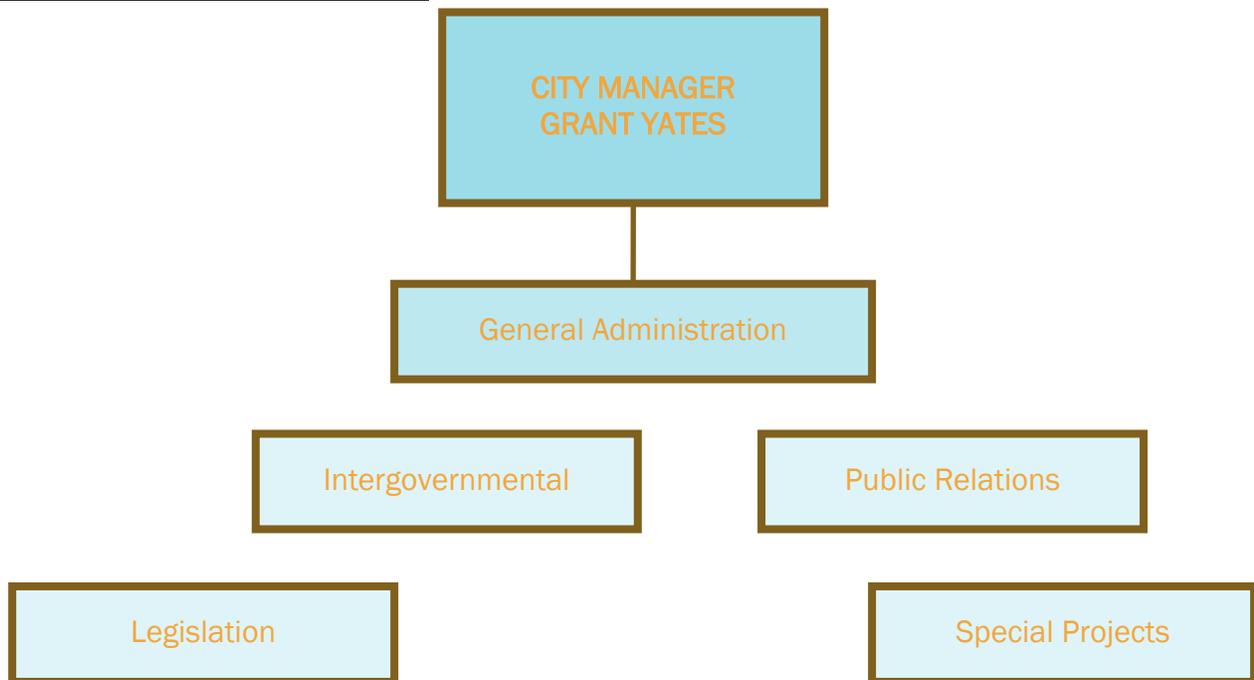
- Provide timely, cost effective quality legal services to the City Council, the City Manager and all City departments, boards, commissions and committees to achieve the City Council's goals while limiting risk and costs to the City of Lake Elsinore.
- Assist and advise City staff and City Council regarding property acquisition/disposition and economic development opportunities.
- Continue to represent and advance City interests in proposed SCE and LEAPS Projects.
- Advise City regarding Back Basin Biological Strategy and represent City in meetings with resource agencies to balance environmental and economic development goals, in connection with potential development activity and Lake related projects.
- Assist and advise City staff and City Council regarding implementation of the Memoranda of Understanding with WRCOG and RCA, including implementation of specific transportation improvements and open space conservation easements.
- Continue to guide the Successor Agency in the preparation of the ROPS, implementation of enforceable obligations, and property disposition procedures.
- Continue litigation efforts to seek appropriate remedies from DOF to repay Interfund/Housing Fund Loan.
- Collaborate with City staff and prepare recommendations to City Council regarding Municipal Code and City Council Policy Update and revised standard conditions of approval.

CITY MANAGER

MISSION

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

ORGANIZATIONAL CHART



CITY MANAGER- CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 <u>ACTUALS</u>	FY18-19 <u>ADOPTED</u>	FY19-20 <u>ADOPTED</u>	INCREASE/ DECREASE	% CHANGE
<u>CITY MANAGER</u>					
Salaries & Benefits	\$ 700,525	\$ 764,957	\$ 760,740	\$ (4,217)	-0.55%
Operations & Maintenance	16,318	19,394	13,010	(6,384)	-32.92%
Charges for Services	121,163	183,750	166,320	(17,430)	-9.49%
Total	<u>\$ 838,006</u>	<u>\$ 968,101</u>	<u>\$ 940,070</u>	<u>\$ (28,031)</u>	<u>-2.90%</u>

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
<u>CITY MANAGER</u>			
City Manager	1.00	-	1.00
Assistant City Manager	0.50	-	0.50
Assistant to the City Manager	1.00	(0.40)	0.60
Executive Assistant II	1.00	-	1.00
Intern	1.00	(0.40)	0.60
Total	<u>4.50</u>	<u>(0.80)</u>	<u>3.70</u>

ACCOMPLISHMENTS

- Effectively managed and communicated during the largest scale local emergencies in the City's history – the Holy Fire and Holy Flood events.
- Facilitated and completed the City's first long-term strategic plan, the Dream Extreme 2040 Plan.
- Grew the City's following and engagement on all social media channels including Facebook, Instagram, Twitter and YouTube.
- Maintained ongoing, regular communication with the media resulting in regular stories by the media from local, regional and national news outlets.
- Hosted and actively participated in several regional task force meetings to address regional concerns and challenges including WRCOG, homelessness, transportation and cancer.
- Hosted the City's largest State of the City Address ever in coordination with the Chamber of Commerce.
- Successfully managed a significant golden algae bloom and resulting fish die off in Lake Elsinore.
- Facilitated the completion and reopening of the long-awaited Launch Pointe Recreation Destination & RV Park Rehabilitation Project.
- Secured more than \$1 million in grants to expand homeless efforts in the City and our surrounding areas.

CITY MANAGER - CONTINUED

ACCOMPLISHMENTS - Continued

- Funded a Homeless Street Outreach Team to try to reduce our overall homeless population and provide much-needed support to those in need.
- Developed and launched a comprehensive public outreach campaign for the Railroad Canyon Road Widening Project.
- Completed an update community opinion survey to gauge community needs.
- Resolved critical negotiations and litigation threats to ensure a positive outcome for all parties that allow for continued progress within the City particularly for new development and critical infrastructure improvements.
- Considered and proposed key municipal code and policy changes to streamline City operations and improve cost recovery, particularly regarding public safety matters such as false alarms.

GOALS

- Facilitate ongoing communication and collaboration across departments.
- Continue to foster positive working relationships with area stakeholders by participating in regional, collaborative meetings with surrounding cities, agencies and stakeholders.
- Identify and facilitate the purchase and/or acquisition of key properties throughout the City that will provide valuable resources for future community projects.
- Maintain regular, ongoing communications with the community through various media outreach opportunities including the website, billboards, social media, and newspapers.
- Promote, support, and grow community engagement through activities such as the City's Clean Extreme, Clean LE, Car Cruises, Emergency Preparedness Fair, and Veterans Day Observance Ceremony events to build positive relationships and community pride.
- Develop a strategic outline for the Lake that includes challenges, key strategies, funding opportunities and next steps for future consideration to preserve, protect and improve the City's most valuable asset.
- Execute House LE/House Wildomar program and explore other strategic objectives to reduce homelessness within the City and help those in need.
- Manage and facilitate marketing efforts for the City's latest economic development catalyst project – Launch Pointe Recreation Destination & RV Park Rehabilitation Project.
- Expand and continue to implement the City's Economic Development Strategic Plan.

CITY MANAGER - CONTINUED

GOALS - Continued

- Create and promote professional development opportunities throughout the organization to allow for positive succession amongst employees at all levels of the organization.
- Educate the community and staff about the City's Dream Extreme 2040 Plan and begin implementation throughout the organization.
- Continue to improve public information resources to communicate the community about capital improvement and privately funded projects under review, approved, under construction and recently completed within the City.
- Expand the use of the City's Alert LE app to serve as the primary communication resource for the City.
- Begin single, limited mailings to all Lake Elsinore properties to engage with and inform them of ways to stay connected and informed about City activities, events and news.
- Proactively engage with property owners and business owners to promote and support their success whenever possible.
- Use city council subcommittees to effectively manage complex tasks and projects that require additional oversight, discussion and approval.
- Support and assist all departments, when needed, in prioritizing, communicating, and completing their goals.

PERFORMANCE MEASURES

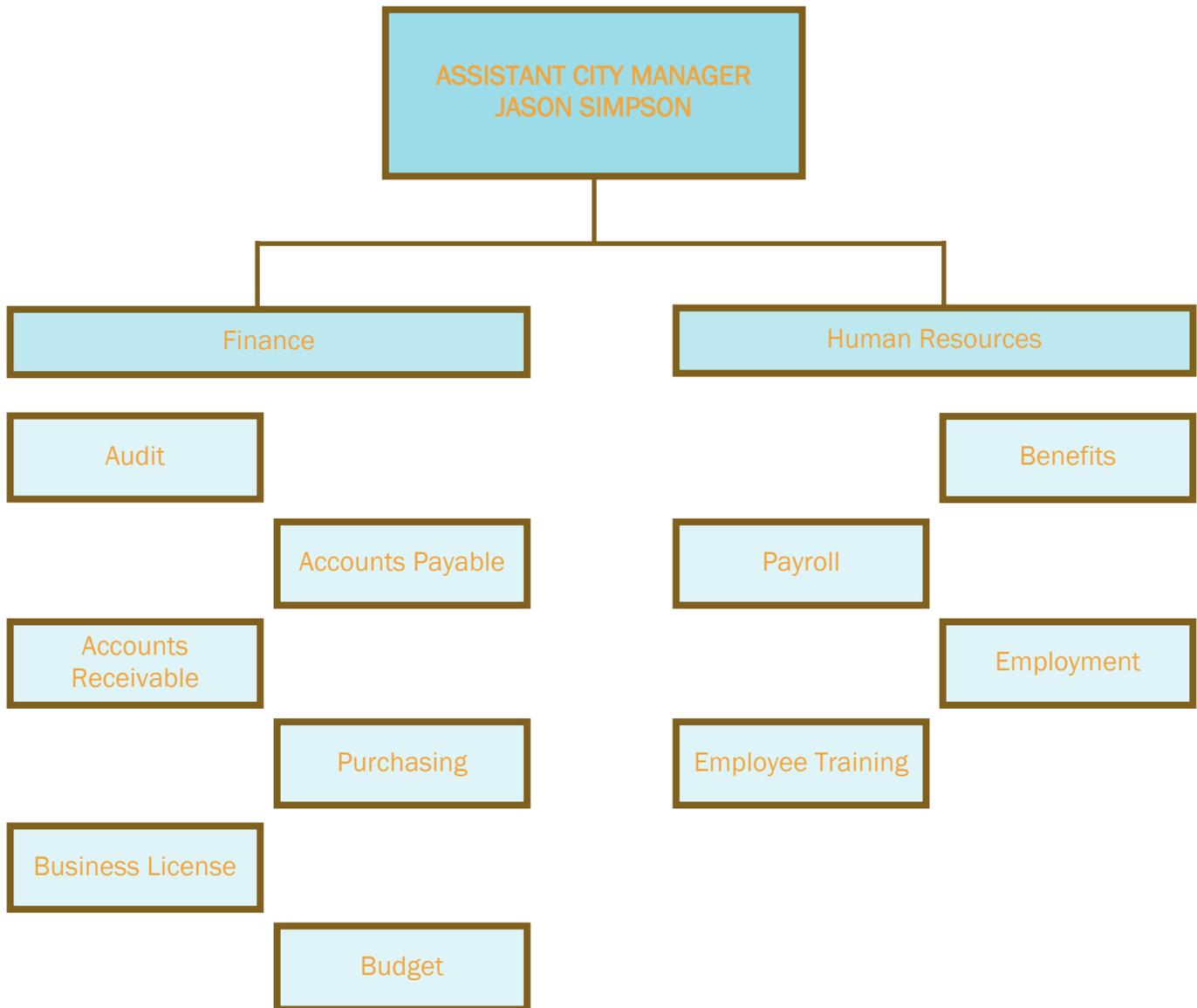
	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Community Update Outreach Presentations	Unknown	5	5
Weekly Meetings w/ Executive Management Team	90%	90%	90%
State of the City Program on behalf of City Council in partnership with Chamber of Commerce	1	1	1
Volunteer Clean Up Events to Encourage Civic Pride	10	3	3
Followers on City Hall Facebook Page	6819	11,800	14000
Followers on City Hall Instagram Account	1,500	5,000	6,500
Billboards Posted for Events and Support	79	80	80
Media Coverage	50+	80	65
Homeless Task Force and Collaborative Meetings	20	12	12
Homeless Requests for Help	N/A	45	65
Homeless Street Exits	N/A	50	50
Homeless Individuals Served	N/A	125	200

ADMINISTRATIVE SERVICES

MISSION

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

ORGANIZATIONAL CHART



ADMINISTRATIVE SERVICES - CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	%CHANGE
<u>FINANCE</u>					
Salaries & Benefits	\$1,082,410	\$1,091,870	\$1,168,620	\$ 76,750	7.03%
Operations & Maintenance	199,613	229,250	207,200	(22,050)	-9.62%
Charges for Services	291,146	231,780	184,730	(47,050)	-20.30%
Total	<u>\$1,573,169</u>	<u>\$1,552,900</u>	<u>\$1,560,550</u>	<u>\$ 7,650</u>	<u>0.49%</u>

HUMAN RESOURCES

Salaries & Benefits	\$ 176,525	\$ 310,070	\$ 316,590	\$ 6,520	2.10%
Operations & Maintenance	71,222	105,620	157,000	51,380	48.65%
Charges for Services	61,955	62,150	51,610	(10,540)	-16.96%
Total	<u>\$ 309,702</u>	<u>\$ 477,840</u>	<u>\$ 525,200</u>	<u>\$ 47,360</u>	<u>9.91%</u>

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
<u>FINANCE</u>			
Assistant City Manager	0.50	-	0.50
Assistant Director of Administrative Service	0.33	-	0.33
Finance Administrator	1.00	-	1.00
Fiscal Officer	1.00	-	1.00
Executive Assistant I	1.00	-	1.00
Accountant I	2.00	-	2.00
Account Specialist II	2.00	-	2.00
Total	<u>7.83</u>	<u>-</u>	<u>7.83</u>
<u>HUMAN RESOURCES</u>			
Assistant Director of Administrative Service	0.33	-	0.33
Human Resources Analyst	1.00	-	1.00
Human Resources Specialist	1.00	-	1.00
Total	<u>2.33</u>	<u>-</u>	<u>2.33</u>

ADMINISTRATIVE SERVICES - CONTINUED

ACCOMPLISHMENTS - FINANCE

- Assisted in implementation of credit card processing online for Rosetta Park field rentals, Lake Use Passes, and RV rentals at Launch Pointe.
- Completed the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018 by December 31, 2018.
- Received Governmental Finance Officers Association (GFOA) Award of Achievement for Excellence in Financial Reporting for FY 2016-2017 for the CAFR.
- Applied for the GFOA Award of Achievement for Excellence in Financial Reporting for FY 2017-2018.
- Received the GFOA Award of Distinguished Budget Presentation for FY 2018-2019.
- Received the California Society of Municipal Finance Officers (CSMFO) the Excellence Award for FY 2018-2019 Operating Budget.
- Received the CSMFO the Excellence Award for FY 2018-2019 Capital Budget for the City's Annual Capital Improvement Plan Budget Report for FY 2018-2019 to FY 2022-2023.
- Continued to improve centralized Grant and Capital Improvement Plan tracking and reporting for improved recording and audit results.
- Continued to cross-train staff in accounts payable, accounts receivable, cashiering, lake use permitting, and business license process within the division.
- Updated the Investment Policy for 2019.
- Updated the City Credit Cards, Meals, Meetings, and Travel Policy.
- Assisted in implementation of credit card processing for Launch Pointe activities online and at the facility.

GOALS - FINANCE

- Complete annual FY 2018-2019 audit within 5 months from close of fiscal year.
- Complete and submit the FY 2018-2019 CAFR to GFOA prior to December 15, 2019.
- Receive GFOA Award of Achievement for Excellence in Financial Reporting for FY 2017-2018 CAFR.
- Apply for the GFOA Award of Achievement for Excellence in Financial Reporting for FY 2018-2019 CAFR.
- Assist in implementing a Cash Management / Revenue Control Best Practice Policy for the Launch Pointe Resort Enterprise activities.

ADMINISTRATIVE SERVICES - CONTINUED

GOALS - Continued

- Continue to assist in implementation of online building permitting capabilities & payment processing.
- Compose a written Finance Procedures and Policies manual.
- Compose a written Collection Policy.
- Compose a written Customer Credit Card Payment Policy.
- Update the Donation Policy.
- Complete Development Impact Fee studies and update Citywide fee schedule.
- Utilize State Board of Equalization's software to find unlicensed businesses within the City Limits.
- Implement P-Cards to generate additional revenue.

PERFORMANCE MEASURES - FINANCE

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Percentage of Bank Reconciliations Performed Before the Close of Subsequent Month	100%	100%	100%
Invoices Processed per Year	10,200	11,500	11,500
Number of New Business Licenses Issued per Year	1,312	1,622	1,700
Number of Cash Receipts Processed	11,600	13,500	14,000
Complete Quarterly Reporting to State and County by 15th of the Subsequent Month	100%	100%	100%
Prepare Investment Reporting to Council in the Second Council Meeting Each Month	100%	75%	75%
GFOA and CSMFO Award Winning Budgets Presented	1	2	2
GFOA Award Winning Comprehensive Annual Financial Report Presented	1	1	1

ADMINISTRATIVE SERVICES - CONTINUED

ACCOMPLISHMENTS - HUMAN RESOURCES

- Attended seminar on payroll practices and FLSA compliance
- Attended training on managing multiple priorities, projects, and deadlines
- Created a Pepper Spray Policy
- Created a Baton Policy
- Revised the Social Media Policy
- Revised the Meal & Rest Period Policy
- Currently revising the Dress Code Policy
- Currently revising the Boot Allowance Policy
- Created a 360 evaluation form
- Created a Work Order Request form for Fire
- Revised the Travel and Expense Reimbursement form
- Reformatted the Salary Schedules from 2013—2021
- Organized files on Sharepoint
- Began the process of creating an HR Handbook
- Began the process of streamlining employee training
- Improved the timeframe for completing employee evaluations
- Held two Red Cross blood drives
- Held a citywide employee service award luncheon

GOALS - HUMAN RESOURCES

- Complete the revision of the Personnel Rules and Regulations
- Complete the HR Handbook
- Complete a class and comp study
- Continue to evaluate the benefits offered to employees
- Continue to improve upon the timeframe for completing employee evaluations
- Implement the hiring and onboarding module in Paychex
- Complete the setup of the HR module in Paychex
- Continue to streamline employee training through the addition of web-based classes
- Continue to assess and revamp current processes and procedures

ADMINISTRATIVE SERVICES - CONTINUED

PERFORMANCE MEASURES - HUMAN RESOURCES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Recruitments Conducted	7	7	7
Average Recruitment Time for New Hires	NA	90 days	90 days
Percentage of Evaluations Processed within Prescribed Timeframes	75%	80%	85%





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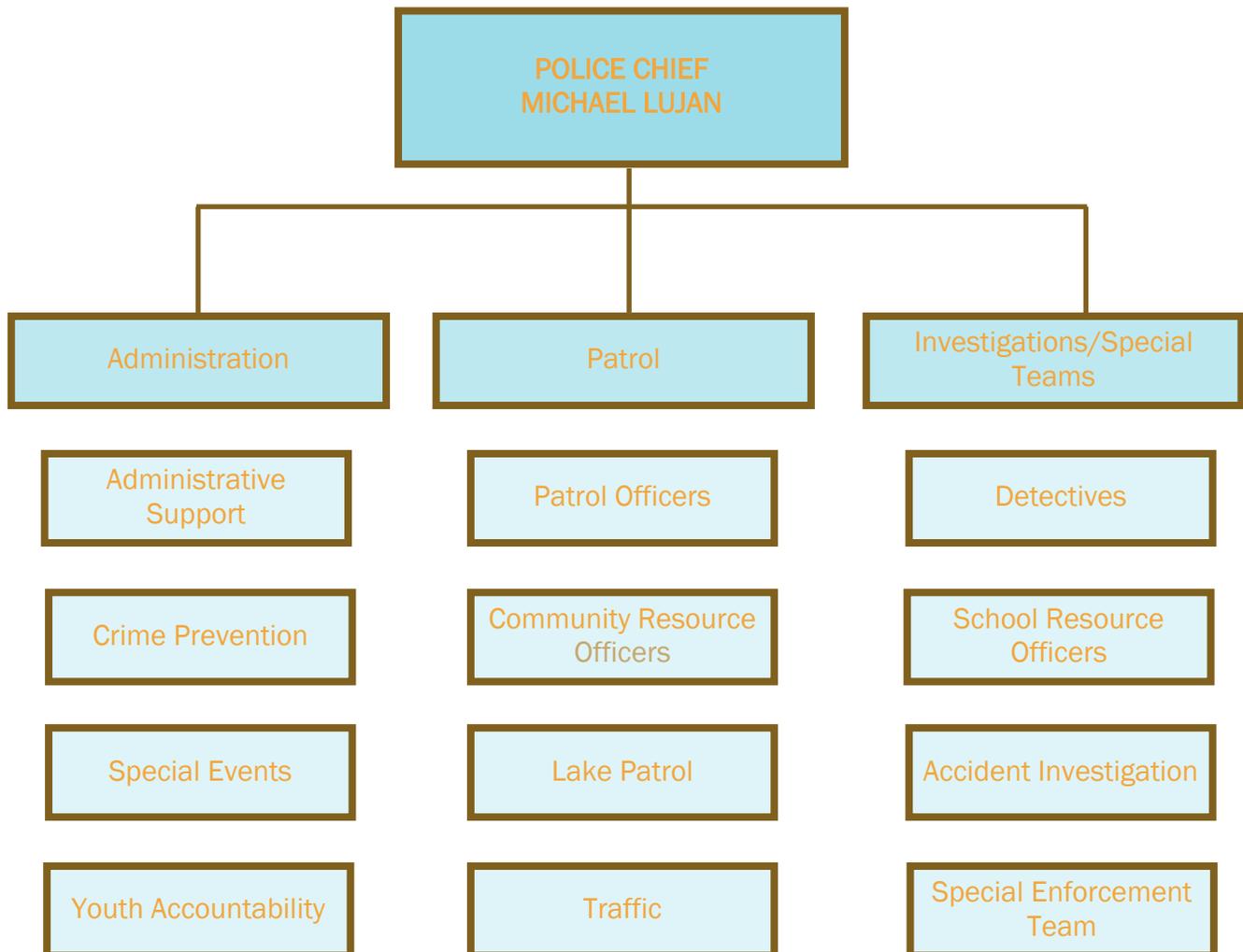
LAKE ELSINORE, CA

POLICE SERVICES

MISSION

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

ORGANIZATIONAL CHART



POLICE SERVICES- CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	% CHANGE
<u>POLICE SERVICES</u>					
Operations & Maintenance	\$ 1,245,936	\$ 14,003,310	\$ 14,241,640	\$ 238,330	1.70%
Charges for Services	155,106	109,460	128,270	18,810	17.18%
Total	<u>\$ 1,401,042</u>	<u>\$ 14,112,770</u>	<u>\$ 14,369,910</u>	<u>\$ 257,140</u>	<u>1.82%</u>

ACCOMPLISHMENTS - ADMINISTRATION

- Continued an open working relationship with the City of Lake Elsinore in general growth and organization of special events.
- Continued to work closely with City personnel and County agencies in development of programs to assist the homeless. Community Services Deputy active in all programs.
- Continued to expand the Neighborhood Watch and Crime Free Housing programs. Conducted several community meetings to discuss topics with the community and station command.
- Responded to fire and flood issues with Fire and City staff.

GOALS - ADMINISTRATION

- Working together to maintain and possibly increase patrol hour funding at an optimal level for public safety.
- Increase the Homeless outreach programs and meetings with City officials and the Community Service Deputy.
- Increase/Expand Crime Free Business Programs to deal with new state laws/guidelines.
- Establish an active Citizen on Patrol Volunteer program within the city.

PERFORMANCE MEASURES - ADMINISTRATION

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Volunteers	60	60	60
Percent of City Council and Public Safety Advisory Committee Meetings Attended	100%	100%	100%
Number of Live Scans Taken	180	200	200
Number of Crime Free Housing Checks Made	25	25	40

POLICE SERVICES- CONTINUED

ACCOMPLISHMENTS - PATROL

- Problem Oriented Policing team focused on issues within the city in partnership with other City departments.
- Continued actions by the traffic enforcement section to reduce the number traffic collisions through enforcement and public education.
- Continued to enhance community relations by effective, fair and efficient law enforcement services.
- Strict enforcement of vessel safety inspections and enforcing hazardous boating violations. Updated City boats and boating equipment.
- Obtained an OTS Grant for traffic related issues.

GOALS - PATROL

- Continued involvement of the Community Service Deputy in numerous city projects and business issues.
- Work together to increase funding for additional POP Team members to increase public safety and response to citizen complaints.
- Continue proactive traffic enforcement to reduce the number of fatal and injury traffic collision through enforcement and public education.
- Monitor and maintain quick responses on Priority 1 and 2 calls, while still maintaining a high level of proactive patrol operations.
- Establish a Citizens on Patrol program within the city to help maintain a high visible, crime deterring presence in the business and residential areas.

PERFORMANCE MEASURES - PATROL

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of General Patrol Hours Provided Per Day	130.8	130.8	130.8
Response Time for Priority 1 Calls (Minutes)	8.67	6.45	7.00
Response Time for Priority 2 Calls (Minutes)	23.21	12.68	13.00
Number of Traffic Collision Investigations	525	450	500
Number of High Visibility Traffic Checkpoints	6	6	4
Overall Calls for Service	50,000	50,631	50,000
Number of Boating Citations	170	300	400
Number of DUI Arrests	170	110	150

POLICE SERVICES- CONTINUED

ACCOMPLISHMENTS - INVESTIGATIONS

- The Investigations Division solved numerous crimes involving sexual assaults against adults and children, resulting in multiple arrests and convictions with significant prison sentences.
- Multiple crimes against property and persons cases were solved with the assistance of forensic investigations.
- The Division has utilized Cellebrite technology to assist with the forensic analysis of cellular phones and other media devices.
- The Division, alongside the SRO's, investigated numerous school related incidents involving the "Kids with Guns Protocol". These cases were thoroughly investigated with zero cases found with credible threats against our schools.

GOALS - INVESTIGATIONS

- The Investigations Division will continue to assist the Patrol Division with all work necessary to obtain arrests or filings with the District Attorney's Office; continue to assist the SRO's with all school related investigations.
- The Investigations Division will maintain a high-quality level for all investigations which will result in successful criminal prosecutions. Cases involving crimes against children are amongst the highest priority, along with compliance of sex registrants within the city.
- The Investigations Division will continue to provide effective and efficient public contact, victim contact, and ensure all investigations are conducted in a timely manner and meet the needs of the community.

PERFORMANCE MEASURES - INVESTIGATIONS

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Cases Closed by Investigations Unit	140	230	200
Number of Open Cases per Detective	10	13	15

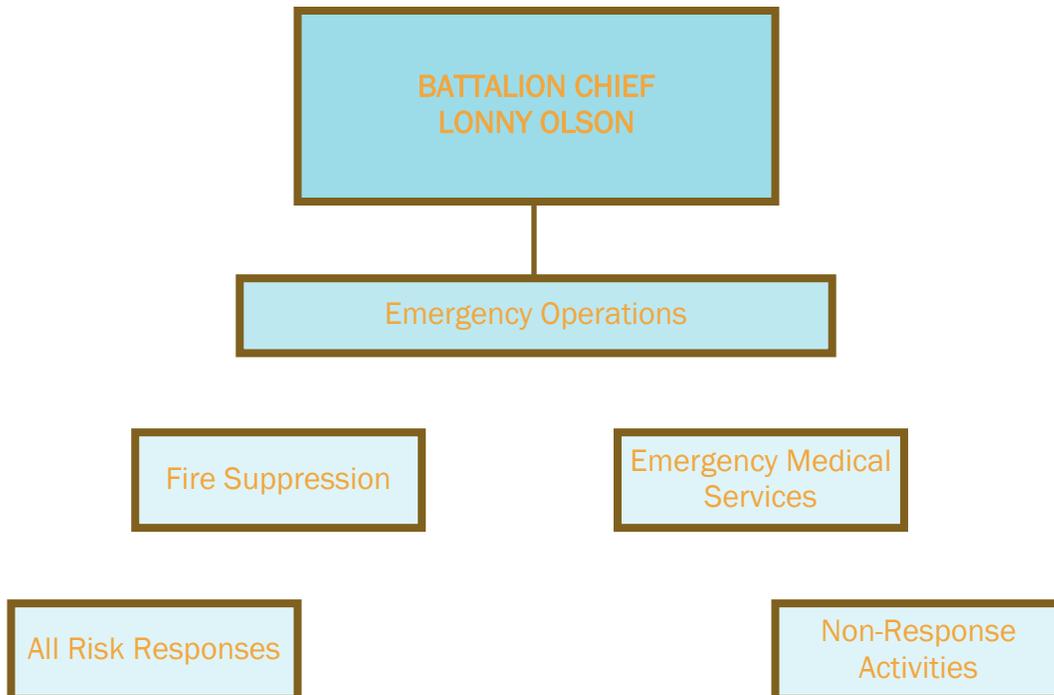


FIRE SERVICES

MISSION

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

ORGANIZATIONAL CHART



FIRE SERVICES - CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	%
					CHANGE
FIRE SERVICES					
Operations & Maintenance	\$6,681,503	\$7,627,520	\$7,691,120	\$ 63,600	0.83%
Charges for Services	9,000	23,420	15,610	(7,810)	-33.35%
Total	\$6,690,503	\$7,650,940	\$7,706,730	\$ 55,790	0.73%

ACCOMPLISHMENTS

- Responded to 6,151 emergency calls for fires, emergency medical service, hazardous materials incidents, traffic accidents, catastrophic weather events and technical rescues.
- Fire safety education presented to elementary-school and preschoolers, along with several open to the public fire station hosted events.
- August of 2018 brought Lake Elsinore the largest fire and evacuation ever in the city's history. The "Holy Fire" burned nearly 23,000 acres, from Orange County into the City of Lake Elsinore. With the establishment of the Cooperative Fire Protection Agreement, the necessary resources were in place within the city. This resulted in only minor fire damage to the city of Lake Elsinore.
- Implemented emergency preparedness for Holy floods, creating a standard template for standing up EOC and pre-positioning of emergency resources for severe weather.

GOALS

- Respond to emergency calls for service within 5 minutes of dispatch 90% of the time.
- Respond quickly to and extinguish fire so as to minimize the loss of life, property, and impact to the community
- Ensure that the City and its residents are prepared to effectively respond to major disasters through public education in fire safety and emergency preparedness.

PERFORMANCE MEASURES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Respond to Emergency Calls within 5 Minutes	70.9%	73.6%	90%
Respond to All Incidents within 10 Minutes	95.7%	96.5%	100%
Average Response Time (Minutes)	4.8	4.7	5

ANIMAL SERVICES

MISSION

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

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	% CHANGE
ANIMAL SERVICES					
Operations & Maintenance	\$ 395,358	\$ 425,460	\$ 524,700	\$ 99,240	23.33%
Debt Service	291,523	229,950	235,320	5,370	2.34%
Total	\$ 686,881	\$ 655,410	\$ 760,020	\$ 104,610	15.96%

ACCOMPLISHMENTS

- Negotiated and expanded the terms of the City's long-term animal control field services agreement through June 30, 2020, saving the City more than \$117,000 with no impact to service levels.
- Participated regularly in the Southwest Communities Financing Authority Board and Executive Committee meetings.
- Researched possibilities for key policy changes to reduce future animal control and sheltering costs.
- Supported the Southwest Communities Financing Authority (SCFA) efforts to refinance shelter bond debt to save the SCFA nearly \$7 million over for the next 20 years.

GOALS

- Align existing animal control municipal codes with the County of Riverside to reduce the long-term impacts on the City's pet population and costs related to animal control by ensuring responsible pet ownership including mandatory microchipping and spay/neuter policies.
- Explore funding and cost recovery opportunities to phase in future increases in the total number of active animal control patrol hours per day.
- Support the Animal Friends of the Valleys marketing and donor development opportunity by sharing critical animal control messages through the City's existing communication channels including the Recreation Guide, social media and the City website.
- Identify programs, such as amnesty and vouchers, that encourages pet owners to license and spay/neuter their pets.

ANIMAL SERVICES - CONTINUED

PERFORMANCE MEASURES

	FY17-18	FY18-19	FY19-20
Percentage of Licensed Animals In The City	10%	15%	
Number of Animals Taken To The Shelter	1,914	1,800	
Number of New Policies Adopted and Implemented	n/a	2	
Percentage of Cost Recovery Improvement	10%	10%	
Percentage of City Expenses For Regional Animal Shelter	22.2%	20%	

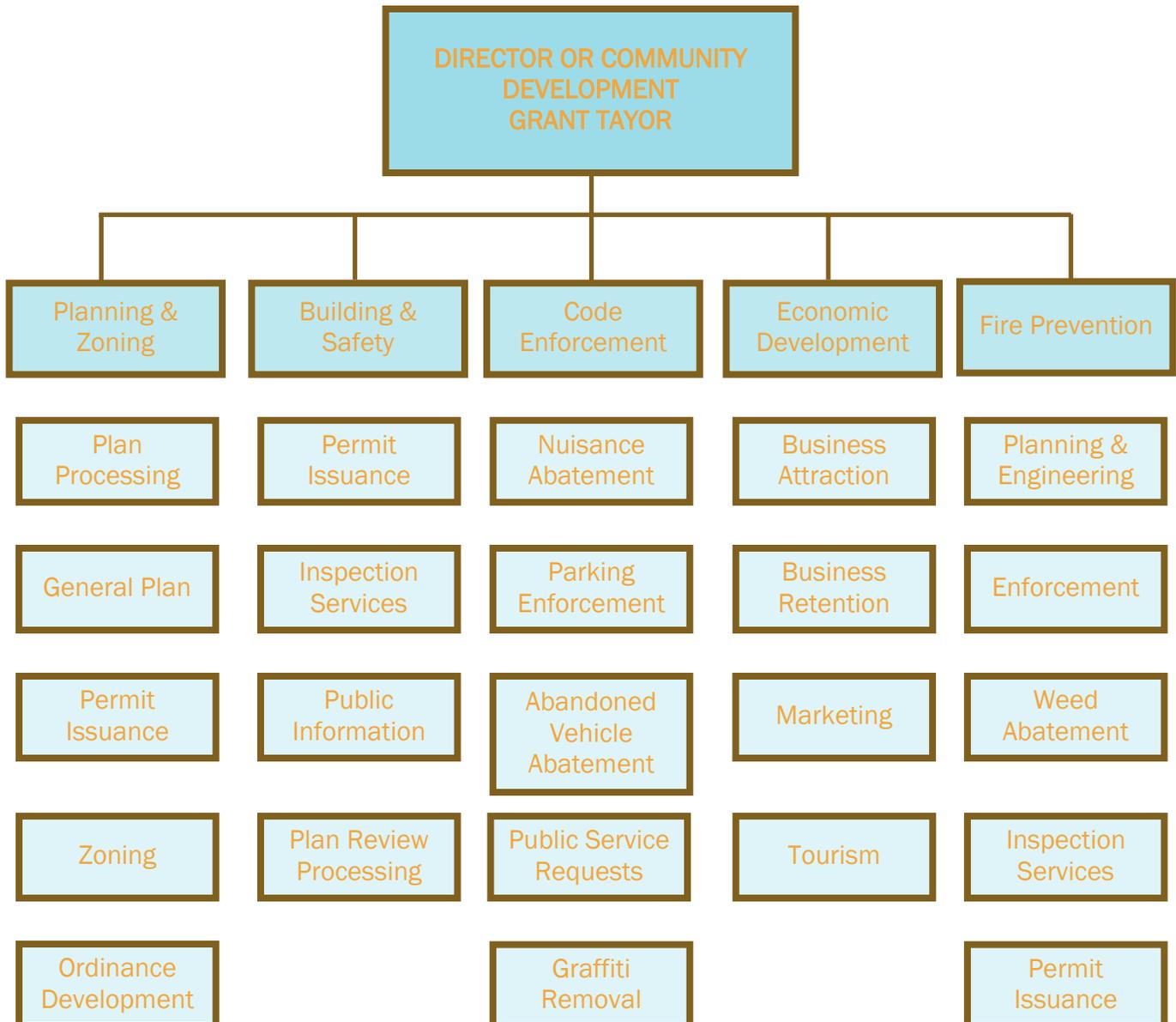


COMMUNITY DEVELOPMENT

MISSION

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

ORGANIZATIONAL CHART



COMMUNITY DEVELOPMENT - CONTINUED

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/D ECREASE</u>	<u>% CHANGE</u>
<u>PLANNING & ZONING</u>					
Salaries & Benefits	\$ 762,423	\$ 886,900	\$ 913,250	\$ 26,350	2.97%
Operations & Maintenance	128,267	34,250	49,500	15,250	44.53%
Charges for Services	254,576	198,540	165,780	(32,760)	-16.50%
Total	<u>\$ 1,145,266</u>	<u>\$ 1,119,690</u>	<u>\$ 1,128,530</u>	<u>\$ 8,840</u>	<u>0.79%</u>
<u>BUILDING & SAFETY</u>					
Salaries & Benefits	\$ 978,630	\$ 1,170,710	\$ 1,239,140	\$ 68,430	5.85%
Operations & Maintenance	534,125	416,180	303,780	(112,400)	-27.01%
Charges for Services	228,643	412,160	288,210	(123,950)	-30.07%
Total	<u>\$ 1,741,398</u>	<u>\$ 1,999,050</u>	<u>\$ 1,831,130</u>	<u>\$ (167,920)</u>	<u>-8.40%</u>
<u>CODE ENFORCEMENT</u>					
Salaries & Benefits	\$ 673,252	\$ 799,106	\$ 842,670	\$ 43,564	5.45%
Operations & Maintenance	17,695	378,046	361,500	(16,546)	-4.38%
Charges for Services	269,865	302,508	218,930	(83,578)	-27.63%
Total	<u>\$ 960,812</u>	<u>\$ 1,479,660</u>	<u>\$ 1,423,100</u>	<u>\$ (56,560)</u>	<u>-3.82%</u>
<u>ECONOMIC DEVELOPMENT</u>					
Salaries & Benefits	\$ 14,505	\$ 12,750	\$ 13,070	\$320	2.51%
Operations & Maintenance	312,278	273,200	279,700	6,500	2.38%
Charges for Services	26,644	5,550	5,160	(390)	-7.03%
Total	<u>\$ 353,427</u>	<u>\$ 291,500</u>	<u>\$ 297,930</u>	<u>\$ 6,430</u>	<u>2.21%</u>
<u>FIRE PREVENTION</u>					
Operations & Maintenance	\$ 370,445	\$ 643,900	\$ 643,900	\$0	0.00%
Charges for Services	76,285	146,560	127,470	(19,090)	-13.03%
Total	<u>\$ 446,730</u>	<u>\$ 790,460</u>	<u>\$ 771,370</u>	<u>\$ (19,090)</u>	<u>-2.42%</u>

COMMUNITY DEVELOPMENT - CONTINUED

PERSONNEL ALLOCATION

	<u>AUTHORIZED FY18-19</u>	<u>CHANGES</u>	<u>AUTHORIZED FY19-20</u>
<u>PLANNING COMMISSION</u>			
Planning Commissioner - PT	5.00	-	5.00
Total	<u>5.00</u>	<u>-</u>	<u>5.00</u>
<u>PLANNING & ZONING</u>			
Director of Community Development	0.40	-	0.40
Assistant Director of Community Development	1.00	-	1.00
Planning Manager	1.00	-	1.00
Senior Planner	1.00	-	1.00
Associate Planner	1.00	-	1.00
Community Development Technician	2.00	-	2.00
Office Specialist III	1.00	-	1.00
Total	<u>7.40</u>	<u>-</u>	<u>7.40</u>
<u>BUILDING & SAFETY</u>			
Director of Community Development	0.50	-	0.50
Building & Safety Manager	1.00	-	1.00
Senior Building Inspector	1.00	-	1.00
Building Inspector	1.00	-	1.00
Building Inspector - PT	1.00	-	1.00
Senior Community Development Technician	1.00	-	1.00
Community Development Technician	1.00	-	1.00
Office Specialist III	1.00	-	1.00
Total	<u>7.50</u>	<u>-</u>	<u>7.50</u>
<u>CODE ENFORCEMENT</u>			
Director of Community Development	0.05	-	0.05
Code Enforcement Administrator	1.00	-	1.00
Code Enforcement Officer II	2.00	-	2.00
Code Enforcement Officer I	3.00	-	3.00
Community Development Technician II	1.00	-	1.00
Total	<u>7.05</u>	<u>-</u>	<u>7.05</u>
<u>ECONOMIC DEVELOPMENT</u>			
Director of Community Development	0.05	-	0.05
Total	<u>0.05</u>	<u>-</u>	<u>0.05</u>

COMMUNITY DEVELOPMENT - CONTINUED

ACCOMPLISHMENTS - PLANNING & ZONING

- Completed the East Lake Specific Plan Update
- Completed the Downtown Specific Plan Update
- Adoption of the Historic Ordinance
- Adoption of Streamlining code amendments
- Continue to streamline entitlement applications.
- Review and comments on Valley Ivyglen/Alberhill Substations EIR.
- Entitled 10 Cannabis Facilities
- Completed processing of key planning projects including Fairway Industrial Park Phase 2, Kassab Travel Center, Honda Dealership, Modifications to the Diamond Sports Complex, Ness Industrial Park, Nichols Road Annexation, Summit Annexation, Circle K, Cemetery Building, Alberhill Villages Specific Plan, Westlake Residential, and multiple single family residences.

GOALS - PLANNING & ZONING

- Review and Revisit General Plan.
- Prepare Code Amendments to update District Standards and Residential and Non Residential development standards.
- Update the CEQA processing guidelines
- Develop policies on a standardize manner to process LEAP applications and CEQA processes.
- Develop a comprehensive records storage system (digital and physical) in collaboration with the Clerk's office and IT.
- Final EIR Comments and Actions on Valley Ivyglen/Alberhill Project.
- Complete Processing of key planning projects to include: Nichols Ranch, Alberhill mapping modifications, Lakeshore Town Center, Sky Temple Memorial, and Lake Street RV Storage,
- Continue to streamline application processes.
- Continue to provide efficient, effective and excellent customer services.

COMMUNITY DEVELOPMENT - CONTINUED

PERFORMANCE MEASURES - PLANNING & ZONING

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Resolutions Adopted Related To Zoning and Development Applications	100	120	100
Current Planning Applications Processed	75	90	75
Advance Planning Applications Processed	10	8	5
Over-The-Public Counter Permit Approvals	125	150	200
Landscaping Plans Received, Plan Checked and Approved	60	45	50
Number of Pre-Application Meetings Scheduled	15	20	25
Percent of All Customer Requests Responded To Within 1 Working Day	75%	75%	75%
Issue All Comment Letters Within 30 Days of Receipt of Application	100%	100%	100%

COMMUNITY DEVELOPMENT - CONTINUED

ACCOMPLISHMENTS - BUILDING & SAFETY

- Increased staff levels at counter with a counter tech, added full time Contract Building Inspector.
- Maintaining Laser fiche scanning of Building Plans and Permits.
- Receivership program in full operation.
- Updated staff with latest technology and computer systems.
- Improved reports system and permitting through EnerGov.
- Inspections now able to be scheduled through the web site.
- Removed Pioneer Lumber through the Structure and Abatement and Receivership programs.

GOALS - BUILDING & SAFETY

- Continue to work with all departments through the EnerGov system for fees, reports and approvals.
- Continue to cross train Code, Building and Fire.
- Provide electronic access of archived plans and documents to the public through the internet using Laser fiche and schedule building permits through the web site and EnerGov.
- Remove the Ambassador Hotel the Structure Abatement and Receivership Programs.
- Provide education and training for staff.
- Addressing grid system for assignment of new addresses.
- Increased use of the Energov's online permitting submittal process for plan checks
- Increased functionality of the Energov system
- Further streamlining of the Building permitting process

COMMUNITY DEVELOPMENT - CONTINUED

PERFORMANCE MEASURES - BUILDING & SAFETY

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Total Building Permits Issued	5,760	2,500	3,000
Number of Inspections Performed	20,870	18,520	15,000
Number of Initial Plan Reviews Completed	958	1160	1000
Percentage of Initial Plan Re-Reviews Completed within 10 Working Days	100%	100%	100%
Number of Residential Plan Reviews Completed	905	750	500
Percentage of Residential Plan Re-Reviews Completed within 7 Working Days	100%	100%	100%
Number of Commercial Plan Reviews Completed	53	50	75
Percentage of Commercial Plan Re-Reviews Completed within 10 Working Days	100%	100%	100%
Number of Certificates of Occupancy Inspections Performed	108	100	100

COMMUNITY DEVELOPMENT - CONTINUED

ACCOMPLISHMENTS - CODE ENFORCEMENT

- Proactive approach to transient camp nuisance abatement
- Worked as part of a regional task force to address the transient issues within the City
- Successfully utilized City Prosecutors office to abate nuisance properties through receivership
- Use Cal-Recycle grant (\$277,000) to offset cost of transient camp abatements
- Graffiti removed within 24 hours of reporting
- Added an additional Code Enforcement Officer/Park Ranger
- Promoted Graffiti Technician to Code Enforcement Officer
- Successfully implemented the new shopping cart ordinance to hold stores accountable

GOALS - CODE ENFORCEMENT

- Continue to provide excellent customer service
- Continue working relationships with the Sheriff's Department and other outside agencies (SWAG, Mental Health) to address ongoing transient issues in the City
- Implement new alarm ordinance and provide feedback regarding progress
- Increase Abandoned Vehicle Abatement activity to utilize available funding
- Provide more opportunities to educate the public on code enforcement procedures (HOA's, Neighborhood Watch, Crime Free Multi Housing)
- Hire additional staff to handle the increase in residential parking control (street sweeping)

COMMUNITY DEVELOPMENT - CONTINUED

PERFORMANCE MEASURES - CODE ENFORCEMENT

	FY17-18	FY18-19	FY19-20
Number of Houses Placed in Structure Abatement	5	5	5
Number of Nuisance Cases Processed	1,900	2,000	1,600
Number of Nuisance Cases Resolved	1,800	1,900	1,500
Number of Nuisance Abatement Hearings held	0	0	0
Number of Citation Hearings Held	48	60	60
Code Enforcement Concerns Responded to	100%	100%	100%
Percent of Resource Information Available To	100%	100%	100%
Number of Closed Cases	1,900	2,000	1,600

COMMUNITY DEVELOPMENT - CONTINUED

ACCOMPLISHMENTS - ECONOMIC DEVELOPMENT

- Represented the City at two ICSC Conferences.
- Represented the City at two Fred Hall Shows.
- Provided assistance to 40 Lake Elsinore businesses.
- Create new marketing handouts.
- Worked with Discover IE/Visit California to promote Lake Elsinore.
- Represented the City at EDC and EDA events
- Developed a quarterly meeting system to coordinate Economic Development Activities amongst different staff members.

GOALS - ECONOMIC DEVELOPMENT

- Work closely with the Chamber of Commerce and other economic development organizations to further economic development opportunities in the City and media.
- Represent Lake Elsinore at Economic Development/Tourism Trade Shows.
- Work closely with the Economic Development Coalition to further economic development and business attraction retention in Western Riverside County.
- Pursue development and implementation of a Tourist Business Improvement District.
- Provide meetings and tours to prospective businesses.
- Expand staffing to accommodate added responsibilities, conduct all state mandated inspections and prepare for the extremely large volume of development while maintaining a very high level of customer service.
- Implementation plan for Economic Development strategies
- Participate in the Vision 2040 process

COMMUNITY DEVELOPMENT - CONTINUED

PERFORMANCE MEASURES - ECONOMIC DEVELOPMENT

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of General Requests	125	125	125
Number of Local Site Visits	12	12	12
Number of Trade Show/Business Attraction Events	5	5	5
Number of Media, Networking Events, Speaking	30	30	30
Number of Ads Placed	8	8	8
Companies Assisted in Conjunction With The	12	12	12
Membership in Economic Development Related	7	7	7

COMMUNITY DEVELOPMENT - CONTINUED

ACCOMPLISHMENTS - FIRE PREVENTION

- Continue the refinement of the EnerGov System and processes in coordination with our roll out person.
- Improved the Energov records management system fro the hazardous vegetation abatement program processes.
- Improved and utilized the mobile interface module of the EnerGov system (using iPads) to expedite the hazardous vegetation abatement inspections.
- Reduced program costs of the hazardous vegetation and abatement program by improving the inspection and administration efficiency.
- Initiated the expansion of the annual fire inspection program to include State Fire Marshal mandated facilities.
- Initiated the joint Fire Safety Specialist position with the of Wildomar

GOALS - FIRE PREVENTION

- Continue to evaluate Fire Planning Processes and refine to provide comprehensive customer service (conducted in coordination with local stakeholders). Including form creation, plan intake processes, and inspection procedures. This is an ongoing process.
- Continue to develop and refine forms, process, procedures, and improve the Fire website.
- Continue to implement the State Fire Marshal mandated inspections
- Continue implementation of a joint Fire Safety Specialist position with the City of Wildomar
- Improve the permit tracking process and permit issuance process to improve efficiency
- Reduce operating costs and compliance for the hazardous vegetation and abatement program.

COMMUNITY DEVELOPMENT - CONTINUED

PERFORMANCE MEASURES - FIRE PREVENTION

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Businesses Inspected	235	250	20
Number of Plan Checks	129	90	120
Number of Fire Planning Reviews	75	85	90
Number of Fire Construction Inspections	4,332	4,400	4,410
Number of School/Day Care Facility Inspections	40	40	45
Number of Special Events/Fireworks Inspections	18/12	18/12	27/13
Hazardous Vegetation Abatement Cases Created	1,380	400	450
Voluntary Compliance	1,172	353	400
Enforcement Action Taken	208	47	50

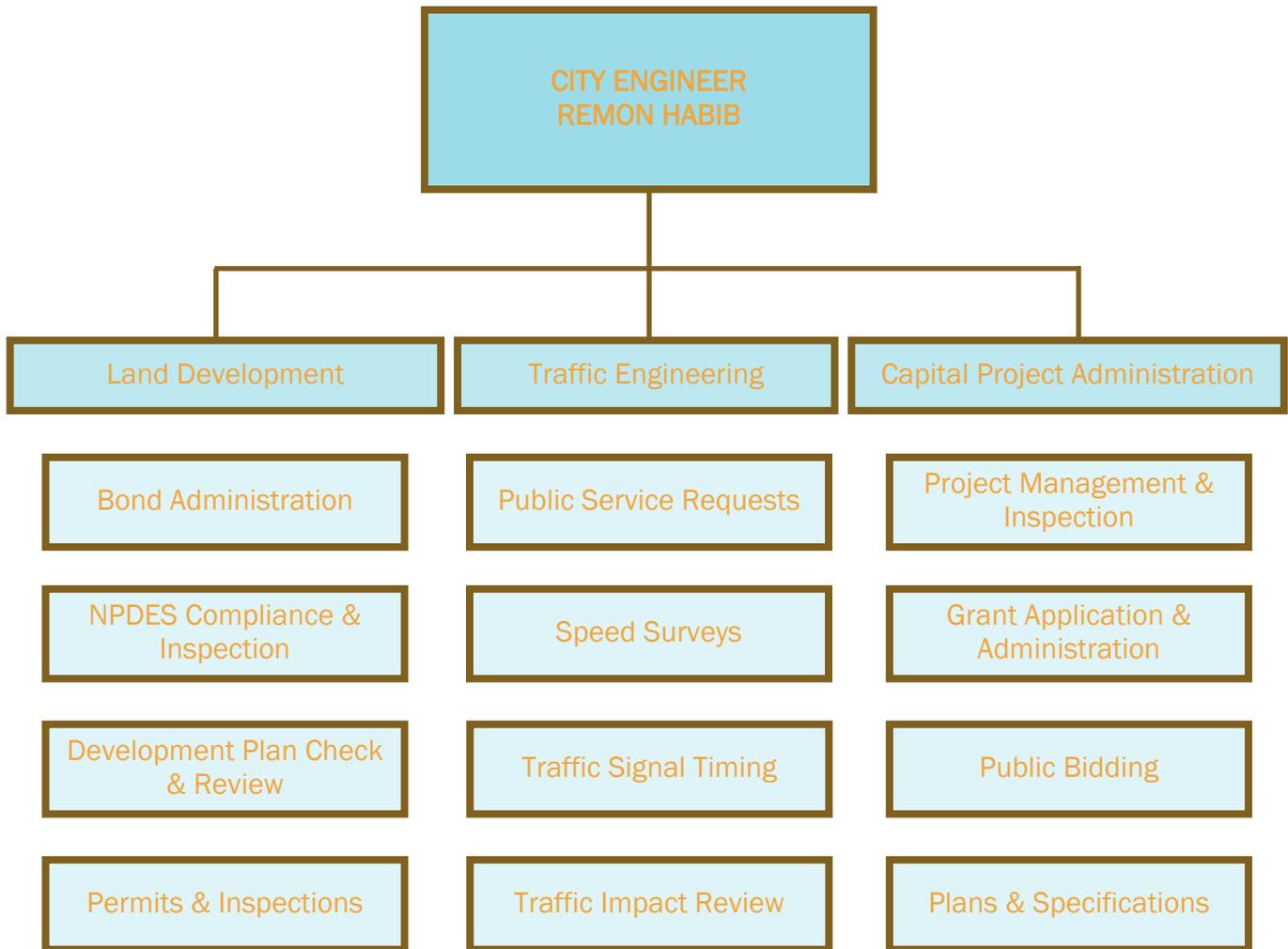


ENGINEERING

MISSION

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

ORGANIZATIONAL CHART



ENGINEERING - CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	% CHANGE
<u>ENGINEERING</u>					
Salaries & Benefits	\$ 1,228,109	\$ 1,445,170	\$ 1,481,510	\$ 36,340	2.51%
Operations & Maintenance	497,924	566,120	644,860	78,740	13.91%
Charges for Services	237,006	247,110	229,280	(17,830)	-7.22%
Total	\$ 1,963,039	\$ 2,258,400	\$ 2,355,650	\$ 97,250	4.31%

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
<u>ENGINEERING</u>			
City Engineer	1.00	-	1.00
Senior Civil Engineer	2.00	-	2.00
Engineering Inspector	2.00	-	2.00
Senior Engineer Technician	3.00	-	3.00
Office Specialist II - PT	1.00	-	1.00
Total	9.00	-	9.00

ACCOMPLISHMENTS

- Completed requirements of the NPDES and FEMA annual reporting process.
- Awarded construction contract for the Camino Del Norte/Canyon Estates Drive project.
- Completed SB1 Graham Avenue Pavement Rehabilitation.
- Completed SB 821 Main Street Bike Lane Striping Project.
- Completed construction for Third St. Drainage Improvement Phase II.
- Completed the SB 821 Lakeshore Drive Sidewalk Project.
- Completed the construction of the City Parking Facility across from the Cultural Center.
- Started construction for the Railroad Canyon Road Widening Project.
- Completed the SB 821 Mission Trail Bike Lane Striping Project.
- Completed the SB 821 Machado Street Bike Lane Striping Project.
- Securing additional funding/grants for ongoing projects.
- Completed PA & ED for I-15/Franklin Street Interchange Phase II project.
- Completed PA & ED for I-15/Railroad Canyon Ultimate Interchange Phase I project.
- Started PA&ED Phase of I15/Central Ave Interchange Improvements Project.
- Started PS&E Design Phase of the new Temescal Bridge Project.

ENGINEERING - CONTINUED

GOALS

- Facilitate development activity by continuing to implement efficient processing procedures.
- Continue to improve responsiveness to resident concerns.
- Continue productive working relationships with Caltrans, RCTC, County of Riverside HHW and WRCOG.
- Continue to work with CR&R on business education for mandatory commercial recycling program and mandatory organics recycling .
- Update Construction Standards, including Engineering Department information/forms on the City's website.
- Maintain National Flood Insurance Program (NFIP) discounts for property owners within the City by implementing various NEMA/NFIP activities.
- Ensure completion of Capital Improvement Projects in a cost-effective and timely manner.

PERFORMANCE MEASURES

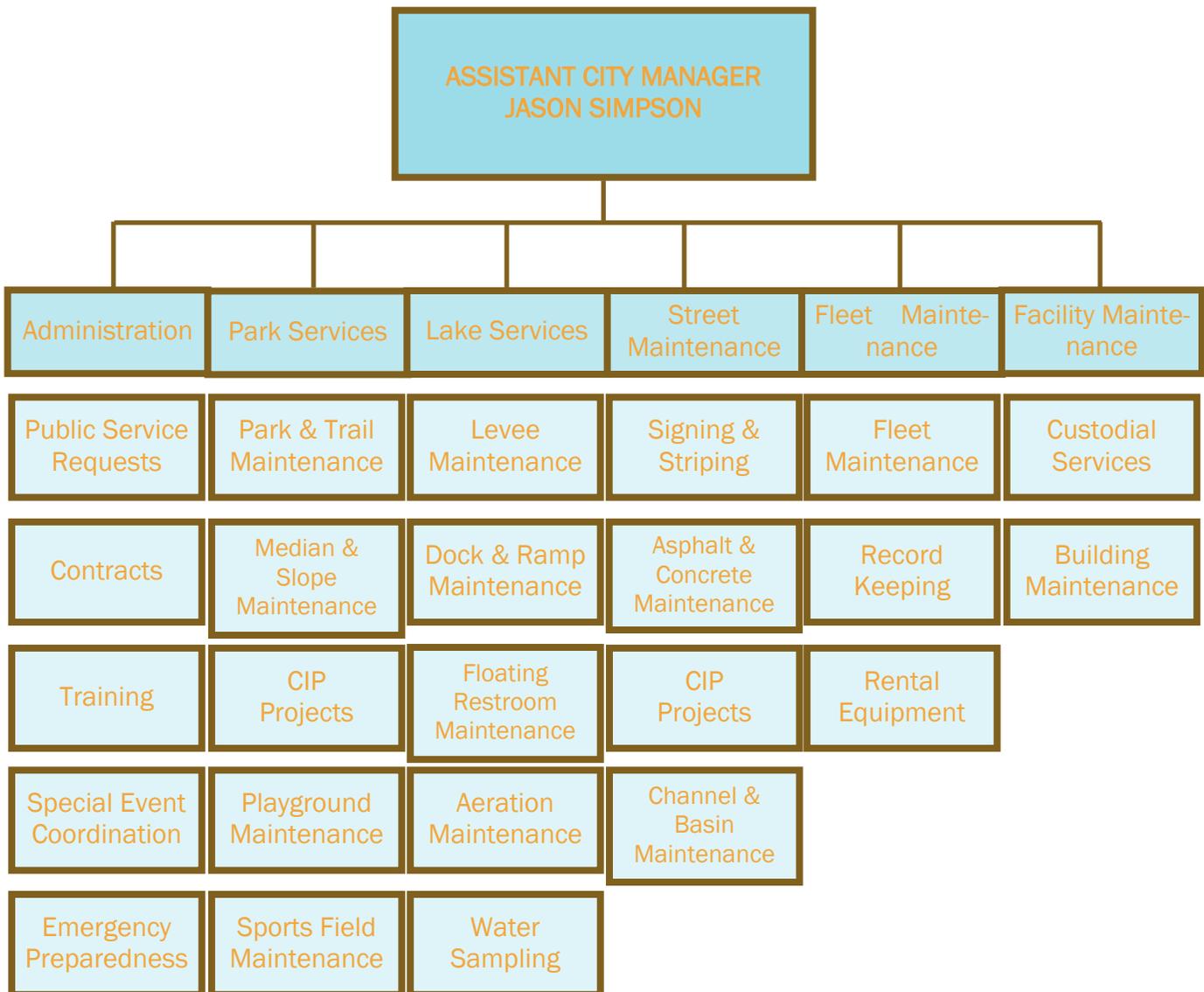
	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Capital Improvement Projects (CIP) Completed	7	9	11
CIP In Planning and/or Design	10	16	19
Grading Plan Checks and Issuance of Grading Permits	50	28	32
Street Improvement Plan Checks For Private Development and Issuance of Permits	200	106	118
Final Maps	11	7	8
Engineering Building Permits Releases	315	238	255
Number of Notices Mailed	312	312	312
Number of Flood Zone Inquiries and Determinations	10	10	10
Number of Site Inspections	274	313	313
Number of Water Quality Complaints Investigated	23	14	12
Number of Hours For Record Keeping	1,430	1,760	1,812
Number of Hours For New Project, Event Review, and Conditioning	208	208	208

PUBLIC WORKS

MISSION

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

ORGANIZATIONAL CHART



PUBLIC WORKS- CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/DE CREASE	% CHANGE
<u>ADMINISTRATION</u>					
Salaries & Benefits	\$ 1,457,380	\$ 1,569,090	\$ 1,704,970	\$ 135,880	8.66%
Operations & Maintenance	220,397	339,700	269,400	(70,300)	-20.69%
Charges for Services	1,054,480	901,130	820,620	(80,510)	-8.93%
Total	<u>\$ 2,732,257</u>	<u>\$ 2,809,920</u>	<u>\$ 2,794,990</u>	<u>\$ (14,930)</u>	<u>-0.53%</u>
<u>PARK MAINTENANCE</u>					
Salaries & Benefits	\$ 602,678	\$ 961,930	\$ 999,510	\$ 37,580	3.91%
Operations & Maintenance	1,628,878	1,555,000	1,742,000	187,000	12.03%
Total	<u>\$ 2,231,556</u>	<u>\$ 2,516,930</u>	<u>\$ 2,741,510</u>	<u>\$ 224,580</u>	<u>8.92%</u>
<u>LAKE MAINTENANCE</u>					
Salaries & Benefits	\$ 186,394	\$ 251,900	\$ 261,070	\$ 9,170	3.64%
Operations & Maintenance	1,084,990	1,036,620	1,032,960	(3,660)	-0.35%
Total	<u>\$ 1,271,384</u>	<u>\$ 1,288,520</u>	<u>\$ 1,294,030</u>	<u>\$ 5,510</u>	<u>0.43%</u>

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
<u>ADMINISTRATION</u>			
General Services Manager	1.00	(1.00)	-
Public Works Manager	-	1.00	1.00
Public Works Superintendent	1.00	-	1.00
Public Works Supervisor	1.00	-	1.00
Administrative Assistant	1.00	-	1.00
Office Specialist III	1.00	-	1.00
Equipment Operator	1.00	-	1.00
Maintenance Worker II	1.00	-	1.00
Maintenance Worker I	6.00	(1.00)	5.00
Total	<u>13.00</u>	<u>(1.00)</u>	<u>12.00</u>
<u>PARKS MAINTENANCE</u>			
Public Works Supervisor	1.00	-	1.00
Lead Worker	-	1.00	1.00
Equipment Operator	1.00	(1.00)	-
Maintenance Worker II	3.00	1.00	4.00
Maintenance Worker I	4.00	(1.00)	3.00
Total	<u>9.00</u>	<u>-</u>	<u>9.00</u>
<u>LAKE SERVICES</u>			
Maintenance Worker II	1.00	-	1.00
Maintenance Worker I	1.00	-	1.00
Total	<u>2.00</u>	<u>-</u>	<u>2.00</u>

PUBLIC WORKS- CONTINUED

ACCOMPLISHMENTS – ADMINISTRATION

- Support staff development training /workshops
- Successful execution of EOC operations during 2018/19 Emergency Events
- Conducted Annual Public Works Week and supported various special events and programs

GOALS – ADMINISTRATION

- Attend County EMD meetings
- Participate in County-wide Disaster Exercise
- Provide responsive and professional support and service to the residents, business community, and other City Departments
- Return citizen calls within 24 hours
- Improved the processing of invoices by setting a two-week deadline for processing
- Improve the CERT registration process
- Improve the processing of claims requesting restitution cost

PERFORMANCE MEASURES - ADMINISTRATION SERVICES

	FY17-18	FY18-19	FY19-20
Average Citizen Calls Processed per Day	50	50	50
Number of Public Works Contracts Administered	51	59	59
Number of CIP Projects Completed	4	5	6
Number of Trainings Completed	3	10	10
Number of CERT Classes Held	4	1	1

PUBLIC WORKS- CONTINUED

ACCOMPLISHMENTS – STREETS & FACILITIES

- Continue effective preventative signal/communication equipment maintenance program to minimize equipment failures
- Collaborate with Riverside County on city-wide signal inventory
- Implement several maintenance programs including; crack sealing, concrete removal & replacement, pothole repairs and drainage maintenance to reduce costs
- Finalize retrofitting City owned street lights from high pressure sodium to LED
- Paved Wise St, Ames Ave, Allis St and Brown St.
- Cleaned and repaired Beales St drain that was non-operational
- Installed fencing around employee parking lot
- Public Works Administration office building reroofed
- Installed K-rail around Mill St / Avenue 7 lot to keep school traffic off private lots and damaging drainage flow
- Implemented an EOC operation plan for street closures and K-rail installation to protect homes and schools when potential major flooding is predicted
- Install exterior solar lighting at Public Works Yard

GOALS – STREETS & FACILITIES

- Hire on additional help to implement a drain crew
- Acquire a Vactor truck for the drain crew
- Have a front-end blade mounted to City owned dump truck to help clear road shoulders of minor debris
- Establish a contract for roof maintenance. This would consist of quarterly inspections with tracking of conditions found during inspections with suggested repairs
- Implement a maintenance for all HVAC Units with tracking for work completed by City Staff

PERFORMANCE MEASURES - STREETS SERVICES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Repaired Potholes	665	739	665
Cleared Illegal Dumping	719	623	600
Repair Citywide Signs	408	252	250
Removed Rain Runoff Material (Cubic Yards)	159	205	200

PUBLIC WORKS- CONTINUED

ACCOMPLISHMENTS - PARK SERVICES

- Fitness Trails: Lakepoint Park, Levee, Alberhill Park, Canyon Hill
- Install bird deterrent mesh at the Alberhill restroom facility
- Installed 16 shade structures over the gardening plots at the Rosetta Canyon Community Park garden
- Installed cement slab and constructed a shed for the Rosetta Park Community Garden
- Installed artificial turf around the Serenity Dog Park play structures, and around the palm trees at Rosetta Sports park
- Installed homerun fence topper at Tuscany Hills Park
- Trenched and installed electrical conduit and wiring to repair pathway lighting at Rosetta Park
- Install water shut off valves at Rosetta Sports Park to isolate water breaks and allow play to continue

GOALS - PARK SERVICES

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

PERFORMANCE MEASURES - PARK SERVICES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Park Sites Energy Efficiency Lighting Upgrades	1	3	5
Number of Trees Trimmed in Parks, Slopes & Medians	2,500	2,500	2,600
Number of City Park Rehabilitation Projects	2	1	2

PUBLIC WORKS- CONTINUED

ACCOMPLISHMENTS - LAKE SERVICES

- Replaced all channel markers at La Laguna and West Marina
- Widened levee entrance to allow for wheelchair access
- Install benches along the levee
- Built enclosures around the levee portable restrooms to protect them from the weather and improve the look of the levee
- Replaced no wake buoys with large more visible no wake buoys

GOALS - LAKE SERVICES

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

PERFORMANCE MEASURES

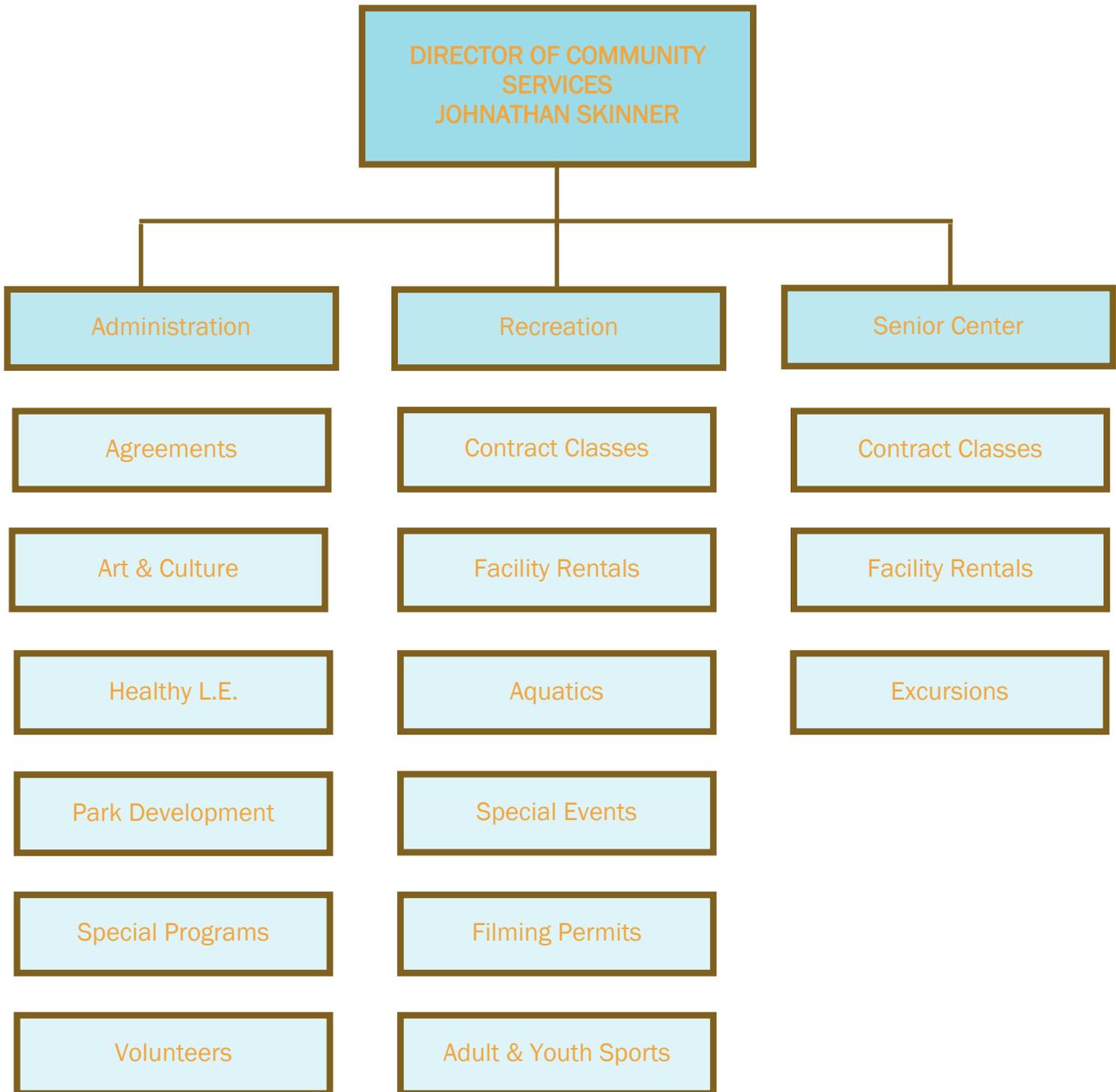
	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Buoys Replaced	70	70	50
Number of Lake Signs Replaced	100	150	150

COMMUNITY SERVICES

MISSION

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

ORGANIZATIONAL CHART



COMMUNITY SERVICES - CONTINUED

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/D ECREASE	% CHANGE
<u>ADMINISTRATION</u>					
Salaries & Benefits	\$ 425,397	\$ 568,990	\$ 580,440	\$ 11,450	2.01%
Operations & Maintenance	72,502	40,770	38,020	(2,750)	-6.75%
Charges for Services	167,998	153,730	148,250	(5,480)	-3.56%
Total	<u>\$ 665,897</u>	<u>\$ 763,490</u>	<u>\$ 766,710</u>	<u>\$ 3,220</u>	<u>0.42%</u>
<u>RECREATION</u>					
Salaries & Benefits	\$ 421,828	\$ 665,930	\$ 567,830	\$ (98,100)	-14.73%
Operations & Maintenance	345,651	563,300	542,050	(21,250)	-3.77%
Charges for Services	292,117	283,120	213,230	(69,890)	-24.69%
Total	<u>\$ 1,059,596</u>	<u>\$ 1,512,350</u>	<u>\$ 1,323,110</u>	<u>\$ (189,240)</u>	<u>-12.51%</u>
<u>SENIOR CENTER</u>					
Salaries & Benefits	\$ 110,297	\$ 213,690	\$ 270,540	\$ 56,850	26.60%
Operations & Maintenance	43,616	60,330	60,930	600	0.99%
Charges for Services	106,879	199,010	218,070	19,060	9.58%
Total	<u>\$ 260,792</u>	<u>\$ 473,030</u>	<u>\$ 549,540</u>	<u>\$ 76,510</u>	<u>16.17%</u>
<u>LAUNCH POINTE</u>					
Operations & Maintenance	\$ 485,529	\$ -	\$ -	\$ -	n/a
Charges for Services	55,382	-	-	-	n/a
Total	<u>\$ 540,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>n/a</u>
<u>NEIGHBORHOOD CENTER</u>					
Salaries & Benefits	\$ -	\$ -	\$ 342,420	\$ 342,420	n/a
Operations & Maintenance	-	-	129,000	129,000	n/a
Charges for Services	-	-	85,520	85,520	n/a
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,940</u>	<u>\$ 556,940</u>	<u>n/a</u>

COMMUNITY SERVICES - CONTINUED

PERSONNEL ALLOCATION

	AUTHORIZED FY18-19	CHANGES	AUTHORIZED FY19-20
<u>ADMINISTRATION</u>			
Director of Community Services	1.00	-	1.00
Management Analyst	1.00	-	1.00
Volunteer Coordinator - PT	1.00	(1.00)	-
Office Specialist III	1.00	-	1.00
Intern	-	1.00	1.00
Total	4.00	-	4.00
<u>RECREATION</u>			
Recreation Supervisor	1.00	-	1.00
Special Events Coordinator	1.00	-	1.00
Recreation Specialist	-	1.00	1.00
Recreation Specialist - PT	3.00	(2.00)	1.00
Recreation Leader - PT	4.00	(2.00)	2.00
Recreation Aide - PT	11.00	(5.00)	6.00
Aquatics Program Coordinator - PT	1.00	-	1.00
Water Safety Instructor - PT	9.00	-	9.00
Total	30.00	(8.00)	22.00
<u>SENIOR CENTER</u>			
Community Services Coordinator	1.00	-	1.00
Volunteer Coordinator	-	1.00	1.00
Recreation Specialist - PT	2.00	-	2.00
Recreation Leader - PT	1.00	-	1.00
Recreation Aide - PT	1.00	-	1.00
Total	5.00	1.00	6.00
<u>LAUNCH POINTE</u>			
General Manager	-	1.00	1.00
Custodian	1.00	-	1.00
Total	1.00	1.00	2.00
<u>NEIGHBORHOOD CENTER</u>			
Recreation Superintendent	-	1.00	1.00
Recreation Specialist - PT	-	1.00	1.00
Recreation Leader - PT	-	2.00	2.00
Recreation Aide - PT	-	5.00	5.00
Total	-	9.00	9.00

COMMUNITY SERVICES - CONTINUED

ACCOMPLISHMENTS - ADMINISTRATION

- Celebrated the City's 130th Anniversary Celebration
- Developed successful active military banner program with over 27 banners.
- Started the initial phases of the Active LE Plan, the City's Active Transportation/Commuter Based Access Plan by conducting outreach, surveys, and an existing conditions analysis.
- Launched the successful community garden program and sold out of plots.
- Installed six fitness trails throughout the city, supporting the Healthy LE initiative.
- Assisted with celebrations for 25th Season of Lake Elsinore Storm Baseball and 10th Anniversary for Links at Summerly.
- Developed and coordinated the administration of the Carl Graves Scholarship Fund.
- Developed a business incentive program to encourage healthy alternatives and healthy living for customers throughout the for-profit community.
- Developing quality monthly Healthy LE videos that will be effectively distributed for viewing.
- Replacement of the original 23+ year old McVicker Skate Park facility.
- Improved holiday lighting experience.
- Rehabilitation of the Old Sheriff Station into a Community Center to increase the classes and programs for the community.
- Awarded \$1.19 Million through the Urban Greening Grant for the Downtown Active Transportation and Urban Greening Project.
- Updated Community Services Department Book of Knowledge full of answers frequently asked questions in order to share with other departments and improve customer service.

GOALS - ADMINISTRATION

- Develop 5-Year Strategic Plan for the Community Services Department
- Expand arts and culture programming, events, and facility development and develop Public Art Policy to promote art and provide foundation for public art review.
- Expand outreach efforts regarding the Healthy LE initiative.
- Develop the Downtown Active Transportation and Urban Greening Project.
- Further promote and consider development of additional community gardens in the City.

COMMUNITY SERVICES - CONTINUED

GOALS - ADMINISTRATION - CONTINUED

- Further develop and strategize implementation of the Active LE Plan.
- Develop wayfinding signage template and implement for lake signage.
- Continue to creative recognize our active duty military and veterans.
- Improve marketing strategy for all programs, events, and services.
- Find solutions to develop the remaining portion of the Murrieta Creek Regional Trail Connection between Palomar Street and the Levee Trail.
- Seek Alternative revenue sources through grants, stimulus funding, and fees.

PERFORMANCE MEASURES - ADMINISTRATION

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Arts and Culture Programs and Events	2	1	5
Community Garden Plots	16	16	32
Active Military Banners	27	8	10
Awards	0	1	2
Grants	1	2	2

ACCOMPLISHMENTS - RECREATION

- Promoted the department on Recreation Facebook page with over 50,000 unique users.
- Successful Halloween event, moving to Historic Main street with over 3,000 residents in attendance.
- Received sponsorship from Target to improve Movies in the Park, increased attendance to over 1600 residents.
- Instructed over 400 youth and adults in learn-to-swim instruction.
- Received \$150,000 support from SCAG and hosted GoHuman event at Dia de los Muertos.
- Hosted new 4th of July program with bike parade and over 500 in attendance.
- Permitted 154 picnic shelter reservations.

COMMUNITY SERVICES - CONTINUED

GOALS - RECREATION

- Provide quality recreation experiences to individuals, families, and the community.
- Build partnerships and collaborations to enhance and expand service to the community.
- Open old county building and host recreation classes.
- Implement event, park user, and facility use survey.
- Develop staff through training and involvement in professional organizations to establish leaders.
- Implement picnic shelter reservation fee.
- Begin Park Monitor program assisting users in parks on evenings and weekends.

PERFORMANCE MEASURES - RECREATION

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of Private Rentals Held At The Cultural Center *External	50	52	13
Community Meetings At The Cultural Center	122	120	146
Special Event Applications Processed	10	30	32
Community Events	10	10	12
Co-Sponsored Events	20	9	9
Filming Permits	15	15	17
Rentals	18	18	22
Number of Classes Offered	400	400	450
Number of Class Participants	2,000	2,200	4,721
Community Center Users	45,000	45,000	48,000
Community Meetings	10	10	10

COMMUNITY SERVICES - CONTINUED

ACCOMPLISHMENTS - SENIOR CENTER

- Hosted the first Mother's Day Tea with six different flavors of teas, tea sandwiches and salad. Gave a special gift to the mothers that attended, as a small token of our appreciation. The event was sold out and had a waitlist. Had quite a few compliments from the participants.
- Expanded on what already is a successful program, by opening more spots to participate and getting more creative with crafts. Now have canvas painting, tile painting, rock painting, mug building and creating, painting a plate, jewelry making, etc. Currently expanding participation from 6-8 to 10-15. Charging material fees to get closer to breaking even. Having an art project at least once or twice a week.
- In August 2018, the Senior Center started a partnership with VCC here in Lake Elsinore. Now do quarterly site visits where the seniors can learn about all of the services VCC offers. They sponsor monthly blood pressure and glucose screenings, as well as, monthly doctor talks on various educational topics. And have added a full Senior Health article for our Senior Scoop. Giving the seniors as much senior information as possible.

GOALS - SENIOR CENTER

- The Senior Center and Planet Youth are planning teaming together to bridge the generation gap between seniors and youth. Bringing the two facilities together so the kids and seniors can learn from each other in all aspects of life, such as technology, general skills like knitting or learning recipes, and just learning about and respecting each other's generations.
- Creating a new walking group, where staff will monitor each mile the participant's walks and will work with each participant to set up individual goals. When each goal is met the participant will receive a prize or incentive to keep up the exercise. Also plan on utilizing the parks throughout the city. Once a month or once every other month we would like to take a trip to the various parks and walk there instead of the same park day after day.
- Increase overall participation in activities, lunch and programs

PERFORMANCE MEASURES - SENIOR CENTER

	FY17-18	FY18-19	FY19-20
Offer Health Education & Screenings Per Year	55	48	48
Number of Private Rentals	12	23	25
Average Daily Program Attendance	65	67	70
New Programs and Classes	8	8	8



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LAKE ELSINORE, CA

NON-DEPARTMENTAL

MISSION

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

EXPENDITURES BY CATEGORY

	FY16-17 <u>ACTUALS</u>	FY17-18 <u>ADOPTED</u>	FY18-19 <u>REQUESTED</u>	INCREASE/ DECREASE	% CHANGE
<u>NON-DEPARTMENTAL</u>					
Salaries & Benefits	\$ 694,779	\$ 692,500	\$ 676,570	\$ (15,930)	-2.30%
Operations & Maintenance	850,209	264,200	130,000	(134,200)	-50.79%
Debt Service	1,425,763	1,701,938	1,128,100	(573,838)	-33.72%
Transfer Out	1,113,319	542,600	542,600	-	0.00%
Total	<u>\$ 4,084,070</u>	<u>\$ 3,201,238</u>	<u>\$ 2,477,270</u>	<u>\$ (723,968)</u>	<u>-22.62%</u>



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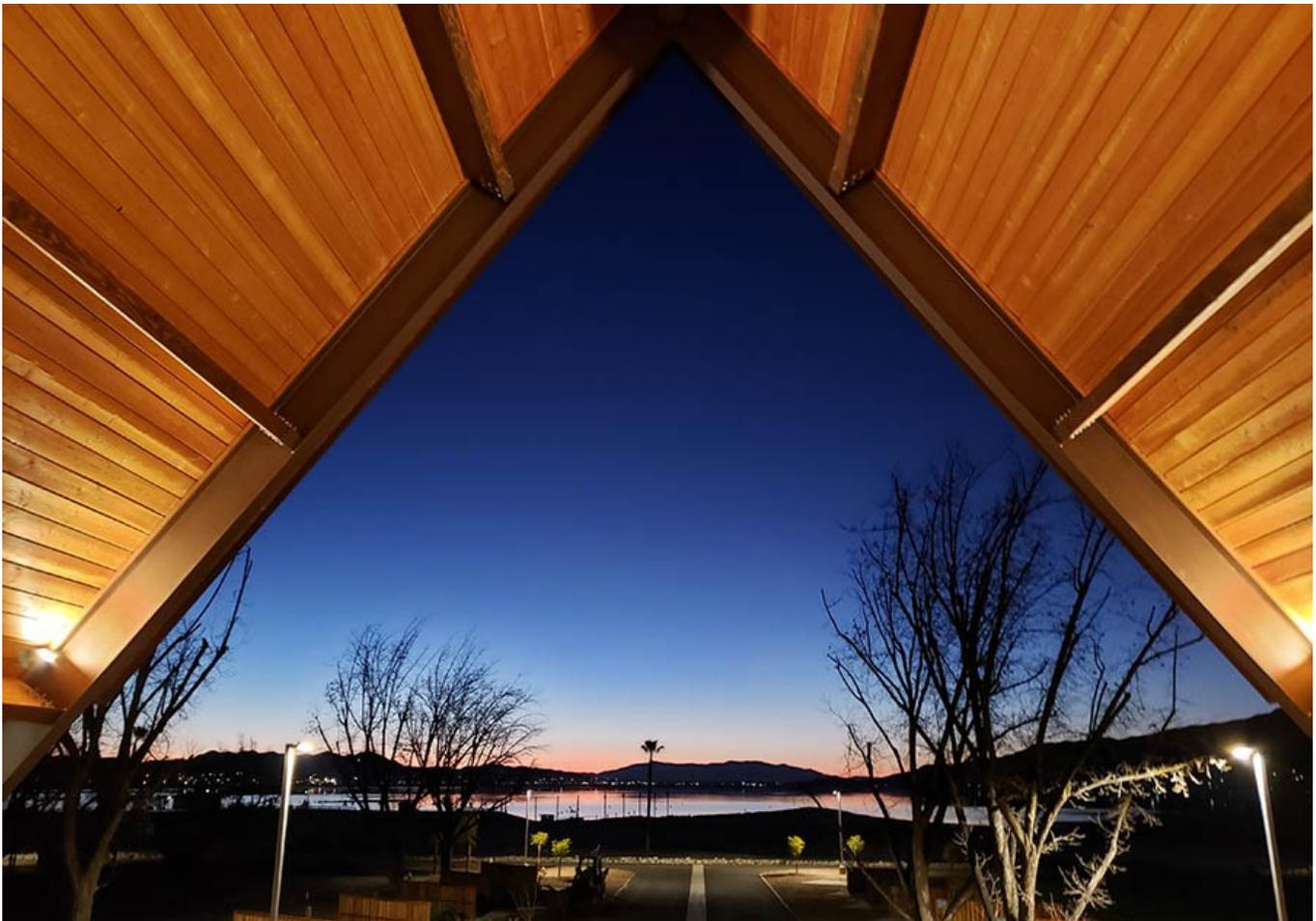
LAKE ELSINORE, CA

INTERNAL SERVICE FUNDS OVERVIEW

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

DEPARTMENT

Insurance Services	162
Information Technology	164
Support Services	166
Fleet Services	168
Facility Services	170



INSURANCE SERVICES

MISSION

The purpose of the Risk Management Division of the Administrative Services Department is to reduce the financial impact of claims, lawsuits, and employee injuries to the City; to reduce the corresponding frequency and severity of these events through the application of professional risk management practices; and to provide a safe environment for employees to work and the public to enjoy.

The City of Lake Elsinore is a member of the California Joint Powers Insurance Authority (CJPIA), which is a self-insurance pool which provides liability protection of all of its members. Through the CJPIA, the City is able to procure General Liability, Workers' Compensation, Property, Crime, Environmental liability and Special Events insurance coverage. CJPIA provides third party claims administration through Southern California Risk Management Associates (SCRMA), Alliant and Carl Warren Co. to investigate and process claims.

The allocation method for this fund is based on expenditure less investment income and direct charges to police and fire to achieve the net cost to be allocated. The net cost is then allocated based on the total number of personnel per department.

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>INSURANCE SERVICES</u>					
Salaries & Benefits	\$ 62,256	\$ 71,570	\$ 78,280	\$ 6,710	9.38%
Operations & Maintenance	735,731	686,060	664,530	(21,530)	-3.14%
Total	<u>\$ 797,987</u>	<u>\$ 757,630</u>	<u>\$ 742,810</u>	<u>\$ (14,820)</u>	<u>-1.96%</u>

PERSONNEL ALLOCATION

	<u>AUTHORIZED FY18-19</u>	<u>CHANGES</u>	<u>AUTHORIZED FY19-20</u>
<u>INSURANCE SERVICES</u>			
Assistant Director of Administrative Services	0.34	-	0.34
Total	<u>0.34</u>	<u>-</u>	<u>0.34</u>

ACCOMPLISHMENTS

- Reported monthly claims log to City Manager within 14 days after month-end.
- Updated Property and Vehicle schedules with current replacement value.
- Reviewed premiums to ensure City is being cost effective.

INSURANCE SERVICES - CONTINUED

GOALS

- Hold a mandatory training on Social Media.
- Bring forward Risk Management Policy for Council adoption.
- Perform physical audit of all properties and vehicles owned by the City and update the database.
- Continue to provide training to employees.

PERFORMANCE MEASURES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of claims processed	75	100	
Number of claims accepted	10	15	
Number of claims rejected	65	85	
Number of claims billed due to 3rd-Party	40	50	

INFORMATION TECHNOLOGY

MISSION

Information Technology (IT) is charged with providing the highest quality of leadership, support, and essential services to the organization's Operating Departments to maintain service levels necessary to efficiently and effectively meet all departmental program requirements at City Hall and off-site facilities. This department establishes policy and direction for the City with respect to technology related initiatives, including strategic planning, project management and implementation of technology based policies and procedures. IT maintains City technology infrastructure including all workstations, servers, mobile devices, communication services, networking appliances and related equipment. This department also manages software and applications utilized by City staff and the public including; City website, databases, electronic document management systems "Cloud" based platforms and other software solutions implemented by the City. IT provides support and customer service to all City staff with respect to information technology related service requests (Help Desk). IT is responsible for electronic and physical security of all City owned and operated facilities.

The allocation method for this fund is based on expenditure less investment income plus a five percent markup (for replacement cost) to equal the net cost to be allocated. The net cost is then allocated based on the total number of workstations per department.

EXPENDITURES BY CATEGORY

	FY17-18 <u>ACTUALS</u>	FY18-19 <u>ADOPTED</u>	FY19-20 <u>ADOPTED</u>	INCREASE/ DECREASE	%CHANGE
<u>INFORMATION TECHNOLOGY</u>					
Salaries & Benefits	\$ 634,853	\$ 776,379	\$ 551,660	\$ (224,719)	-28.94%
Operations & Maintenance	480,793	490,581	590,060	99,479	20.28%
Charges for Services	18,006	17,790	55,820	38,030	213.77%
Total	<u>\$ 1,133,652</u>	<u>\$ 1,284,750</u>	<u>\$ 1,197,540</u>	<u>\$ (87,210)</u>	<u>-6.79%</u>

PERSONNEL ALLOCATION

	AUTHORIZED <u>FY18-19</u>	CHANGES	AUTHORIZED <u>FY19-20</u>
<u>INFORMATION TECHNOLOGY</u>			
Information Technology Manager	1.00	-	1.00
Information Technician I	1.00	-	1.00
Business Process Analyst	1.00	(1.00)	-
Information Technology Database Analyst	1.00	-	1.00
Total	<u>4.00</u>	<u>(1.00)</u>	<u>3.00</u>

INFORMATION TECHNOLOGY - CONTINUED

ACCOMPLISHMENTS

- Implemented data disaster recovery procedures. Deploy infrastructure to facilitate backup and recovery of data.
- Expanded City's data storage infrastructure.
- Deployed additional software for use in facilitating legislative meetings.
- Completed upgrade of physical security at all City owned facilities
- Expanded GIS capabilities and incorporate sharing of data with public.

GOALS

- Improve access to public records.
- Implement new Unified Communications System.
- Create GIS based asset management system for Public Works.
- Deploy Open Hub for GIS data.

PERFORMANCE MEASURES

	FY17-18 ACTUALS	FY18-19 PROJECTED	FY19-20 TARGET
Number of City Council Meetings Supported	22	22	22
Number of Updates to The Local Television Channel	24	32	40
Percentage of Computers That Need To Be Replaced	15%	12%	16%
Number of Help Desk Tickets Opened	4,000	4,223	4,321
Number of Help Desk Tickets Closed Within 24 Hours	3,744	3,801	4,012

SUPPORT SERVICES

MISSION

The Support Services Fund is the cost center for the City's central duplicating, printing, and mailing activities. It is also used to depreciate all related copying and mailing equipment over their useful lives, and to accumulate resources for the purchase of future equipment. Departments are charged based on a count of copies made in the previous fiscal year.

The allocation method for this fund is based on expenditure less investment income plus an eight percent markup (for replacement cost) to equal the net cost to be allocated. The net cost is then allocated based on the total number of copy counts per department.

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>SUPPORT SERVICES</u>					
Operations & Maintenance	\$ 80,679	\$ 108,900	\$ 97,600	\$ (11,300)	-10.38%
Charges for Services	2,159	2,160	2,160	-	0.00%
Total	<u>\$ 82,838</u>	<u>\$ 111,060</u>	<u>\$ 99,760</u>	<u>\$ (11,300)</u>	<u>-10.17%</u>

ACCOMPLISHMENTS

- Added additional copiers to citywide print services

GOALS

- Add and replace copiers as needed.



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LAKE ELSINORE, CA

FLEET SERVICES

MISSION

The Fleet Division of the Public Works Department is to provide high quality, cost effective and sustainable fleet management and maintenance services to our customer departments.

The division provide fleet services to six City departments with a combined municipal fleet total of approximately 148 units. The division is responsible for asset management, maintenance and repairs, vehicle acquisitions and dispositions, equipment specifications, and the shared motor pool program.

The allocation method for this fund is based on expenditure less investment income plus a ten percent markup (for replacement cost) to equal the net cost to be allocated. The net cost is then allocated based on the depreciation per department.

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>FLEET SERVICES</u>					
Salaries & Benefits	\$ 320,255	\$ 619,990	\$ 336,630	\$ (283,360)	-45.70%
Operations & Maintenance	393,913	357,250	362,250	5,000	1.40%
Charges for Services	180,927	198,960	325,270	126,310	63.49%
Total	<u>\$ 895,095</u>	<u>\$ 1,176,200</u>	<u>\$ 1,024,150</u>	<u>\$ (152,050)</u>	<u>-12.93%</u>

PERSONNEL ALLOCATION

	<u>AUTHORIZED FY18-19</u>	<u>CHANGES</u>	<u>AUTHORIZED FY19-20</u>
<u>FLEET SERVICES</u>			
Chief Mechanic	1.00	(1.00)	-
Public Works Supervisor	-	1.00	1.00
Lead Worker	-	1.00	1.00
Mechanic	1.00	(1.00)	-
Total	<u>2.00</u>	<u>-</u>	<u>2.00</u>



LEP



LAKE ELSINORE, CA

FACILITY SERVICES

MISSION

The Facility Division of the Public Works Department provides day-to-day maintenance and repair, modernization, and improvement services including, emergency repairs, deferred maintenance, and tenant improvements to all citywide facilities.

The allocation method for this fund is based on expenditure less investment income plus a five percent markup (for replacement cost) to equal the net cost to be allocated. The net cost is then allocated based on the square footage and number of employees per department.

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>FACILITY SERVICES</u>					
Salaries & Benefits	\$ 88,863	\$ 118,021	\$ 140,240	\$ 22,219	18.83%
Operations & Maintenance	385,358	356,184	422,000	65,816	18.48%
Charges for Services	30,555	50,315	56,350	6,035	n/a
Total	<u>\$ 504,776</u>	<u>\$ 524,520</u>	<u>\$ 618,590</u>	<u>\$ 94,070</u>	<u>17.93%</u>

PERSONNEL ALLOCATION

	<u>AUTHORIZED FY18-19</u>	<u>CHANGES</u>	<u>AUTHORIZED FY19-20</u>
<u>FACILITY SERVICES</u>			
Maintenance Worker II	1.00	-	1.00
Custodian (Unfunded)	1.00	-	1.00
Total	<u>2.00</u>	<u>-</u>	<u>2.00</u>



LEP



LAKE ELSINORE, CA

ENTERPRISE FUND OVERVIEW

The Enterprise Fund is used to separately account self-supporting activities that are supported by rates and/or fees. This fund include Launch Pointe RV Resort Established to finance and account for the operation and maintenance of facilities and services which are predominately self-supported by user charges.

DEPARTMENT

Launch Pointe Recreation Destination & RV Park..... 173



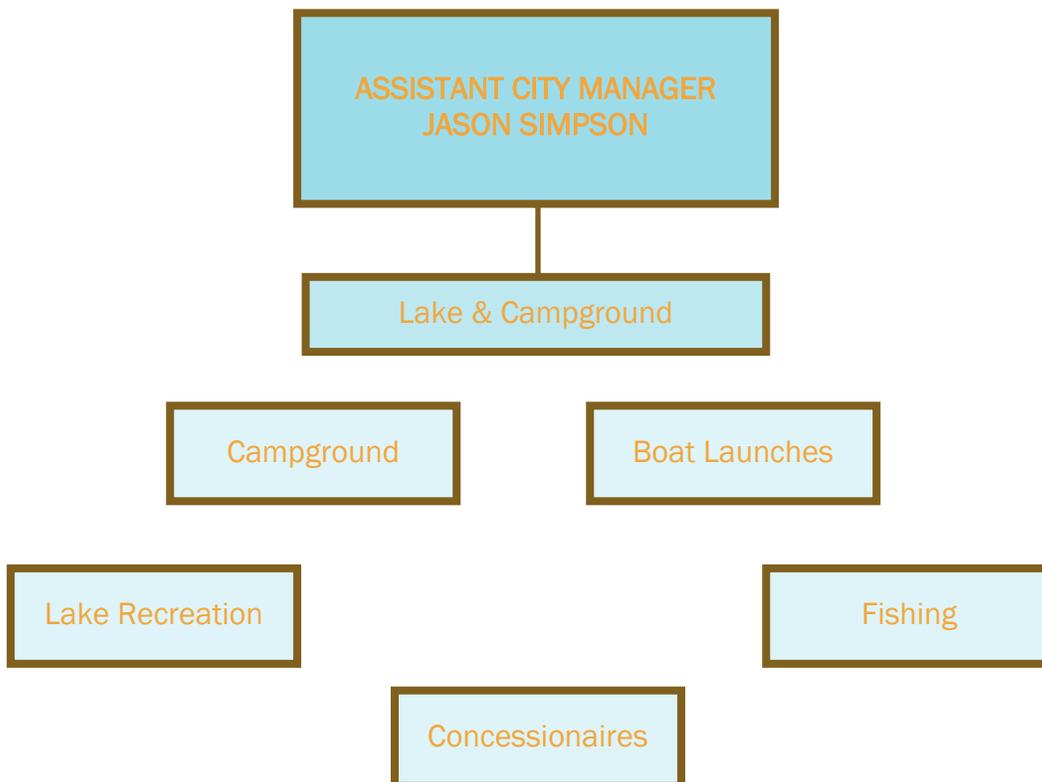
LAUNCH POINTE RECREATION DESTINATION & RV PARK

MISSION

Launch Point RV Park provides the ultimate experience on the largest natural fresh water lake for families and outdoor enthusiast who want to create amazing stories and lasting memories. Through exciting world-class amenities, boat launch, venue, partners, service, and security, our goal is epic moments.

We offer the perfect memorable escape to renew mind, body, and spirit. Success is measured through the number of stays, stories, visitors, and returning visitors who live out their adventure. We incentivize participation by having something fun for everyone that will revive a connection with nature. We see more and more people addicted to next level living as they connect to this jewel of Southern California that people can't stop sharing. It's been a destination since 1962 in a city leading the way for change.

ORGANIZATIONAL CHART





LAUNCH POINTE RECREATION DESTINATION & RV PARK - CONTINUED

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
LAUNCH POINT RV PARK					
Salaries & Benefits	\$ -	\$ -	\$ 164,650	\$ 164,650	N/A
Operations & Maintenance	-	622,480	2,589,740	1,967,260	316.04%
Charges For Service	-	-	80,880	80,880	N/A
Debt Service	-	559,240	559,338	98	0.02%
Total	<u>\$ -</u>	<u>\$ 1,181,720</u>	<u>\$ 3,229,958</u>	<u>\$ 2,048,238</u>	<u>173.33%</u>

PERSONNEL ALLOCATION

	<u>AUTHORIZED FY18-19</u>	<u>CHANGES</u>	<u>AUTHORIZED FY19-20</u>
FACILITY SERVICES			
General Manager	-	1.00	1.00
Custodian	1.00	-	1.00
Total	<u>1.00</u>	<u>1.00</u>	<u>2.00</u>

ACCOMPLISHMENTS

- Began extensive renovations project at the campground that would add utilities, unique recreation amenities and a complete rebranding.
- Hosted several fish stockings to bring up the fish populations that supports the positive health of the lake.
- Established new annual passes administration process allowing purchases to take place online and passes to now last twelve months from date of issuance.
- Implemented RFID technology to provide guests with secure access to yurts, trailers, amenities, as well as purchasing all goods and services at Launch Pointe with swipe of their encoded wristbands.

GOALS

- Develop award winning campground park facility that will attract visitors from near and far.
- Engage guests with activities for the entire duration of their visit.
- Provide modern customer service that is easily accessible, web based, and pleasant.
- Promote the lake and all activities that we offer to encourage lake recreation and fishing.
- Increase annual pass sales.

LAUNCH POINTE RECREATION DESTINATION & RV PARK - CONTINUED

PERFORMANCE MEASURES

	FY17-18	FY18-19	FY19-20
Campground RV Space Occupancy	n/a	40%	60%
Campground Yurt Occupancy	n/a	40%	60%
Campground Airstream Village Occupancy	n/a	40%	60%
Events	2	5	8
Programs	n/a	5	8
Corporate Functions	n/a	1	6
Concessionaires	0	3	3
Lake Users	n/a	4,000	5,000
Annual Lake Use Pass Sales	120	150	300
Annual Resort/Launch Sales	67	100	200
Annual Commercial Lake Use Pass Sales	5	20	40
Annual Fishing Pass Sales	3	10	50
Annual Fish Stocking	\$50,000	\$50,000	\$100,000



LEP



LAKE ELSINORE, CA

OTHER ENTITIES OVERVIEW

The financial statements of the City of Lake Elsinore include the financial activities of the City, the Lake Elsinore Public Financing Authority, the Lake Elsinore Recreation Authority, and the Lake Elsinore Financing Authority. While each is a separate legal entity, the City Council, acting as Council and Board of Directors, exercises oversight responsibility for each. Each was organized for the benefit of the City and its residents and conducts all activity within its boundaries.

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LAKE ELSINORE PUBLIC FINANCE AUTHORITY

MISSION

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

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>LEPFA 2010 SERIES A</u>					
Debt Service	\$ 980,944	\$ 983,870	\$ 985,357	\$ 1,487	0.15%
Total	<u>\$ 980,944</u>	<u>\$ 983,870</u>	<u>\$ 985,357</u>	<u>\$ 1,487</u>	<u>0.15%</u>
<u>LEPFA 2010 SERIES B</u>					
Debt Service	\$ 925,019	\$ 927,400	\$ 921,450	\$ (5,950)	-0.64%
Total	<u>\$ 925,019</u>	<u>\$ 927,400</u>	<u>\$ 921,450</u>	<u>\$ (5,950)</u>	<u>-0.64%</u>
<u>LEPFA 2010 SERIES C</u>					
Debt Service	\$ 2,201,445	\$ 2,201,930	\$ 2,198,677	\$ (3,253)	-0.15%
Total	<u>\$ 2,201,445</u>	<u>\$ 2,201,930</u>	<u>\$ 2,198,677</u>	<u>\$ (3,253)</u>	<u>-0.15%</u>
<u>LEPFA 2012 SERIES A</u>					
Debt Service	\$ 216,369	\$ 219,570	\$ 227,329	\$ 7,759	3.53%
Total	<u>\$ 216,369</u>	<u>\$ 219,570</u>	<u>\$ 227,329</u>	<u>\$ 7,759</u>	<u>3.53%</u>
<u>LEPFA 2012 SERIES B</u>					
Debt Service	\$ 1,294,188	\$ 1,302,170	\$ 1,306,947	\$ 4,777	0.37%
Total	<u>\$ 1,294,188</u>	<u>\$ 1,302,170</u>	<u>\$ 1,306,947</u>	<u>\$ 4,777</u>	<u>0.37%</u>
<u>LEPFA 2012 SERIES C</u>					
Debt Service	\$ 275,766	\$ 280,290	\$ 284,588	\$ 4,298	1.53%
Total	<u>\$ 275,766</u>	<u>\$ 280,290</u>	<u>\$ 284,588</u>	<u>\$ 4,298</u>	<u>1.53%</u>
<u>LEPFA 2013 SERIES A</u>					
Debt Service	\$ 193,672	\$ 198,000	\$ 202,100	\$ 4,100	2.07%
Total	<u>\$ 193,672</u>	<u>\$ 198,000</u>	<u>\$ 202,100</u>	<u>\$ 4,100</u>	<u>2.07%</u>
<u>LEPFA 2013 SERIES B</u>					
Debt Service	\$ 674,013	\$ 618,290	\$ 572,063	\$ (46,227)	-7.48%
Total	<u>\$ 674,013</u>	<u>\$ 618,290</u>	<u>\$ 572,063</u>	<u>\$ (46,227)</u>	<u>-7.48%</u>
<u>LEPFA 2013 SERIES C</u>					
Debt Service	\$ 1,074,193	\$ 1,074,990	\$ 1,072,994	\$ (1,996)	-0.19%
Total	<u>\$ 1,074,193</u>	<u>\$ 1,074,990</u>	<u>\$ 1,072,994</u>	<u>\$ (1,996)</u>	<u>-0.19%</u>
<u>LEPFA 2014 SERIES A</u>					
Debt Service	\$ 435,594	\$ 444,860	\$ 453,669	\$ 8,809	1.98%
Total	<u>\$ 435,594</u>	<u>\$ 444,860</u>	<u>\$ 453,669</u>	<u>\$ 8,809</u>	<u>1.98%</u>

**LAKE ELSINORE PUBLIC FINANCE AUTHORITY
- CONTINUED**

EXPENDITURES BY CATEGORY - CONTINUED

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>LEPFA 2014 SERIES B</u>					
Debt Service	\$ 1,185,688	\$ 1,206,080	\$ 1,233,863	\$ 27,783	2.30%
Total	<u>\$ 1,185,688</u>	<u>\$ 1,206,080</u>	<u>\$ 1,233,863</u>	<u>\$ 27,783</u>	<u>2.30%</u>
<u>LEPFA 2015</u>					
Operations & Maintenance	\$ 77	\$ -	\$ -	\$ -	N/A
Debt Service	6,928,175	7,074,250	7,198,450	124,200	1.76%
Total	<u>\$ 6,928,252</u>	<u>\$ 7,074,250</u>	<u>\$ 7,198,450</u>	<u>\$ 124,200</u>	<u>1.76%</u>
<u>LEPFA 2015 SERIES A</u>					
Debt Service	\$ 140,919	\$ 145,170	\$ 144,369	\$ (801)	-0.55%
Total	<u>\$ 140,919</u>	<u>\$ 145,170</u>	<u>\$ 144,369</u>	<u>\$ (801)</u>	<u>-0.55%</u>
<u>LEPFA 2015 SERIES B</u>					
Debt Service	\$ 1,666,347	\$ 1,700,500	\$ 1,730,500	\$ 30,000	1.76%
Total	<u>\$ 1,666,347</u>	<u>\$ 1,700,500</u>	<u>\$ 1,730,500</u>	<u>\$ 30,000</u>	<u>1.76%</u>



LAKE ELSINORE RECREATION AUTHORITY

MISSION

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

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>LERA 2013</u>					
Operations & Maintenance	\$ 3,162	\$ -	\$ -	\$ -	n/a
Debt Service	1,131,700	1,128,100	1,119,225	(8,875)	-0.79%
Total	\$ 1,134,862	\$ 1,128,100	\$ 1,119,225	\$ (8,875)	-0.79%



LAKE ELSINORE FACILITIES FINANCING AUTHORITY

MISSION

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

EXPENDITURES BY CATEGORY

	<u>FY17-18 ACTUALS</u>	<u>FY18-19 ADOPTED</u>	<u>FY19-20 ADOPTED</u>	<u>INCREASE/ DECREASE</u>	<u>% CHANGE</u>
<u>LEFFA 2016</u>					
Operations & Maintenance	\$ 2,627	\$ 1,000	\$ 1,000	\$ -	0.00%
Debt Service	1,005,812	559,240	559,240	-	0.00%
Transfer Out	5,523,105	6,244,258	6,244,258	-	0.00%
Total	\$ 6,531,544	\$ 6,804,498	\$ 6,804,498	\$ -	0.00%



SUCCESSOR TO THE LAKE ELSINORE REDEVELOPMENT AGENCY

MISSION

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

EXPENDITURES BY CATEGORY

	FY17-18 ACTUALS	FY18-19 ADOPTED	FY19-20 ADOPTED	INCREASE/ DECREASE	% CHANGE
SARDA					
Operations & Maintenance	\$ 11,493,723	\$ 894,504	\$ 659,642	\$ (234,862)	-26.26%
Debt Service	4,534,116	3,506,830	3,741,743	234,913	6.70%
Transfer Out	705,000	-	-	-	N/A
Total	\$ 16,732,839	\$ 4,401,334	\$ 4,401,385	\$ 51	0.00%



CAPITAL IMPROVEMENT PLAN SUMMARY

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

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

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

PLAN DEVELOPMENT

This CIP budget document was developed by incorporating input from key management team members, based on community comments and feedback received throughout the year. This team then, identified and evaluated community needs in the areas of roads and streets, bridges, public buildings, and parks and recreation facilities. Each proposed project was reviewed and discussed to ensure funding, timing, and necessity were appropriately addressed. The CIP City Council workshop held on June 26 2018, provided the City Council with an opportunity to review each project in detail, and to receive public comments concerning the five-year plan. All projects were evaluated by the City's Planning Commission to ensure consistency with the City of Lake Elsinore General Plan, while considering the City's long-term vision as developed by the City Council. The proposed circulation, facilities, infrastructure, and park projects were reviewed and approved by the Planning Commission.

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

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

CAPITAL IMPROVEMENT PLAN SUMMARY - CONTINUED

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

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

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

The fiscal years 2020-24 CIP identifies a total of 60 projects consisting of 32 Circulation Projects totaling \$284,440,862; 14 Facilities Projects totaling \$65,560,561, 5 Infrastructure Projects totaling \$8,150,679; and 9 Park Projects totaling \$55,100,963. The total cost to complete all of the proposed projects is \$413,253,065, of which \$49,632,109 is programmed for FY19-20. Also of note, in this document, there is over \$4.5 million in project costs with unspecified funding sources. These projects have been identified as necessary infrastructure of the City, and will require that funding sources be identified before the projects can commence.

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

Future operations and maintenance costs that result from the projects included in the CIP budget have been estimated for each project. These incremental future operating costs have been incorporated into the five year operating budget forecast in the next section of this document. The estimates reflect operating and maintenance costs only. There are no anticipated personnel costs in relation to CIP projects yet. Personnel requirements are evaluated on an annual basis as part of that year's annual operating budget process.

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

PROJECTED REVENUE SUMMARY

Funding Source	Available Fund Balance	Projected 2019-2020 Revenue	Projected 2020-2021 Revenue	Projected 2021-2022 Revenue	Projected 2022-2023 Revenue	Projected 2023-2024 Revenue	Projected Funds Available
Assembly Bill 2766	\$ 309,455	\$ 35,000	35,700	\$ 36,414	\$ 37,142	\$ 37,885	\$ 491,596
Capital Reserves	585,486	16,255					601,741
Community Development Block Grant (CDBG)		940,400					940,400
<u>Development Impact Fees (DIF)</u>							
Animal Shelter		30,000	30,600	31,212	31,836	32,473	156,121
City Hall/Public Works	(258,743)	70,000	71,400	72,828	74,285	75,770	105,540
Community Center		50,000	51,000	52,020	53,060	54,122	260,202
Fire Protection	514	75,000	76,500	78,030	79,591	81,182	390,817
Lake Side Facilities		60,000	61,200	62,424	63,672	64,946	312,242
Library	1,743,753	60,600	61,812	63,048	64,309	65,595	2,059,118
Quimby	205,986	-	-	-	-	-	205,986
Gas Tax	388,454	1,658,273	1,691,438	1,725,267	1,759,773	1,794,968	9,018,173
Geothermal	20,475	200	204	208	212	216	21,516
<u>Grants</u>							
ATP		665,000	510,000		3,904,000		5,079,000
Prop 1B			379,794				379,794
NSFHP		238,000					238,000
SSARP		49,500					49,500
STATE LLP			15,000,000				15,000,000
STIP-RIP			2,920,000				2,920,000
HBP		3,098,874		15,272,310			18,371,184
SHOPP			465,375				465,375
RCFCD		240,000	352,350	2,854,971			3,447,321
Urban Greening		836,224	358,382				1,194,606
Sustainability (SB1)		88,097					88,097
HSIP		745,300					745,300
Measure A	1,403,866	1,471,000	1,477,000	1,514,000	1,552,000	1,591,000	9,008,866
NPDES		1,084,910	492,725	502,580	512,631	522,884	3,115,730
<u>Successor Agency</u>							
Affordable Housing	734,900	50,000	51,000	52,020	53,060	54,122	995,102
Tax Increment	1,733,200						1,733,200
<u>Reimbursements/Other</u>							
Capital Contributions	15,319,144		-	-	-	-	15,319,144
Developer Agreement Fees	122,693	33,000	33,660	34,333	35,020	35,720	294,426
Public - In - Lieu	110,154	17,000	17,340	17,687	18,041	18,401	198,623
Public Education Grant		20,000	20,400	20,808	21,224	21,649	104,081
Storm Drain Fee	315,347	100,000	102,000	104,040	106,121	108,243	835,751
Summerly Traffic Infrastructure Fee	2,027,551	440,000	448,800	457,776	466,932	476,270	4,317,329
Traffic Impact Fee	3,241,347	450,000	459,000	468,180	477,544	487,094	5,583,165
Senate Bill 1	923,922	1,041,396	1,067,770	1,087,125	1,106,868	1,127,005	6,354,086
Senate Bill 821		588,386					588,386
Transportation Uniform Mitigation Fee (TUMF)		10,031,909	1,500,000	24,147,798	4,400,000		40,079,707
Transportation Road Improvement Program (TRIP)	16,890						16,890
TOTAL REVENUE	\$28,944,394	\$24,284,324	\$27,735,451	\$48,655,079	\$14,817,321	\$ 6,649,547	\$151,086,116

PROJECTED SUMMARY BY TYPE

Project	Source of Funds	Actuals To Date	FY2019-20	FY2020-21
<u>Circulation</u>				
Annual Citywide Programs -				
Crack Seal & Pothole Improvements	Gas Tax		200,000	200,000
Curb, Gutter, and Sidewalk Improvements	Measure A		300,000	300,000
Dirt Road Paving	AB2766		344,455	
Intersection Signal Upgrades	TIF		201,000	201,000
Landscape Renovation	General Projects Unspecified		30,000	1,950,000
Roadway Drainage Improvements	Gas Tax Measure A		250,000 170,000	190,000
SB1 Pavement Rehabilitation	SB1 Gas Tax		1,972,716 124,043	1,067,770
Sidewalk Improvements	Measure A SB821		217,848 217,848	200,000
Slurry Seal	Measure A		719,878	390,000
Traffic Striping	Measure A		275,000	275,000
Active				
Transportation/Commuter Based Access Plan	Sustainability Grant Capital Improvement DAG Fees	86,903 34,810	88,097 45,548	
Auto Center Drive Bridge Retrofit	Gas Tax Proposition 1B General Projects HBRRP Grant	72,585 2,290		18,591 379,794
Camino Del Norte Improvements	Camino Del Norte DIF TIF Capital Improvement Storm Drainage Fee	36,552 381,243 92,318 28,352	2,500,000 3,300,000	

PROJECTED SUMMARY BY TYPE - CONTINUED

FY2021-22	FY2022-23	FY2023-24	Future Years	Total Project Cost	Cost To Complete
200,000	200,000	200,000	200,000	1,200,000	1,200,000
300,000	250,000	200,000	190,000	1,540,000	1,540,000
				344,455	344,455
201,000	201,000	201,000	201,000	1,206,000	1,206,000
				30,000	
125,000	130,000	135,000	140,000	2,480,000	2,510,000
				250,000	
200,000	215,000	230,000	230,000	1,235,000	1,485,000
1,087,125	1,106,868	1,127,005	1,147,545	7,509,029	
				124,043	7,633,072
200,000	200,000	200,000	200,000	1,217,848	
				217,848	1,435,696
485,000	490,000	500,000	500,000	3,084,878	3,084,878
275,000	275,000	275,000	275,000	1,650,000	1,650,000
				175,000	
				34,810	
				45,548	133,645
			6,200	97,376	
				379,794	
				2,290	
			6,200,000	6,200,000	6,604,585
				36,552	
				2,881,243	
				3,392,318	
				28,352	5,800,000

PROJECTED SUMMARY BY TYPE - CONTINUED

Project	Source of Funds	Actuals To Date	FY2019-20	FY2020-21
<u>Circulation - Continued</u>				
Citywide Pavement Rehabilitation Program	Measure A	131,374		
	TRIP	3,159,605	1,700,882	
	TIF		300,000	
Downtown Active Transportation and Urban Greening	Urban Greening Grant		836,224	358,382
	Measure A		168,276	
	Unspecified		889,366	309,418
Downtown Curb, Gutter and Sidewalk Replacement	CDBG		849,954	
East Lake Circulation - Cereal, Malaga & Lucerne	Summerly Traffic Infrastructure Fee		2,467,551	
	Unspecified		1,953,534	
Highway Safety Improvements (HSIP)	HSIP Grant	267	745,300	
I-15/Railroad Canyon Road Ultimate Interchange Phase I	General Projects	184,519		
	Measure A	48,125		
	NSFHP Grant		238,000	
	State LLP			15,000,000
	STIP-RIP			2,920,000
	TUMF - RCTC	948,832	3,550,000	
	TUMF - WRCOG	36,689	3,879,821	
I-15/State Route 74 Interchange	TUMF	262,367	2,199,760	
	Measure A	234,914	251,567	
	Unspecified			
La Strada Extension	Unspecified			
Lake Street Widening	Unspecified			
Main Street Bollards	Unspecified			320,000
Main Street Interchange	Measure A	263,470	150,000	
	Capital Improvement	79,817		
	SHOPP Grant			465,375
	TRIP	100,123		
	Unspecified			3,918,371

**PROJECTED SUMMARY BY TYPE -
CONTINUED**

FY2021-22	FY2022-23	FY2023-24	Future Years	Total Project Cost	Cost To Complete
				131,374	
				4,860,487	
				300,000	2,000,882
				1,194,606	
				168,276	
				1,198,784	2,561,666
				849,954	849,954
				2,467,551	
			5,767,600	7,721,134	10,188,685
				745,567	745,300
				184,519	
				48,125	
				238,000	
				15,000,000	
				2,920,000	
				4,498,832	
17,080,000				20,996,510	42,667,821
				2,462,127	
				486,481	
			54,053,670	54,053,670	56,504,997
			14,270,854	14,270,854	14,270,854
			36,068,909	36,068,909	36,068,909
				320,000	320,000
				413,470	
				79,817	
				465,375	
				100,123	
				3,918,371	4,533,746

PROJECTED SUMMARY BY TYPE - CONTINUED

Project	Source of Funds	Actuals To Date	FY2019-20	FY2020-21
<u>Circulation - Continued</u>				
Missing Link Bike Lane Striping	Gas Tax	5,045		
	Measure A	2,496	126,759	
	SB821	7,541	126,759	
Nichols Road Improvements	Unspecified			
Riverside Street Extension	Unspecified			
State Route 74 Widening	General Projects	4,745		
	TUMF		1,500,000	5,600,000
Summerhill Drive Extension	Unspecified			
Systemic Safety Analysis Report Program (SSARP)	SSARP Grant		49,500	
	General Projects		5,500	
Temescal Canyon Bridge & Road Widening Phase I	Gas Tax	128,876	4,100	
	TUMF	301,892	402,328	
	FHWA Grant	865,819		
	HBP Grant		3,098,874	
	RCFCD Reimbursement		240,000	352,350
	Unspecified			
Traffic Signal Installation - Grand Avenue & Riverside Drive	General Projects	210		
	Gas Tax		61,015	
	Signal DIF	3,926		
	TIF	1,282	205,189	
	Public Improvement			
	In Lieu	502	10,900	
	Unspecified			2,760,000
TOTAL CIRCULATION PROJECTS			\$ 7,507,489	\$ 36,967,592
			\$ 37,176,051	

Facilities

Aquatics Center	Unspecified			
Artist Detour Building Improvements	Capital Improvement		100,000	
	Unspecified			235,000



PROJECTED SUMMARY BY TYPE - CONTINUED

FY2021-22	FY2022-23	FY2023-24	Future Years	Total Project Cost	Cost To Complete
				5,045	
				129,255	
				134,300	253,518
			21,805,591	21,805,591	21,805,591
			10,888,354	10,888,354	10,888,354
				4,745	
4,400,000				11,500,000	11,500,000
			7,118,419	7,118,419	7,118,419
				49,500	
				5,500	55,000
				132,976	
1,467,798				2,172,018	
				865,819	
15,272,310				18,371,184	
2,854,971				3,447,321	
			1,000,000	1,000,000	24,692,731
				210	
				61,015	
				3,926	
				206,471	
				11,402	
				2,760,000	3,037,104
\$ 44,148,204	\$ 3,067,868	\$ 3,068,005	\$ 160,263,142	\$ 292,198,351	\$ 284,690,862

20,000,000 20,000,000 20,000,000

100,000
235,000 335,000

PROJECTED SUMMARY BY TYPE - CONTINUED

Project	Source of Funds	Actuals To Date	FY2019-20	FY2020-21
<u>Facilities - Continued</u>				
Building Facilities Renov ations	General Projects	168,816	425,000	
	City Hall/Public Works	27,051		
	Capital Improv ement		1,660,739	
City Civ ic Center	Unspecified			
City Library	Library DIF	56,220	1,764,310	
	Capital Improv ement		735,690	
Community Center	Unspecified			
Cultural Center 2nd Floor Renov ations	General Projects	49,979		
	City Hall/Public Works	46,049	255,000	
	Community Center DIF	23,761	145,000	
	PEG	12,567		
Diamond Stadium Capital Repairs	Successor Agency	8,246,332	1,660,000	
Fire Station Building Renov ations	Capital Improv ement		200,000	
Lake Community Center Rehabilitation	Unspecified			780,000
Main St. Archway	Unspecified			680,000
Neighborhood Center	CDBG	489,920	62,336	
Senior Center Garden	Unspecified		205,000	
Senior Center Hallway	Unspecified			
TOTAL FACILITIES PROJECTS		\$ 9,120,695	\$ 7,213,075	\$ 1,695,000

Infrastructure

Drainage Improv ements - Various Locations	TRIP		150,000	
	Storm Drainage Fee		164,863	
Murrieta Creek Regional Trail Connection	ATP Grant		665,000	510,000
Palomar Multi-Use Trails	General Projects	911	137,840	
	DAG Fees	623	106,149	
	Gas Tax	210		
	SB821	1,744	243,779	

**PROJECTED SUMMARY BY TYPE -
CONTINUED**

FY2021-22	FY2022-23	FY2023-24	Future Years	Total Project Cost	Cost To Complete
				593,816	
				27,051	
				1,660,739	2,085,739
			25,000,000	25,000,000	25,000,000
				1,820,530	
			5,320,486	6,056,176	7,820,486
2,000,000	4,000,000			6,000,000	6,000,000
				49,979	
				301,049	
				168,761	
				12,567	400,000
				9,906,332	1,660,000
				200,000	200,000
				780,000	780,000
				680,000	680,000
				552,256	62,336
				205,000	205,000
			332,000	332,000	332,000
\$ 2,000,000	\$ 4,000,000	\$ -	\$ 50,652,486	\$ 74,681,256	\$ 65,560,561

150,000	
164,863	314,863
5,079,000	5,079,000
138,751	
106,772	
210	
245,523	487,768

PROJECTED SUMMARY BY TYPE - CONTINUED

Project	Source of Funds	Actuals To Date	FY2019-20	FY2020-21
<u>Infrastructure - Continued</u>				
Third Street Drainage Improvements Phase III	Unspecified		1,634,048	
West Elsinore Drainage	Unspecified		635,000	
TOTAL INFRASTRUCTURE PROJECTS			\$ 3,488	\$ 3,736,679
			\$ 510,000	
<u>Parks</u>				
Alberhill Villages Sports Park	Unspecified			
Boat Launch Mitigation	Capital Improvement	158,778	234,811	102,219
Canyon Hills Park Upgrades	Capital Improvement		985,000	1,000,000
Citywide Park Improvements	Capital Improvement	33,677	2,402,000	500,000
Lake Inlet Channel Rehabilitation	General Projects	44,419		
	Storm Drainage Fee	1,110		112,080
Lake Revitalization Plan	Unspecified		1,000,000	
Lakepoint Park	Capital Improvement		100,000	
	Unspecified			
Recreation Wayfinding and Regulatory Signage	Unspecified		82,000	
Tuscany Hills Park Improvement	Capital Improvement	252,420	250,000	25,000
TOTAL PARKS PROJECTS			\$ 297,949	\$ 4,971,811
			\$ 137,080	
TOTALS			\$ 16,929,621	\$ 52,889,157
			\$ 39,518,131	



PROJECTED SUMMARY BY TYPE - CONTINUED

FY2021-22	FY2022-23	FY2023-24	Future Years	Total Project Cost	Cost To Complete
				1,634,048	1,634,048
				635,000	635,000
\$ -	\$ 3,904,000	\$ -	\$ -	\$ 8,154,167	\$ 8,150,679
			45,000,000	45,000,000	45,000,000
82,262	73,065	69,676	57,850	778,661 ▲	619,883
				1,985,000	1,985,000
500,000				3,435,677 ▲	3,402,000
				44,419	
				113,190 ▲	112,080
				1,000,000	1,000,000
				100,000	
			2,500,000	2,500,000	2,600,000
				82,000	82,000
25,000				552,420 ▲	300,000
\$ 25,000	\$ -	\$ -	\$ 2,500,000	\$ 55,591,367	\$ 55,100,963
\$ 46,173,204	\$ 10,971,868	\$ 3,068,005	\$ 213,415,628	\$ 430,625,141	\$ 413,503,065



ANNUAL OPERATING AND MAINTENANCE COST CAPITAL IMPROVEMENT PROGRAM

PROJECT	PRIORITY	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
<u>Circulation</u>						
Annual Citywide Programs -						
Crack Seal & Pothole Improvements	I	-	-	-	-	-
Curb, Gutter, and Sidewalk Improvements	I	-	-	-	-	-
Dirt Road Paving	I	-	-	-	-	-
Intersection Signal Upgrades	I	1,000	1,020	1,040	1,061	1,082
Landscape Renovation	II	1,400	1,428	1,457	1,486	1,515
Roadway Drainage Improvements	I	-	-	-	-	-
Sidewalk Improvements	I	-	-	-	-	-
Slurry Seal	I	-	-	-	-	-
Traffic Striping	I	-	-	-	-	-
Active Transportation/Commuter Based	I	-	5,000	5,100	5,202	5,306
Auto Center Drive Bridge Retrofit	II	-	-	-	-	-
Camino Del Norte Improvements	I	-	-	-	-	-
Citywide Pavement Rehabilitation Program	I	-	-	-	-	-
Downtown Active Transportation and Urban	I	-	5,000	5,100	5,202	5,306
East Lake Circulation	I	-	-	-	-	-
Highway Safety Improvements	I	1,000	1,020	1,040	1,061	1,082
Improvements	I	-	-	150,000	153,000	156,060
Interchange Phase I	I	-	-	150,000	153,000	156,060
I-15/State Route 74 Interchange	II	-	-	150,000	153,000	156,060
Lincoln Street Rehabilitation	I	-	-	-	-	-
<u>Circulation - Continued</u>						
Main Street Bollards	III	-	-	-	-	-
Main Street Interchange	II	-	-	150,000	153,000	156,060
Missing Link Bike Lane Striping	I	-	-	-	-	-
State Route 74 Widening	III	-	-	-	-	-
Systemic Safety Analysis Program	I	-	-	-	-	-
Temescal Canyon Bridge & Road Widening Phase I	II	-	-	-	-	-
Riverside Drive	II	-	2,000	2,040	2,081	2,122
TOTAL CIRCULATION PROJECTS		\$ 3,400	\$ 15,468	\$ 615,777	\$ 628,093	\$ 640,655

ANNUAL OPERATING AND MAINTENANCE COST CAPITAL IMPROVEMENT PROGRAM - CONTINUED

PROJECT	PRIORITY	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
<i><u>Facilities</u></i>						
Aquatics Center	IV	-	-	-	-	-
Artist Detour Building Improvements	I	2,500	-	2,500	-	2,500
Building Facilities Renovations	III	-	-	-	-	-
City Civic Center	III	-	-	-	-	-
City Library	IV	40,000	40,000	40,000	40,000	40,000
City Parking Facility	I	-	-	-	-	-
Community Center	II	-	-	-	-	5,000
Cultural Center 2nd Floor Renovations	I	-	-	-	-	-
Diamond Stadium Renovations	I	10,000	10,200	10,404	10,612	10,824
Main Street Archway with LED Signs	I	1,000	1,020	1,040	1,061	1,082
Neighborhood Center	I	12,000	12,240	12,485	12,734	12,989
TOTAL FACILITIES PROJECTS		<u>\$ 65,500</u>	<u>\$ 63,460</u>	<u>\$ 66,429</u>	<u>\$ 64,408</u>	<u>\$ 72,396</u>
<i><u>Infrastructure</u></i>						
Drainage Improvements - Various Locations	I	-	-	-	-	-
Palomar Multi-Use Trails	I	-	1,200	1,224	1,248	1,273
Third Street Drainage Improvements Phase III	I	-	-	-	-	-
West Elsinore Drainage District Line B	I	-	-	-	-	-
TOTAL INFRASTRUCTURE PROJECTS		<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 1,224</u>	<u>\$ 1,248</u>	<u>\$ 1,273</u>
<i><u>Parks</u></i>						
Canyon Hills Park Upgrades	I	-	2,550	2,601	2,653	2,706
Citywide Park Improvements	I	-	2,550	2,601	2,653	2,706
Creekside Park Playground Improvements	IV	-	2,550	2,601	2,653	2,706
Lake Inlet Channel Rehabilitation	I	-	-	-	-	-
Lake Revitalization Plan	I	750,000	750,000	750,000	750,000	750,000
McVicker Skate Park	IV	5,000	5,100	5,202	5,306	5,412
Tuscany Hills Park Improvements	I	-	2,550	2,601	2,653	2,706
TOTAL PARKS PROJECTS		<u>\$ 755,000</u>	<u>\$ 765,300</u>	<u>\$ 765,606</u>	<u>\$ 765,918</u>	<u>\$ 766,236</u>
TOTALS		<u>\$ 823,900</u>	<u>\$ 845,428</u>	<u>\$ 1,449,037</u>	<u>\$ 1,459,667</u>	<u>\$ 1,480,561</u>

DESCRIPTION OF REVENUE SOURCES

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

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

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

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

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

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

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

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

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

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

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

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

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

DESCRIPTION OF REVENUE SOURCES - CONTINUED

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

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

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

Senate Bill 1 Road Maintenance and Rehabilitation - The City maintains this fund to account for Road Maintenance and Rehabilitation Account (RMRA) funds. These funds are designated for the repair of existing infrastructure .

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

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

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

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

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

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

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

DEBT ADMINISTRATION

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. The Bonds were issued to provide funds to finance the acquisition or construction of land, buildings, equipment and other capital improvements. In September 2013, \$14,460,000 principal amount of 2013 Revenue Refunding Bonds, Series A, was issued in accordance with the indenture to provide funds to advance refund the 2000 Revenue Refunding Bonds, Series A. The original purpose of the prior bonds was to finance the Authority's lease of certain City recreation facilities from the City for lease back to the City. In October 2014, \$7,965,000 principal amount of Certificates of Participation, Series 2014A, was issued for various street improvement projects. The City has pledged a portion of future Measure A revenues to repay the Certificates of Participation 2014 Series A. The City's certificates of participation is payable solely from the Measure A revenues.

ISSUE DATE	DESCRIPTION	REMAINING PRINCIPAL	REMAINING INTEREST	MATURITY DATE
2012	Local Agency Revenue Bond Series A	\$ 3,100,000	\$ 1,913,834	09/01/2038
2012	Local Agency Revenue Bond Series B	\$ 12,065,000	\$ 4,069,678	09/02/2030
2012	Local Agency Revenue Bond Series C	\$ 5,300,000	\$ 4,858,772	09/01/2042
2013	Local Agency Revenue Bond Series A	\$ 3,530,000	\$ 2,871,350	09/01/2043
2013	Local Agency Revenue Bond Series B	\$ 975,000	\$ 28,969	09/01/2020
2013	Local Agency Revenue Bond Series C	\$ 1,130,000	\$ 4,799,641	09/01/2033
2014	Local Agency Revenue Bond Series A	\$ 7,445,000	\$ 7,631,459	09/01/2044
2014	Local Agency Revenue Bond Series B	\$ 16,745,000	\$ 8,785,169	09/01/2040
2015	Local Agency Revenue Bond	\$ 92,260,000	\$ 53,168,550	09/01/2040
2015	Local Agency Revenue Bond Series A	\$ 3,095,000	\$ 1,809,753	09/01/2044
2015	Local Agency Revenue Bond Series B	\$ 3,410,000	\$ 175,750	09/01/2020
2017	Local Agency Revenue Bond	\$ 3,110,000	\$ 2,580,966	09/01/2044
2010	Tax Allocation Bonds Series A	\$ 12,110,000	\$ 6,337,503	09/01/2033
2010	Tax Allocation Bonds Series B	\$ 5,515,000	\$ 924,150	09/01/2025
2010	Tax Allocation Bonds Series C	\$ 20,255,000	\$ 5,943,13	09/01/2030
2015	Tax Allocation Bonds	\$ 5,865,000	\$ 1,367,847	09/01/2038
2018	Tax Allocation Bonds A & B	\$ 9,875,000	\$ 3,554,382	09/01/2047
2013	Revenue Refunding Bond Series	\$ 10,895,000	\$ 3,782,200	02/01/2032
2016	Lease Revenue Bonds	\$ 10,090,000	\$ 5,393,350	04/01/2046
2014	Certificate of Participation A	\$ 6,995,000	\$ 3,320,069	09/01/2042

LEGAL DEBT MARGIN

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed value. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state. The City's debt limit is \$180,185,586.

FISCAL YEAR 2018

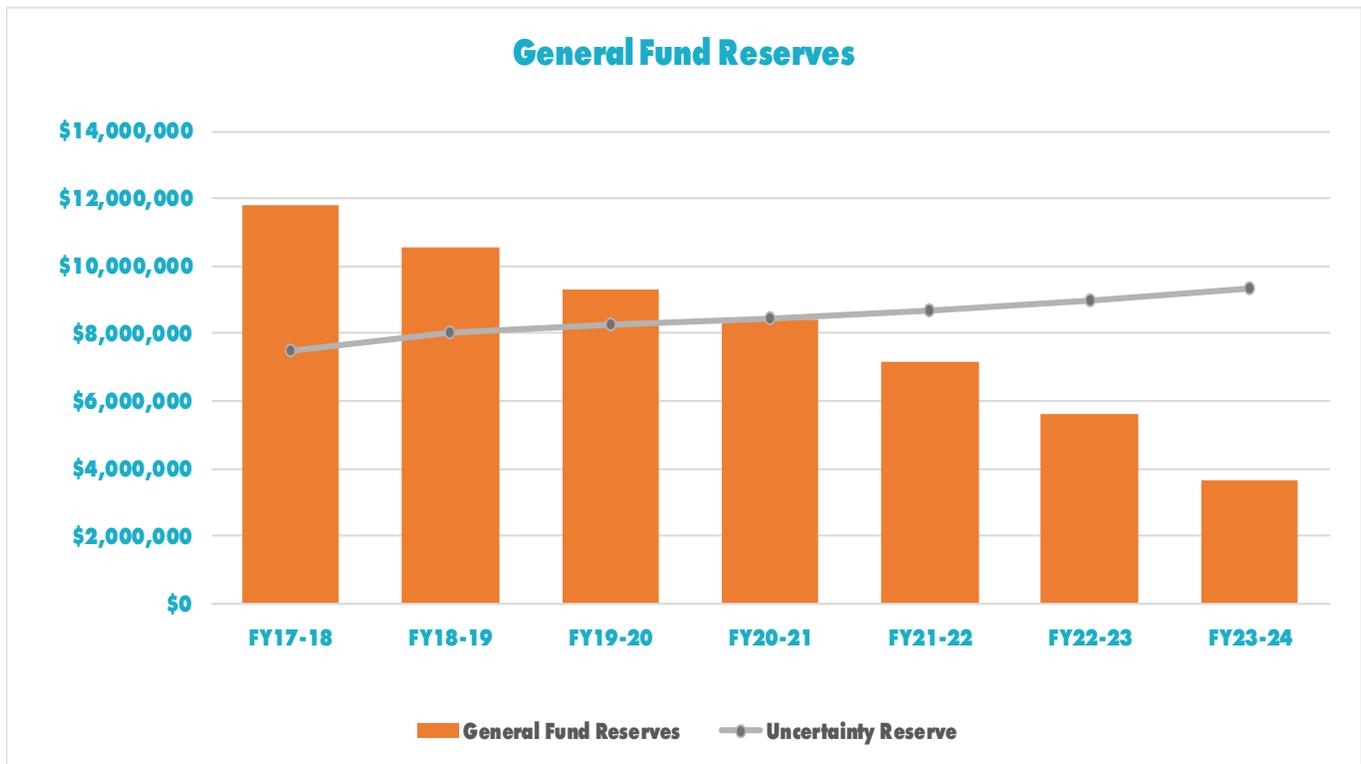
Assessed Valuation	\$ 5,598,768,413
Conversion Percentage	25%
Adjusted Assessed Valuation	\$ 1,399,692,103
Debt Limit Percentage	15%
Debt Limit	\$ 209,953,815
Total Net Debt Applicable to Limitation	-
Legal Debt Margin	\$ 209,953,815
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%

Sources: HdL Companies and Riverside County Assessor Tax Roll

FIVE YEAR FINANCIAL FORECAST

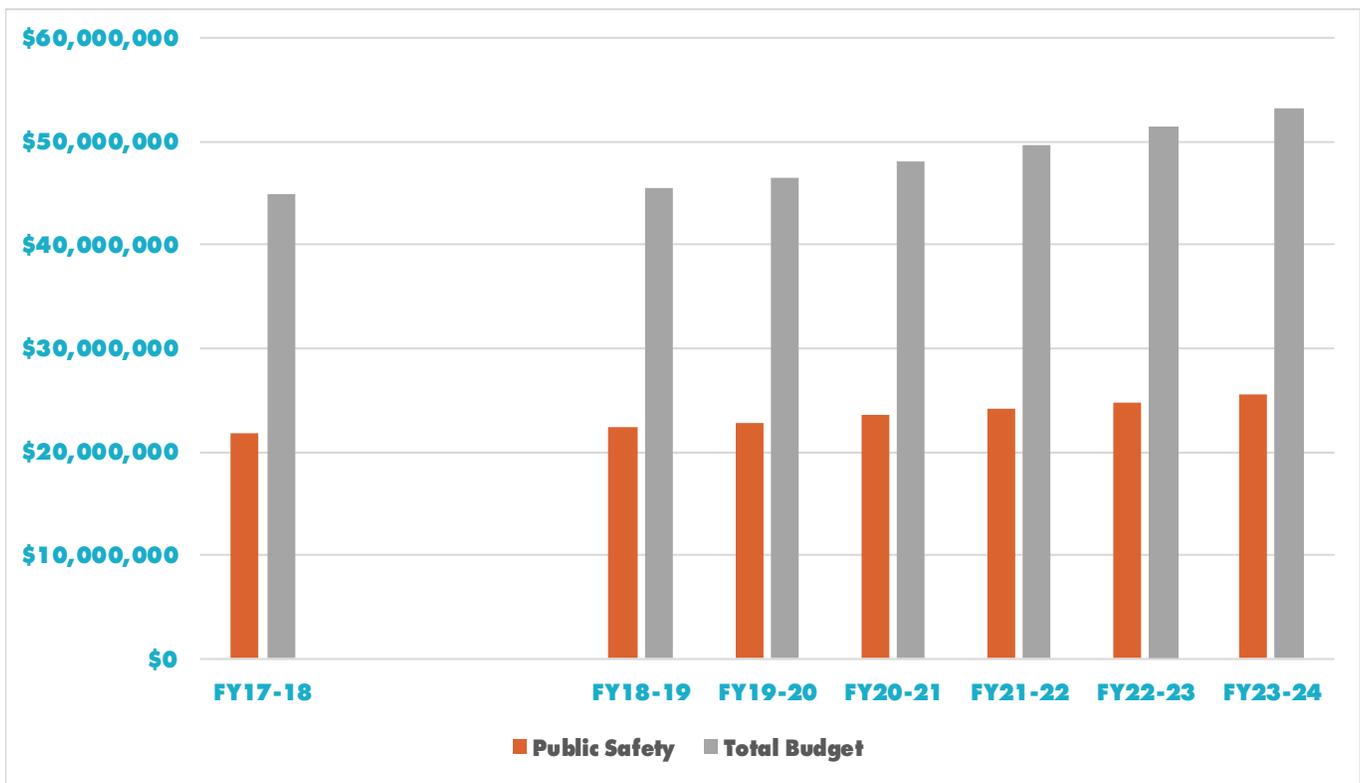
The five-year financial forecast was developed to assist in long range planning and policy development. The five-year financial forecast provides a tool to evaluate the ability of the City to fund proposed programs, operating and maintenance costs, capital expenditures, as well as operating costs related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

Starting in FY17-18 and continuing throughout the five-year financial projection, the City is experiencing a structural deficit as expenditures are increasing at a faster rate than revenues. Anticipated increase in Public Safety are the main cause for rising expenditures. Over the next 5 years, the contract with the county for these services is anticipated to increase 3-5% annually. If expenditure reduction measures and/or revenue enhancements are not implemented, the General Fund balance will fall below the required 17.5% Uncertainty Reserves during FY20-21. Furthermore, the General Fund is expected to be depleted during FY25-26. Below is an illustration of the projected Fund Balance, compared to the required 17.5% Reserves.



FIVE YEAR FINANCIAL FORECAST - CONTINUED

As mentioned previously, the primary cause of the looming deficit is that revenues are not increasing at the same level as the costs for Fire and Police Services. Below is a chart illustrating the rising Public Safety Budget. From FY17-18, the cost of Fire and Police Services is projected to increase by 24.8% or \$5.4 million. Whereas all other services over the same period are projected to increase by 21.4% or \$5 million. Public Safety Services are currently 49% of the budget.



FIVE YEAR PROJECTION SUMMARY

	FY17-18 ADOPTED	FY18-19 PROJECTED	FY19-20 PROJECTED	FY20-21 PROJECTED	FY21-22 PROJECTED	FY22-23 FORECAST	FY23-24 FORECAST
Revenues:							
Sales Tax	\$ 10,230,112	\$ 10,538,030	\$ 11,078,291	\$ 11,387,375	\$ 11,705,083	\$ 12,032,825	\$ 12,369,744
Property Tax	7,598,544	7,934,450	8,640,731	8,881,807	9,129,610	9,385,239	9,648,025
Franchise Tax	2,755,808	2,530,600	2,580,900	2,652,907	2,726,923	2,803,277	2,881,769
Building Permit Fee	2,343,250	1,045,000	1,313,000	1,349,633	1,387,287	1,426,132	1,466,063
Property Transfer Tax	337,486	350,000	382,000	392,658	403,613	414,914	426,532
Transient Occupancy Tax	508,800	589,650	605,010	621,890	639,241	657,139	675,539
Other Licenses & Permits	1,315,326	1,936,670	1,425,760	1,465,539	1,506,428	1,548,608	1,591,969
Intergovernmental	92,185	943,585	919,360	945,010	971,376	998,575	1,026,535
Fees	4,775,264	3,885,099	4,092,061	4,206,229	4,323,583	4,444,643	4,569,093
Fines and Forfeitures	561,668	792,400	830,710	853,887	877,710	902,286	927,550
Fire Service Tax Credit	2,583,134	2,950,404	3,155,210	3,243,240	3,333,726	3,427,071	3,523,029
Investment Earnings	108,150	155,000	212,010	217,925	224,005	230,277	236,725
Reimbursements and Other	4,890,055	4,483,810	3,875,049	3,983,163	4,094,293	4,208,933	4,326,783
Special Assessments	3,689,246	4,388,485	5,477,460	5,630,281	5,787,366	5,949,412	6,115,995
Traffic Safety, Offender & Enforcement	723,665	491,880	513,700	528,032	542,764	557,961	573,584
Reimbursements for Street Program	798,500	800,000	816,000	838,766	862,168	886,309	911,125
Total Revenues	43,311,192	43,815,063	45,917,250	47,198,342	48,515,175	49,873,600	51,270,061
Expenditures by Department:							
General Government:							
City Council	\$ 227,299	\$ 230,910	\$ 221,510	227,912	234,498	241,275	248,248
Community Support	92,900	75,996	136,990	140,552	144,206	147,955	151,802
City Treasurer	-	-	-	-	-	-	-
City Clerk	577,810	650,500	714,030	735,022	756,632	778,877	801,776
City Attorney	500,000	498,020	508,800	508,800	508,800	508,800	508,800
City Manager	901,293	968,101	940,070	968,084	996,933	1,026,642	1,057,236
Finance	1,518,371	1,552,900	1,543,590	1,588,663	1,635,052	1,682,795	1,731,933
Human Resources	447,149	477,840	525,200	540,326	555,887	571,897	588,367
Public Safety:							
Police Services	13,010,246	14,112,770	14,369,910	14,801,007	15,245,038	15,702,389	16,173,460
Fire Services	7,700,281	7,650,940	7,706,730	7,900,940	8,100,043	8,304,164	8,513,429
Animal Services	836,640	655,410	760,020	772,864	785,926	799,208	812,715
Community Development:							
Planning	1,214,828	1,119,690	1,128,530	1,162,160	1,196,793	1,232,457	1,269,184
Economic Development	278,043	1,999,050	297,930	305,408	313,074	320,932	328,987
Building & Safety/Fire Prevention	2,602,500	1,479,660	1,831,130	1,882,035	1,934,356	1,988,131	2,043,401
Code Enforcement/Graffiti	962,062	291,500	1,423,100	1,465,651	1,509,474	1,554,607	1,601,090
Fire Prevention/Weed Abatement	446,730	790,460	771,370	794,434	818,188	842,651	867,847
Public Services:							
Engineering	2,062,723	2,258,400	2,355,650	2,423,022	2,492,320	2,563,600	2,636,919
Public Works	2,186,487	2,809,920	2,794,990	2,877,722	2,962,902	3,050,604	3,140,902
Park Maintenance	2,395,377	2,516,930	2,741,510	2,816,079	2,892,676	2,971,357	3,052,178
Lake Maintenance	1,554,841	1,288,520	1,294,030	1,328,322	1,363,522	1,399,656	1,436,747
Community Services:							
Recreation	674,866	763,490	766,710	789,328	812,613	836,585	861,264
Community Center	1,134,387	1,512,350	1,323,110	1,360,686	1,399,330	1,439,071	1,479,940
Senior Center	264,079	473,030	549,540	565,422	581,762	598,575	615,874
Campground	527,777	-	-	-	-	-	-
Neighborhood Center	-	-	556,940	573,036	589,596	606,636	624,167
Non-Departmental - Operating	2,658,638	1,276,100	1,269,400	1,284,633	1,300,048	1,315,649	1,331,437
Total Expenditures	\$ 44,775,327	\$ 45,452,487	\$ 46,530,790	\$ 48,112,837	\$ 49,748,673	51,440,128	53,189,093

FIVE YEAR PROJECTION SUMMARY - CONTINUED

	FY 17-18 ADOPTED	FY 18-19 PROJECTED	FY 19-20 PROJECTED	FY 20-21 PROJECTED	FY 21-22 PROJECTED	FY 22-23 FORECAST	FY 23-24 FORECAST
Excess of Revenues Over/(Under)							
Expenditures	(1,464,135)	(1,637,424)	(613,540)	(914,495)	(1,233,498)	(1,566,528)	(1,919,031)
Operating Transfers:							
Operating Transfers In	191,528	190,001	-	-	-	-	-
Operating Transfers Out	(260,000)	(542,600)	(609,270)	(260,000)	(260,000)	(260,000)	(260,000)
Excess of Revenues Over/ (Under)	(1,532,607)	(1,990,023)	(1,222,810)	(1,174,495)	(1,493,498)	(1,826,528)	(2,179,031)
Estimated Year End Adjustments		700,000					
Fund Balance, Beg. of Year	11,403,182	11,819,311	10,529,288	9,306,478	8,131,983	6,638,485	4,811,957
Fund Balance, End of Year	<u>\$ 9,870,575</u>	<u>\$ 10,529,288</u>	<u>\$ 9,306,478</u>	<u>\$ 8,131,983</u>	<u>\$ 6,638,485</u>	<u>\$ 4,811,957</u>	<u>\$ 2,632,926</u>
<i>Detail of Fund Balance</i>							
<i>Nonspendable:</i>							
Deposits and prepaid items	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Loans Receivable	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<i>Assigned</i>							
Uncertainty reserve (17.5%)	7,881,182	8,049,140	8,249,511	8,465,246	8,751,518	9,047,522	9,353,591
<i>Unassigned</i>							
Unallocated reserve	964,393	1,455,148	31,968	(1,358,263)	(3,138,033)	(5,260,565)	(7,745,665)
Total Fund Balance (net)	<u>\$ 9,870,575</u>	<u>\$ 10,529,288</u>	<u>\$ 9,306,478</u>	<u>\$ 8,131,983</u>	<u>\$ 6,638,485</u>	<u>\$ 4,811,957</u>	<u>\$ 2,632,926</u>

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

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

FISCAL YEAR ENDED JUNE 30	TOTAL SECURED	TOTAL UNSECURED	LESS: EXEMPTIONS	TAXABLE ASSESSED VALUE
2008	\$4,805,770,856	\$119,986,192	N/A	\$4,925,757,048
2009	4,813,251,955	114,156,049	N/A	4,927,408,004
2010	3,957,216,079	104,903,811	N/A	4,062,119,890
2011	3,780,316,703	148,435,245	N/A	3,928,751,948
2012	3,777,595,058	145,931,118	N/A	3,923,526,176
2013	3,666,499,221	167,898,562	N/A	3,834,397,783
2014	3,888,934,354	142,565,053	N/A	4,031,499,407
2015	4,463,835,597	136,300,859	\$(105,231,318)	4,494,905,138
2016	4,768,722,323	129,261,454	(93,034,816)	4,804,948,961
2016	4,768,722,323	129,261,454	(93,034,816)	4,804,948,961
2017	5,177,285,267	130,180,313	(95,434,240)	5,212,031,340
2018	5,573,186,823	125,275,157	(99,693,567)	5,598,768,413

Source: Riverside County Assessor FY2017-18 Combined Tax Rolls

PRINCIPAL SECURED PROPERTY OWNERS YEAR ENDED JUNE 30, 2018

TAXPAYER	TAXABLE ASSESSED VALUE	PERCENT OF TOTAL CITY TAXABLE ASSESSED
Plaza Apartments Investment	\$ 50,013,534	0.89%
Castle and Cooke Lake Elsinore West, Inc.	25,998,660	0.46%
Rivers Edge Apartments LLC	25,458,351	0.45%
Helf Canyon Hills Market Place	24,367,002	0.43%
Mohr Affinity, LLC	24,057,194	0.43%
Lake Elsinore Marketplace	21,567,308	0.38%
HGEF Holding Company LLC.	18,655,783	0.33%
Costco Wholesale Corporation	18,284,406	0.32%
Walmart Stores Inc.	18,213,726	0.32%
Pacific Aggregates Inc.	17,598,886	0.31%
	<u>\$ 244,214,850</u>	<u>4.32%</u>

Source: Riverside County Assessor 2017/18 Combined Tax Rolls and the SBE Non-Unitary Tax Roll

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

FY2017-18 ASSESSED VALUATION		<u>\$ 5,598,768,413</u>		
		<u>APPLICABLE (1)</u>	<u>OUTSTANDING DEBT 6/30/18</u>	<u>CITY'S SHARE OF OVERLAPPING DEBT 6/30/18</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:				
DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT				
City of Lake Elsinore Community Facilities Districts	100.000%	\$ 28,640,000	\$ 28,640,000	
City of Lake Elsinore 1915 Act Bonds	100.000%	12,770,000	12,770,000	
Lake Elsinore Public Financing Authority Community Facilities District	100.000%	161,670,000	161,670,000	
Lake Elsinore Public Financing Authority Tax Allocation Revenue Bonds	100.000%	40,225,000	40,225,000	
Lake Elsinore Facilities Financing Authority Community Facilities Districts	100.000%	7,975,000	7,975,000	
TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 251,280,000</u>	
 OTHER OVERLAPPING TAX AND ASSESSMENT DEBT				
Riverside County Flood Control District, Zone No. 4	0.939%	\$ 16,750,000	\$ 157,283	
Metropolitan Water District	0.206%	60,600,000	124,836	
Mount San Jacinto Community College District	6.624%	177,765,000	11,775,154	
Perris Union High School District	3.084%	106,662,301	3,289,465	
Menifee Union School District	5.059%	65,979,720	3,337,914	
Perris School District	0.074%	29,211,242	21,616	
Lake Elsinore Unified School District CFDs	43.718%	32,415,000	14,171,190	
Lake Elsinore Unified School District Community Facilities Districts	100.000%	37,362,927	37,362,927	
Perris Union High School District CFD No. 92-1	9.132%	34,620,000	3,161,498	
Elsinore Valley Metropolitan Water District CFD No. 2003-1	100.000%	3,173,000	3,173,000	
TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 76,574,883</u>	
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 327,854,883</u>	
 DIRECT AND OVERLAPPING GENERAL FUND DEBT:				
DIRECT GENERAL FUND DEBT				
City of Lake Elsinore General Fund Obligations	100.000%	\$ 21,620,000	\$ 21,620,000	
City of Lake Elsinore Certificates of Participation	100.000%	6,995,000	6,995,000	
TOTAL DIRECT GENERAL FUND DEBT			<u>\$ 28,615,000</u>	
 OVERLAPPING GENERAL FUND DEBT				
Riverside County General Fund Obligations	2.142%	\$ 812,829,106	\$ 17,410,799	
Riverside County Pension Obligations	2.142%	266,365,000	5,705,538	
Lake Elsinore Unified School District Certificates of Participation	43.718%	32,269,521	14,107,589	
Perris Union High School District General Fund Obligations	3.084%	7,411,654	228,575	
Menifee and Perris School District Certificates of Participation	5.059 & 0.074%	35,218,007	1,435,470	
Western Municipal Water District	5%	10,197,212	472,131	
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>\$ 39,360,102</u>	
 TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 67,975,102</u>	
Less: Riverside County General Fund Self-supporting Obligations			71,828	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 67,903,274</u>	

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT - CONTINUED

OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY):	100.000%	\$ 57,150,000	<u>\$ 57,150,000</u>
Total Direct Debt			\$ 28,615,000
Total Gross Overlapping Debt			\$ 424,364,985
Total Net Overlapping Debt			\$ 424,293,157
Gross Combined Total Debt (2)			\$ 452,979,985
Net Combined Total Debt			\$ 452,908,157

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 2017-18 Assessed Valuation:

Total Direct Debt (\$28,615,000)	0.510%
Gross Combined Total Debt	8.090%
Net Combined Total Debt	8.090%

Ratio to Redevelopment Incremental Valuation (\$2,459,600,013):

Total Overlapping Tax Increment Debt	2.320%
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Source: California Municipal Statistics

LARGEST EMPLOYERS BY NUMBER OF EMPLOYEES

	2016 NUMBER OF EMPLOYEES	2017 NUMBER OF EMPLOYEES	2018 NUMBER OF EMPLOYEES
EMPLOYMENT			
Estimated Total Employment*	26,900 (1)	27,900 (1)	29,200 (1)
EMPLOYER			
Lake Elsinore Unified School District	2,618	2,644	2,497
M & M Framing	500	500	500
Stater Bros (3 locations)	299	319	329
Lake Elsinore Hotel & Casino	253	275	275
Costco	236	259	265
Walmart Store	235	234	234
Riverside County Department of Social Services	196	173	164
Elsinore Valley Municipal Water District	154	154	154
Target	140	150	140
Home Depot	143	150	130
Total Top 10 Employers	4,774	4,858	4,688

Notes:

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

Source:

MuniServices, LLC

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

COMPARATIVE CITY INFORMATION

CITY	YEAR	NUMBER OF EMPLOYEES	POPULATION	ESTIMATED GENERAL FUND REVENUES	ESTIMATED GENERAL FUND EXPENDITURES	EXPENDITURES PER CAPITA
Lake Elsinore	2018	137	63,365	\$43,815,063	\$45,452,487	\$717
	2017	130	62,092	\$43,397,044	\$44,401,555	\$715
	2016	132	61,006	\$40,447,406	\$41,678,028	\$683
	2015	130	56,688	\$36,370,680	\$36,897,305	\$632
	2014	111	56,718	\$33,457,155	\$34,504,073	\$608
Temecula	2018	172	113,826	\$79,114,548	\$74,912,384	\$658
	2017	157	111,024	\$69,409,540	\$69,139,252	\$623
	2016	158	109,064	\$69,558,281	65,986,844	\$605
	2015	158	108,920	\$65,853,760	\$65,418,521	\$601
	2014	156	106,289	\$61,977,909	\$61,639,375	\$580
Murrieta	2018	321	114,985	\$44,527,840	\$45,555,562	\$396
	2017	320	114,914	\$42,043,420	\$45,369,337	\$395
	2016	310	112,232	\$41,456,896	\$41,256,896	\$368
	2015	315	107,279	\$39,954,041	\$39,954,041	\$372
	2014	312	106,425	\$37,492,777	\$40,092,661	\$377
Menifee	2018	107	91,902	\$43,502,407	\$44,502,407	\$484
	2017	71	91,902	\$39,861,889	\$34,874,940	\$379
	2016	67	89,004	\$29,380,373	\$31,795,333	\$357
	2015	45	87,286	\$30,910,808	\$31,235,543	\$358
	2014	45	85,455	\$28,204,680	\$28,520,562	\$334
Wildomar	2018	17	35,782	\$11,301,700	\$11,442,300	\$320
	2017	17	35,782	\$15,681,439	\$13,893,500	\$388
	2016	17	35,034	\$9,360,300	\$9,325,200	\$266
	2015	17	34,758	\$10,974,368	\$9,654,528	\$278
	2014	17	33,696	\$10,159,389	\$9,386,329	\$279
Perris	2018	162	77,879	\$38,643,234	\$42,241,197	\$542
	2017	162	75,739	\$37,151,966	\$40,688,827	\$537
	2016	156	74,005	\$32,502,699	\$35,387,974	\$478
	2015	136	72,476	\$31,372,804	\$33,975,879	\$469
	2014	140	72,063	\$24,922,848	\$28,489,279	\$395

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY OF TERMS- CONTINUED

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

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

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

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

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

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

FEES - Charges for specific services.

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

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

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

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

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

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

GLOSSARY OF TERMS- CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY OF TERMS - CONTINUED

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

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

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

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

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