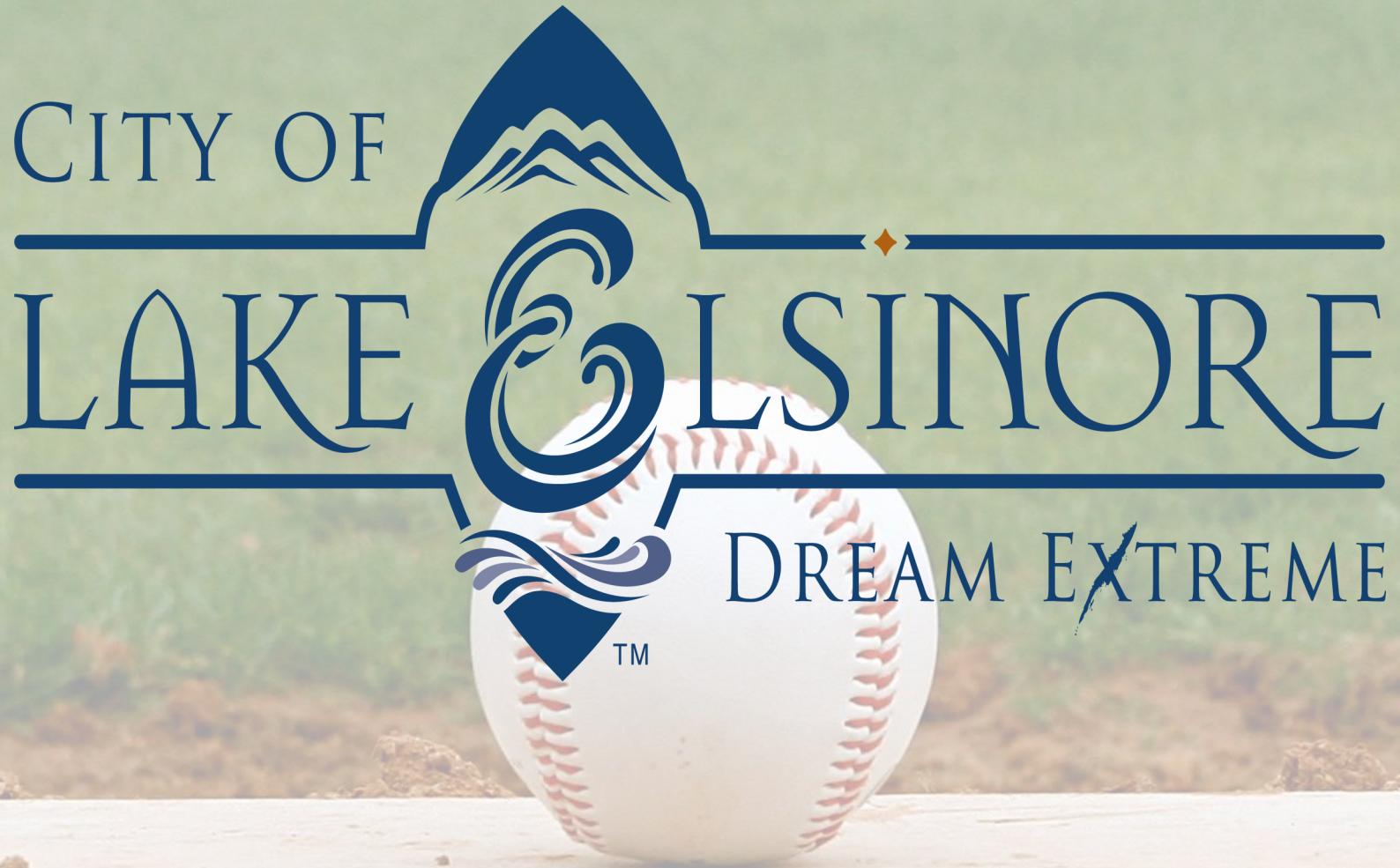


# **City of Lake Elsinore, California**

# **Comprehensive Annual**

# **Financial Report**

**For Fiscal Year Ended**  
**June 30, 2016**



**Cover depicts rendering of the Rosetta Canyon Sports Park, which celebrated it's grand opening following the close of the fiscal year on November 4, 2016.**

**CITY OF LAKE ELSINORE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2016**

**PREPARED BY THE DEPARTMENT OF FINANCE**



**City of Lake Elsinore, California**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2016

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i - viii
Government Finance Officers Association Certificate of Achievement	ix
Organization Chart	x
Directory of Officials	xi
<b>II. FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b>	1 - 2
<b>Management Discussion &amp; Analysis</b>	3 - 11
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14 - 15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17 - 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22 - 23
Statement of Fiduciary Net Position - Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	25
Notes to Financial Statements	26 - 88
<b>Required Supplementary Information:</b>	
Schedule of the City's Proportionate Share of the Net Pension Liability	
CalPERS Pension Plan	89
Schedule of Contributions	
CalPERS Pension Plan	90
Schedule of Funding Progress	91
Budgetary Comparison Schedule Budget and Actual - General Fund	92
Budgetary Comparison Schedule Budget and Actual - Special Revenue Fund - Low and Moderate Income Housing	93
Notes to Required Supplementary Information	94
<b>Supplementary Schedules</b>	
Other Governmental Funds:	95
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97
Other Special Revenue Funds:	98 - 99
Combining Balance Sheet	100 - 104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	105 - 109
Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual	110 - 129

**City of Lake Elsinore, California**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2016

**TABLE OF CONTENTS - Continued**

	<b>PAGE</b>
<b>Supplementary Schedules - Continued</b>	
Other Capital Projects Funds:	
Combining Balance Sheet	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	131 - 133
Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual	134 - 136
Budgetary Comparison Schedule - Capital Projects Fund - Assessment Districts	137 - 147
Budgetary Comparison Schedule - Capital Projects Fund - Capital Improvement Plan	148
Permanent Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual -	149
Endowment Trust Permanent Fund	150
Internal Service Funds:	
Combining Statement of Net Position	151
Combining Statement of Revenues, Expenses, and Changes in Net Position	152
Combining Statement of Cash Flows	153 - 154
Agency Funds:	
Combining Statement of Assets and Liabilities	155 - 156
Combining Statement of Changes in Assets and Liabilities	157 - 160
	161
	162
	163 - 164
<b>III. STATISTICAL SECTION</b>	
Description of Statistical Section Contents	165
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	166 - 167
Changes in Net Position - Expenses and Program Revenues - Last Ten Fiscal Years	168 - 169
Changes in Net Position - General Revenues, Special and Extraordinary Items -	
Last Ten Fiscal Years	170 - 171
Fund Balances of Governmental Funds - Last Ten Fiscal Years	172 - 173
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	174 - 175
Revenue Capacity:	
Governmental Activities Tax Revenue by Source	176
Taxable Sales by Major Industry Groups	177 - 178
Direct ad Overlapping Property Tax Rates - Last Ten Fiscal Years	179
Principal Property Taxpayers - Current Year and Nine Years Ago	180
Property Tax Levies and Collections - Last Ten Fiscal Years	181
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	182 - 183
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	184 - 185
Direct and Overlapping Debt	186
Legal Debt Margin Information - Last Ten Fiscal Years	187 - 188
Pledged Revenue Coverage - Last Ten Fiscal Years	189
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	190
Principal Employers - Current Year and Nine Years Ago	191
Operating Information:	
Full-Time and Part-Time City Employees by Function - Last Ten Fiscal Years	192
Operating Indicators by Function - Last Ten Fiscal Years	193 - 194
Capital Asset Statistics by Function - Last Ten Fiscal Years	195

# INTRODUCTORY SECTION

CITY OF  
LAKE  EL SINORE  
DREAM ~~EXTREME~~





December 30, 2016

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

We are pleased to submit the June 30, 2016 Comprehensive Annual Financial Report (CAFR) for the City of Lake Elsinore (City). This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

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

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

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

#### **Independent Audit**

State statutes require an annual audit by independent certified public accountants. Teaman Ramirez & Smith, Inc., a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Lake Elsinore's financial statements for the year ended June 30, 2016, are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

#### **Reporting Standards**

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

### **Financial Reporting Entity**

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

Because of the dissolution of the Redevelopment Agency of the City of Lake Elsinore, the agency is not shown as a component unit of the City of Lake Elsinore's financial statements. The City, as the Successor Agency to the Redevelopment Agency, continues to carry out remaining activities of the Redevelopment Agency until activities are complete. Successor Agency trust information is disclosed in the notes to the financial statements (Note No. 20).

### **Profile of the City**

The City of Lake Elsinore was incorporated in 1888 and is located in the Elsinore Valley, in Western Riverside County. The Elsinore Valley is centralized with about an hour to two hours' drive between major anchor cities such as San Diego, Los Angeles, Orange County, Palm Springs, and Big Bear. Serving a population of 61,006, the city limits fall on the Easterly shores of Lake Elsinore, the largest natural freshwater lake of Southern California. The City currently occupies 42 square miles with 5 square miles being water. Residents enjoy perfect climate, blue sky, clean air, world-famous thermal winds for aerial sports, water sports, and off-road motor sports. All of this is set against the spectacular Cleveland National Forest, providing opportunities for hiking, biking, bird watching or relaxing in the beauty that abounds in this outdoor recreation destination.

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

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

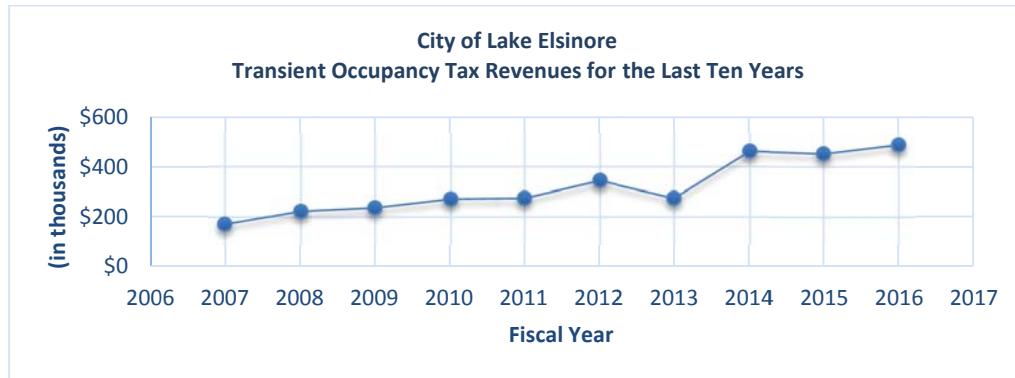
### **Services Provided**

The City provides a range of municipal services for citizens throughout the community that include maintenance of 18 parks, fire prevention, animal services, planning and development, building inspections, licenses and permits, construction and maintenance of streets, right-of-way landscaping maintenance, traffic and street lighting, capital improvements, general administration, recreational services, cultural activities, and lake services. Police services are contracted from the Riverside Sheriff Department. Fire services are contracted from Cal Fire. The Lake Elsinore Unified School District provides 24 schools for 21,559 students within the city limits and sphere of influence areas. Water and sewer services are provided by the Elsinore Valley Municipal Water District.

## Local Economy

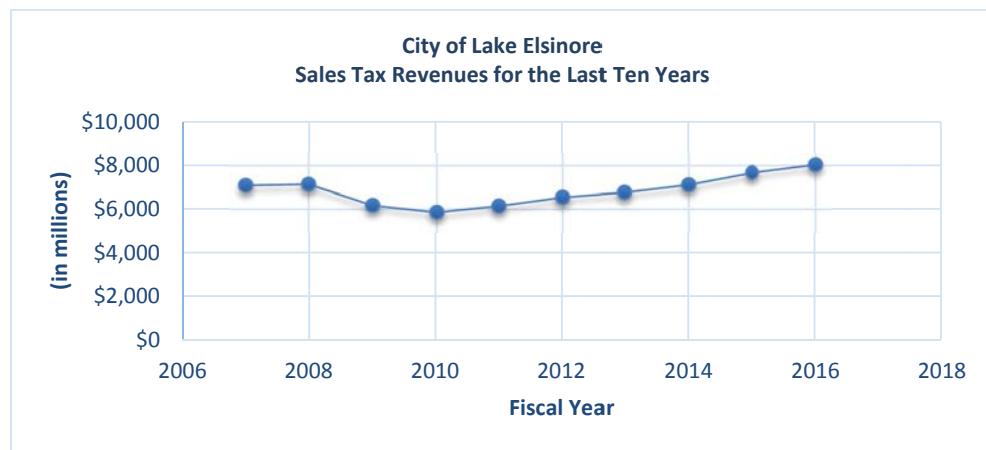
The City of Lake Elsinore is reported as one of the fastest growing cities in California today. The City offers easy access to major freeways, available industrial and commercial land, quality labor force of both skilled and semi-skilled workers, and an economic philosophy of assisting local businesses for future growth. The region's geographic location, competitive cost structure and sophisticated logistics facilitates one of the fastest growing communities in the area. The City's median age is 29.5 with a per capita personal income of \$19,375. This is a slight increase from the prior year of \$19,140 with the unemployment rate at 7.2%, which is down from the prior year of 8.8%. The median housing price in the City is approximately \$320,000 which is a median increase of 4.92% from the prior year, while the statewide median is in the \$448,800 range. With the City's arena for varied sports activities and increased growth, the City has experienced an increase in the 10% transient occupancy tax (TOT) revenues.

Chart 1.



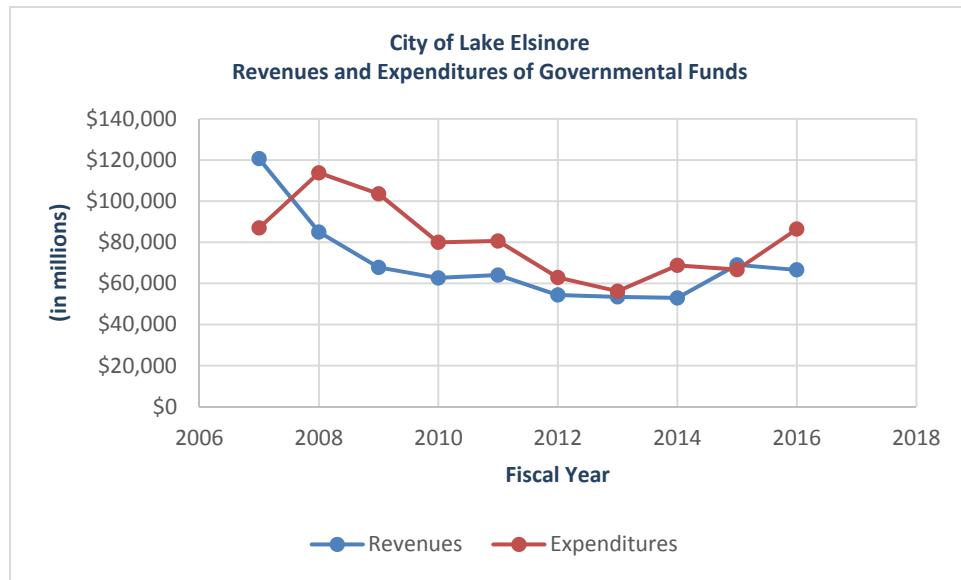
The City's Economic Development Department works with the Chamber of Commerce and the Visitor's Bureau in its effort to encourage the expansion and relocation of industries that generate local sales tax and employment opportunities. The City's sales tax revenue, the largest general fund revenue, experienced increased sales overall of 7.3% with auto sales from the auto mall, general consumer goods, restaurants, and hotels as the top producers.

Chart 2.



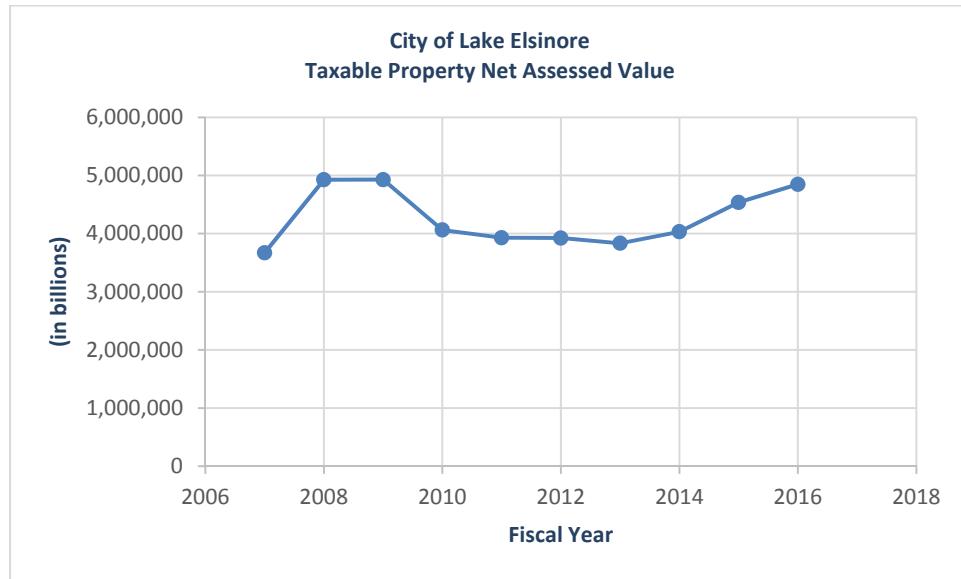
The City's net position continues to recover from losses experienced after the end of the 2008-2009 recession and local housing market drop. The chart below shows the dramatic losses and slow recovery, which extends to increased jobs, development, building permit issuance, construction, and home sales. However, Public Safety costs continue to increase even though general government expenditures have significantly decreased.

Chart 3.



Taxable property values are on the upswing with only a little more than 1/3 built out. The 2/3 of vacant land includes open frontage along California's Interstate 15 Highway available for commercial development.

Chart 4.



### Vision Statement and Major Initiatives

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

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

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

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

### **Things to Come**

This fiscal year the City embarked on a capital improvement plan to transform the existing City owned La Laguna RV Resort and Campground. Located on the North shore of the Lake, the resort includes the recently constructed boat launch. The transformation plans will create new amenities and renovate the campground for use by the community, residents, and visitors. Improvements will include picnic and shade structures, activity areas, new campsites, RV hookups, parking, concession stand, bait & tackle shop, new entry way, and administrative buildings.

After the close of the 2016 fiscal year, the City's Rosetta Canyon Sports Park celebrated Opening Day with the newly reconstructed park that was transformed from an 8 acre park to a full-fledged 22 acre sports venue. The park offers five championship quality ball fields, a combination football/soccer field, and a two-story concession stand with observation deck.

In the new fiscal year, Council approved the proposed development of a 520,000 square foot indoor commercial sports facility that will be located adjacent the Diamond Stadium. The sports facility is proposed for two levels with approximately 58 indoor volleyball courts or 33 basketball courts and stadium style seating. The second level will provide team rooms for rent, and suites around the main court. The facility will also include three restaurant facilities.

### **Budgetary Control and Accounting Basis**

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

Each fiscal year, the annual operating budget is proposed after a considerable review process in which staff and Council identify budget priorities, immediate and future fiscal issues, community needs, and the resources required to enhance capital programs and services within the City in order to maintain a strong community. The five-year revenue and expenditure projections are developed to identify future impacts of proposed staffing and program changes, as well as, the impact of capital improvement projects. The annual budget serves not only as a financial plan for the immediate future, but also as a management and communications tool outlining the City Council's vision and key initiatives for the year that make the City the desirable place as our vision statement outlines. The annual budget is presented to Council for adoption at the start of each fiscal year. The budget is prepared by fund, function (e.g. community services), and department (e.g., recreation). Department heads may transfer funds within a department as they see fit. Transfers between departments; however, need special approval from the Council.

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

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

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

### **Fund Descriptions**

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

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

### **Cash Management**

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

<b>Type of Security</b>	<b>% of Portfolio</b>	<b>% Permitted by Policy</b>
U.S. Treasuries	29.93%	100%
Federal Agencies	8.04%	100%
Municipal Bonds	0.56%	100%
Certificate of Deposit	8.66%	25%
Federal Agency CMO	1.15%	40%
Corporate Notes	15.14%	30%
CAMP - Pooled Sweep Account	0.17%	100%
Local Agency Investment Fund	36.36%	100%

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

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

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

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

### **Risk Management**

The City is a member of the California Joint Powers Insurance Authority, which provides administration of the pooling of self-insured members funding. Through membership, the City receives coverage for liability, facility, automobile, and workers compensation protection. The Authority utilizes a staff of risk managers to assist member agencies in all aspects of coverage and safety issues. More information on this insurance is disclosed in the notes to the financial statements (Note No. 18).

### **Debt Administration**

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

Honorable Mayor and City Council  
December 30, 2016

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, the government published a CAFR that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that provides the user with the financial information they need to assess the City's financial health. A Certificate of Achievement is valid for one year only and management believes that the current CAFR continues to meet the program's requirements; as a result, management has submitted the current CAFR for consideration of the award.

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

Respectfully submitted,



Jason Simpson  
Assistant City Manager



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Lake Elsinore  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

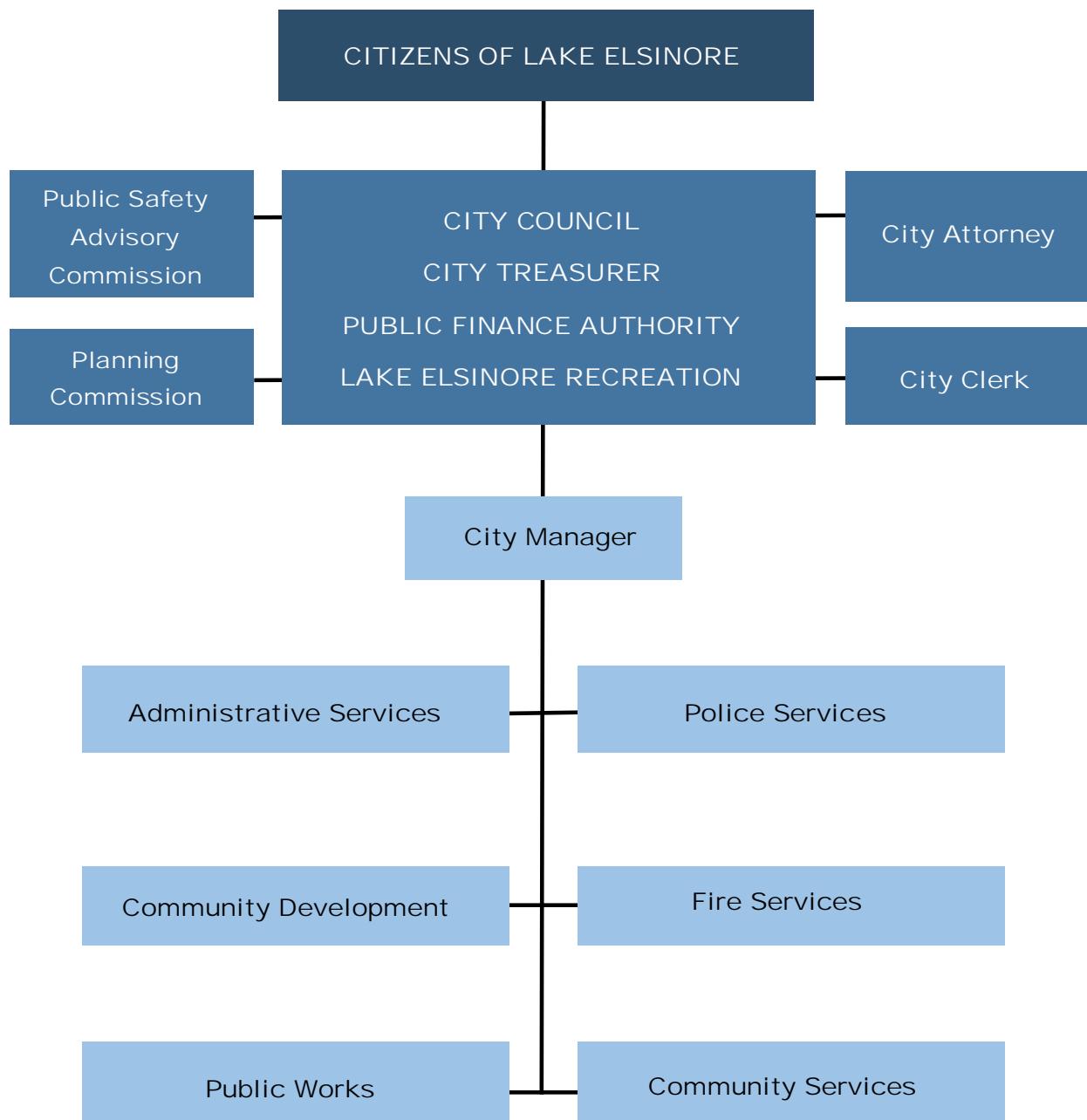
A handwritten signature in black ink, appearing to read 'Jeffrey R. Einer'.

Executive Director/CEO

---

## CITY OF LAKE ELSINORE ORGANIZATION CHART

---



## **CITY OF LAKE ELSINORE DIRECTORY OF OFFICIALS\***

### **ELECTED OFFICIALS**

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

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

### **ADMINISTRATION**

NAME	POSITION
Grant Yates	City Manager
Jason Simpson	Assistant City Manager
Barbara Leibold	City Attorney
Susan Domen	City Clerk
Vacant	Director of Administrative Services
Johnathan Skinner	Director of Community Services
Grant Taylor	Director of Community Development
Leonard Hollingsworth	Chief of Police Services
Sean Dakin	Fire Battalion Chief

\*At December 31, 2016



This page left intentionally blank.

# FINANCIAL SECTION

CITY OF

LAKE  ELSINORE

DREAM ~~EXTREME~~

TM



# Independent Auditors' Report

CITY OF

LAKE



EL SINORE

DREAM ~~EXTREME~~



## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Elsinore, California (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lake Elsinore, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Emphasis of Matter*

##### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2016 the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 11 and 89 through 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Teman Ramirez & Smith, Inc." The signature is cursive and fluid, with "Teman" and "Smith" being more formal and "Ramirez" and "& Inc." being more stylized.

Riverside, California  
December 30, 2016

# Management's Discussion and Analysis

CITY OF  
LAKE  EL SINORE

DREAM ~~EXTREME~~



**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

As management of the City of Lake Elsinore (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which is in the introductory section already presented. This report is organized into three sections: introductory, financial, and statistical.

## **FINANCIAL HIGHLIGHTS**

- The City's capital assets, net of depreciation, increased by \$6.7 million as a result of increased community parks and infrastructure improvements.
- Capital expenditures increased as a result of an increase in capital improvement project construction. This follows the City council's initiatives of transportation, economic development, image, and services.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11.4 million or 31% of total General Fund expenditures. City Council has designated 17.5% or \$2 million of the \$11.4 million for future contingencies.
- The City of Lake Elsinore's total long-term debt had a net decrease of \$13 million during the current fiscal year. The net decrease includes bond defeasance and capital improvement reimbursements.
- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$210,044,700.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

### **Government-wide Financial Statements**

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

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

**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

### **Government-wide Financial Statements - Continued**

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities, the Lake Elsinore Public Financing Authority and the Lake Elsinore Recreation Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 12 - 13 of this report.

### **Fund Financial Statements**

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

#### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The basic governmental fund financial statements can be found on pages 14 - 19 of this report.

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

**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

### **Governmental Funds - Continued**

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

*Proprietary funds.* The City maintains various *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, information technology systems, support systems, fleet services, and facilities services. The basic proprietary fund financial statements can be found on pages 20 - 23 of this report.

Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The internal services funds are combined in a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 152 - 160 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Lake Elsinore's own programs. The accounting used for the fiduciary fund is much like that used by the proprietary funds, accrual basis of accounting. The basic fiduciary fund financial statements can be found on pages 24 - 25 of this report.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 - 88 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found starting on pages 89 - 94 of this report. Immediately following the required supplementary information, the *supplementary schedules* present the governmental fund statements. Combining and individual fund statements and schedules can be found on pages 95 - 164 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$210 million at the close of the most recent fiscal year. For the City, 69.1% of the net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

**Condensed Statements of Net Position**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets:		
Current and other assets	\$ 368,715,948	\$ 396,135,556
Capital assets	<u>156,562,992</u>	<u>149,920,933</u>
Total Assets	<u>525,278,940</u>	<u>546,008,120</u>
Total Deferred Outflows of Resources	<u>5,149,726</u>	<u>4,327,750</u>
Liabilities:		
Long-term debt outstanding	280,728,181	293,942,992
Other liabilities	<u>38,851,639</u>	<u>38,632,534</u>
Total Liabilities	<u>319,579,820</u>	<u>332,575,526</u>
Total Deferred Inflows of Resources	<u>804,146</u>	<u>1,812,082</u>
Net Position:		
Net investment in capital assets	145,170,561	137,914,627
Restricted	75,054,285	90,537,124
Unrestricted	<u>(10,180,146)</u>	<u>(12,503,489)</u>
Total Net Position	<u>\$ 210,044,700</u>	<u>\$ 215,948,262</u>

An additional portion of the City's net position, 35.7%, represents resources that are subject to external restrictions on how they may be used. The deficit balance of approximately (\$10.1) million is *unrestricted net position* reflect the fact that governmental activities raise resources based on when liabilities are expected to be paid, rather than when they are incurred. Most governments do not have sufficient current resources on hand to cover current and long-term liabilities. The deficit in and of itself should not be considered an economic or financial difficulty; however, it does measure how far the City has committed the government's future tax revenues for purposes other than capital acquisition.

The City's total net position decreased by \$5.9 million primarily resulting from a decrease in cash and investments and an increase in pension related items. The decrease in cash and investments is a result of increased capital improvement costs, which also resulted in increased capital depreciation. The most significant decrease in revenues was for Capital grants and contributions which decreased by \$15.1 million. In fiscal year 2015, the City received proceeds from special assessment bonds to construct certain public facilities and improvements. Expenses in public safety increased by \$7.5 million because of increased costs for law enforcement and fire services provided by the County of Riverside and CAL Fire respectfully. The City also reported prior period adjustments on Community Facility District (CFD) investments of \$1.5 million as a result of restructuring investments from the advanced refunding of certain bonds.

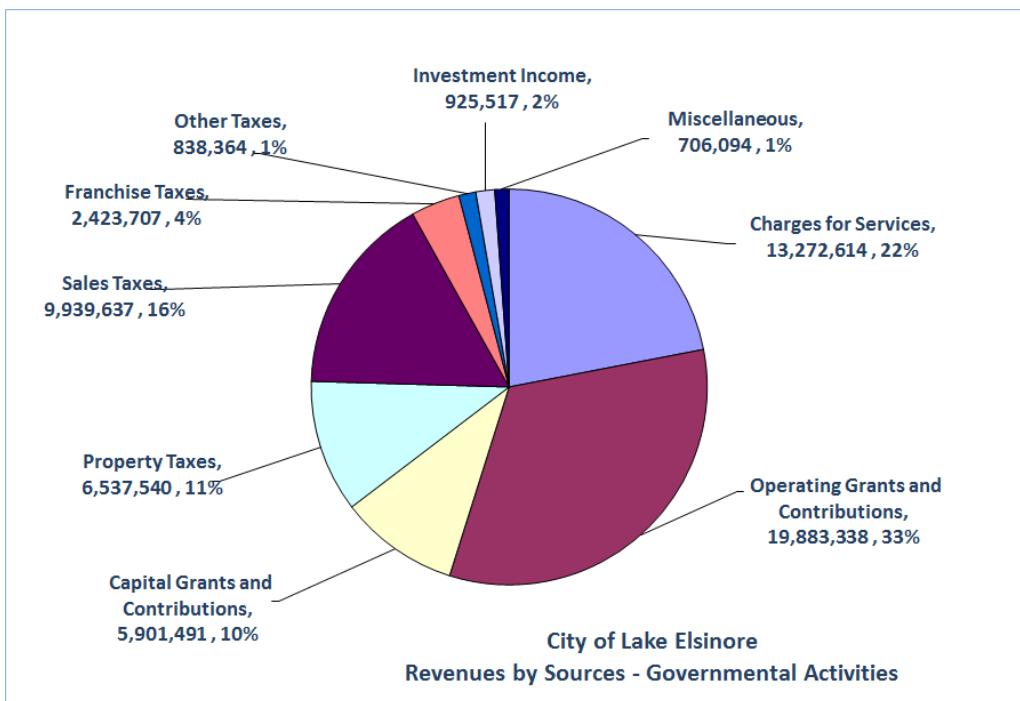
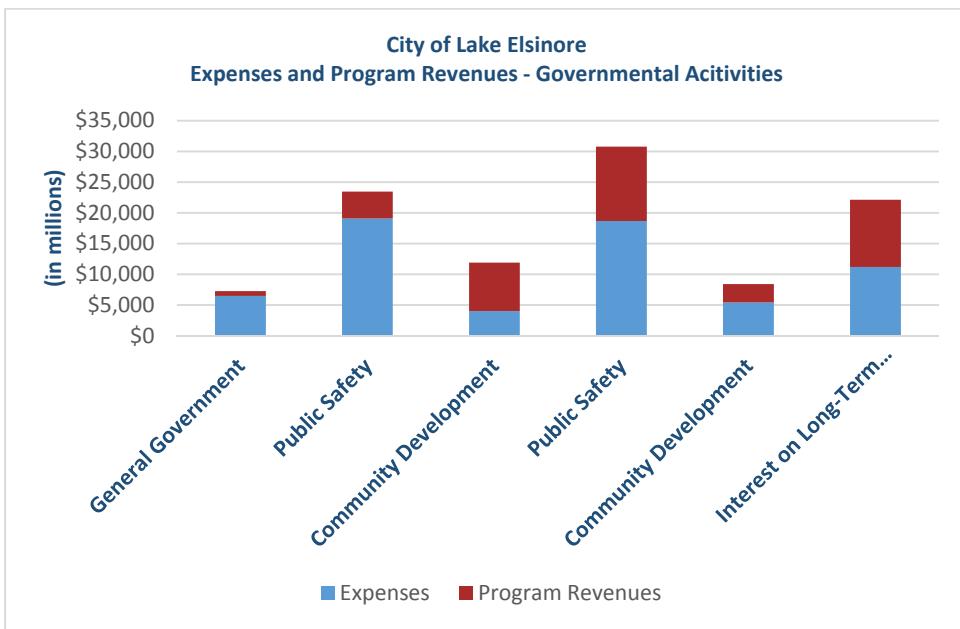
**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued**

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

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 13,272,053	\$ 12,215,638
Operating grants and contributions	19,883,338	20,141,320
Capital grants and contributions	5,901,491	21,044,552
General Revenues:		
Taxes:		
Property taxes	6,537,540	6,276,548
Sales taxes	9,939,637	8,572,066
Franchise taxes	2,423,707	2,389,413
Other taxes	838,364	767,058
Investment earnings	925,517	966,365
Miscellaneous	<u>706,094</u>	<u>1,022,472</u>
Total Revenues	<u>60,427,741</u>	<u>73,395,432</u>
Expenses:		
General government	6,477,776	8,617,841
Public safety	19,098,659	18,626,488
Community development	4,005,355	7,391,688
Public services	18,668,180	11,162,854
Community services	5,411,152	4,652,536
Interest on long-term debt	<u>11,204,357</u>	<u>8,097,248</u>
Total Expenses	<u>64,865,479</u>	<u>58,548,655</u>
Change in net Position, before Special Item	<u>(4,437,738)</u>	<u>14,846,777</u>
Special Item – Loss on CFD and AD Investments	<u></u>	<u>(4,502,385)</u>
Change in net position	<u>(4,437,738)</u>	<u>10,344,392</u>
Net position at beginning of year	<u>215,948,262</u>	<u>213,927,880</u>
Prior period adjustment	<u>(1,465,824)</u>	<u>(8,324,010)</u>
Net position at beginning of year, as restated	<u>214,482,438</u>	<u>205,603,870</u>
Net position at end of year	<u>\$ 210,044,700</u>	<u>\$ 215,948,262</u>

**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016



**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

### **Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$317.9 million, a decrease of \$30 million in comparison with the prior year. Of the \$317.9 million ending fund balance, a net \$11.4 million, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable*, \$1.2 million; *restricted*, \$303.9 million; or *assigned*, \$1.5 million for particular purposes.

The General Fund is the chief operating fund of the City of Lake Elsinore. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.4 million, while total fund balance was \$12.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 30.80% of total General Fund expenditures, while total fund balance represents 33.59% of that same amount.

The fund balance of the City's General Fund increased by \$423,966 during the current fiscal year. The primary factor is an increase from contributions from property owners, which relates to community facilities districts bond proceeds for infrastructure and improvements.

For the major funds, the Public Financing Authority Debt Service Fund's restricted fund balance decreased by \$16.6 million partly as the result of the defeasance of 2011A Summerly and 2011A Boat Launch bonds. The low and Moderate Income Housing Fund had a decrease of \$127,883 in fund balance from more program spending than investment earnings. The Recreation Authority had an insignificant decrease of \$2,366 in fund balance. For the major capital projects funds, the Assessment Districts Capital Project Fund had a decrease of \$11.2 million for park, sewer, water and other public improvements from revenues received in the prior year. For the Capital Improvement Plan Capital Project Fund, the increase of \$1.8 million was from amounts transferred and collected that will be used on completing construction projects in 2017.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

*Original - versus - Final:* The difference between the original budget and the final amended budget reflects \$317,302 net decrease in appropriations, including transfers, mainly as a result in the City's continued efforts to cut costs and remain fiscally responsible to constituents. Original budget was increased by \$262,965 net in licenses, permits and fees, intergovernmental revenues, charges for services, fines and penalty type revenues. Original budget was decreased by \$409,767 net in contributions from property owners and miscellaneous revenues. Original budget was increased by \$165,481 net in governmental services expenditures and \$30,984 net decrease in public works, community development and lake service expenditures. Finally, budget was increased by \$38,500 net in non-departmental services and capital outlay expenditures.

**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

**GENERAL FUND BUDGETARY HIGHLIGHTS - Continued**

**Revenue Variances:** Property and other tax revenues were higher than budget by \$706,024 resulting from increased sales tax in general consumer goods. Licenses, permits, fees, intergovernmental revenues, charges, and fine revenues combined were higher than budgeted by \$551,375 resulting from less permits issued than anticipated offset by increased intergovernmental revenues. Investment earnings, contributions from property owners and miscellaneous revenues were higher than budgeted by \$1,077,474 as a result of bond refunding and issuance activities.

**Expenditure Variances:** General government expenditures were lower than budgeted by \$286,519 resulting from a decrease in spending. Public safety, fire, and animal services expenditures were less than the final budget by \$401,097 resulting from reduction of contracted services and close monitoring of spending. Community Development expenditures were less than budgeted by \$185,670 because less plan checks were needed. Community Services Department were less than final budget due to less spending \$311,833. Finally, Public Works and Lake Maintenance combined were higher than budgeted by \$40,022 because of a reduction of staff in the lake division that was not filled.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$156.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The total decrease in the City of Lake Elsinore's investment in capital assets for the current fiscal year was 1%. Major or notable capital asset events during the current fiscal year included the following:

- Rosetta Canyon Hills Street Improvements
- I-15/Railroad Canyon Deceleration Lane
- Gunnerson Street Rehabilitation
- Serenity Park Improvements
- Rosetta Canyon Hills Sports Park

**Capital Assets at Year-End  
(Net of Depreciation)**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Land	\$ 2,926,422	\$ 2,926,422
Construction in progress	8,274,206	7,296,848
Buildings and structures	13,490,789	13,911,547
Improvements other than buildings	10,852,753	11,479,450
Machinery and equipment	531,587	589,243
Furniture and fixtures	144,300	221,023
Automotive equipment	1,238,451	1,094,685
Technology Equipment & Software	522,699	306,037
Infrastructure	<u>118,581,785</u>	<u>112,047,309</u>
Totals	<u>\$ 156,562,992</u>	<u>\$ 149,872,564</u>

Additional information on the City of Lake Elsinore's capital assets can be found in note 7 of this report.

**City of Lake Elsinore, California**  
**Management's Discussion and Analysis**  
June 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued**

**Long-Term Debt**

At year-end, the City has a number of debt issues outstanding. These issues include \$185.2 million of local agency revenue bonds, \$44.7 million of tax allocation bonds, \$12.7 million of revenue refunding bonds, and \$10 million in other post-employment benefit (OPEB) obligation. Changes in long-term obligations resulted from the reduction of debt through principal and interest payments and an increase in the OPEB obligation, which resulted in a net decrease of debt by \$13 million. The reduction of debt included the defeasance of 2011 Series A Summerly and 2011 Series A Boat Launch bonds.

**Outstanding Debt**

	Governmental Activities	
	2016	2015
Local agency revenue bonds	\$ 185,235,000	\$ 193,965,000
Tax allocation bonds	44,705,000	51,015,000
Deferred amounts	10,699,833	11,068,587
Revenue refunding bonds	12,717,253	13,295,152
Certificate of participation bonds	7,644,938	7,859,283
Net pension liability	8,943,640	7,292,642
Other post-employment benefit obligation	10,009,953	8,707,294
Compensated absences	772,564	740,034
 Totals	 \$ 280,728,181	 \$ 293,942,992

Additional information on the City of Lake Elsinore's long-term debt can be found in note 8 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

**REQUEST FOR INFORMATION**

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



This page left intentionally blank.

# Basic Financial Statements

CITY OF

LAKE



EL SINORE

DREAM ~~EXTREME~~



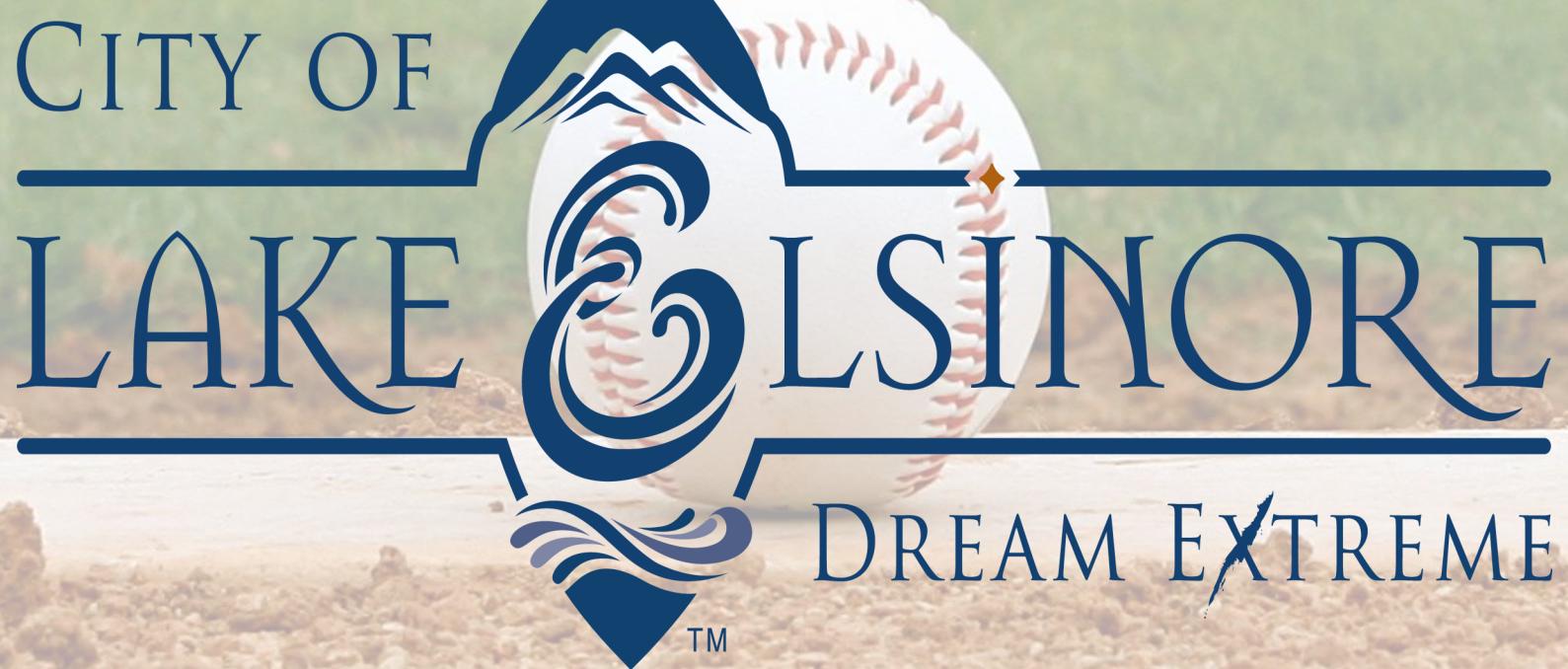
# City of Lake Elsinore, California

## Statement of Net Position

June 30, 2016

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 49,214,688
Restricted Cash and Investments	222,472,430
Accounts Receivable	1,090,309
Accrued Interest Receivable	3,674,602
Loans Receivable from Successor Agency	74,346,411
Notes Receivable	11,837,000
Interest Receivable on Notes	1,516,458
Due from Other Governments	3,453,891
Prepaid Items	599,724
Land Held for Resale	510,435
Capital Assets, Not Depreciated	11,200,628
Capital Assets, Net of Accumulated Depreciation	<u>145,362,364</u>
 Total Assets	 <u>525,278,940</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charges on Refunding	2,920,817
Pension Related Items	<u>2,228,909</u>
 Total Deferred Outflows of Resources	 <u>5,149,726</u>
<b>LIABILITIES</b>	
Accounts Payable	8,317,901
Other Accrued Liabilities	1,199,594
Deposits and Other Liabilities	23,882,664
Interest Payable	3,785,764
Unearned Revenue	1,665,716
Noncurrent Liabilities:	
Due Within One Year	8,312,256
Due in More Than One Year	<u>272,415,925</u>
 Total Liabilities	 <u>319,579,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Items	<u>804,146</u>
 Total Deferred Inflows of Resources	 <u>804,146</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	145,170,561
Restricted for:	
Debt Service	7,442,047
Low and Moderate Income Housing	55,037,688
Transportation and Public Works	1,973,170
Public Facilities and Improvements	8,947,460
Other Purposes	1,653,920
Unrestricted	<u>(10,180,146)</u>
 Total Net Position	 <u>\$ 210,044,700</u>

The accompanying notes are an integral part of this statement.



This page left intentionally blank.

# City of Lake Elsinore, California

## Statement of Activities

Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General Government	\$ 6,477,776	\$ 734,034	\$ 49,145	\$	\$ (5,694,597)
Public Safety	19,098,659	1,922,602	2,437,225		(14,738,832)
Community Development	4,005,355	4,660,580	470,116	2,760,479	3,885,820
Public Services	18,668,180	2,977,138	5,985,991	3,141,012	(6,564,039)
Community Services	5,411,152	2,977,699	23,861		(2,409,592)
Interest on Long-term Debt	11,204,357		10,917,000		(287,357)
 Total Governmental Activities	 <u>\$ 64,865,479</u>	 <u>\$ 13,272,053</u>	 <u>\$ 19,883,338</u>	 <u>\$ 5,901,491</u>	 <u>(25,808,597)</u>
 <b>General Revenues:</b>					
Taxes:					
Property Taxes					6,537,540
Sales Taxes					9,939,637
Franchise Taxes					2,423,707
Other Taxes					838,364
Investment Earnings					925,517
Miscellaneous					<u>706,094</u>
 Total General Revenues	 <u></u>	 <u></u>	 <u></u>	 <u></u>	 <u>21,370,859</u>
 Change in Net Position	 <u></u>	 <u></u>	 <u></u>	 <u></u>	 <u>(4,437,738)</u>
 Net Position - Beginning of Year, As Previously Reported	 <u></u>				 <u>215,948,262</u>
 Prior Period Adjustment	 <u></u>				 <u>(1,465,824)</u>
 Net Position - Beginning of Year, As Restated	 <u></u>				 <u>214,482,438</u>
 Net Position - End of Year	 <u></u>				 <u>\$ 210,044,700</u>

The accompanying notes are an integral part of this statement.

**City of Lake Elsinore, California**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2016

	General Fund	Special Revenue	Debt Service
		Low and Moderate Income Housing	Public Financing Authority
<b>ASSETS</b>			
Cash and Investments	\$ 13,849,616	\$ 11,617,805	\$ 502,537
Cash and Investments with Fiscal Agent			215,703,623
Accounts Receivable	726,880		
Accrued Interest Receivable	40,337	17,126	447
Loans Receivable from Successor Agency		29,641,411	44,705,000
Notes Receivable	1,000,000	10,837,000	
Interest Receivable on Notes	180,000	1,336,458	
Due from Other Funds	32,987		
Prepaid Items	29,015		18,787
Due from Other Governments	2,921,857		
Land Held for Resale		48,369	
<b>Total Assets</b>	<b>\$ 18,780,692</b>	<b>\$ 53,498,169</b>	<b>\$ 260,930,394</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 5,046,491	\$ 1,204,810	\$
Other Accrued Liabilities	924,593		
Deposits and Other Liabilities			23,880,964
Due to Other Funds	69,573		
Unearned Revenue - Other	30,686		
<b>Total Liabilities</b>	<b>6,071,343</b>	<b>1,204,810</b>	<b>23,880,964</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Interest on Loans Receivable		8,659,352	
Unavailable Revenue - Interest on Notes Receivable	180,000	1,336,458	
Unavailable Revenue - Property Taxes and Assessments	134,440		
Unavailable Revenue - Intergovernmental			
<b>Total Deferred Inflows of Resources</b>	<b>314,440</b>	<b>9,995,810</b>	<b>0</b>
<b>FUND BALANCES</b>			
Nonspendable	1,029,015		18,787
Restricted		42,297,549	237,030,643
Assigned			
Unassigned	11,365,894		
<b>Total Fund Balances</b>	<b>12,394,909</b>	<b>42,297,549</b>	<b>237,049,430</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 18,780,692</b>	<b>\$ 53,498,169</b>	<b>\$ 260,930,394</b>





This page left intentionally blank.

**City of Lake Elsinore, California**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2016**

Fund Balances of Governmental Funds \$ 317,927,080

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 156,171,870

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable Revenue - Interest	10,175,810
Unavailable Revenue - Property Taxes and Assessments	201,171
Unavailable Revenue - Intergovernmental	71,960

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Interest on Loans and Investments	3,542,062
-----------------------------------	-----------

Internal service funds are used by management to charge the cost of risk management, information systems, support services, fleet services and facilities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. 2,213,852

Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period.

Pension Related Deferred Outflows of Resources	2,138,169
Pension Related Deferred Inflows of Resources	(804,146)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred Charges on Refunding	2,920,817
Interest Payable	(3,785,764)
Long-term Liabilities	<u>(280,728,181)</u>

Net Position of Governmental Activities \$ 210,044,700

**City of Lake Elsinore, California**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2016

	General Fund	Special Revenue Low and Moderate Income Housing	Debt Service Public Financing Authority
<b>REVENUES</b>			
Property Taxes	\$ 6,551,939	\$	\$
Other Taxes	13,178,135		
Licenses, Permits and Fees	4,232,849		
Intergovernmental Revenues	2,015,151		
Charges for Services	2,453,380		
Fines, Forfeitures and Penalties	713,056		
Investment Earnings	231,526	186,829	10,238,716
Special Assessments			
Contributions from Property Owners	3,459,454		
Miscellaneous	3,535,190		
 Total Revenues	 36,370,680	 186,829	 10,238,716
<b>EXPENDITURES</b>			
Current:			
General Government	5,290,862		10,990
Public Safety	18,614,077		
Community Development	3,671,788	314,712	
Public Services	5,058,394		
Community Services	4,262,184		
Capital Outlay			
Debt Service:			
Issuance Costs			6,515
Principal Retirement			6,590,000
Payment to Escrow Agent			982,386
Interest and Fiscal Charges			10,630,500
 Total Expenditures	 36,897,305	 314,712	 18,220,391
 Excess of Revenues Over (Under) Expenditures	 (526,625)	 (127,883)	 (7,981,675)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	3,096,593		
Transfers Out	(2,160,745)		
Sale of Capital Assets	14,743		
 Total Other Financing Sources (Uses)	 950,591	 0	 0
<b>SPECIAL ITEM - <i>Loss on Loans Receivable</i></b>			
 Net Change in Fund Balances	 423,966	 (127,883)	 (15,301,630)
 Fund Balances - Beginning of Year, As Previously Reported	 11,970,943	 42,425,432	 253,663,600
 Prior Period Adjustments			 (1,312,540)
 Fund Balances - Beginning of Year, As Restated	 11,970,943	 42,425,432	 252,351,060
 Fund Balances - End of Year	 \$ 12,394,909	 \$ 42,297,549	 \$ 237,049,430

The accompanying notes are an integral part of this statement.

Debt Service		Capital Projects			Other Governmental Funds	Total Governmental Funds
Recreation Authority	Assessment Districts	Capital Improvement Plan				
\$	\$	\$	\$	\$	\$	\$
					6,551,939	
					13,178,135	
				2,661,258	6,894,107	
			1,952,572	2,839,446	6,807,169	
					2,453,380	
				390,098	1,103,154	
227	5,161			455,398	11,117,857	
				1,680,980	1,680,980	
	2,557,860	202,620			6,219,934	
570		8,160		30,358		3,574,278
797	2,563,021	2,163,352		8,057,538		59,580,933
	3,163			13,918	5,318,933	
					18,614,077	
	167,559			10,000	4,164,059	
				1,287,004	6,345,398	
				722,238	4,984,422	
	6,662,949	13,443,289			20,106,238	
	580,000			205,000	6,515	
					7,375,000	
					982,386	
547,100				290,687		11,468,287
1,130,263	6,830,508	13,443,289		2,528,847		79,365,315
(1,129,466)	(4,267,487)	(11,279,937)		5,528,691		(19,784,382)
	1,127,100	13,101,591		817,275	18,142,559	
	(6,994,131)			(10,636,386)	(19,791,262)	
					14,743	
1,127,100	(6,994,131)	13,101,591		(9,819,111)		(1,633,960)
						(7,319,955)
	(2,366)	(11,261,618)	1,821,654	(4,290,420)		(28,738,297)
1,814,559	12,234,421	(939,546)	26,961,792		348,131,201	
				(153,284)		(1,465,824)
1,814,559	12,234,421	(939,546)	26,808,508		346,665,377	
\$ 1,812,193	\$ 972,803	\$ 882,108	\$ 22,518,088		\$ 317,927,080	

The accompanying notes are an integral part of this statement.



This page left intentionally blank.

**City of Lake Elsinore, California**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ (28,738,297)

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

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

Capital Outlay	12,391,803
Depreciation	(6,059,700)
Gain (Loss) on Sale of Capital Assets	(32,797)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. These amounts are the effect of these differences in the treatment of long-term debt.

Long-term Debt Principal Payments	7,375,000
Bonds Refunded by Successor Agency	8,450,000

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

Amortization of Deferred Charges on Refunding	(255,777)
Net Change in Deferred Outflows and Inflows of Resources	
Related to Pensions	1,994,949
Amortization of Bond and Certificates of Participation Premiums	579,096
Amortization of Bond Discount	(203,098)
Interest and Fiscal Charges	(13,390)
Net Change in the Net Pension Liability	(1,650,998)
Net Change in the Other Post-Employment Benefit Obligation	(1,302,659)
Compensated Absences	(32,530)

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

Property Taxes	(14,399)
Intergovernmental Revenue	43,110
Investment Earnings	795,500
Special Assessments	22,597

Internal service funds are used by management to charge the cost of risk management, information systems, support services, fleet services and facilities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

2,213,852

Change in Net Position of Governmental Activities \$ (4,437,738)

The accompanying notes are an integral part of this statement.

**City of Lake Elsinore, California**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2016

	Governmental Activities - Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,327,424
Accounts Receivable	1,281
Accrued Interest Receivable	1,018
Prepaid Items	<u>466,535</u>
Total Current Assets	<u>1,796,258</u>
Noncurrent Assets:	
Capital Assets, Net of Depreciation	<u>391,122</u>
Total Noncurrent Assets	<u>391,122</u>
Total Assets	<u>2,187,380</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Items	<u>90,740</u>
Total Deferred Outflows of Resources	<u>90,740</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	52,267
Other Accrued Liabilities	<u>12,001</u>
Total Current Liabilities	<u>64,268</u>
Total Liabilities	<u>64,268</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	391,122
Unrestricted	<u>1,822,730</u>
Total Net Position	<u>\$ 2,213,852</u>

**City of Lake Elsinore, California**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2016**

	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 2,659,782
Other Revenues	<u>30,601</u>
Total Operating Revenues	<u>2,690,383</u>
<b>OPERATING EXPENSES</b>	
Personnel Services	795,094
Contractual Services	158,538
Utilities	187,295
Maintenance and Operation	586,369
Insurance	377,960
Depreciation	<u>22,155</u>
Total Operating Expenses	<u>2,127,411</u>
Operating Income (Loss)	<u>562,972</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Earnings	<u>2,177</u>
Income (Loss) Before Transfers	565,149
Transfers In	<u>1,648,703</u>
Change in Net Position	2,213,852
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u>\$ 2,213,852</u>

**City of Lake Elsinore, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2016

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers and Users	\$ 2,658,501
Cash Payments to Employees for Services	(883,941)
Cash Payments to Suppliers for Goods and Services	(1,714,322)
Other Receipts	<u>30,601</u>
Net Cash Provided by (Used for) Operations	<u>90,839</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Advances from (to) Other Funds	<u>1,648,703</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,648,703</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	<u>(413,277)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(413,277)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<u>1,159</u>
Net Cash Provided by (Used for) Investing Activities	<u>1,159</u>
Net Increase (Decrease) in Cash and Cash Equivalents Cash Equivalents	<u>1,327,424</u>
Cash and Equivalents - Beginning of Year	<u>0</u>
Cash and Equivalents - End of Year	<u>\$ 1,327,424</u>

**City of Lake Elsinore, California**  
**Statement of Cash Flows - Continued**  
**Proprietary Funds**  
Year Ended June 30, 2016

	Governmental Activities - Internal Service Funds
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$ 562,972
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	22,155
Changes in Operating Assets and Liabilities:	
Accounts Receivable (Increase)	(1,281)
Prepaid Items (Increase)	(466,535)
Pension Related Deferred Outflows (Increase)	(90,740)
Accounts Payable (Decrease)	52,267
Other Accrued Liabilities (Decrease)	<u>12,001</u>
 <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
	<u><u>\$ 90,839</u></u>

**City of Lake Elsinore, California**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2016

	Successor Agency Private-purpose Trust Fund	Total Agency Funds
<b>ASSETS</b>		
Cash and Investments	\$ 8,995,191	\$ 7,209,766
Cash and Investments with Fiscal Agent	508,616	22,439,390
Accounts Receivable	810	
Interest Receivable	17,458	17,188
Due from Other Governments		339,095
Deposits with Other Agencies	6,732,828	17,150,518
Prepaid Expenses	80,715	
Land Held for Resale	6,088,480	
Capital Assets:		
Land	2,426,392	
Buildings and Structures	17,226,669	
Improvements Other than Buildings	568,927	
Machinery and Equipment	1,271,178	
Furniture and Fixtures	53,972	
Less Accumulated Depreciation	<u>(8,572,736)</u>	
 Total Assets	 <u>35,398,500</u>	 <u>47,155,957</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding	<u>1,055,141</u>	
 Total Deferred Outflows of Resources	 <u>1,055,141</u>	 0
<b>LIABILITIES</b>		
Accounts Payable	63,062	63,372
Deposits and Other Liabilities	2,517,961	
Due to Other Governments	3,850,291	
Due to Bondholders		40,724,333
Interest Payable	645,959	
Loans Payable	73,904,011	
Bonds Payable	8,329,075	
Other Long-term Liabilities	<u>1,146,127</u>	
 Total Liabilities	 <u>84,088,234</u>	 <u>\$ 47,155,957</u>
<b>NET POSITION</b>		
Net Position Held in Trust for Redevelopment (Deficit)	<u>(47,634,593)</u>	
 Total Net Position	 <u>\$ (47,634,593)</u>	

The accompanying notes are an integral part of this statement.

**City of Lake Elsinore, California**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2016**

	Successor Agency
	Private-purpose
	Trust Fund
<b>ADDITIONS</b>	
Property Taxes	\$ 12,245,313
Investment Earnings	207,240
Debt Forgiveness	2,798,104
Other Income	<u>380</u>
 Total Additions	 <u>15,251,037</u>
<b>DEDUCTIONS</b>	
Contractual/Professional Services	3,375,647
Project Costs	164,714
Loss on Disposal of Capital Assets	9,147
Issuance Costs	315,727
Interest Expense	2,756,742
Depreciation Expense	<u>549,742</u>
 Total Deductions	 <u>7,171,719</u>
 Change in Net Position	 <u>8,079,318</u>
 Net Position - Beginning	 <u>(55,713,911)</u>
 Net Position (Deficit) - End of Year	 <u>\$ (47,634,593)</u>



This page left intentionally blank.

# Notes to the Financial Statements

CITY OF

LAKE  ELSINORE

DREAM ~~EXTREME~~

TM



**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Summary of Significant Accounting Policies	27 - 36
2	Cash and Investments	37 - 43
3	Fair Value Measurements	43 - 44
4	Loans Receivable from Successor Agency	44 - 45
5	Notes Receivable	46
6	Land Held for Resale	46
7	Capital Assets	47 - 48
8	Long-term Liabilities	48 - 66
9	Special Assessment District Bonds	66
10	Community Facilities District Bonds	67
11	Mortgage Revenue Bonds	68
12	Inter-fund Receivables, Payables and Transfers	68 - 69
13	Fund Balance and Net Position	69 - 71
14	Other Required Individual Fund Disclosures	71
15	Pension Plan	72 - 77
16	Other Post-Employment Benefits	77 - 78
17	Deferred Compensation	79
18	Liability, Property and Protection	79 - 81
19	Litigation	81
20	Successor Agency Trust Disclosures	81 - 87
21	Joint Powers Agreements	87 - 88
22	Special Item	88
23	Prior Period Adjustments	88
24	Subsequent Events	88

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

**Year Ended June 30, 2016**

#### **1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A) Reporting Entity**

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

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

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

Based upon the application of these criteria, an agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30, 2016 year end. All the component units are blended in these financial statements. The governing bodies of these component units are comprised of the City Council and the services they provide almost exclusively benefits the City of Lake Elsinore. A component unit financial statement for each component unit previously described may be obtained at 130 S. Main Street, Lake Elsinore, California 92530. The following is a brief review of each component unit included in the primary government's reporting entity.

##### **The Lake Elsinore Public Financing Authority**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

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

**A) Reporting Entity - Continued**

**The Lake Elsinore Recreation Authority**

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

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

Governmental Accounting Standard Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for periods beginning after June 15, 2015. The City has implemented GASB No. 72, which is reflected in the City's financial statements.

Governmental Accounting Standard Board Statement No. 73

In June of 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement was issued to improve the usefulness of information about pensions for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. Statement No. 73 requirements that addresses accounting and financial reporting by employers and governmental nonemployer contributing entities is effective for fiscal years beginning after June 15, 2016, except those provisions that address financial reporting for assets accumulated for purposes of providing those pensions which are effective for fiscal years beginning after June 15, 2015. Statement No. 73 requirements for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68, are effective for fiscal years beginning after June 15, 2015. Currently, this statement has no effect on the City's financial statements.

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

**Year Ended June 30, 2016**

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

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

###### Governmental Accounting Standard Board Statement No. 74

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

###### Governmental Accounting Standard Board Statement No. 75

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

###### Governmental Accounting Standard Board Statement No. 76

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

**Year Ended June 30, 2016**

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

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

###### Governmental Accounting Standard Board Statement No. 77

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

###### Governmental Accounting Standard Board Statement No. 79

In December of 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. The City has implemented GASB No. 79 which is reflected on the City's financial statements.

###### Governmental Accounting Standard Board Statement No. 80

In January of 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This statement was issued to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City has elected not to early implement GASB No. 80 and has not determined its effect on the City's financial statements.

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

**Year Ended June 30, 2016**

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

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

###### Governmental Accounting Standard Board Statement No. 81

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split Interest Agreements*. This statement was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The City has elected not to early implement GASB No. 81 and has not determined its effect on the City's financial statements.

###### Governmental Accounting Standard Board Statement No. 82

In March of 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement was issued to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement also clarifies the term deviation used in Actuarial Standards of Practice and payments made by the employer to satisfy contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has elected not to early implement GASB No. 82 and has not determined its effect on City's financial statements.

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

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

##### **C) Basis of Presentation**

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

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

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

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

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

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

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

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

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

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

Additionally, the City reports the following fund types:

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

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

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

**E) Encumbrances**

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

**F) Investments**

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

**G) Employee Compensated Absences**

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation, sick, holiday benefits and compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement. The amount recorded in accordance with GASB No. Statement 16 at June 30, 2016 was \$772,564.

**H) Inter-fund Activity**

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

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

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

##### **I) Risk Management**

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

##### **J) Capital Assets**

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

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

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

##### **K) Property Tax Revenue**

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

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

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

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

##### **L) Miscellaneous Revenues**

Included in miscellaneous revenues for the governmental funds is \$2,288,085 of fire service tax credits, \$919,831 reimbursement revenues and \$366,362 other revenues. Miscellaneous revenues for the Statement of Activities include \$498,034 reimbursed revenues and \$208,060 other revenues.

##### **M) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunding debt. The City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (*pension related items*), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 15), which are amortized by an actuarial determined period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from interest on loans and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (*pension related items*), is reported only in the government-wide statement of net position. These amounts (see Note 15) are amortized by an actuarial determined period.

##### **N) Use of Estimates**

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

#### **2) CASH AND INVESTMENTS**

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

Statement of Net Position:	
Cash and Investments	\$ 49,214,688
Restricted Cash and Investments	222,472,430
Statement of Fiduciary Net Position:	
Cash and Investments	16,204,957
Cash and Investments with Fiscal Agent	<u>22,948,006</u>
 Total Cash and Investments	 <u>\$ 310,840,081</u>

Cash and investments consist of the following:

Petty Cash	\$ 1,300
Deposits with Financial Institutions	1,668,292
Investments	<u>309,170,489</u>
 Total Cash and Investments	 <u>\$ 310,840,081</u>

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

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

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

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

## **2) CASH AND INVESTMENTS - Continued**

### **Investments Authorized by Debt Agreements**

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

### **Disclosures Relating to Interest Rate Risk**

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

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

<u>Investment Type</u>		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Local Agency Investment Fund	\$ 22,905,566	\$ 22,905,566	\$	\$	\$
Corporate Notes	9,624,781	1,765,558	2,562,328	5,296,895	
Federal Agency Securities	5,839,053	150,610	2,294,980	3,393,463	
U.S. Treasury Notes	19,173,453	175,474	1,201,898	17,796,081	
Municipal Bonds	357,370	357,370			
Certificate of Deposit	5,739,980	100,050	5,639,930		
California Asset Management Program Pool (CAMP)	109,850	109,850			
Held by Bond Trustee:					
Money Market Mutual Funds	53,707,297	53,707,297			
Local Obligation Bonds	<u>191,713,139</u>	<u>5,496,082</u>	<u>5,881,082</u>	<u>20,048,244</u>	<u>160,287,731</u>
Total	<u>\$ 309,170,489</u>	<u>\$ 84,767,857</u>	<u>\$ 17,580,218</u>	<u>\$ 46,534,683</u>	<u>\$ 160,287,731</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**2) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Credit Risk**

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

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

		Minimum Legal Rating	AAA	AA+	Other	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 22,905,566	N/A	\$	\$	\$	\$ 22,905,566	\$
Corporate Notes	9,624,781	AA		706,789	8,917,992		
Federal Agency Securities	5,839,053	N/A		5,839,053			
U.S. Treasury Notes	19,173,453	N/A					19,173,453
Municipal Bonds	357,370				357,369		
Certificate of Deposit	5,739,980				5,462,398	277,582	
California Asset Management Program Pool (CAMP)	109,850	N/A	109,850				
Held by Bond Trustee:							
Money Market Mutual Funds	53,707,297		53,707,297				
Local Obligation Bonds	<u>191,713,139</u>					<u>191,713,139</u>	
Total	<u>\$ 309,170,489</u>		<u>\$ 53,817,147</u>	<u>\$ 6,545,842</u>	<u>\$ 14,737,759</u>	<u>\$ 214,896,287</u>	<u>\$ 19,173,453</u>

The ratings for the other above are as follows:

Other:	
AA	\$ 1,087,548
AA-	4,414,626
A-1+	775,419
A-1	2,503,857
A+	1,880,373
A	2,310,703
A-	1,205,063
BBB+	<u>560,170</u>
	<u>\$ 14,737,759</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**2) CASH AND INVESTMENTS - Continued**

**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount
CFD 2003-2, 2014 Series (Improvement Areas A & C)	Local Obligation Bond	\$ 18,282,696
CFD 2003-2, 2015 Series (Improvement Area B)	Local Obligation Bond	\$ 27,574,750
CFD 2004-3-1, 2015 Series (Improvement Area 1)	Local Obligation Bond	\$ 22,310,344
CFD 2004-3-2, 2015 Series (Improvement Area 2)	Local Obligation Bond	\$ 24,675,801
CFD 2005-2, 2015 Series (Improvement Area 2)	Local Obligation Bond	\$ 22,432,523

**Custodial Credit Risk**

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

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2016, \$1,258,198 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**Local Agency Investment Fund**

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Authority may invest up to \$50,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2016 was 0.55%. The carrying value and estimated market value of the LAIF Pool at June 30, 2016 was \$75,395,751,048 and \$75,442,588,513, respectively. The City's share of the Pool at June 30, 2016 was approximately 0.0303 percent.

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

## **2) CASH AND INVESTMENTS - Continued**

### **Local Agency Investment Fund - Continued**

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$400,000,000 and asset-backed securities totaling \$1,447,948,000. LAIF's and the Authority's exposure to risk (credit, market or legal) is not currently available.

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

### **Investment in California Asset Management Program**

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

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

### **Investment in Bonds**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**2) CASH AND INVESTMENTS - Continued**

**Investment in Bonds - Continued**

The CFD and Assessment District Bonds investments are summarized below.

Investment	Fair Value
AD 93-1 Refunding Improvement Bonds, 2012 Series A	\$ 13,604,374
CFD 2005-5 Special Tax Bonds, 2012 Series A	2,992,267
CFD 2003-2 Special Tax Bonds, 2012 Series (Improvement Area C)	5,197,712
CFD 2006-1 Special Tax Bonds, 2013 Series (Improvement Area A)	3,366,015
CFD 88-3 Special Tax Bonds, 2013 Series B	2,656,392
CFD 98-1 Special Tax Bonds, 2013 Series C	12,051,208
CFD 2003-2 Special Tax Bonds, 2014 Series A (Improvement Area D)	7,193,346
CFD 2003-2 Special Tax Bonds, 2014 Series (Improvement Areas A and C)	18,282,696
CFD 95-1 Special Tax Bonds, 2015 Series	1,103,090
CFD 2003-2 Special Tax Bonds, 2015 Series (Improvement Area B)	27,574,750
CFD 2004-3-1 Special Tax Bonds, 2015 Series (Improvement Area 1)	22,310,344
CFD 2004-3-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	24,675,801
CFD 2005-1 Special Tax Bonds, 2015 Series	8,611,235
CFD 2005-2 Special Tax Bonds, 2015 Series (Improvement Area 2)	22,432,523
CFD 2005-6 Special Tax Bonds, 2015 Series	2,989,522
CFD 2006-2 Special Tax Bonds, 2015 Series	6,194,598
CFD 2006-1 Special Tax Bonds, 2015 Series (Improvement Area B)	2,887,266
CFD 88-3 Special Tax Bonds, 2015 Series	<u>7,590,000</u>
	<u>\$ 191,713,139</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**2) CASH AND INVESTMENTS - Continued**

**Cash and Investment by Entity**

Cash and investments held by entity at June 30, 2016 are as follows:

	City of Lake Elsinore	Successor Agency	Public Financing Authority	Recreation Authority	Total
Petty Cash and Change Drawer	\$ 1,300	\$	\$	\$	1,300
Deposits at Carrying Amount <sup>(1)</sup>	1,495,742		172,550		1,668,292
Local Agency Investment Fund	18,899,050	3,676,529	329,987		22,905,566
Corporate Notes	8,495,173	1,129,608			9,624,781
Federal Agency Securities	4,826,966	1,012,087			5,839,053
U.S. Treasury Notes	16,443,247	2,730,206			19,173,453
Municipal Bonds	326,767	30,603			357,370
Certificate of Deposits	5,338,990	400,990			5,739,980
California Asset Management Program Pool (CAMP)	94,682	15,168			109,850
Held by Bond Trustee:					
Money Market Mutual Bonds	27,481,391	508,616	23,990,484	1,726,806	53,707,297
Local Obligation Bonds	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash and Investments	<u>\$ 83,403,308</u>	<u>\$ 9,503,807</u>	<u>\$ 216,206,160</u>	<u>\$ 1,726,806</u>	<u>\$ 310,840,081</u>

<sup>(1)</sup>Net of deposits in transit and outstanding warrants.

**3) FAIR VALUE MEASUREMENTS**

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

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

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

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**3) FAIR VALUE MEASUREMENTS - Continued**

- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

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

Fair value of assets measured on a recurring basis at June 30, 2016, are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Uncategorized
Local Agency Investment Fund	\$ 22,905,566	\$	\$ 22,905,566
Corporate Notes	9,624,781	9,624,781	
Federal Agency Securities	5,839,053	5,839,053	
U.S. Treasury Notes	19,173,453	19,173,453	
Municipal Bonds	357,370	357,370	
Certificates of Deposit	5,739,980	5,739,980	
California Asset Management Program Pool (CAMP)	109,850		109,850
Held by Bond Trustees			
Money Market Mutual Funds	53,707,297		53,707,297
Local Obligation Bonds	191,713,139	191,713,139	
<b>Total</b>	<b>\$ 309,170,489</b>	<b>\$ 232,447,776</b>	<b>\$ 76,722,713</b>

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

**4) LOANS RECEIVABLE FROM SUCCESSOR AGENCY**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**4) LOANS RECEIVABLE FROM SUCCESSOR AGENCY - Continued**

**1995 Loan from Housing Fund**

As of June 30, 2016, the Successor Agency owed the City, in its capacity as housing successor agency, \$26,194,304. The loans were made from the Low and Moderate Income Housing Special Revenue Fund from the 1995 Series A and 1999 Series C bond proceeds pursuant to that certain Housing Fund Loan Agreement dated December 1, 1995. The loan proceeds were deposited into the Rancho Laguna Special Revenue Fund, and then subsequently loaned to each of the three project areas as interfund loans in accordance with the loan agreement. The 1995 Series A and 1999 Series C bonds were refunded in fiscal year 2010 with the issuance of the 2010 Series A and 2010 Series B bonds. The loans payable include an original amount of \$18,040,440 and accrued interest of \$8,659,352. During the fiscal year, accrued interest of \$505,488 was earned on the outstanding loans. The loans from the Low and Moderate Income Housing Special Revenue Fund are repayable from all available revenues of the Successor Agency after payment of senior indebtedness in accordance with the governing loan agreement.

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

**SERAFF Advances from Housing Fund**

Advances due to the City, in its capacity as housing successor agency, include a loan of \$3,750,000 as a result of the suspension of a portion of the 20% set aside requirement to assist in the payment of the SERAFF obligation for fiscal year 2010. This advance is to be repaid by the Successor Agency in installments beginning fiscal year 2014-2015. Repayment of the SERAFF advances are limited by a formula set forth in AB 1484, have a priority over repayment of certain other advances, and shall not be made prior to the 2013-2014 fiscal year. The balance of the loan as of June 30, 2016 is \$2,941,619.

**Public Finance Authority Loan Agreements**

The Lake Elsinore Public Financing Authority ("Authority") entered into loan agreements with the former Redevelopment Agency ("Agency") whereby the Authority loaned the proceeds of 2010 Series A, B and C Tax Allocation Revenue Bonds and the 2011 Series A Tax Allocation Bonds issued by the Authority to the Agency to retire debt and provide funds for certain public improvements in Agency project areas. As a result of the dissolution of the Agency, the obligation to pay the loans to the Authority was transferred to the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore ("Successor Agency"). The principal and interest are payable in installment payments payable not less than three days to the due date on the related bonds payable (see Note 8).

The following table represents the outstanding balance of loans receivable from the Successor Agency at June 30, 2016:

<u>Tax Allocation Revenue Bonds</u>	<u>Loans Receivable Balance</u>
2010 Series A Issue	\$ 13,170,000
2010 Series B Issue	7,460,000
2010 Series C Issue	<u>24,075,000</u>
Total	<u>\$ 44,705,000</u>

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

#### **5) NOTES RECEIVABLE**

The City has a note receivable in the amount of \$1,000,000 from Pottery Court Housing Associates, L.P. dated December 9, 2009. The proceeds of the loan assisted with the development of the Pottery Court Affordable Housing Project. This loan was funded with HOPE VI grant funds from the United States Department of Housing and Urban Development. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing on July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 75 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2016, the total outstanding balance of \$1,180,000 includes accrued interest of \$180,000.

The City's Low and Moderate Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$9,737,000 from Pottery Court Housing Associates, L.P. dated March 10, 2011. The proceeds of the loan assisted with the acquisition of property and development of the Pottery Court Affordable Housing Project. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 67.5 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2016, the total outstanding balance of \$11,011,125 includes interest of \$1,274,125.

The City's Low and Moderate Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$1,100,000 from LMV II Affordable, LP dated October 12, 2010. The proceeds of the loan assisted with the rehabilitation of 64 units of affordable housing for families of the Lakeview II Affordable Housing Project. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the second permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 30 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants evidencing completion of the rehabilitation. The release of construction covenants was recorded on August 8, 2012. At June 30, 2016, the total outstanding balance of \$1,162,333 includes interest of \$62,333.

#### **6) LAND HELD FOR RESALE**

The former Redevelopment Agency of the City of Lake Elsinore ("Agency") acquired land for development. As a result of the dissolution of the Agency, \$6,088,480 in land held for resale was transferred to the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore's private-purpose fiduciary trust fund and \$48,369 was retained by the City and reported in the Low and Moderate Income Housing Asset Special Revenue Fund. The land is being carried at the lower of cost or net realizable value.

**City of Lake Elsinore, California**

**Notes to Financial Statements**

Year Ended June 30, 2016

**7) CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 2,926,422	\$	\$	\$ 2,926,422
Construction in Progress	<u>7,296,848</u>	<u>8,983,237</u>	<u>(8,005,879)</u>	<u>8,274,206</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>10,223,270</u>	<u>8,983,237</u>	<u>(8,005,879)</u>	<u>11,200,628</u>
<b>Capital Assets, Being Depreciated</b>				
Building and Structures	19,039,494		(3,525)	19,035,969
Improvements Other Than Buildings	17,593,990	5,737	(19,180)	17,580,547
Machinery and Equipment	2,829,367	81,121	(20,292)	2,890,196
Furniture and Fixtures	976,679	9,408		986,087
Automotive Equipment	3,207,306	289,653	(189,889)	3,307,070
Technology Equipment and Software	322,035	287,421		609,456
Infrastructure	<u>191,907,919</u>	<u>11,154,381</u>		<u>203,062,300</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>235,876,790</u>	<u>11,827,721</u>	<u>(232,886)</u>	<u>247,471,625</u>
<b>Less Accumulated Depreciation:</b>				
Building and Structures	(5,127,947)	(418,943)	1,710	(5,545,180)
Improvements Other Than Buildings	(6,114,540)	(625,481)	12,227	(6,727,794)
Machinery and Equipment	(2,240,124)	(136,941)	18,456	(2,358,609)
Furniture and Fixtures	(755,656)	(86,131)		(841,787)
Automotive Equipment	(2,112,621)	(123,694)	167,696	(2,068,619)
Technology Equipment and Software	(15,998)	(70,759)		(86,757)
Infrastructure	<u>(79,860,610)</u>	<u>(4,619,905)</u>		<u>(84,480,515)</u>
<b>Total Accumulated Depreciation</b>	<u>(96,227,496)</u>	<u>(6,081,854)</u>	<u>200,089</u>	<u>(102,109,261)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>139,649,294</u>	<u>5,745,867</u>	<u>(32,797)</u>	<u>145,362,364</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 149,872,564</u>	<u>\$ 14,729,104</u>	<u>\$ (8,038,676)</u>	<u>\$ 156,562,992</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**7) CAPITAL ASSETS - Continued**

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

Governmental Activities:

General Government	\$ 307,293
Public Safety	467,657
Public Services	4,848,885
Community Services	<u>458,019</u>
 Total Depreciation Expense	 <u>\$ 6,081,854</u>

**8) LONG-TERM LIABILITIES**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Public Financing Authority:</b>					
Local Agency Revenue Bonds:					
2011 Series A	\$ 4,945,000	\$	\$ (4,945,000) <sup>(1)</sup>	\$ 0	\$
2012 Series A	3,325,000		(45,000)	3,280,000	55,000
2012 Series B	14,730,000		(630,000)	14,100,000	655,000
2012 Series C	5,345,000		(5,000)	5,340,000	5,000
2013 Series A	3,620,000		(15,000)	3,605,000	20,000
2013 Series B	3,510,000		(685,000)	2,825,000	650,000
2013 Series C	13,140,000		(485,000)	12,655,000	495,000
2014 Series A	7,505,000			7,505,000	10,000
2014 Series B	18,210,000		(260,000)	17,950,000	370,000
2015 Series	108,845,000		(1,660,000)	107,185,000	1,645,000
2015 Series A	3,200,000			3,200,000	30,000
2015 Series B	7,590,000			7,590,000	1,270,000
Tax Allocation Revenue Bonds:					
2010 Series A	13,500,000		(330,000)	13,170,000	345,000
2010 Series B	8,070,000		(610,000)	7,460,000	630,000
2010 Series C	25,290,000		(1,215,000)	24,075,000	1,240,000
2011 Series A	<u>4,155,000</u>		<u>(4,155,000)<sup>(2)</sup></u>	<u>0</u>	
Subtotal	244,980,000	0	(15,040,000)	229,940,000	7,420,000
Add (Less) Deferred Amounts:					
Bond Premiums	11,897,987		(569,751)	11,328,236	
Bond Discounts	<u>(829,400)</u>		<u>200,997</u>	<u>(628,403)</u>	
Subtotal	256,048,587	0	(15,408,754)	240,639,833	7,420,000
Revenue Refunding Bonds:					
2013 Series A	13,330,000		(580,000)	12,750,000	600,000
Bond Discount	(34,848)		2,101	(32,747)	
Certificates of Participation:					
2014 Series A	7,635,000		(205,000)	7,430,000	215,000
Premiums	224,283		(9,345)	214,938	
Net Pension Liability	7,292,642	2,573,010	(922,012)	8,943,640	
Other Post-Employment					
Benefit Obligation (Note 15)	8,707,294	1,872,558	(569,899)	10,009,953	
Compensation Absences	<u>740,034</u>	<u>106,533</u>	<u>(74,003)</u>	<u>772,564</u>	<u>77,256</u>
Total	<u><u>\$293,942,992</u></u>	<u><u>\$ 4,552,101</u></u>	<u><u>\$ (17,766,912)</u></u>	<u><u>\$280,728,181</u></u>	<u><u>\$ 8,312,256</u></u>

<sup>(1)</sup> Includes bond defeasance of \$4,800,000.

<sup>(2)</sup> Includes bond defeasance of \$3,650,000.

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

#### **8) LONG-TERM LIABILITIES - Continued**

##### **12) Local Agency Revenue Bonds**

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

##### **2012 Series A**

In July 2012, \$3,450,000 principal amount of 2012 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$25,000 to \$255,000 from September 1, 2013 through September 1, 2038. Interest payments ranging from 1.5% to 5.25% are due from March 1, 2013 through September 1, 2038. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2012 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$264,342, which is sufficient to cover the Bond Indenture Reserve Requirement of \$264,325.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 55,000	\$ 157,881	\$ 212,881
2018	60,000	156,369	216,369
2019	65,000	154,569	219,569
2020	75,000	152,328	227,328
2021	80,000	149,613	229,613
2022-2026	520,000	693,012	1,213,012
2027-2031	745,000	542,719	1,287,719
2032-2036	970,000	318,937	1,288,937
2037-2039	<u>710,000</u>	<u>57,225</u>	<u>767,225</u>
Total	<u>\$ 3,280,000</u>	<u>\$ 2,382,653</u>	<u>\$ 5,662,653</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2012 Series B**

In November 2012, \$15,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$615,000 to \$1,360,000 from September 2, 2014 through September 2, 2030. Interest payments ranging from 2.0% to 5.125% are due from March 2, 2013 through September 2, 2030. The bonds are subject to call and redemption prior to their stated maturity commencing March 2, 2013 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$1,429,792, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,429,700.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 655,000	\$ 638,319	\$ 1,293,319
2018	675,000	619,187	1,294,187
2019	705,000	597,166	1,302,166
2020	735,000	571,947	1,306,947
2021	770,000	543,706	1,313,706
2022-2026	4,510,000	2,141,713	6,651,713
2027-2031	<u>6,050,000</u>	<u>812,312</u>	<u>6,862,312</u>
Total	<u>\$ 14,100,000</u>	<u>\$ 5,924,350</u>	<u>\$ 20,024,350</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2012 Series C**

In December 2012, \$5,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$5,000 to \$1,200,000 from September 1, 2015 through September 1, 2042. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2013 through September 1, 2042. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2013 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$534,500, which is sufficient to cover the Bond Indenture Reserve Requirement of \$534,500.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 5,000	\$ 261,019	\$ 266,019
2018	15,000	260,766	275,766
2019	20,000	260,281	280,281
2020	25,000	259,588	284,588
2021	30,000	258,656	288,656
2022-2026	270,000	1,267,434	1,537,434
2027-2031	510,000	1,184,219	1,694,219
2032-2036	845,000	1,018,375	1,863,375
2037-2041	1,300,000	752,500	2,052,500
2042-2043	<u>2,320,000</u>	<u>118,000</u>	<u>2,438,000</u>
Total	<u>\$ 5,340,000</u>	<u>\$ 5,640,838</u>	<u>\$ 10,980,838</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2013 Series A**

In May 2013, \$3,620,000 principal amount of 2013 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$15,000 to \$310,000 from September 1, 2015 through September 1, 2043. Interest payments ranging from 1.75% to 5.0% are due from March 1, 2014 through September 1, 2043. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2014 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$325,521, which is sufficient to cover the Bond Indenture Reserve Requirement of \$325,500.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 20,000	\$ 169,169	\$ 189,169
2018	25,000	168,672	193,672
2019	30,000	168,000	198,000
2020	35,000	167,100	202,100
2021	40,000	165,925	205,925
2022-2026	285,000	802,628	1,087,628
2027-2031	480,000	723,050	1,203,050
2032-2036	735,000	584,022	1,319,022
2037-2041	1,085,000	361,375	1,446,375
2042-2044	<u>870,000</u>	<u>67,250</u>	<u>937,250</u>
Total	<u>\$ 3,605,000</u>	<u>\$ 3,377,191</u>	<u>\$ 6,982,191</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2013 Series B**

In July 2013, \$4,215,000 principal amount of 2013 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$425,000 to \$705,000 from September 1, 2014 through September 1, 2020. Interest payments ranging from 2.00% to 3.25% are due from September 1, 2013 through September 1, 2020. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2013 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$421,527, which is sufficient to cover the Bond Indenture Reserve Requirement of \$421,500.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 650,000	\$ 68,262	\$ 718,262
2018	620,000	54,012	674,012
2019	580,000	38,288	618,288
2020	550,000	22,063	572,063
2021	<u>425,000</u>	<u>6,906</u>	<u>431,906</u>
Total	<u>\$ 2,825,000</u>	<u>\$ 189,531</u>	<u>\$ 3,014,531</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2013 Series C**

In July 2013, \$13,615,000 principal amount of 2013 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$475,000 to \$1,025,000 from September 1, 2014 through September 1, 2033. Interest payments ranging from 2.00% to 5.25% are due from September 1, 2013 through September 1, 2033. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2033 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$1,082,926, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,082,856.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 495,000	\$ 579,194	\$ 1,074,194
2018	505,000	565,431	1,070,431
2019	525,000	549,981	1,074,981
2020	540,000	532,994	1,072,994
2021	555,000	514,169	1,069,169
2022-2026	3,125,000	2,205,041	5,330,041
2027-2031	3,985,000	1,311,844	5,296,844
2032-2034	<u>2,925,000</u>	<u>235,594</u>	<u>3,160,594</u>
Total	<u>\$ 12,655,000</u>	<u>\$ 6,494,248</u>	<u>\$ 19,149,248</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2014 Series A**

In January 2014, \$7,505,000 principal amount of 2014 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$10,000 to \$705,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.25% to 5.75% are due from September 1, 2014 through September 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2023 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$705,056, which is sufficient to cover the Bond Indenture Reserve Requirement of \$705,011.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 10,000	\$ 415,956	\$ 425,956
2018	20,000	415,594	435,594
2019	30,000	414,856	444,856
2020	40,000	413,669	453,669
2021	50,000	411,969	461,969
2022-2026	430,000	2,013,678	2,443,678
2027-2031	830,000	1,863,875	2,693,875
2032-2036	1,390,000	1,565,375	2,955,375
2037-2041	2,190,000	1,059,438	3,249,438
2042-2045	<u>2,515,000</u>	<u>303,456</u>	<u>2,818,456</u>
Total	<u>\$ 7,505,000</u>	<u>\$ 8,877,866</u>	<u>\$ 16,382,866</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2014 Series B**

In July 2014, \$18,210,000 principal amount of 2014 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$260,000 to \$660,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 3.00% to 5.00% are due from March 1, 2015 through September 1, 2040. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2024 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$1,467,999, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,467,905.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 370,000	\$ 798,238	\$ 1,168,238
2018	400,000	785,688	1,185,688
2019	435,000	771,075	1,206,075
2020	480,000	753,863	1,233,863
2021	530,000	733,662	1,263,662
2022-2026	3,360,000	3,225,028	6,585,028
2027-2031	4,475,000	2,438,934	6,913,934
2032-2036	5,050,000	1,258,019	6,308,019
2037-2041	<u>2,850,000</u>	<u>375,662</u>	<u>3,225,662</u>
Total	<u>\$ 17,950,000</u>	<u>\$ 11,140,169</u>	<u>\$ 29,090,169</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2015 Series**

In February 2015, \$108,845,000 principal amount of 2015 Series Local Agency Revenue Bonds, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$655,000 to \$8,405,000 from September 1, 2015 through September 1, 2040. Interest payments ranging from 2.0% to 5.0% are due from September 1, 2015 through September 1, 2040. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2025 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$9,268,335, which is sufficient to cover the Bond Indenture Reserve Requirement of \$9,267,239.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,645,000	\$ 5,149,100	\$ 6,794,100
2018	1,825,000	5,103,175	6,928,175
2019	2,040,000	5,034,250	7,074,250
2020	2,250,000	4,948,450	7,198,450
2021	2,500,000	4,841,975	7,341,975
2022-2026	16,770,000	21,992,025	38,762,025
2027-2031	25,085,000	16,887,625	41,972,625
2032-2036	36,710,000	9,337,525	46,047,525
3037-2041	<u>18,360,000</u>	<u>1,623,375</u>	<u>19,983,375</u>
Total	<u>\$ 107,185,000</u>	<u>\$ 74,917,500</u>	<u>\$ 182,102,500</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2015 Series A**

In February 2015, \$3,200,000 principal amount of 2015 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$30,000 to \$235,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.0% to 3.625% are due from September 1, 2015 through September 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2023 at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$230,163, which is sufficient to cover the Bond Indenture Reserve Requirement of \$230,148.

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

Year Ending					
June 30,	Principal	Interest	Total		
2017	\$ 30,000	\$ 106,569	\$ 136,569		
2018	35,000	105,919	140,919		
2019	40,000	105,169	145,169		
2020	40,000	104,369	144,369		
2021	45,000	103,519	148,519		
2022-2026	300,000	498,506	798,506		
2027-2031	430,000	444,566	874,566		
2032-2036	595,000	359,822	954,822		
2037-2041	825,000	234,266	1,059,266		
2042-2045	<u>860,000</u>	<u>64,706</u>	<u>924,706</u>		
Total	<u>\$ 3,200,000</u>	<u>\$ 2,127,411</u>	<u>\$ 5,327,411</u>		

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**12) Local Agency Revenue Bonds - Continued**

**2015 Series B**

In May 2015, \$7,590,000 principal amount of 2015 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$1,270,000 to \$1,810,000 from September 1, 2016 through September 1, 2020. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2016 through September 1, 2020. The bonds are not subject to call and redemption prior to their stated maturity. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$285,112, which is sufficient to cover the Bond Indenture Reserve Requirement of \$285,075.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,270,000	\$ 285,500	\$ 1,555,500
2018	1,410,000	251,650	1,661,650
2019	1,500,000	200,500	1,700,500
2020	1,600,000	130,500	1,730,500
2021	<u>1,810,000</u>	<u>45,250</u>	<u>1,855,250</u>
Total	<u><u>\$ 7,590,000</u></u>	<u><u>\$ 913,400</u></u>	<u><u>\$ 8,503,400</u></u>

**City of Lake Elsinore, California****Notes to Financial Statements**

Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued****B) Tax Allocation Revenue Bonds****2010 Series A**

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$1,494,247, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,469,480.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 345,000	\$ 641,806	\$ 986,806
2018	350,000	630,944	980,944
2019	365,000	618,869	983,869
2020	380,000	605,356	985,356
2021	395,000	590,331	985,331
2022-2026	2,225,000	2,676,153	4,901,153
2027-2031	2,830,000	2,034,638	4,864,638
2032-2034	<u>6,280,000</u>	<u>431,025</u>	<u>6,711,025</u>
Total	<u>\$ 13,170,000</u>	<u>\$ 8,229,122</u>	<u>\$ 21,399,122</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**B) Tax Allocation Revenue Bonds - Continued**

**2010 Series B**

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; interest at 2.00% to 4.75%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$939,598, which is sufficient to cover the Bond Indenture Reserve Requirement of \$939,538.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 630,000	\$ 299,950	\$ 929,950
2018	645,000	280,019	925,019
2019	670,000	257,394	927,394
2020	690,000	231,450	921,450
2021	720,000	202,350	922,350
2022-2026	<u>4,105,000</u>	<u>490,350</u>	<u>4,595,350</u>
Total	<u><u>\$ 7,460,000</u></u>	<u><u>\$ 1,761,513</u></u>	<u><u>\$ 9,221,513</u></u>

**City of Lake Elsinore, California****Notes to Financial Statements**

Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued****B) Tax Allocation Revenue Bonds - Continued****2010 Series C**

In October 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; interest at 2.00% to 5.00%. The bonds are subject to call and redemption on or after their stated maturity commencing September 1, 2020, at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$2,221,538, which is not sufficient to cover the Bond Indenture Reserve Requirement of \$2,222,395.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,240,000	\$ 965,995	\$ 2,205,995
2018	1,270,000	931,445	2,201,445
2019	1,310,000	891,926	2,201,926
2020	1,350,000	848,676	2,198,676
2021	1,395,000	800,611	2,195,611
2022-2026	7,825,000	3,104,009	10,929,009
2027-2031	<u>9,685,000</u>	<u>1,189,834</u>	<u>10,874,834</u>
Total	<u>\$ 24,075,000</u>	<u>\$ 8,732,496</u>	<u>\$ 32,807,496</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**C) Revenue Refunding Bonds**

**2013 Series A**

In September 2013, \$14,460,000 principal amount of 2013 Revenue Refunding Bonds, Series A, was issued in accordance with the indenture to provide funds to advance refund the 2000 Revenue Refunding Bonds, Series A. The original purpose of the prior bonds was to finance the Authority's lease of certain City recreation facilities from the City for lease back to the City. The term bonds are due in annual installments of \$565,000 to \$1,075,000 from February 1, 2014 through February 1, 2032; interest rates varying from 3.00% to 5.00%. The bonds are subject to call and redemption prior to their stated maturity commencing February 1, 2024, at specified redemption prices. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$1,131,700, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,131,700.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 600,000	\$ 529,700	\$ 1,129,700
2018	620,000	511,700	1,131,700
2019	635,000	493,100	1,128,100
2020	655,000	474,050	1,129,050
2021	675,000	454,400	1,129,400
2022-2026	3,800,000	1,844,012	5,644,012
2027-2031	4,690,000	955,988	5,645,988
2032	<u>1,075,000</u>	<u>53,750</u>	<u>1,128,750</u>
Total	<u><u>\$ 12,750,000</u></u>	<u><u>\$ 5,316,700</u></u>	<u><u>\$ 18,066,700</u></u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**D) Certificates of Participation**

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

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 215,000	\$ 284,537	\$ 499,537
2018	220,000	275,938	495,938
2019	235,000	264,937	499,937
2020	240,000	255,537	495,537
2021	250,000	245,938	495,938
2022-2026	1,335,000	1,145,925	2,480,925
2027-2031	1,580,000	909,200	2,489,200
2032-2036	1,975,000	519,000	2,494,000
2037-2039	<u>1,380,000</u>	<u>112,000</u>	<u>1,492,000</u>
Total	<u>\$ 7,430,000</u>	<u>\$ 4,013,012</u>	<u>\$ 11,443,012</u>

*Revenues Pledged*

The City has pledged a portion of future Measure A revenues to repay the Certificates of Participation 2014 Series A. The City's certificates of participation is payable solely from the Measure A revenues. Total principal and interest remaining on the certificates of participation is \$11,443,012, payable through fiscal year 2039. For the current year, principal and interest paid by Measure A revenues were \$205,000 and \$290,688, respectively.

**E) Compensated Absences**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) LONG-TERM LIABILITIES - Continued**

**F) Advance Refunding**

*Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series A, and 2011 Tax Allocation Revenue Bonds, Series A.*

In August 2015, the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore (Successor Agency) issued \$8,065,000 in Subordinated Tax Allocation Refunding Bonds, Series 2015, with interest rates of 2.00% to 5.00% to advance refund \$4,800,000 of the Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series A, and \$3,650,000 of the Lake Elsinore Public Financing Authority 2011 Tax Allocation Revenue Bonds, Series A. The net proceeds, along with \$982,387 of prior funds, of \$8,905,829 (after payments for reserves, underwriting fees and other issuance costs) were deposited in an irrevocable trust to provide funds for the future debt service payment on the refunded bonds. As a result, the Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series A, and 2011 Tax Allocation Revenue Bonds, Series A, are considered to be defeased and the liabilities of these bonds have been removed from the long-term debt of the Authority.

The reacquisition price exceeded the net carrying amount of the old debts by \$543,007 (includes \$87,178 remaining discount on the 2011A Tax Allocation Revenue bond). This amount is being amortized by the Successor Agency over the remaining life of its refunding debt as a deferred amount on refunding. The advance refunded the Lake Elsinore Public Financing Authority 2011 Local Agency Revenue Bonds, Series A, and 2011 Tax Allocation Revenue Bonds, Series A, to reduce its total debt service payments over 23 years by \$2,461,520 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,911,831.

**9) SPECIAL ASSESSMENT DISTRICT BONDS**

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

	<u>Bonds Outstanding at Original Issue</u>	<u>June 30, 2016</u>
Assessment District No. 93-1 Refunding Improvement Bonds, 2012 Series B	\$ 15,345,000	\$ 14,100,000
Total Assessment District Bonds		\$ 14,100,000

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**10) COMMUNITY FACILITIES DISTRICT BONDS**

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

	Original Issue	Bonds Outstanding at June 30, 2016
Community Facilities District 90-2 Tuscany Hills Public Improvements (2002 Series)	\$ 14,470,000	\$ 1,035,000
Community Facilities District 90-2 Tuscany Hills Public Improvement (2007A Series )	7,340,000	7,340,000
Community Facilities District 2005-5 Wasson Canyon (2012A Series)	3,450,000	3,280,000
Community Facilities District 2006-1 Summerly Improvement Area A (2013 Series)	3,620,000	3,605,000
Community Facilities District 2003-2 Canyon Hills Improvement Area C (2013 Series)	5,345,000	5,340,000
Community Facilities District 88-3 West Lake Elsinore (2013B Series)	4,215,000	2,825,000
Community Facilities District 98-1 Summerhill Public Improvements (2013C Series)	13,615,000	12,655,000
Community Facilities District 2003-2 Canyon Hills Improvement Area D (2014A Series)	7,505,000	7,505,000
Community Facilities District 2003-2 IA-A Canyon Hills (2014 Series)	10,895,000	10,650,000
Community Facilities District 2003-2 IA-C Canyon Hills (2014 Series)	7,315,000	7,300,000
Community Facilities District 95-1 Lake Elsinore City Center Public Improvements (2015 Series)	1,030,000	1,025,000
Community Facilities District 2003-2 Improvement Area B Canyon Hills (2015 Series)	25,795,000	25,500,000
Community Facilities District 2004-3-1 Improvement Area 1 Rosetta Canyon (2015 Series)	21,005,000	20,635,000
Community Facilities District 2004-3-1 Improvement Area 2 Rosetta Canyon (2015 Series)	23,115,000	22,820,000
Community Facilities District 2005-1 Serenity (2015 Series)	8,165,000	7,960,000
Community Facilities District 2005-2 Improvement Area A Alberhill Ranch (2015 Series)	21,095,000	20,750,000
Community Facilities District 2005-6 City Center Townhomes (2015 Series)	2,815,000	2,765,000
Community Facilities District 2006-2 Viscaya (2015 Series)	5,825,000	5,730,000
Community Facilities District 2006-1 Improvement Area B Summerly (2015 Series)	3,200,000	3,200,000
Community Facilities District 88-3 West Lake Elsinore (2015 Series)	7,590,000	7,590,000
Community Facilities District 2006-1 Improvement Area CC (2016A Series)	3,000,000	3,000,000
 Total Community Facilities District Bonds		 \$ 182,510,000

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**11) MORTGAGE REVENUE BONDS**

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

	<u>Original Issue</u>	<u>Bonds Outstanding at June 30, 2016</u>
Lakeside Village Project - Due January 1, 2031	<u>\$ 5,000,000</u>	<u>\$ 3,544,929</u>

**12) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS**

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

**Due To/From**

Due to and from other funds are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 32,987
Other Governmental Funds	General Fund	69,573
Other Governmental Funds	Other Governmental Funds	<u>1,503</u>
	Total	<u>\$ 104,063</u>

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

**Transfers In/Out**

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

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 3,096,593
Recreation Authority Debt Service Fund	General Fund	1,127,100
Capital Improvement Plan Capital Project Fund	Assessment Districts Capital Project Fund	6,994,131
Capital Improvement Plan Capital Project Fund	Other Governmental Funds	6,107,460
Other Governmental Funds	General Fund	33,745
Other Governmental Funds	Other Governmental Funds	783,530
Internal Service Funds	General Fund	1,000,000
Internal Service Funds	Other Governmental Funds	<u>648,703</u>
	Total	<u>\$ 19,791,262</u>

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

#### **12) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

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

#### **13) FUND BALANCE AND NET POSITION**

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

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

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

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

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

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

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**13) FUND BALANCE AND NET POSITION - Continued**

The details of the fund balances as of June 30, 2016 are presented below:

	General Fund	Low and Moderate Income Housing Special Revenue Fund	Public Financing Authority Debt Service Fund	Recreation Authority Debt Service Fund
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid Items	\$ 29,015	\$	\$ 18,787	\$ 85,387
Notes Receivable	1,000,000			
Endowment Principal				
<b>Restricted for:</b>				
Debt Service			237,030,643	1,726,806
Low & Moderate Income Housing		42,297,549		
Transportation & Public Works				
Development				
Lighting & Landscape Maintenance				
Public Facilities & Improvements				
Other Purposes				
<b>Assigned:</b>				
Construction				
Scholarships				
<b>Unassigned</b>	<u>11,365,894</u>			
<b>Total Fund Balance</b>	<u>\$ 12,394,909</u>	<u>\$ 42,297,549</u>	<u>\$ 237,049,430</u>	<u>\$ 1,812,193</u>
	Assessment Districts Capital Project Fund	Capital Improvement Plan Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid Items	\$	\$	\$	\$ 133,189
Notes Receivable				1,000,000
Endowment Principal			20,003	20,003
<b>Restricted for:</b>				
Debt Service				238,757,449
Low & Moderate Income Housing		2,744,329	45,041,878	
Transportation & Public Works		9,583,627	9,583,627	
Development		1,042,880	1,042,880	
Lighting & Landscape Maintenance		460,817	460,817	
Public Facilities & Improvements	972,803	7,974,657	8,947,460	
Other Purposes		26,010	26,010	
<b>Assigned:</b>				
Construction		882,108	655,312	1,537,420
Scholarships			11,344	11,344
<b>Unassigned</b>			<u>(891)</u>	<u>11,365,003</u>
<b>Total Fund Balance</b>	<u>\$ 972,803</u>	<u>\$ 882,108</u>	<u>\$ 22,518,088</u>	<u>\$ 317,927,080</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**13) FUND BALANCE AND NET POSITION - Continued**

The details of other restricted purposes in the Statement of Net Position as of June 30, 2016 are presented below:

Development	\$ 1,042,880
Lighting and Landscape Maintenance	527,548
Community Development	
Nonexpendable	20,003
Expendable	8,155
Law Enforcement	29,324
Geothermal	20,312
Education	<u>5,698</u>
 Total Net Position - Other Restricted Purposes	 <u>\$ 1,653,920</u>

**14) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Difference</u>
Low and Moderate Income Housing - Special Revenue Fund	\$ 314,712	\$ 4,002	\$ (310,710)
Assessment District - Capital Project Fund	(6,830,508)	0	(6,830,508)
Other Governmental Funds:			
Geothermal - Special Revenue Fund	17	0	(17)
AB2766 Air Pollution - Special Revenue Fund	6,000	0	(6,000)
CDBG - Special Revenue Fund	10,000	0	(10,000)
Lake Side Facilities - Special Revenue Fund	9,106	0	(9,106)
Camino Del Norte - Special Revenue Fund	110	0	(110)
Miscellaneous General Projects - Capital Project Fund	13,765	0	(13,765)
Storm Drains - Capital Project Fund	153	0	(153)

The following funds had a deficit fund balance at June 30, 2016. These deficits are expected to be eliminated through future revenues and transfers.

	<u>Amount</u>
Other Governmental Funds:	
Animal Shelter - Special Revenue Fund	\$ (891)

# City of Lake Elsinore, California

## Notes to Financial Statements

Year Ended June 30, 2016

### 15) PENSION PLAN

#### A) General Information about the Pension Plans

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

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

The rate plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or After January 1, 2013 <sup>(1)</sup>
Hire Date		
Benefit Formulas	2.0% at 55	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-55+	52-67+
Monthly Benefits, as a % of Eligible Compensation	1.46% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	8%	6.25%
Required Employer Contribution Rates	10.612%	6.237%

	<b>Miscellaneous 2<sup>nd</sup> Tier</b>	
	Prior to January 1, 2013	On or After January 1, 2013 <sup>(1)</sup>
Hire Date		
Benefit Formulas	2.0% at 60	2% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55 - 60+	52 - 67+
Monthly Benefits, as a % of Eligible Compensation	1.092% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	1.5%	6.25%
Required Employer Contribution Rates	6.709%	6.237%

# City of Lake Elsinore, California

## Notes to Financial Statements

Year Ended June 30, 2016

### 15) PENSION PLAN - Continued

#### A. General Information about the Pension Plans - Continued

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

<sup>(1)</sup> For employees hired on or after January 1, 2013, they are included in their respective PEPRA (California Public Employees' Pension Reform Act) rate plan with the above provisions and benefits.

<sup>(2)</sup> Note, the City currently does not have any safety employees. The safety rate plan represents former safety employees.

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

The contributions to the Plan for the year ended June 30, 2016 were \$1,129,573.

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$8,943,640.

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

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**15) PENSION PLAN - Continued**

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

The City's proportionate share of the net pension liability for the Plan measured as of June 30, 2014 and 2015 was as follows:

Proportion		Change
June 30, 2015	June 30, 2014	Increase (Decrease)
0.32568%	0.29477%	0.03091%

For the year ended June 30, 2016, the City recognized pension expense (credit) of \$392,040. At June 30, 2016, City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,129,573	\$
Differences between actual and expected experience	54,903	(219)
Changes in assumptions		(520,438)
Change in employer's proportion and differences between the employer's contributions and the employer's		
Proportionate share of contributions	1,044,433	(22,581)
Net differences between projected and actual earnings on plan investments		(260,908)
 Total	 <hr style="border: 0.5px solid black; margin-bottom: 5px;"/> <hr style="border: 0.5px solid black;"/>	 <hr style="border: 0.5px solid black; margin-bottom: 5px;"/> <hr style="border: 0.5px solid black;"/>
	\$ 2,228,909	\$ (804,146)

The \$1,129,573 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	\$ 20,403
2018	9,245
2019	(67,935)
2020	333,477

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**15) PENSION PLAN - Continued**

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

***Actuarial Assumptions*** - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Miscellaneous		
Valuation Date	June 30, 2014	
Measurement Date	June 30, 2015	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.65%	
Inflation	2.75%	
Payroll Growth	3.0%	
Projected Salary Increase	3.3% - 14.2%	(1)
Investment Rate of Return	7.65%	(2)
Mortality	CalPERS Membership Data	(3)

<sup>(1)</sup> Depending on age, service and type of employment

<sup>(2)</sup> Net of pension plan investment expenses, including inflation

<sup>(3)</sup> The Mortality Rate Table was derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

***Discount Rate*** - The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

## **City of Lake Elsinore, California**

### **Notes to Financial Statements**

Year Ended June 30, 2016

#### **15) PENSION PLAN - Continued**

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

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

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

1% Decrease	6.65%
Net Pension Liability	\$ 13,832,688
Current Discount Rate	7.65%
Net Pension Liability	\$ 8,943,640
1% Increase	8.65%
Net Pension Liability	\$ 4,907,196

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**15) PENSION PLAN - Continued**

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

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

**C. Payable to the Pension Plan**

At June 30, 2016, the City reported a payable of \$13,896, which is included in accounts payable and accrued liabilities, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**16) OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

**Funding Policy**

The contribution requirements of the plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. Currently, contributions are not required from plan members. Contributions are funded on a pay-as-you-go basis. During the fiscal year ended June 30, 2016, the City elected to fund \$569,899 towards the unfunded accrued liability related to this benefit.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The ARC for fiscal year 2015-16 was \$1,502,498.

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

Annual Required Contribution (ARC)	\$ 1,502,498
Interest on Net OPEB Obligation	<u>370,060</u>
Annual OPEB Cost	1,872,558
Contributions Made	<u>(569,899)</u>
Increase (Decrease) in Net OPEB Obligation	1,302,659
Net OPEB Obligation - Beginning of Year	<u>8,707,294</u>
Net OPEB Obligation - End of Year	<u>\$ 10,009,953</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**16) OTHER POST-EMPLOYMENT BENEFITS - Continued**

**Three-Year Trend Information**

For fiscal year 2016, the City's annual OPEB cost (expense) of \$1,872,558 was equal to the ARC and interest on Net OPEB Obligation. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is presented below:

Fiscal Year	Annual OPEB Cost	Actual Contributions (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 1,802,032	\$ 494,945	27.47%	\$ 7,444,027
6/30/15	\$ 1,818,869	\$ 555,602	30.55%	\$ 8,707,294
6/30/16	\$ 1,872,558	\$ 569,899	30.43%	\$ 10,009,953

**Annual OPEB Cost and Net OPEB Obligation**

**Funded Status and Funding Progress**

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

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

**Actuarial Methods and Assumptions**

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

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**17) DEFERRED COMPENSATION**

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

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

**18) LIABILITY, PROPERTY AND PROTECTION**

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for the property and other lines of coverage. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-insurance Programs of the Insurance Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost reallocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

**General Liability Insurance**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**18) LIABILITY, PROPERTY AND PROTECTION - Continued**

**Self-insurance Programs of the Insurance Authority**

**General Liability Insurance - Continued**

For 2015-16 the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however, it is fully covered under a separate policy and therefore not retained by the Insurance Authority.

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

**Workers' Compensation**

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

For 2015-16 the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

**Purchased Insurance**

**Property Insurance**

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City's property currently has all-risk property protection in the amount of \$41,623,755. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**Crime Insurance**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**18) LIABILITY, PROPERTY AND PROTECTION - Continued**

**Adequacy of Protection**

During the past three fiscal years none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-16.

**19) LITIGATION**

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

**20) SUCCESSOR AGENCY TRUST DISCLOSURES**

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

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**20) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued**

**Successor Agency Capital Assets**

Capital assets activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated				
Land	<u>\$ 2,426,392</u>	\$ _____	\$ _____	<u>\$ 2,426,392</u>
Total Capital Assets Not Depreciated	<u>2,426,392</u>	0	0	<u>2,426,392</u>
Capital Assets, Depreciated				
Building and Structures	15,299,757	1,944,932	(18,020)	17,226,669
Improvements Other Than Buildings	571,037	(2,110)	568,927	
Machinery and Equipment	1,152,209	118,969	(996)	1,271,178
Furniture and Fixtures	<u>996</u>	<u>53,972</u>	<u>(996)</u>	<u>53,972</u>
Total Capital Assets, Depreciated	<u>17,023,999</u>	<u>2,117,873</u>	<u>(21,126)</u>	<u>19,120,746</u>
Less Accumulated Depreciation:				
Building and Structures	(6,742,844)	(482,947)	10,561	(7,215,230)
Improvements Other Than Buildings	(276,049)	(35,923)	422	(311,550)
Machinery and Equipment	(1,015,085)	(26,636)	(996)	(1,041,721)
Furniture and Fixtures	<u>(996)</u>	<u>(4,235)</u>	<u>996</u>	<u>(4,235)</u>
Total Accumulated Depreciation	<u>(8,034,974)</u>	<u>(549,741)</u>	<u>11,979</u>	<u>(8,572,736)</u>
Total Capital Assets, Depreciated, Net	<u>8,989,025</u>	<u>1,568,132</u>	<u>(9,147)</u>	<u>10,548,010</u>
Capital Assets, Net	<u>\$ 11,415,417</u>	<u>\$ 1,568,132</u>	<u>\$ (9,147)</u>	<u>\$ 12,974,402</u>

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**20) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued**

**Successor Agency Long-Term Liabilities**

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

Long-term liability activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Loans Payable:</b>				
City of Lake Elsinore (see Note 4)	\$ 29,698,048	\$ 505,488 <sup>(1)</sup>	\$ (562,125)	\$ 29,641,411
Lake Elsinore Public Financing Authority	51,015,000		(6,310,000) <sup>(2)</sup>	44,705,000
Discounts	<u>(564,871)</u>		<u>122,471</u>	<u>(442,400)</u>
<b>Subtotal</b>	<u>80,148,177</u>	<u>505,488</u>	<u>(6,749,654)</u>	<u>73,904,011</u>
<b>Subordinate Tax Allocation Bonds:</b>				
2011 Series Project Area II	3,035,000		(3,035,000) <sup>(3)</sup>	0
2011 Series Project Area III	1,290,000		(1,290,000) <sup>(3)</sup>	0
2015 Series	0	8,065,000		8,065,000
Premiums	<u>0</u>	<u>274,002</u>	<u>(9,927)</u>	<u>264,075</u>
<b>Subtotal</b>	<u>4,325,000</u>	<u>8,339,002</u>	<u>(4,334,927)</u>	<u>8,329,075</u>
<b>Developer Agreements:</b>				
Oak Grove Equities	2,798,104		(2,798,104)	0
McMillin Summerly, LLC	<u>862,755</u>	<u>283,372</u>		<u>1,146,127</u>
<b>Subtotal</b>	<u>3,660,859</u>	<u>283,372</u>	<u>(2,798,104)</u>	<u>1,146,127</u>
<b>Total</b>	<u><u>\$ 88,134,036</u></u>	<u><u>\$ 9,127,862</u></u>	<u><u>\$ (13,882,685)</u></u>	<u><u>\$ 83,379,213</u></u>

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

<sup>(2)</sup> Includes loan defeasance of \$3,650,000.

<sup>(3)</sup> Includes bond defeasance of \$2,955,000 for 2011 Series Project Area II and \$1,270,000 for 2011 Series Project Area III.

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**20) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued**

**A) Loans Payable**

**Public Financing Authority**

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

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

At June 30, 2016, outstanding principal under loan agreements between the Successor Agency and the Authority totaled \$44,705,000 based on 2010 Series A, Series B and Series C Tax Allocation Revenue Bonds.

**2010 Series A**

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued by the Authority. Concurrently with this issuance of the bonds, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$13,170,000 of outstanding 1995 Series C Tax Allocation Revenue Bonds. The loan is payable in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The loan balance at June 30, 2016 is \$13,170,000. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$1,494,247, which is sufficient to cover the Bond Indenture Reserve Requirement.

**2010 Series B**

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued by the Authority. Concurrently with this issuance of the bonds, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$10,065,000 of outstanding 1995 Series A Tax Allocation Revenue Bonds. The advance refunding resulted in an economic gain of \$757,319 and a decrease in cash flow expenditures of \$893,956. Proceeds from the 2010 Series B bonds were invested in an escrow fund with a trustee, which together with earnings, will pay interest and principal on the bonds until fully retired. The 1995 Series A bonds are legally defeased and are no longer a liability of the Agency. The Series B loan is payable in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; and bears interest at 2.00% to 4.75%. The loan balance at June 30, 2016 is \$7,460,000. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$939,598, which is sufficient to cover the Bond Indenture Reserve Requirement.

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**20) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued**

**A) Loans Payable - Continued**

**2010 Series C**

In November 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued by the Authority. Concurrently with the bond issuance, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$27,495,000 of outstanding 1999 Series A Tax Allocation Revenue Bonds. Tax revenues from Project Areas 1 and 2 are pledged for the repayment of the loan. In the event that tax revenues are not sufficient from Project Areas 1 and 2, the Agency covenanted to make interfund loans from Project Area 3 and the Low and Moderate Income Housing Fund to make the loan payment. The loan is payable in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; and bears interest at 2.00% to 5.00%. The loan balance at June 30, 2016 is \$24,075,000. At June 30, 2016, the Authority has a cash reserve balance for debt service of \$2,221,395, which is sufficient to cover the Bond Indenture Reserve Requirement.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,215,000	\$ 1,907,751	\$ 4,122,751
2018	2,265,000	1,842,408	4,107,408
2019	2,345,000	1,768,189	4,113,189
2020	2,420,000	1,685,482	4,105,482
2021	2,510,000	1,593,292	4,103,292
2022-2026	14,155,000	6,270,512	20,425,512
2027-2031	12,515,000	3,224,472	15,739,472
2032-2034	<u>6,280,000</u>	<u>431,025</u>	<u>6,711,025</u>
Total	<u>\$ 44,705,000</u>	<u>\$ 18,723,131</u>	<u>\$ 63,428,131</u>

**2015 Series**

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**20) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued**

**B) Subordinate Tax Allocation Revenue Bonds**

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 730,000	\$ 241,694	\$ 971,694
2018	730,000	227,094	957,094
2019	740,000	212,394	952,394
2020	760,000	189,794	949,794
2021	790,000	168,175	958,175
2022-2026	1,740,000	591,181	2,331,181
2027-2031	1,410,000	326,012	1,736,012
2032-2036	1,035,000	85,434	1,120,434
2037-2039	<u>130,000</u>	<u>7,250</u>	<u>137,250</u>
<b>Total</b>	<b><u>\$ 8,065,000</u></b>	<b><u>\$ 2,049,028</u></b>	<b><u>\$ 10,114,028</u></b>

**C) Developer Agreements**

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

**McMillin Summerly LLC**

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

Property taxes accrued for payment as of June 30, 2016, is \$1,146,127 to the developer and master developer upon satisfaction of the terms of the DDA. A portion of the tax increment pledge reimburses the developer for construction of certain extraordinary infrastructure associated with the project. Developer’s reimbursement for construction of certain extraordinary infrastructure is limited to \$19,000,000, as adjusted in accordance with the terms of the DDA. The Agency issued two subordinate tax allocation bonds 2011 Series totaling \$4,610,000, the proceeds of which were used to reimburse the developer for construction of certain extraordinary infrastructure. Any unpaid reimbursement of extraordinary infrastructure is to be forgiven upon the expiration of the Agency’s right to receive tax increment under its Redevelopment Plans for Project Areas II and III. The DDA prohibits further bonded indebtedness secured by tax increment generated by the project site, other than for specified project purposes.

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**20) SUCCESSOR AGENCY TRUST DISCLOSURES - Continued**

**D) Commitments and Contingencies**

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

**Lake Elsinore Stadium**

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

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

**Other Matters**

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

**21) JOINT POWERS AGREEMENTS**

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

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

**City of Lake Elsinore, California**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**21) JOINT POWERS AGREEMENTS - Continued**

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

**22) SPECIAL ITEM**

The Successor Agency to the Lake Elsinore Redevelopment Agency issued bonds to advance refund the Authority's 2011 Local Agency Revenue Bonds, Series A, and 2011 Tax Allocation Revenue Bonds, Series A (see Note 8F). As part of the refunding, the related loans receivable were cancelled which created a loss on loans receivable in the governmental funds.

**23) PRIOR PERIOD ADJUSTMENTS**

Included in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances is a prior period adjustment of \$1,312,540. This adjustment was to record bond issue deposits withheld by the Authority. There was also a prior period adjustment of \$153,284 to reverse the prior year accrual of the July 2015 gas tax payment as recommended by the California State Controller's Office (SCO). In prior years, the SCO had recommended accruing the July gas tax payments to the previous fiscal year.

**24) SUBSEQUENT EVENTS**

On August 23, 2016, the City of Lake Elsinore adopted resolution number 2016-102 forming the Parking Authority of the City of Lake Elsinore.

On September 1, 2016, the City of Lake Elsinore and the Parking Authority of the City of Lake Elsinore entered into a joint exercise of powers agreement to form the Lake Elsinore Facilities Financing Authority.

In November 2016, \$10,410,000 principal amount of Lease Revenue Bonds, Series 2016A, was issued by the Lake Elsinore Facilities Financing Authority to finance the acquisition, construction and installation of certain capital improvements owned by the City. The bonds are due in annual installments of \$80,000 to \$540,000 from April 1, 2017 through April 1, 2046. Interest payments ranging from 1.25% to 4.00% are due from April 1, 2017 through April 1, 2046. The bonds are subject to call and redemption prior to their stated maturity commencing April 1, 2037 at specified redemption prices.



This page left intentionally blank.

# Required Supplementary Information

CITY OF

LAKE  ELsinore

DREAM ~~EXTREME~~

TM



**City of Lake Elsinore, California**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**CalPERS Pension Plan**  
**Last Ten Years\***  
**As of June 30, 2016**

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered - Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.29477%	\$ 7,292,642	\$ 4,537,860	160.70%	77.95%
2016	0.32568%	\$ 8,943,640	\$ 4,751,199	188.24%	75.09%

**Notes to Schedule:**

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

**Changes in Assumptions.** In 2016, changes in assumptions resulted primarily from the following:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

\*- Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only two years are shown.

**City of Lake Elsinore, California**  
**Schedule of Contributions**  
**CalPERS Pension Plan**  
**Last Ten Years\***  
**As of June 30, 2016**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution			Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
			Contribution Deficiency (Excess)			
2015	\$ 890,999	\$ (890,999)	\$ 0	\$ 4,751,199		18.75%
2016	\$ 1,049,049	\$ (1,049,049)	\$ 0	\$ 3,804,985		27.57%

\*- Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only two years are shown.

**City of Lake Elsinore, California**  
**Schedule of Funding Progress**  
**Year Ended June 30, 2016**

**Other Post-Employment Benefits Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial			Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	(B - A)			
(A)	(B)	(B - A)	(A/B)	(C)	[(B-A)/C]		
07/01/08	\$ -	\$ 8,791,806	\$ 8,791,806	0%	\$ 5,280,551	166.49%	
07/01/11	\$ -	\$ 14,095,692	\$ 14,095,692	0%	\$ 4,220,232	334.00%	
07/01/14	\$ -	\$ 12,711,047	\$ 12,711,047	0%	\$ 4,597,240	276.49%	

**City of Lake Elsinore, California**  
**Budgetary Comparison Schedule**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 6,643,912	\$ 6,609,512	\$ 6,551,939	\$ (57,573)
Other Taxes	12,272,492	12,414,538	13,178,135	763,597
Licenses, Permits and Fees	3,466,647	3,830,621	4,232,849	402,228
Intergovernmental Revenues	1,691,835	1,981,135	2,015,151	34,016
Charges for Services	2,845,064	2,432,805	2,453,380	20,575
Fines, Forfeitures and Penalties	596,550	618,500	713,056	94,556
Investment Earnings	105,000	110,000	231,526	121,526
Contributions from Property Owners			3,459,454	3,459,454
Miscellaneous	<u>6,448,463</u>	<u>6,038,696</u>	<u>3,535,190</u>	<u>(2,503,506)</u>
Total Revenues	<u>34,069,963</u>	<u>34,035,807</u>	<u>36,370,680</u>	<u>2,334,873</u>
<b>EXPENDITURES</b>				
Current:				
City Council	308,318	310,318	306,827	3,491
City Attorney	525,000	525,000	587,691	(62,691)
City Clerk	583,438	579,438	466,215	113,223
City Manager	522,030	554,030	592,217	(38,187)
Administrative Services	1,798,355	1,933,836	1,663,155	270,681
Public Safety	11,797,370	11,709,520	11,462,440	247,080
Fire Services	7,155,018	7,295,018	7,151,637	143,381
Animal Control	814,820	814,820	804,184	10,636
Community Development	3,504,568	3,504,568	3,318,898	185,670
Public Works	5,314,292	5,348,876	5,411,285	(62,409)
Lake Maintenance	1,523,881	1,520,281	1,497,894	22,387
Community Services	2,246,939	2,271,939	1,960,106	311,833
Non-Departmental	<u>1,681,970</u>	<u>1,720,470</u>	<u>1,674,756</u>	<u>45,714</u>
Total Expenditures	<u>37,775,999</u>	<u>38,088,114</u>	<u>36,897,305</u>	<u>1,190,809</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,706,036)</u>	<u>(4,052,307)</u>	<u>(526,625)</u>	<u>3,525,682</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	107,698	3,096,593	2,988,895	
Transfers Out	(425,000)	(2,160,745)	(1,735,745)	
Sale of Capital Assets	<u>14,743</u>	<u>14,743</u>	<u>14,743</u>	
Total Other Financing Sources (Uses)	<u>0</u>	<u>(317,302)</u>	<u>950,591</u>	<u>1,267,893</u>
Net Changes in Fund Balance	<u>(3,706,036)</u>	<u>(4,369,609)</u>	<u>423,966</u>	<u>4,793,575</u>
Fund Balance - Beginning of Year	<u>9,566,315</u>	<u>9,678,475</u>	<u>11,970,943</u>	<u>(2,292,468)</u>
Fund Balance - End of Year	<u>\$ 5,860,279</u>	<u>\$ 5,308,866</u>	<u>\$ 12,394,909</u>	<u>\$ 2,501,107</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Low and Moderate Income Housing**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 73,161	\$ 73,161	\$ 186,829	\$ 113,668
Total Revenues	73,161	73,161	186,829	113,668
<b>EXPENDITURES</b>				
Current:				
Community Development		4,002	314,712	(310,710)
Total Expenditures	0	4,002	314,712	(310,710)
Excess (Deficiency) of Revenues over Expenditures	73,161	69,159	(127,883)	(197,042)
Fund Balance - Beginning of Year	42,425,432	42,425,432	42,425,432	0
Fund Balance - End of Year	<u>\$ 42,498,593</u>	<u>\$ 42,494,591</u>	<u>\$ 42,297,549</u>	<u>\$ (197,042)</u>

**City of Lake Elsinore, California**  
**Notes to Required Supplementary Information**  
**June 30, 2016**

**1. BUDGETS AND BUDGETARY DATA**

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

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

# Supplementary Schedules

CITY OF

LAKE



EL SINORE

DREAM ~~EXTREME~~



**City of Lake Elsinore, California**  
**Other Governmental Funds**  
**June 30, 2016**

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

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

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

**City of Lake Elsinore, California**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Fund	Total Other Governmental Funds
			Endowment Trust	
<b>ASSETS</b>				
Cash and Investments	\$ 9,832,359	\$ 9,198,386	\$ 31,257	\$ 19,062,002
Cash and Investments with Fiscal Agent		4,198,443		4,198,443
Accounts Receivable	214,287			214,287
Accrued Interest Receivable	34,081	36,669	90	70,840
Due from Other Funds	70,464	612		71,076
Due from Other Governments	<u>508,324</u>	<u>23,710</u>		<u>532,034</u>
 Total Assets	 <u>\$ 10,659,515</u>	 <u>\$ 13,457,820</u>	 <u>\$ 31,347</u>	 <u>\$ 24,148,682</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 181,347	\$	\$	\$ 181,347
Deposits and Other Liabilities	1,700			1,700
Due to Other Funds	33,878	612		34,490
Unearned Revenue - Other	<u>1,250,656</u>	<u>23,710</u>		<u>1,274,366</u>
 Total Liabilities	 <u>1,467,581</u>	 <u>24,322</u>	 <u>0</u>	 <u>1,491,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -				
Special Assessments	66,731			66,731
Unavailable Revenue -				
Intergovernmental	<u>71,960</u>			<u>71,960</u>
 Total Deferred Inflows of Resources	 <u>138,691</u>	 <u>0</u>	 <u>0</u>	 <u>138,691</u>
<b>FUND BALANCES</b>				
Nonspendable			20,003	20,003
Restricted	9,054,134	12,778,186		21,832,320
Assigned		655,312	11,344	666,656
Unassigned	<u>(891)</u>			<u>(891)</u>
 Total Fund Balances	 <u>9,053,243</u>	 <u>13,433,498</u>	 <u>31,347</u>	 <u>22,518,088</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 10,659,515</u>	 <u>\$ 13,457,820</u>	 <u>\$ 31,347</u>	 <u>\$ 24,148,682</u>

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
For the Year Ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Endowment Trust	Total Other Governmental Funds
<b>REVENUES</b>				
Licenses, Permits, Fees	\$ 1,712,817	\$ 948,441	\$	\$ 2,661,258
Intergovernmental Revenues	2,839,446			2,839,446
Fines, Forfeitures and Penalties	390,098			390,098
Investment Earnings	211,751	243,308	339	455,398
Special Assessments	1,680,980			1,680,980
Miscellaneous	6,236	24,122		30,358
Total Revenues	<u>6,841,328</u>	<u>1,215,871</u>	<u>339</u>	<u>8,057,538</u>
<b>EXPENDITURES</b>				
Current:				
General Government		13,918		13,918
Community Development	10,000			10,000
Public Services	1,286,854	150		1,287,004
Community Services	722,238			722,238
Debt Service:				
Principal Retirement		205,000		205,000
Interest and Fiscal Charges		290,687		290,687
Total Expenditures	<u>2,019,092</u>	<u>509,755</u>	<u>0</u>	<u>2,528,847</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,822,236</u>	<u>706,116</u>	<u>339</u>	<u>5,528,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	15,369	801,906		817,275
Transfers Out	<u>(3,956,594)</u>	<u>(6,679,792)</u>		<u>(10,636,386)</u>
Total Other Financing Sources (Uses)	<u>(3,941,225)</u>	<u>(5,877,886)</u>	<u>0</u>	<u>(9,819,111)</u>
Net Change in Fund Balances	<u>881,011</u>	<u>(5,171,770)</u>	<u>339</u>	<u>(4,290,420)</u>
Fund Balances - Beginning of Year, As Previously Reported	8,325,516	18,605,268	31,008	26,961,792
Prior Period Adjustments	<u>(153,284)</u>			<u>(153,284)</u>
Fund Balances - Beginning of Year, As Restated	<u>8,172,232</u>	<u>18,605,268</u>	<u>31,008</u>	<u>26,808,508</u>
Fund Balances - End of Year	<u>\$ 9,053,243</u>	<u>\$ 13,433,498</u>	<u>\$ 31,347</u>	<u>\$ 22,518,088</u>

**City of Lake Elsinore, California**  
**Other Special Revenue Funds**  
**June 30, 2016**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**City of Lake Elsinore, California**  
**Other Special Revenue Funds**  
**June 30, 2016**

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

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

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

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

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

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

**City of Lake Elsinore, California**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
June 30, 2016

	Supplemental Law Enforcement Service	Traffic Offender	Gas Tax	Transportation Measure A
<b>ASSETS</b>				
Cash and Investments	\$	\$	\$	\$
Accounts Receivable				
Accrued Interest Receivable		51	6,183	2,826
Due from Other Funds				
Due from Other Governments	<u>29,324</u>			221,364
 Total Assets	<u><u>\$ 29,324</u></u>	<u><u>\$ 51</u></u>	<u><u>\$ 1,045,725</u></u>	<u><u>\$ 1,160,262</u></u>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$	\$	\$
Deposits and Other Liabilities				
Due to Other Funds		51		
Unearned Revenue - Other				
 Total Liabilities	<u>0</u>	<u>51</u>	<u>22,005</u>	<u>0</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments				
Unavailable Revenue - Intergovernmental				34,481
 Total Deferred Inflows of Resources	<u>29,324</u>	<u>0</u>	<u>0</u>	<u>34,481</u>
<b>FUND BALANCES</b>				
Restricted			1,023,720	1,125,781
Unassigned				
 Total Fund Balances	<u>0</u>	<u>0</u>	<u>1,023,720</u>	<u>1,125,781</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 29,324</u></u>	<u><u>\$ 51</u></u>	<u><u>\$ 1,045,725</u></u>	<u><u>\$ 1,160,262</u></u>

<u>SB1186</u>	<u>CAS</u>	<u>Traffic</u>	<u>City-wide</u>	<u>L.L.M.D.</u>	<u>No. 1</u>	<u>Geothermal</u>
<u>Education</u>		<u>Safety</u>	<u>Lighting and</u>			
			<u>Landscaping</u>			
\$ 5,679		\$	\$	\$ 460,051	\$ 21,943	
19		498		1,582		69
			70,464			
		32,401	102,400	4,251		
<u>\$ 5,698</u>	<u>\$ 32,899</u>	<u>\$ 172,864</u>	<u>\$ 465,884</u>	<u>\$ 22,012</u>		
\$	\$	\$	\$ 106,133	\$ 5,067	\$	
						1,700
		32,899				
<u>0</u>	<u>32,899</u>	<u>106,133</u>	<u>5,067</u>	<u>1,700</u>		
			66,731			
<u>0</u>	<u>0</u>	<u>66,731</u>	<u>0</u>	<u>0</u>	<u>0</u>	
5,698			460,817		20,312	
<u>5,698</u>	<u>0</u>	<u>0</u>	<u>460,817</u>	<u>20,312</u>		
<u>\$ 5,698</u>	<u>\$ 32,899</u>	<u>\$ 172,864</u>	<u>\$ 465,884</u>	<u>\$ 22,012</u>		

Continued

**City of Lake Elsinore, California**  
**Combining Balance Sheet**  
**Other Special Revenue Funds - Continued**

June 30, 2016

	AB2766 Air Pollution	C.D.B.G.	Cost Recovery System	Developer Agreement Revenue/Trust
<b>ASSETS</b>				
Cash and Investments	\$ 223,503	\$	\$ 1,100,132	\$ 1,037,889
Accounts Receivable			198,666	
Accrued Interest Receivable	753			4,991
Due from Other Funds				
Due from Other Governments	19,990	8,192		
<b>Total Assets</b>	<b>\$ 244,246</b>	<b>\$ 8,192</b>	<b>\$ 1,298,798</b>	<b>\$ 1,042,880</b>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$	\$ 48,142	\$
Deposits and Other Liabilities				
Due to Other Funds	37			
Unearned Revenue - Other			1,250,656	
<b>Total Liabilities</b>	<b>0</b>	<b>37</b>	<b>1,298,798</b>	<b>0</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments				
Unavailable Revenue - Intergovernmental	8,155			
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>8,155</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCES</b>				
Restricted	244,246			1,042,880
Unassigned				
<b>Total Fund Balances</b>	<b>244,246</b>	<b>0</b>	<b>0</b>	<b>1,042,880</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 244,246</b>	<b>\$ 8,192</b>	<b>\$ 1,298,798</b>	<b>\$ 1,042,880</b>

Affordable Housing In-Lieu	City Hall / Public Works	Community Center	Lake Side Facilities	Animal Shelter
\$ 2,730,793 4,342 9,194	\$ 1,152,749 3,848	\$ 492,455 1,714	\$ 598,253 2,002	\$
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 2,744,329</u>	<u>\$ 1,156,597</u>	<u>\$ 494,169</u>	<u>\$ 600,255</u>	<u>\$ 0</u>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 891
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	0
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,744,329	1,156,597	494,169	600,255	(891)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>2,744,329</u>	<u>1,156,597</u>	<u>494,169</u>	<u>600,255</u>	<u>(891)</u>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 2,744,329</u>	<u>\$ 1,156,597</u>	<u>\$ 494,169</u>	<u>\$ 600,255</u>	<u>\$ 0</u>

Continued

**City of Lake Elsinore, California**  
**Combining Balance Sheet**  
**Other Special Revenue Funds - Continued**

June 30, 2016

	Camino del Norte	N.P.D.E.S.	PEG Grant	Total Other Special Revenue Funds
<b>ASSETS</b>				
Cash and Investments	\$	20,902	\$ 12,396	\$ 9,832,359
Accounts Receivable			11,279	214,287
Accrued Interest Receivable		351		34,081
Due from Other Funds				70,464
Due from Other Governments		90,402		508,324
 Total Assets	 \$ 0	 \$ 111,655	 \$ 23,675	 \$ 10,659,515
<b>LIABILITIES</b>				
Accounts Payable	\$	\$	\$	\$ 181,347
Deposits and Other Liabilities				1,700
Due to Other Funds				33,878
Unearned Revenue - Other				1,250,656
 Total Liabilities	 0	 0	 0	 1,467,581
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments				66,731
Unavailable Revenue - Intergovernmental				71,960
 Total Deferred Inflows of Resources	 0	 0	 0	 138,691
<b>FUND BALANCES</b>				
Restricted		111,655	23,675	9,054,134
Unassigned				(891)
 Total Fund Balances	 0	 111,655	 23,675	 9,053,243
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 0	 \$ 111,655	 \$ 23,675	 \$ 10,659,515



This page left intentionally blank.

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Special Revenue Funds**  
Year Ended June 30, 2016

	Supplemental Law Enforcement Service	Traffic Offender	Gas Tax	Transportation Measure A
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 114,618	\$ 56,577	\$ 1,265,626	\$ 1,163,010
Intergovernmental Revenues				
Fines, Forfeitures and Penalties				
Investment Earnings		421	36,794	19,798
Special Assessments				
Miscellaneous				
 Total Revenues	 114,618	 56,998	 1,302,420	 1,182,808
<b>EXPENDITURES</b>				
Current:				
Community Development				352,449
Public Services				
Community Services				
 Total Expenditures	 0	 0	 352,449	 0
Excess (Deficiency) of Revenues Over Expenditures	114,618	56,998	949,971	1,182,808
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out	(114,618)	(57,017)	(1,216,439)	(987,327)
 Total Other Financing Sources (Uses)	 (114,618)	 (57,017)	 (1,216,439)	 (987,327)
Net Change in Fund Balances	0	(19)	(266,468)	195,481
 Fund Balances - Beginning of Year, As Previously Reported	 0	 19	 1,443,472	 930,300
Prior Period Adjustments			(153,284)	
 Fund Balances - Beginning of Year, As Restated	 0	 19	 1,290,188	 930,300
Fund Balances - End of Year	\$ 0	\$ 0	\$ 1,023,720	\$ 1,125,781

<u>SB1186</u>	<u>CAS</u>	<u>Traffic</u>	<u>City-wide</u>	<u>Lighting and</u>	<u>L.L.M.D.</u>	<u>No. 1</u>	<u>Geothermal</u>
<u>Education</u>		<u>Safety</u>		<u>Landscaping</u>			
\$ 2,448		\$		\$		\$	
			390,098				
110		2,310	98		9,250		440
			1,374,928		306,052		
			6,236				
<u>2,558</u>		<u>392,408</u>	<u>1,381,262</u>		<u>315,302</u>		<u>440</u>
620			811,588		46,948		17
			545,787		167,235		
<u>620</u>		<u>0</u>	<u>1,357,375</u>		<u>214,183</u>		<u>17</u>
<u>1,938</u>		<u>392,408</u>	<u>23,887</u>		<u>101,119</u>		<u>423</u>
			15,369				
		(392,458)					
<u>0</u>		<u>(392,458)</u>	<u>15,369</u>		<u>0</u>		<u>0</u>
<u>1,938</u>		<u>(50)</u>	<u>39,256</u>		<u>101,119</u>		<u>423</u>
3,760		50	(39,256)		359,698		19,889
<u>3,760</u>		<u>50</u>	<u>(39,256)</u>		<u>359,698</u>		<u>19,889</u>
<u>\$ 5,698</u>		<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 460,817</u>		<u>\$ 20,312</u>

Continued

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Special Revenue Funds - Continued**  
Year Ended June 30, 2016

	AB2766 Air Pollution	C.D.B.G.	Cost Recovery System	Developer Agreement Revenue/Trust
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 74,306	\$ 221,886	\$ 0	\$ 322,300
Intergovernmental Revenues				
Fines, Forfeitures and Penalties				
Investment Earnings	4,236			30,295
Special Assessments				
Miscellaneous				
 Total Revenues	 78,542	 221,886	 0	 352,595
<b>EXPENDITURES</b>				
Current:				
Community Development		10,000		
Public Services	6,000			
Community Services				
 Total Expenditures	 6,000	 10,000	 0	 0
Excess (Deficiency) of Revenues Over Expenditures	72,542	211,886	0	352,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out		(61,631)		(449,509)
 Total Other Financing Sources (Uses)	 0	 (61,631)	 0	 (449,509)
Net Change in Fund Balances	72,542	150,255	0	(96,914)
 Fund Balances - Beginning of Year, As Previously Reported	 171,704	 (150,255)	 0	 1,139,794
Prior Period Adjustments				
 Fund Balances - Beginning of Year, As Restated	 171,704	 (150,255)	 0	 1,139,794
Fund Balances - End of Year	 \$ 244,246	 \$ 0	 \$ 0	 \$ 1,042,880

Affordable Housing In-Lieu	City Hall/ Public Works	Community Center	Lake Side Facilities	Animal Shelter
\$ 508,363	\$ 215,399	\$ 135,159	\$ 193,192	\$ 86,304
58,638	23,211	10,020	13,805	
567,001	238,610	145,179	206,997	86,304
			9,106	
0	0	0	9,106	0
567,001	238,610	145,179	197,891	86,304
(200,000)	(32,275)	(42,479)	(280,738)	
(200,000)	(32,275)	(42,479)	(280,738)	0
367,001	206,335	102,700	(82,847)	86,304
2,377,328	950,262	391,469	683,102	(87,195)
2,377,328	950,262	391,469	683,102	(87,195)
<u>\$ 2,744,329</u>	<u>\$ 1,156,597</u>	<u>\$ 494,169</u>	<u>\$ 600,255</u>	<u>\$ (891)</u>

Continued

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Special Revenue Funds - Continued**  
Year Ended June 30, 2016

	<u>Camino del Norte</u>	<u>N.P.D.E.S</u>	<u>PEG Grant</u>	<u>Total Other Special Revenue Funds</u>
<b>REVENUES</b>				
Licenses, Permits and Fees	\$	141,387	51,688	\$ 1,712,817
Intergovernmental Revenues				2,839,446
Fines, Forfeitures and Penalties				390,098
Investment Earnings	143	2,182		211,751
Special Assessments				1,680,980
Miscellaneous				6,236
Total Revenues	<u>143</u>	<u>143,569</u>	<u>51,688</u>	<u>6,841,328</u>
<b>EXPENDITURES</b>				
Current:				
Community Development				10,000
Public Services		64,765	4,467	1,286,854
Community Services	110			722,238
Total Expenditures	<u>110</u>	<u>64,765</u>	<u>4,467</u>	<u>2,019,092</u>
Excess (Deficiency) of Revenues Over Expenditures	33	78,804	47,221	4,822,236
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				15,369
Transfers Out	(36,552)	(79,093)	(6,458)	(3,956,594)
Total Other Financing Sources (Uses)	<u>(36,552)</u>	<u>(79,093)</u>	<u>(6,458)</u>	<u>(3,941,225)</u>
Net Change in Fund Balances	<u>(36,519)</u>	<u>(289)</u>	<u>40,763</u>	<u>881,011</u>
Fund Balances - Beginning of Year, As Previously Reported	36,519	111,944	(17,088)	8,325,516
Prior Period Adjustments				(153,284)
Fund Balances - Beginning, As Restated	<u>36,519</u>	<u>111,944</u>	<u>(17,088)</u>	<u>8,172,232</u>
Fund Balances - End of Year	<u>\$ 0</u>	<u>\$ 111,655</u>	<u>\$ 23,675</u>	<u>\$ 9,053,243</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Supplemental Law Enforcement Service**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 114,618	\$ 14,618
Total Revenues	100,000	100,000	114,618	14,618
<b>EXPENDITURES</b>				
Current:				
Public Safety				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	100,000	100,000	114,618	14,618
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out		(100,000)	(114,618)	(14,618)
Total Other Financing Sources (Uses)	0	(100,000)	(114,618)	(14,618)
Net Change in Fund Balance	100,000	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Traffic Offender**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 121,000	\$ 121,000	\$ 56,577	\$ (64,423)
Investment Earnings			421	421
<b>Total Revenues</b>	<b>121,000</b>	<b>121,000</b>	<b>56,998</b>	<b>(64,002)</b>
<b>EXPENDITURES</b>				
Current:				
Public Safety				0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	121,000	121,000	56,998	(64,002)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out		(121,000)	(57,017)	63,983
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(121,000)</b>	<b>(57,017)</b>	<b>63,983</b>
Net Change in Fund Balance	121,000	0	(19)	(19)
Fund Balance - Beginning of Year	19	19	19	0
<b>Fund Balance - End of Year</b>	<b>\$ 121,019</b>	<b>\$ 19</b>	<b>\$ 0</b>	<b>\$ (19)</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Gas Tax**  
**Year Ended June 30, 2016**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 1,230,048	\$ 1,265,626	\$ 35,578
Investment Earnings		36,794	36,794
Total Revenues	0	1,230,048	1,302,420
			72,372
<b>EXPENDITURES</b>			
Current:			
Public Services	369,530	369,530	352,449
Total Expenditures	369,530	369,530	352,449
			17,081
Excess (Deficiency) of Revenues over Expenditures	(369,530)	860,518	949,971
			89,453
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out		(793,817)	(1,216,439)
Total Other Financing Sources (Uses)	0	(793,817)	(1,216,439)
			(422,622)
Net Change in Fund Balance	(369,530)	66,701	(266,468)
			(333,169)
Fund Balance - Beginning of Year, As Previously Reported	1,443,472	1,443,472	1,443,472
Prior Period Adjustment			(153,284)
Fund Balance - Beginning of Year, As Restated	1,443,472	1,443,472	1,290,188
Fund Balance - End of Year	\$ 1,073,942	\$ 1,510,173	\$ 1,023,720
			\$ (486,453)

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Transportation Measure A**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 1,159,000	\$ 1,159,000	\$ 1,163,010
Investment Earnings			19,798
<b>Total Revenues</b>	<b>1,159,000</b>	<b>1,159,000</b>	<b>1,182,808</b>
<b>EXPENDITURES</b>			
Current:			
Public Services			0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	1,159,000	1,159,000	1,182,808
			23,808
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(1,166,183)	(1,166,183)	(987,327)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,166,183)</b>	<b>(1,166,183)</b>	<b>(987,327)</b>
			178,856
Net Change in Fund Balance	(7,183)	(7,183)	195,481
Fund Balance - Beginning of Year	930,300	930,300	930,300
<b>Fund Balance - End of Year</b>	<b>\$ 923,117</b>	<b>\$ 923,117</b>	<b>\$ 1,125,781</b>
			<b>\$ 202,664</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**SB1186 CAS Education**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 2,294	\$ 2,294	\$ 2,448	\$ 154
Investment Earnings			110	110
<b>Total Revenues</b>	<b>2,294</b>	<b>2,294</b>	<b>2,558</b>	<b>264</b>
<b>EXPENDITURES</b>				
Current:				
Public Services	4,533	4,533	620	3,913
<b>Total Expenditures</b>	<b>4,533</b>	<b>4,533</b>	<b>620</b>	<b>3,913</b>
Excess (Deficiency) of Revenues over Expenditures	(2,239)	(2,239)	1,938	4,177
Fund Balance - Beginning of Year	3,760	3,760	3,760	0
<b>Fund Balance - End of Year</b>	<b>\$ 1,521</b>	<b>\$ 1,521</b>	<b>\$ 5,698</b>	<b>\$ 4,177</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Traffic Safety**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Fines, Forfeitures and Penalties	\$ 475,000	\$ 475,000	\$ 390,098
Investment Earnings			2,310
<b>Total Revenues</b>	<b>475,000</b>	<b>475,000</b>	<b>392,408</b>
<b>EXPENDITURES</b>			
Current:			
Public Safety			0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	475,000	475,000	392,408
			(82,592)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out		(475,000)	(392,458)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(475,000)</b>	<b>(392,458)</b>
Net Change in Fund Balance	475,000	0	(50)
Fund Balance - Beginning of Year	50	50	50
<b>Fund Balance - End of Year</b>	<b>\$ 475,050</b>	<b>\$ 50</b>	<b>\$ 0</b>
			<b>\$ (50)</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**City-Wide Lighting and Landscaping**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ 1,388,223	\$ 1,408,545	\$ 98
Special Assessments			1,374,928
Miscellaneous		6,236	(33,617)
 Total Revenues	 1,388,223	 1,408,545	 6,236
			(27,283)
<b>EXPENDITURES</b>			
Current:			
Public Services	969,500	969,500	811,588
Community Services	643,610	643,610	545,787
 Total Expenditures	 1,613,110	 1,613,110	 255,735
 Excess (Deficiency) of Revenues over Expenditures	 (224,887)	 (204,565)	 23,887
			228,452
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		213,538	15,369
 Total Other Financing Sources (Uses)	 0	 213,538	 15,369
			(198,169)
 Net Change in Fund Balance	 (224,887)	 8,973	 39,256
 Fund Balance - Beginning of Year	 (39,256)	 (39,256)	 (39,256)
 Fund Balance - End of Year	 \$ (264,143)	 \$ (30,283)	 \$ 0
			\$ 30,283

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**L.L.M.D. No. 1**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 271,451	\$ 305,154	\$ 9,250	\$ 9,250
Special Assessments			306,052	898
Total Revenues	<u>271,451</u>	<u>305,154</u>	<u>315,302</u>	<u>10,148</u>
<b>EXPENDITURES</b>				
Current:				
Public Services	172,400	179,400	46,948	132,452
Community Services	<u>201,280</u>	<u>201,280</u>	<u>167,235</u>	<u>34,045</u>
Total Expenditures	<u>373,680</u>	<u>380,680</u>	<u>214,183</u>	<u>166,497</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(102,229)</u>	<u>(75,526)</u>	<u>101,119</u>	<u>176,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		95,864		(95,864)
Total Other Financing Sources (Uses)	<u>0</u>	<u>95,864</u>	<u>0</u>	<u>(95,864)</u>
Net Change in Fund Balance	(102,229)	20,338	101,119	80,781
Fund Balance - Beginning of Year	<u>359,698</u>	<u>359,698</u>	<u>359,698</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 257,469</u>	<u>\$ 380,036</u>	<u>\$ 460,817</u>	<u>\$ 65,698</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Geothermal**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ _____	\$ _____	\$ 440	\$ 440
Total Revenues	0	0	440	440
<b>EXPENDITURES</b>				
Public Services	_____	_____	17	(17)
Total Expenditures	0	0	17	(17)
Excess (Deficiency) of Revenues over Expenditures	0	0	423	423
Fund Balance - Beginning of Year	19,889	19,889	19,889	0
Fund Balance - End of Year	<u>\$ 19,889</u>	<u>\$ 19,889</u>	<u>\$ 20,312</u>	<u>\$ 423</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**AB2766 Air Pollution**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 42,890	\$ 42,890	\$ 74,306	\$ 31,416
Investment Earnings			4,236	4,236
 Total Revenues	 42,890	 42,890	 78,542	 35,652
<b>EXPENDITURES</b>				
Current:				
Public Services			6,000	(6,000)
 Total Expenditures	 0	 0	 6,000	 (6,000)
Excess (Deficiency) of Revenues over Expenditures	42,890	42,890	72,542	29,652
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(42,890)	(42,890)	0	42,890
 Total Other Financing Sources (Uses)	 (42,890)	 (42,890)	 0	 42,890
Net Change In Fund Balances	0	0	72,542	72,542
Fund Balance - Beginning of Year	171,704	171,704	171,704	0
 Fund Balance - End of Year	 \$ 171,704	 \$ 171,704	 \$ 244,246	 \$ 72,542

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**C.D.B.G**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 340,397	\$ 340,397	\$ 221,886 \$ (118,511)
Total Revenues	340,397	340,397	221,886 (118,511)
<b>EXPENDITURES</b>			
Current:			
Community Development			10,000 (10,000)
Total Expenditures	0	0	10,000 (10,000)
Excess (Deficiency) of Revenues over Expenditures	340,397	340,397	211,886 (128,511)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(340,397)	(340,397)	(61,631) 278,766
Total Other Financing Sources (Uses)	(340,397)	(340,397)	(61,631) 278,766
Net Change In Fund Balances	0	0	150,255 150,255
Fund Balance - Beginning of Year	(150,225)	(150,255)	(150,255) 0
Fund Balance - End of Year	<u>\$ (150,225)</u>	<u>\$ (150,255)</u>	<u>\$ 0</u> <u>\$ 150,255</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Developer Agreement Revenue/Trust**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Licenses, Permits and Fees	\$ 188,810	\$ 188,810	\$ 322,300
Investment Earnings			30,295
<b>Total Revenues</b>	<b>188,810</b>	<b>188,810</b>	<b>352,595</b>
<b>EXPENDITURES</b>			
Capital Outlay			0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	188,810	188,810	352,595
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out		(410,000)	(449,509)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(410,000)</b>	<b>(449,509)</b>
Net Change In Fund Balances	188,810	(221,190)	(96,914)
Fund Balance - Beginning of Year	1,139,794	1,139,794	1,139,794
<b>Fund Balance - End of Year</b>	<b>\$ 1,328,604</b>	<b>\$ 918,604</b>	<b>\$ 1,042,880</b>
			<b>\$ 203,294</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Affordable Housing In-Lieu**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 293,500	\$ 293,500	\$ 508,363	\$ 214,863
Investment Earnings			58,638	58,638
Total Revenues	<u>293,500</u>	<u>293,500</u>	<u>567,001</u>	<u>273,501</u>
<b>EXPENDITURES</b>				
Current:				
Public Services		30,000		30,000
Total Expenditures	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Excess (Deficiency) of Revenues over Expenditures		263,500	567,001	303,501
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out		(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
Net Change In Fund Balances	0	63,500	367,001	303,501
Fund Balance - Beginning of Year	<u>2,377,328</u>	<u>2,377,328</u>	<u>2,377,328</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 2,377,328</u>	<u>\$ 2,304,328</u>	<u>\$ 2,744,329</u>	<u>\$ 607,002</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**City Hall/Public Works**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 159,350	\$ 159,350	\$ 215,399	\$ 56,049
Investment Earnings			23,211	23,211
Total Revenues	<u>159,350</u>	<u>159,350</u>	<u>238,610</u>	<u>79,260</u>
<b>EXPENDITURES</b>				
Current:				
Public Services				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>159,350</u>	<u>159,350</u>	<u>238,610</u>	<u>79,260</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(159,350)</u>	<u>(159,350)</u>	<u>(32,275)</u>	<u>127,075</u>
Total Other Financing Sources (Uses)	<u>(159,350)</u>	<u>(159,350)</u>	<u>(32,275)</u>	<u>127,075</u>
Net Change in Fund Balance	0	0	206,335	206,335
Fund Balance - Beginning of Year	<u>950,262</u>	<u>950,262</u>	<u>950,262</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 950,262</u>	<u>\$ 950,262</u>	<u>\$ 1,156,597</u>	<u>\$ 206,335</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Community Center**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 92,920	\$ 92,920	\$ 135,159	\$ 42,239
Investment Earnings			10,020	10,020
<b>Total Revenues</b>	<b>92,920</b>	<b>92,920</b>	<b>145,179</b>	<b>52,259</b>
<b>EXPENDITURES</b>				
Current:				
Community Services				0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	<b>92,920</b>	<b>92,920</b>	<b>145,179</b>	<b>52,259</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<b>(92,920)</b>	<b>(92,920)</b>	<b>(42,479)</b>	<b>50,441</b>
<b>Total Other Financing Sources (Uses)</b>	<b>(92,920)</b>	<b>(92,920)</b>	<b>(42,479)</b>	<b>50,441</b>
Net Change in Fund Balance	0	0	102,700	102,700
Fund Balance - Beginning of Year	<b>391,469</b>	<b>391,469</b>	<b>391,469</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$ 391,469</b>	<b>\$ 391,469</b>	<b>\$ 494,169</b>	<b>\$ 102,700</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Lake Side Facilities**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Original		
<b>REVENUES</b>			
Licenses, Permits and Fees	\$ 123,890	\$ 123,890	\$ 193,192
Investment Earnings			13,805
<b>Total Revenues</b>	<b>123,890</b>	<b>123,890</b>	<b>206,997</b>
<b>EXPENDITURES</b>			
Current:			
Community Services		9,106	(9,106)
<b>Total Expenditures</b>	<b>0</b>	<b>9,106</b>	<b>(9,106)</b>
Excess (Deficiency) of Revenues over Expenditures	123,890	123,890	197,891
			74,001
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(123,890)	(123,890)	(280,738)
<b>Total Other Financing Sources (Uses)</b>	<b>(123,890)</b>	<b>(123,890)</b>	<b>(280,738)</b>
Net Change in Fund Balance	0	0	(82,847)
Fund Balance - Beginning of Year	683,102	683,102	683,102
<b>Fund Balance - End of Year</b>	<b>\$ 683,102</b>	<b>\$ 683,102</b>	<b>\$ 600,255</b>
			<b>\$ (82,847)</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Animal Shelter**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 51,780	\$ 51,780	\$ 86,304	\$ 34,524
Total Revenues	51,780	51,780	86,304	34,524
<b>EXPENDITURES</b>				
Current:				
Community Services				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	51,780	51,780	86,304	34,524
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		85,527		(85,527)
Total Other Financing Sources (Uses)	0	85,527	0	(85,527)
Net Change in Fund Balance	51,780	137,307	86,304	(51,003)
Fund Balance - Beginning of Year	(87,195)	(87,195)	(87,195)	0
Fund Balance - End of Year	<u>\$ 16,365</u>	<u>\$ 272,946</u>	<u>\$ (891)</u>	<u>\$ (187,533)</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**Camino Del Norte**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 400	\$ 400	\$ 143	\$ 467
Total Revenues	400	400	143	(257)
<b>EXPENDITURES</b>				
Community Services			110	(110)
Total Expenditures	0	0	110	(110)
Excess (Deficiency) of Revenues over Expenditures	400	400	33	(367)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out			(36,552)	(36,552)
Total Other Financing Sources (Uses)	0	0	(36,552)	(36,552)
Net Change in Fund Balance	400	400	(36,519)	(36,919)
Fund Balance - Beginning of Year	36,519	36,519	36,519	0
Fund Balance - End of Year	\$ 36,919	\$ 36,919	\$ 0	\$ (36,919)

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**N.P.D.E.S.**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 231,760	\$ 369,358	\$ 141,387	\$ (227,971)
Investment Earnings			2,182	2,182
<b>Total Revenues</b>	<b>231,760</b>	<b>369,358</b>	<b>143,569</b>	<b>(225,789)</b>
<b>EXPENDITURES</b>				
Current:				
Public Services	293,880	293,880	64,765	229,115
<b>Total Expenditures</b>	<b>293,880</b>	<b>293,880</b>	<b>64,765</b>	<b>229,115</b>
Excess (Deficiency) of Revenues over Expenditures	(62,120)	75,478	78,804	3,326
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(87,120)		(79,093)	(79,093)
<b>Total Other Financing Sources (Uses)</b>	<b>(87,120)</b>	<b>0</b>	<b>(79,093)</b>	<b>(79,093)</b>
Net Change in Fund Balance	(149,240)	75,478	(289)	(75,767)
Fund Balance - Beginning of Year	111,944	111,944	111,944	0
<b>Fund Balance - End of Year</b>	<b>\$ (37,296)</b>	<b>\$ 187,422</b>	<b>\$ 111,655</b>	<b>\$ (75,767)</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**PEG Grant**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 34,420	\$ 34,420	\$ 51,688	\$ 17,268
Total Revenues	34,420	34,420	51,688	17,268
<b>EXPENDITURES</b>				
Current:				
Public Services	157,183	157,183	4,467	152,716
Total Expenditures	157,183	157,183	4,467	152,716
Excess (Deficiency) of Revenues over Expenditures	(122,763)	(122,763)	47,221	169,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out			(6,458)	(6,458)
Total Other Financing Sources (Uses)	0	0	(6,458)	(6,458)
Net Change in Fund Balance	(122,763)	(122,763)	40,763	163,526
Fund Balance - Beginning of Year	(17,088)	(17,088)	(17,088)	0
Fund Balance - End of Year	<u>\$ (139,851)</u>	<u>\$ (139,851)</u>	<u>\$ 23,675</u>	<u>\$ 163,526</u>

**City of Lake Elsinore, California**  
**Other Capital Projects Funds**  
**June 30, 2016**

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

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

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

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

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

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

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

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

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

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

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

**City of Lake Elsinore, California**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
June 30, 2016

	Miscellaneous General Project	Park Improvement and Development	Street Capital Improvements	Storm Drains
<b>ASSETS</b>				
Cash and Investments	\$ 651,819	\$ 11,945	\$	\$ 2,389,969
Cash and Investments with Fiscal Agent				
Accrued Interest Receivable	2,881	55		11,818
Due from Other Funds	612			
Due from Other Governments				
 Total Assets	 <u>\$ 655,312</u>	 <u>\$ 12,000</u>	 <u>\$ 0</u>	 <u>\$ 2,401,787</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$	\$	\$	\$
Unearned Revenue - Other				
 Total Liabilities	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
<b>FUND BALANCES</b>				
Restricted		12,000	0	2,401,787
Assigned	<u>655,312</u>			
 Total Fund Balances	 <u>655,312</u>	 <u>12,000</u>	 <u>0</u>	 <u>2,401,787</u>
Total Liabilities and Fund Balances	<u>\$ 655,312</u>	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$ 2,401,787</u>

<u>Library Capital Improvement</u>	<u>Signalization Improvement</u>	<u>Traffic Impact</u>	<u>City Fire Protection</u>	<u>Public Improvement In-Lieu</u>
\$ 1,674,871	\$	\$ 3,618,990	\$	\$ 847,970
5,878		12,506	612	2,919
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 1,680,749</u>	<u>\$ 0</u>	<u>\$ 3,631,496</u>	<u>\$ 612</u>	<u>\$ 850,889</u>
\$	\$	\$	\$	\$
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	612	0
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,680,749	0	3,631,496	0	850,889
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>1,680,749</u>	<u>0</u>	<u>3,631,496</u>	<u>0</u>	<u>850,889</u>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 1,680,749</u>	<u>\$ 0</u>	<u>\$ 3,631,496</u>	<u>\$ 612</u>	<u>\$ 850,889</u>

Continued

**City of Lake Elsinore, California**  
**Combining Balance Sheet**  
**Other Capital Projects Funds - Continued**  
June 30, 2016

	<u>Road Improvement Program Fund</u>	<u>TUMF</u>	<u>Total Other Capital Projects Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 127	\$ 2,695	\$ 9,198,386
Cash and Investments with Fiscal Agent	4,198,443		4,198,443
Accrued Interest Receivable			36,669
Due from Other Funds			612
Due from Other Governments	23,710		23,710
 Total Assets	<u>\$ 4,198,570</u>	<u>\$ 26,405</u>	<u>\$ 13,457,820</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 0	\$ 23,710	\$ 612
Unearned Revenue - Other	0		23,710
 Total Liabilities	<u>0</u>	<u>23,710</u>	<u>24,322</u>
<b>FUND BALANCES</b>			
Restricted	4,198,570	2,695	12,778,186
Assigned	0		655,312
 Total Fund Balances	<u>4,198,570</u>	<u>2,695</u>	<u>13,433,498</u>
Total Liabilities and Fund Balances	<u>\$ 4,198,570</u>	<u>\$ 26,405</u>	<u>\$ 13,457,820</u>



This page left intentionally blank.

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Capital Projects Funds**  
Year Ended June 30, 2016

	Miscellaneous General Project	Park Improvement and Development	Street Capital Improvements	Storm Drains
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 29,451	\$ 16,423	\$ 0	\$ 122,451
Investment Earnings		371		76,038
Miscellaneous				
 Total Revenues	 29,451	 16,794	 0	 198,489
<b>EXPENDITURES</b>				
Current:				
General Government	13,765			153
Public Services				
Debt Service:				
Principal Retirement				
Interest and Fiscal Charges				
 Total Expenditures	 13,765	 0	 0	 153
 Excess (Deficiency) of Revenues Over Expenditures	 15,686	 16,794	 0	 198,336
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	202,943			
Transfers Out	(1,481,809)	(26,850)	(97)	(1,231,000)
 Total Other Financing Sources (Uses)	 (1,278,866)	 (26,850)	 (97)	 (1,231,000)
 Net Change in Fund Balances	 (1,263,180)	 (10,056)	 (97)	 (1,032,664)
 Fund Balances - Beginning of Year	 1,918,492	 22,056	 97	 3,434,451
 Fund Balances - End of Year	 \$ 655,312	 \$ 12,000	 \$ 0	 \$ 2,401,787

<u>Library Capital Improvement</u>	<u>Signalization Improvement</u>	<u>Traffic Impact</u>	<u>City Fire Protection</u>	<u>Public Improvement In-Lieu</u>
\$ 61,350 37,255	\$ 3	\$ 505,055 76,201	\$ 191,969 2,467	\$ 51,193 18,241
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
98,605	3	581,256	194,436	69,434
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	0
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
98,605	3	581,256	194,436	69,434
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(39,370)	(805)	(119,319)	(202,943)	(3,967)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(39,370)	(805)	(119,319)	(202,943)	(3,967)
59,235	(802)	461,937	(8,507)	65,467
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,621,514	802	3,169,559	8,507	785,422
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 1,680,749</u>	<u>\$ 0</u>	<u>\$ 3,631,496</u>	<u>\$ 0</u>	<u>\$ 850,889</u>

Continued

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Capital Projects Funds - Continued**  
Year Ended June 30, 2016

	Road Improvement Program Fund	TUMF	Total Other Capital Projects Funds
<b>REVENUES</b>			
Licenses, Permits and Fees	\$ 3,281	\$ 24,122	\$ 948,441
Investment Earnings			243,308
Miscellaneous		24,122	24,122
 Total Revenues	 3,281	 24,122	 1,215,871
<b>EXPENDITURES</b>			
Current:			
General Government			13,918
Public Services	150		150
Debt Service:			
Principal Retirement	205,000		205,000
Interest and Fiscal Charges	290,687		290,687
 Total Expenditures	 495,837	 0	 509,755
 Excess (Deficiency) of Revenues Over Expenditures	 (492,556)	 24,122	 706,116
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	518,064	80,899	801,906
Transfers Out	(3,554,364)	(19,268)	(6,679,792)
 Total Other Financing Sources (Uses)	 (3,036,300)	 61,631	 (5,877,886)
 Net Change in Fund Balances	 (3,528,856)	 85,753	 (5,171,770)
 Fund Balances - Beginning of Year	 7,727,426	 (83,058)	 18,605,268
 Fund Balances - End of Year	 \$ 4,198,570	 \$ 2,695	 \$ 13,433,498

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Project Fund**  
**Miscellaneous General Projects**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ _____	\$ _____	\$ 29,451	\$ 29,451
Total Revenues	0	0	29,451	29,451
<b>EXPENDITURES</b>				
Current:				
General Government	_____	_____	13,765	(13,765)
Total Expenditures	0	0	13,765	(13,765)
Excess (Deficiency) of Revenues over Expenditures	0	0	15,686	15,686
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			202,943	202,943
Transfers Out	_____	_____	(1,481,809)	(1,481,809)
Total Other Financing Sources (Uses)	0	0	(1,278,866)	(1,278,866)
Net Change in Fund Balance	0	0	(1,263,180)	(1,263,180)
Fund Balance - Beginning of Year	1,918,492	1,918,492	1,918,492	0
Fund Balance - End of Year	<u>\$ 1,918,492</u>	<u>\$ 1,918,492</u>	<u>\$ 655,312</u>	<u>\$ (1,263,180)</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Park Improvement and Development**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits, and Fees	\$ 6,980	\$ 6,980	\$ 16,423	\$ 9,443
Investment Earnings			371	371
<b>Total Revenues</b>	<b>6,980</b>	<b>6,980</b>	<b>16,794</b>	<b>9,814</b>
<b>EXPENDITURES</b>				
Current:				
Community Development				0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	6,980	6,980	16,794	9,814
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(104,126)	(104,126)	(26,850)	77,276
<b>Total Other Financing Sources (Uses)</b>	<b>(104,126)</b>	<b>(104,126)</b>	<b>(26,850)</b>	<b>77,276</b>
Net Change in Fund Balance	111,106	(97,146)	(10,056)	87,090
Fund Balance - Beginning of Year	22,056	22,056	22,056	0
<b>Fund Balance End of Year</b>	<b>\$ 133,162</b>	<b>\$ (75,090)</b>	<b>\$ 12,000</b>	<b>\$ 87,090</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Street Capital Improvements**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 50	\$ 50	\$	\$ (50)
Total Revenues	50	50	0	(50)
<b>EXPENDITURES</b>				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	50	50	0	(50)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(50)	(50)	(97)	(47)
Total Other Financing Sources (Uses)	(50)	(50)	(97)	(47)
Net Change in Fund Balance	0	0	(97)	(97)
Fund Balance - Beginning of Year	97	97	97	0
Fund Balance - End of Year	\$ 97	\$ 97	\$ 0	\$ (97)

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Storm Drains**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits, and Fees	\$ 135,270	\$ 135,270	\$ 122,451	\$ (12,819)
Investment Earnings			76,038	76,038
<b>Total Revenues</b>	<b>135,270</b>	<b>135,270</b>	<b>198,489</b>	<b>63,219</b>
<b>EXPENDITURES</b>				
General Government			153	(153)
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>153</b>	<b>(153)</b>
Excess (Deficiency) of Revenues over Expenditures	135,270	135,270	198,336	63,066
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(900,000)	(900,000)	(1,231,000)	(331,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(900,000)</b>	<b>(900,000)</b>	<b>(1,231,000)</b>	<b>(331,000)</b>
Net Change in Fund Balance	(764,730)	(764,730)	(1,032,664)	(267,934)
Fund Balance - Beginning of Year	3,434,451	3,434,451	3,434,451	0
<b>Fund Balance End of Year</b>	<b>\$ 2,669,721</b>	<b>\$ 2,669,721</b>	<b>\$ 2,401,787</b>	<b>\$ (267,934)</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Library Capital Improvement**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits, and Fees	\$ 66,330	\$ 66,330	\$ 61,350	\$ (4,980)
Investment Earnings			37,255	37,255
 Total Revenues	 66,330	 66,330	 98,605	 32,275
<b>EXPENDITURES</b>				
Current:				
Community Services				0
 Total Expenditures	 0	 0	 0	 0
Excess (Deficiency) of Revenues over Expenditures	66,330	66,330	98,605	32,275
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(66,330)	(66,330)	(39,370)	26,960
 Total Other Financing Sources (Uses)	 (66,330)	 (66,330)	 (39,370)	 26,960
Net Change in Fund Balance	0	0	59,235	59,235
Fund Balance - Beginning of Year	1,621,514	1,621,514	1,621,514	0
 Fund Balance End of Year	 \$ 1,621,514	 \$ 1,621,514	 \$ 1,680,749	 \$ 59,235

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Signalization Improvement**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 18,120	\$ 18,120	\$ 3	\$ (18,120)
Investment Earnings			3	3
<b>Total Revenues</b>	<b>18,120</b>	<b>18,120</b>	<b>3</b>	<b>(18,117)</b>
<b>EXPENDITURES</b>				
Capital Outlay				0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	18,120	18,120	3	(18,117)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(93,504)	(93,504)	(805)	92,699
<b>Total Other Financing Sources (Uses)</b>	<b>(93,504)</b>	<b>(93,504)</b>	<b>(805)</b>	<b>92,699</b>
Net Change in Fund Balance	(75,384)	(75,384)	(802)	74,582
Fund Balance - Beginning of Year	802	802	802	0
<b>Fund Balance - End of Year</b>	<b>\$ (74,582)</b>	<b>\$ (74,582)</b>	<b>\$ 0</b>	<b>\$ 74,582</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Traffic Impact**  
**Year Ended June 30, 2016**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Original		
<b>REVENUES</b>			
Licenses, Permits and Fees	\$ 348,780	\$ 348,780	\$ 505,055
Investment Earnings			76,201
<b>Total Revenues</b>	<b>348,780</b>	<b>348,780</b>	<b>581,256</b>
<b>EXPENDITURES</b>			
Current:			
Public Services			0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	348,780	348,780	581,256
			232,476
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(374,638)	(374,638)	(119,319)
<b>Total Other Financing Sources (Uses)</b>	<b>(374,638)</b>	<b>(374,638)</b>	<b>(119,319)</b>
Net Change in Fund Balance	(25,858)	(25,858)	461,937
Fund Balance - Beginning of Year	3,169,559	3,169,559	3,169,559
<b>Fund Balance - End of Year</b>	<b>\$ 3,143,701</b>	<b>\$ 3,143,701</b>	<b>\$ 3,631,496</b>
			<b>\$ 487,795</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**City Fire Protection**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Fees	\$ 116,380	\$ 116,380	\$ 191,969	\$ 75,589
Investment Earnings			2,467	2,467
Total Revenues	<u>116,380</u>	<u>116,380</u>	<u>194,436</u>	<u>78,056</u>
<b>EXPENDITURES</b>				
Current:				
Public Services				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>116,380</u>	<u>116,380</u>	<u>194,436</u>	<u>78,056</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(116,380)</u>	<u>(116,380)</u>	<u>(202,943)</u>	<u>(86,563)</u>
Total Other Financing Sources (Uses)	<u>(116,380)</u>	<u>(116,380)</u>	<u>(202,943)</u>	<u>(86,563)</u>
Net Change in Fund Balance	0	0	(8,507)	(8,507)
Fund Balance - Beginning of Year	<u>8,507</u>	<u>8,507</u>	<u>8,507</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 8,507</u>	<u>\$ 8,507</u>	<u>\$ 0</u>	<u>\$ (8,507)</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Project Fund**  
**Public Improvement In-Lieu**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	Original		
<b>REVENUES</b>			
Licenses, Permits and Fees	\$ 13,400	\$ 13,400	\$ 51,193
Investment Earnings			37,793 18,241
<b>Total Revenues</b>	<b>13,400</b>	<b>13,400</b>	<b>69,434</b>
<b>EXPENDITURES</b>			
Current:			
Public Services			0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	13,400	13,400	69,434
			56,034
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(834,603)	(834,603)	(3,967)
<b>Total Other Financing Sources (Uses)</b>	<b>(834,603)</b>	<b>(834,603)</b>	<b>(3,967)</b>
Net Change in Fund Balance	(821,203)	(821,203)	65,467
Fund Balance - Beginning of Year	785,422	785,422	886,670
<b>Fund Balance - End of Year</b>	<b>\$ (35,781)</b>	<b>\$ (35,781)</b>	<b>\$ 850,889</b>
			<b>\$ 886,670</b>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Project Fund**  
**Road Improvement Program Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ _____	\$ _____	\$ 3,281	\$ 3,281
Total Revenues	0	0	3,281	3,281
<b>EXPENDITURES</b>				
Current:				
Public Services		5,000	150	4,850
Debt Service:				
Principal Retirement		205,000	205,000	0
Interest and Fiscal Charges		290,687	290,687	0
Total Expenditures	0	500,687	495,837	4,850
Excess (Deficiency) of Revenues over Expenditures	0	(500,687)	(492,556)	8,131
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		518,064	518,064	
Transfers Out	(1,256,825)	(1,256,825)	(3,554,364)	(2,297,539)
Total Other Financing Sources (Uses)	(1,256,825)	(1,256,825)	(3,036,300)	(1,779,475)
Net Change in Fund Balance	(1,256,825)	(1,757,512)	(3,528,856)	(1,771,344)
Fund Balance - Beginning of Year	7,727,426	7,727,426	7,727,426	0
Fund Balance - End of Year	<u>\$ 6,470,601</u>	<u>\$ 5,969,914</u>	<u>\$ 4,198,570</u>	<u>\$ (1,771,344)</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Project Fund**  
**TUMF**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 1,474,875	\$ 1,474,875	\$	\$ (1,474,875)
Miscellaneous			24,122	24,122
Total Revenues	<u>1,474,875</u>	<u>1,474,875</u>	<u>24,122</u>	<u>(1,450,753)</u>
<b>EXPENDITURES</b>				
Current:				
Public Services				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,474,875</u>	<u>1,474,875</u>	<u>24,122</u>	<u>(1,450,753)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			80,899	80,899
Transfers Out	<u>(1,474,875)</u>	<u>(1,474,875)</u>	<u>(19,268)</u>	<u>1,455,607</u>
Total Other Financing Sources (Uses)	<u>(1,474,875)</u>	<u>(1,474,875)</u>	<u>61,631</u>	<u>1,536,506</u>
Net Change in Fund Balance	0	0	85,753	85,753
Fund Balance - Beginning of Year	<u>(83,058)</u>	<u>(83,058)</u>	<u>(83,058)</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ (83,058)</u>	<u>\$ (83,058)</u>	<u>\$ 2,695</u>	<u>\$ 85,753</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Projects Fund**  
**Assessment Districts**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$	\$	\$ 5,161
Contributions from Property Owners		2,557,860	2,557,860
Total Revenues	0	0	2,563,021
<b>EXPENDITURES</b>			
Current:			
Community Development		167,559	(167,559)
Capital Outlay		6,662,949	(6,662,949)
Total Expenditures	0	0	6,830,508
Excess (Deficiency) of Revenues over Expenditures	0	0	(4,267,487)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out		(6,994,131)	(6,994,131)
Total Other Financing Sources (Uses)	0	0	(6,994,131)
Net Change in Fund Balance	0	0	(11,261,618)
Fund Balance - Beginning of Year	12,234,421	12,234,421	12,234,421
Fund Balance - End of Year	<u>\$ 12,234,421</u>	<u>\$ 12,234,421</u>	<u>\$ 972,803</u>
			<u>\$ (11,261,618)</u>

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Project Fund**  
**Capital Improvement Plan**  
Year Ended June 30, 2016

	Budgeted Amounts	Actual	Variance with Final Budget
	Original	Final	Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues	\$	\$ 1,952,572	\$ (1,952,572)
Contributions from Property Owners		202,620	(202,620)
Miscellaneous		8,160	(8,160)
Total Revenues	0	2,163,352	2,163,352
<b>EXPENDITURES</b>			
Capital Outlay		48,052,760	13,443,289
Total Expenditures	0	48,052,760	13,443,289
Excess (Deficiency) of Revenues over Expenditures	0	(48,052,760)	(11,279,937)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		13,101,591	13,101,591
Total Other Financing Sources (Uses)	0	13,101,591	13,101,591
Net Change in Fund Balance	0	(48,052,760)	1,821,654
Fund Balance - Beginning	(939,546)	(939,546)	(939,546)
Fund Balance - End of Year	<u>\$ (939,546)</u>	<u>\$ (48,992,306)</u>	<u>\$ 882,108</u>
			<u>\$ 49,874,414</u>

**City of Lake Elsinore, California**

**Permanent Fund**

**June 30, 2016**

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

**City of Lake Elsinore, California**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Permanent Fund**  
**Endowment Trust**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 100	\$ 100	\$ 339	\$ 239
Total Revenues	100	100	339	239
<b>EXPENDITURES</b>				
Current:				
General Government				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	100	100	339	239
Fund Balance - Beginning of Year	31,008	31,008	31,008	0
Fund Balance - End of Year	<u>\$ 31,108</u>	<u>\$ 31,108</u>	<u>\$ 31,347</u>	<u>\$ 239</u>



This page left intentionally blank.

**City of Lake Elsinore, California**  
**Internal Service Funds**  
**June 30, 2016**

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

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

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

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

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

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

**City of Lake Elsinore, California**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2016**

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>	<u>Fleet Services</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 302,886	\$ 133,007	\$ 14,554	\$ 158,201
Accounts Receivable				1,281
Accrued Interest Receivable			1,018	
Prepaid Items	<u>466,535</u>			
Total Current Assets	<u>769,421</u>	<u>133,007</u>	<u>15,572</u>	<u>159,482</u>
Noncurrent Assets:				
Capital Assets, Net of Depreciation		<u>39,280</u>	<u>9,895</u>	<u>341,947</u>
Total Noncurrent Assets	<u>0</u>	<u>39,280</u>	<u>9,895</u>	<u>341,947</u>
Total Assets	<u>769,421</u>	<u>172,287</u>	<u>25,467</u>	<u>501,429</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Items		<u>35,076</u>		<u>40,979</u>
Total Deferred Outflows of Resources	<u>0</u>	<u>35,076</u>	<u>0</u>	<u>40,979</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable		<u>7,707</u>	<u>5,416</u>	<u>31,244</u>
Other Accrued Liabilities		<u>7,887</u>		<u>2,221</u>
Total Current Liabilities	<u>0</u>	<u>15,594</u>	<u>5,416</u>	<u>33,465</u>
Total Liabilities	<u>0</u>	<u>15,594</u>	<u>5,416</u>	<u>33,465</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets		<u>39,280</u>	<u>9,895</u>	<u>341,947</u>
Unrestricted	<u>769,421</u>	<u>152,489</u>	<u>10,156</u>	<u>166,996</u>
Total Net Position	<u>\$ 769,421</u>	<u>\$ 191,769</u>	<u>\$ 20,051</u>	<u>\$ 508,943</u>

<u>Facilities</u>	<u>Total</u>
-------------------	--------------

\$ 718,776	\$ 1,327,424
1,281	
1,018	
466,535	
<hr/>	<hr/>
<u>718,776</u>	<u>1,796,258</u>

<hr/>	<hr/>
	391,122
<hr/>	<hr/>
0	<u>391,122</u>
<hr/>	<hr/>
<u>718,776</u>	<u>2,187,380</u>

<hr/>	<hr/>
14,685	<u>90,740</u>
<hr/>	<hr/>
14,685	<u>90,740</u>

<hr/>	<hr/>
7,900	52,267
1,893	<u>12,001</u>
<hr/>	<hr/>
9,793	<u>64,268</u>
<hr/>	<hr/>
9,793	<u>64,268</u>

<hr/>	<hr/>
391,122	
<hr/>	<hr/>
723,668	<u>1,822,730</u>
<hr/>	<hr/>
<u>\$ 723,668</u>	<u>\$ 2,213,852</u>

**City of Lake Elsinore, California**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
Year Ended June 30, 2016

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>	<u>Fleet Services</u>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 894,978	\$ 794,667	\$ 97,738	\$ 530,620
Other Revenues				30,601
 Total Operating Revenues	 894,978	 794,667	 97,738	 561,221
<b>OPERATING EXPENSES</b>				
Personnel Services	197,359	347,880		174,117
Contractual Services	238	37,349	28,594	13,374
Utilities		104,099		
Maintenance and Operation		219,888	50,370	246,021
Insurance	377,960	3,223	900	18,032
 Total Operating Expenses	 575,557	 712,439	 79,864	 451,544
 Operating Income (Loss)	 319,421	 82,228	 17,874	 109,677
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings			2,177	
 Income (Loss) Before Transfers	 319,421	 82,228	 20,051	 109,677
Transfers In	450,000	109,541		399,266
 Change in Net Position	 769,421	 191,769	 20,051	 508,943
 Net Position - Beginning of Year	 0	 0	 0	 0
 Net Position - End of Year	 \$ 769,421	 \$ 191,769	 \$ 20,051	 \$ 508,943

Facilities	Total
\$ 341,779	\$ 2,659,782
<hr/>	<hr/>
30,601	30,601
<hr/>	<hr/>
341,779	2,690,383
<hr/>	<hr/>
75,738	795,094
78,983	158,538
83,196	187,295
70,090	586,369
	377,960
<hr/>	<hr/>
	22,155
<hr/>	<hr/>
308,007	2,127,411
<hr/>	<hr/>
33,772	562,972
<hr/>	<hr/>
	2,177
<hr/>	<hr/>
33,772	565,149
<hr/>	<hr/>
689,896	1,648,703
<hr/>	<hr/>
723,668	2,213,852
<hr/>	<hr/>
0	0
<hr/>	<hr/>
\$ 723,668	\$ 2,213,852
<hr/>	<hr/>

**City of Lake Elsinore, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
Year Ended June 30, 2016

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers and Users	\$ 894,978	\$ 794,667	\$ 97,738
Cash Payments to Employees for Services	(197,359)	(382,956)	
Cash Payments to Suppliers for Goods and Services	(844,733)	(345,742)	(73,548)
Other Receipts			
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operations	(147,114)	65,969	24,190
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from (to) Other Funds	<u>450,000</u>	<u>109,541</u>	<u></u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>450,000</u>	<u>109,541</u>	<u>0</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	<u></u>	<u>(42,503)</u>	<u>(10,795)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>0</u>	<u>(42,503)</u>	<u>(10,795)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	<u></u>	<u></u>	<u>1,159</u>
Net Cash Provided by (Used for) Investing Activities	<u>0</u>	<u>0</u>	<u>1,159</u>
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash Equivalents	302,886	133,007	14,554
Cash and Equivalents - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Cash and Equivalents - End of Year	<u>\$ 302,886</u>	<u>\$ 133,007</u>	<u>\$ 14,554</u>

<u>Fleet Services</u>	<u>Facilities</u>	<u>Total</u>
\$ 529,339	\$ 341,779	\$ 2,658,501
(215,096)	(88,530)	(883,941)
(225,930)	(224,369)	(1,714,322)
30,601		30,601
<hr/>	<hr/>	<hr/>
118,914	28,880	90,839
<hr/>	<hr/>	<hr/>
399,266	689,896	1,648,703
<hr/>	<hr/>	<hr/>
399,266	689,896	1,648,703
<hr/>	<hr/>	<hr/>
(359,979)		(413,277)
<hr/>	<hr/>	<hr/>
(359,979)	0	(413,277)
<hr/>	<hr/>	<hr/>
0	0	1,159
<hr/>	<hr/>	<hr/>
0	0	1,159
<hr/>	<hr/>	<hr/>
158,201	718,776	1,327,424
<hr/>	<hr/>	<hr/>
0	0	0
<hr/>	<hr/>	<hr/>
<u>\$ 158,201</u>	<u>\$ 718,776</u>	<u>\$ 1,327,424</u>

Continued

**City of Lake Elsinore, California**  
**Combining Statement of Cash Flows - Continued**  
**Internal Service Funds**  
Year Ended June 30, 2016

	<u>Insurance</u>	<u>Info Systems</u>	<u>Support Services</u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)			
	\$ 319,421	\$ 82,228	\$ 17,874
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation		3,223	900
Changes in Operating Assets and Liabilities:			
Accounts Receivable (Increase)			
Prepaid Items (Increase)	(466,535)		
Pension Related Deferred Outflows (Increase)		(35,076)	
Accounts Payable (Decrease)		7,707	5,416
Other Accrued Liabilities (Decrease)	7,887		
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
	<u><u>\$ (147,114)</u></u>	<u><u>\$ 65,969</u></u>	<u><u>\$ 24,190</u></u>

<u>Fleet Services</u>	<u>Facilities</u>	<u>Total</u>
\$ 109,677	\$ 33,772	\$ 562,972
18,032		22,155
(1,281)		(1,281)
	(466,535)	
(40,979)	(14,685)	(90,740)
31,244	7,900	52,267
<u>2,221</u>	<u>1,893</u>	<u>12,001</u>
<u><u>\$ 118,914</u></u>	<u><u>\$ 28,880</u></u>	<u><u>\$ 90,839</u></u>

**City of Lake Elsinore, California**

**Agency Funds**

**June 30, 2016**

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

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

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

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

**City of Lake Elsinore, California**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2016

	Developer Deposit Trust	Assessment Districts	Lake Maintenance	Destratification Equipment Replacement	Total Agency Funds
<b>ASSETS</b>					
Cash and Investments	\$ 5,320,039	\$ 1,658,311	\$	\$ 231,416	\$ 7,209,766
Cash and Investments with Fiscal Agent		21,880,362	559,028		22,439,390
Accrued Interest Receivable		16,511		677	17,188
Due from Other Governments		339,095			339,095
Deposits with Other Agencies		17,150,518			17,150,518
<b>Total Assets</b>	<b><u>\$ 5,320,039</u></b>	<b><u>\$ 41,044,797</u></b>	<b><u>\$ 559,028</u></b>	<b><u>\$ 232,093</u></b>	<b><u>\$ 47,155,957</u></b>
<b>LIABILITIES</b>					
Accounts Payable	\$	\$ 63,372	\$	\$	\$ 63,372
Deposits and Other Liabilities	1,469,748	257,092	559,028	232,093	2,517,961
Due to Other Governments	3,850,291				3,850,291
Due to Bondholders		40,724,333			40,724,333
<b>Total Liabilities</b>	<b><u>\$ 5,320,039</u></b>	<b><u>\$ 41,044,797</u></b>	<b><u>\$ 559,028</u></b>	<b><u>\$ 232,093</u></b>	<b><u>\$ 47,155,957</u></b>

**City of Lake Elsinore, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
Year Ended June 30, 2016

	Beginning Balance	Additions	Deletions	Ending Balance
<b>DEVELOPER DEPOSIT TRUST</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 1,407,674	\$ 3,912,365	\$	\$ 5,320,039
Total Assets	<u>\$ 1,407,674</u>	<u>\$ 3,912,365</u>	<u>\$ 0</u>	<u>\$ 5,320,039</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 53,775	\$	\$ 53,775	\$
Deposits and Other Liabilities	1,353,899	115,849		1,469,748
Due to Other Governments		3,850,291		3,850,291
Total Liabilities	<u>\$ 1,407,674</u>	<u>\$ 3,966,140</u>	<u>\$ 53,775</u>	<u>\$ 5,320,039</u>
<b>ASSESSMENT DISTRICTS</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 3,572,178	\$ 33,644,022	\$ 35,557,889	\$ 1,658,311
Cash and Investments with Fiscal Agent	15,561,508	25,672,948	19,354,094	21,880,362
Accrued Interest Receivable	8,722	16,510	8,721	16,511
Due from Other Governments	0	339,095		339,095
Deposits with Other Agencies	15,898,020	17,829,495	16,576,997	17,150,518
Total Assets	<u>\$ 35,040,428</u>	<u>\$ 77,502,070</u>	<u>\$ 71,497,701</u>	<u>\$ 41,044,797</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 81,020	\$ 20,095,364	\$ 20,113,012	\$ 63,372
Deposits and Other Liabilities	123,931	11,435,202	11,302,041	257,092
Due to Bondholders	34,835,477	105,773,963	99,885,107	40,724,333
Total Liabilities	<u>\$ 35,040,428</u>	<u>\$ 137,304,529</u>	<u>\$ 131,300,160</u>	<u>\$ 41,044,797</u>
<b>LAKE MAINTENANCE</b>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agent	\$ 459,427	\$ 99,601	\$	\$ 559,028
Total Assets	<u>\$ 459,427</u>	<u>\$ 99,601</u>	<u>\$ 0</u>	<u>\$ 559,028</u>
<b>LIABILITIES</b>				
Deposits and Other Liabilities	\$ 459,427	\$ 99,601	\$	\$ 559,028
Total Liabilities	<u>\$ 459,427</u>	<u>\$ 99,601</u>	<u>\$ 0</u>	<u>\$ 559,028</u>

**City of Lake Elsinore, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds - Continued**  
Year Ended June 30, 2016

	Beginning Balance	Additions	Deletions	Ending Balance
<b>DESTRATIFICATION EQUIPMENT</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 160,884	\$ 70,532	\$	\$ 231,416
Accrued Interest Receivable	500	177	16,667	677
Due from Other Governments	<u>16,667</u>			0
<b>Total Assets</b>	<b><u>\$ 178,051</u></b>	<b><u>\$ 70,709</u></b>	<b><u>\$ 16,667</u></b>	<b><u>\$ 232,093</u></b>
<b>LIABILITIES</b>				
Deposits and Other Liabilities	<u>\$ 178,051</u>	<u>\$ 70,709</u>	<u>\$ 16,667</u>	<u>\$ 232,093</u>
<b>Total Liabilities</b>	<b><u>\$ 178,051</u></b>	<b><u>\$ 70,709</u></b>	<b><u>\$ 16,667</u></b>	<b><u>\$ 232,093</u></b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 5,140,736	\$ 37,626,919	\$ 35,557,889	\$ 7,209,766
Cash and Investments with Fiscal Agent	16,020,935	25,772,549	19,354,094	22,439,390
Accrued Interest Receivable	9,222	16,687	8,721	17,188
Due from Other Governments	16,667	339,095	16,667	339,095
Deposits with Other Agencies	<u>15,898,020</u>	<u>17,829,495</u>	<u>16,576,997</u>	<u>17,150,518</u>
<b>Total Assets</b>	<b><u>\$ 37,085,580</u></b>	<b><u>\$ 81,584,745</u></b>	<b><u>\$ 71,514,368</u></b>	<b><u>\$ 47,155,957</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 134,795	\$ 20,095,364	\$ 20,166,787	\$ 63,372
Deposits and Other Liabilities	2,115,308	11,721,361	11,318,708	2,517,961
Due to Other Governments	0	3,850,291	3,850,291	
Due to Bondholders	<u>34,835,477</u>	<u>105,773,963</u>	<u>99,885,107</u>	<u>40,724,333</u>
<b>Total Liabilities</b>	<b><u>\$ 37,085,580</u></b>	<b><u>\$ 141,440,979</u></b>	<b><u>\$ 131,370,602</u></b>	<b><u>\$ 47,155,957</u></b>



This page left intentionally blank.

# STATISTICAL SECTION

CITY OF

LAKE  EL SINORE

DREAM ~~EXTREME~~



## **City of Lake Elsinore, California**

### **Statistical Section Contents**

June 30, 2016

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

<b>CONTENTS</b>	<b>PAGES</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and financial health have changed over time.	166 - 175
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property tax.	176 - 183
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	184 - 189
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	190 - 191
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	192 - 195

**City of Lake Elsinore, California**

**Net Position By Component**

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in				
Capital Assets	\$ 97,369,896	\$ 125,539,928	\$ 141,550,858	\$ 142,968,348
Restricted	173,307,658	151,937,522	122,099,858	110,984,917
Unrestricted	<u>(92,504,071)</u>	<u>(96,240,481)</u>	<u>(96,792,528)</u>	<u>(93,859,128)</u>
Total Governmental Activities Net Position	<u><u>\$ 178,173,483</u></u>	<u><u>\$ 181,236,969</u></u>	<u><u>\$ 166,858,188</u></u>	<u><u>\$ 160,094,137</u></u>

Source: City Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 141,427,875	\$ 134,976,102	\$ 147,176,443	\$ 131,965,428	\$ 137,914,627	\$ 145,170,561
134,777,767	141,619,986	75,129,411	74,462,124	90,537,124	75,054,285
(110,573,961)	(48,524,474)	(2,804,065)	7,500,328	(12,503,489)	(10,180,146)
<u>\$ 165,631,681</u>	<u>\$ 228,071,614</u>	<u>\$ 219,501,789</u>	<u>\$ 213,927,880</u>	<u>\$ 215,948,262</u>	<u>\$ 210,044,700</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 10,414,729	\$ 8,195,897	\$ 10,562,122	\$ 10,252,727
Public Safety	11,686,158	14,293,269	13,139,389	11,022,531
Community Development	21,514,552	32,342,175	31,976,146	15,847,532
Public Services	9,867,133	10,861,673	14,123,738	14,812,199
Community Services	6,801,741	6,013,006	4,737,856	4,295,719
Interest on Long-term Debt	11,531,570	10,145,830	10,168,917	10,509,806
Total Governmental Activities Expenses	<u>71,815,883</u>	<u>81,851,850</u>	<u>84,708,168</u>	<u>66,740,514</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	9,204,517	6,885,167	4,828,438	3,181,706
Public Safety	-	-	-	-
Community Development	4,362,650	3,960,353	1,064,036	924,493
Public Services	-	-	-	-
Community Services	1,364,513	1,422,754	1,482,146	1,578,779
Operating Grants and Contributions	5,043,547	4,109,188	6,482,888	4,561,669
Capital Grants and Contributions	42,085,516	2,159,798	-	-
Total Governmental Activities Program Revenues	<u>62,060,743</u>	<u>18,537,260</u>	<u>13,857,508</u>	<u>10,246,647</u>
<b>NET REVENUES (EXPENSES)</b>				
Governmental Activities	(9,755,140)	(63,314,590)	(70,850,660)	(56,493,867)
Total Net Revenues (Expenses)	<u><u>\$ (9,755,140)</u></u>	<u><u>\$ (63,314,590)</u></u>	<u><u>\$ (70,850,660)</u></u>	<u><u>\$ (56,493,867)</u></u>

Source: City Finance Department

Fiscal Year						
	2011	2012	2013	2014	2015	2016
\$ 11,079,707	\$ 11,944,507	\$ 8,833,983	\$ 7,836,775	\$ 8,617,841	\$ 6,477,776	
11,212,605	11,911,363	12,684,631	14,485,711	18,626,488	19,098,659	
16,060,065	4,989,313	10,242,652	9,079,863	7,391,688	4,005,355	
8,145,956	9,834,764	10,359,134	10,610,540	11,162,854	18,668,180	
4,704,242	7,010,026	4,416,500	4,819,153	4,652,536	5,411,152	
<u>7,674,342</u>	<u>8,835,312</u>	<u>6,451,470</u>	<u>6,330,889</u>	<u>8,097,248</u>	<u>11,204,357</u>	
<u>58,876,917</u>	<u>54,525,285</u>	<u>52,988,370</u>	<u>53,162,931</u>	<u>58,548,655</u>	<u>64,865,479</u>	
3,167,346	3,035,324	456,760	460,808	1,464,689	734,034	
-	-	700,069	1,067,440	1,427,632	1,922,602	
1,508,526	1,247,117	4,381,899	5,018,102	3,905,472	4,660,580	
-	-	1,117,800	1,574,245	2,329,172	2,977,138	
1,586,602	1,578,318	2,822,458	3,112,662	2,405,100	2,977,699	
3,292,972	3,306,452	12,172,208	20,954,573	20,141,320	19,883,338	
<u>6,573,426</u>	<u>4,539,293</u>	<u>9,587,008</u>	<u>6,485,279</u>	<u>21,044,552</u>	<u>5,901,491</u>	
<u>16,128,872</u>	<u>13,706,504</u>	<u>31,238,202</u>	<u>38,673,109</u>	<u>52,717,937</u>	<u>39,056,882</u>	
<u>(42,748,045)</u>	<u>(40,818,781)</u>	<u>(21,750,168)</u>	<u>(14,489,822)</u>	<u>(5,830,718)</u>	<u>(25,808,597)</u>	
<u>\$ (42,748,045)</u>	<u>\$ (40,818,781)</u>	<u>\$ (21,750,168)</u>	<u>\$ (14,489,822)</u>	<u>\$ (5,830,718)</u>	<u>\$ (25,808,597)</u>	

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

	Fiscal Year			
	2007	2008	2009	2010
<b>GENERAL REVENUES</b>				
Governmental Activities				
Taxes				
Property Taxes	\$ 26,685,369	\$ 33,307,785	\$ 31,590,868	\$ 25,904,948
Sales Taxes	7,836,334	8,148,355	6,414,419	6,236,748
Franchise Taxes	1,688,010	1,768,178	1,824,890	1,792,699
Other Taxes	1,020,788	770,024	751,794	519,001
Fines, Forfeitures and Penalties	599,894	918,619	937,506	733,792
Investment Earnings	17,220,975	14,271,312	9,334,141	7,470,635
Miscellaneous	5,839,608	7,193,803	5,768,257	6,661,239
Special Item				
Loss on CFD and AD Investments	-	-	-	-
Extraordinary Item				
Gain on Dissolution of Redevelopment Agency	-	-	-	-
Total General Revenues, Special and Extraordinary Items	<u>60,890,978</u>	<u>66,378,076</u>	<u>56,621,875</u>	<u>49,319,062</u>
<b>CHANGES IN NET POSITION</b>				
Governmental Activities	<u>51,135,838</u>	<u>3,063,486</u>	<u>(14,228,785)</u>	<u>(7,174,805)</u>
Total Changes in Net Position	<u>\$ 51,135,838</u>	<u>\$ 3,063,486</u>	<u>\$ (14,228,785)</u>	<u>\$ (7,174,805)</u>

Source: City Finance Department

Fiscal Year											
2011		2012		2013		2014		2015		2016	
\$ 24,237,023	\$ 14,698,032	\$ 5,804,265	\$ 5,487,743	\$ 6,276,548	\$ 6,537,540						
7,190,695	7,444,947	6,935,215	8,031,486	8,572,066	9,939,637						
1,913,807	2,002,550	2,097,081	2,275,619	2,389,413	2,423,707						
483,556	538,402	567,560	760,203	767,058	838,364						
972,457	1,850,398	592,185	507,265	683,573	-						
7,782,639	8,031,256	689,149	574,477	966,365	925,517						
5,705,412	6,992,813	688,105	1,054,958	1,022,472	706,094						
-	-	-	(9,880,891)	(4,502,385)	-						
<hr/>											
-	<u>61,700,316</u>	-	-	-	-	-	-	-	-	-	
<u>48,285,589</u>	<u>103,258,714</u>	<u>17,373,560</u>	<u>8,810,860</u>	<u>16,175,110</u>	<u>21,370,859</u>						
<u>5,537,544</u>	<u>62,439,933</u>	<u>(4,376,008)</u>	<u>(5,678,962)</u>	<u>10,344,392</u>	<u>(4,437,738)</u>						
<u>\$ 5,537,544</u>	<u>\$ 62,439,933</u>	<u>\$ (4,376,008)</u>	<u>\$ (5,678,962)</u>	<u>\$ 10,344,392</u>	<u>\$ (4,437,738)</u>						

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

	Fiscal Year			
	2007	2008	2009	2010
<b>GENERAL FUND</b>				
Reserved	\$ 9,936,859	\$ 9,476,355	\$ 8,580,684	\$ 8,589,723
Unreserved	<u>10,496,356</u>	<u>9,285,492</u>	<u>8,762,248</u>	<u>6,327,596</u>
Total General Fund	<u><u>\$ 20,433,215</u></u>	<u><u>\$ 18,761,847</u></u>	<u><u>\$ 17,342,932</u></u>	<u><u>\$ 14,917,319</u></u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ 215,008,475	\$ 188,270,868	\$ 163,768,859	\$ 161,473,544
Unreserved, Reported In				
Special Revenue Funds	7,921,415	10,731,428	5,241,416	6,999,090
Debt Service Funds	(10,006,673)	(5,375,005)	(3,841,954)	(28,305,645)
Capital Projects Funds	<u>13,041,510</u>	<u>8,824,274</u>	<u>2,966,273</u>	<u>5,497,137</u>
Total All Other Governmental Funds	<u><u>\$ 225,964,727</u></u>	<u><u>\$ 202,451,565</u></u>	<u><u>\$ 168,134,594</u></u>	<u><u>\$ 145,664,126</u></u>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Source: City Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 4,027,179 10,788,602	\$ 2,505,503 11,826,885	\$ 1,821,906 12,017,317	\$ 1,264,392 10,488,843	\$ 1,016,468 10,954,475	\$ 1,029,015 11,365,894
<u><u>\$ 14,815,781</u></u>	<u><u>\$ 14,332,388</u></u>	<u><u>\$ 13,839,223</u></u>	<u><u>\$ 11,753,235</u></u>	<u><u>\$ 11,970,943</u></u>	<u><u>\$ 12,394,909</u></u>
\$ 84,348,929 105,281,543 11,255,852 (38,062,318)	\$ 76,688,811 79,292,713 12,548,403 (987,601)	\$ 20,003 202,134,812 1,034,681 (905,426)	\$ 20,003 199,162,404 1,232,105 (1,014,226)	\$ 132,037 335,415,122 1,929,497 (1,316,398)	\$ 124,177 303,860,121 1,548,764 (891)
<u><u>\$ 162,824,006</u></u>	<u><u>\$ 167,542,326</u></u>	<u><u>\$ 202,284,070</u></u>	<u><u>\$ 199,400,286</u></u>	<u><u>\$ 336,160,258</u></u>	<u><u>\$ 305,532,171</u></u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>REVENUES</b>				
Property Taxes	\$ 26,685,369	\$ 33,307,785	\$ 31,590,868	\$ 25,429,344
Other Taxes	10,503,108	10,741,363	9,071,246	8,517,826
Licenses, Permits and Fees	7,775,477	6,266,086	2,267,568	2,587,918
Intergovernmental Revenues	2,700,185	4,109,188	3,630,144	7,322,908
Charges for Services	5,791,690	4,579,433	3,548,413	1,594,774
Fines, Forfeitures and Penalties	599,894	918,619	937,506	733,792
Investment Earnings	17,268,845	14,237,891	9,445,099	7,928,611
Special Assessments	1,364,513	1,422,754	1,482,146	1,578,779
Contributions from Property Owners	42,085,516	2,159,798	-	-
Miscellaneous	5,839,608	7,193,803	5,768,257	6,910,516
Total Revenues	<u>120,614,205</u>	<u>84,936,720</u>	<u>67,741,247</u>	<u>62,604,468</u>
<b>EXPENDITURES</b>				
Current:				
General Government	8,548,606	6,190,346	6,479,795	6,797,320
Public Safety	11,686,158	14,293,269	13,139,389	11,022,531
Community Development	3,481,278	4,549,297	4,662,003	3,049,501
Public Services	8,431,702	9,321,939	12,202,971	12,901,064
Community Services	6,063,747	5,221,331	3,750,267	3,313,082
Pass-through Payments	7,006,699	9,878,294	9,647,322	7,782,513
Set Aside Suspension	-	-	-	3,750,000
SERAF Payments	-	-	-	6,976,853
Capital Outlay	25,236,661	49,056,332	38,113,875	4,394,834
Debt Service:				
Payment to Escrow Agent	-	-	-	1,987,745
Bond Issuance Costs	-	1,213,789	-	1,584,965
Principal Retirement	4,979,674	3,872,984	5,469,538	6,037,770
Interest and Fiscal Charges	11,492,802	10,132,679	10,066,977	10,318,720
Total Expenditures	<u>86,927,327</u>	<u>113,730,260</u>	<u>103,532,137</u>	<u>79,916,898</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>33,686,878</u>	<u>(28,793,540)</u>	<u>(35,790,890)</u>	<u>(17,312,430)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	7,089,415	6,412,891	4,386,162	4,500,694
Transfers Out	(7,089,415)	(6,412,891)	(4,386,162)	(4,500,694)
Debt Issuance	-	-	-	-
Loans Issued	-	-	-	26,290,000
Loan Payments	-	-	-	(23,235,000)
Premiums	-	274,026	-	-
Discounts	-	(3,117)	-	(166,785)
Refunding Bonds Issued	-	22,295,000	-	26,290,000
Certificates of Participation Issued	-	-	-	-
Tax Allocation Bonds Issued	-	-	-	-
Capital Debt Issued	-	3,265,000	-	-
Sale of Capital Assets	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(22,221,899)	-	(22,082,648)
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,609,010</u>	<u>-</u>	<u>7,095,567</u>
Net Change in Fund Balances before Special and Extraordinary Items	<u>33,686,878</u>	<u>(25,184,530)</u>	<u>(35,790,890)</u>	<u>(10,216,863)</u>
Extraordinary/Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 33,686,878</u>	<u>\$ (25,184,530)</u>	<u>\$ (35,790,890)</u>	<u>\$ (10,216,863)</u>
Debt Service as a Percentage of Noncapital Expenditures	27%	24%	24%	26%

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

Source: City Finance Department

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 24,443,046	\$ 14,738,584	\$ 5,844,498	\$ 5,495,091	\$ 6,249,786	\$ 6,551,939	
9,557,873	9,911,400	9,572,675	11,043,792	11,705,293	13,178,135	
3,291,938	2,908,091	4,999,154	5,936,900	4,655,325	6,894,107	
4,680,095	6,193,777	5,055,511	5,582,705	5,812,486	6,807,169	
1,383,934	1,374,351	1,746,713	2,409,558	3,189,138	2,453,380	
972,457	1,850,398	927,315	931,168	1,088,411	1,103,154	
7,147,497	7,180,018	12,122,739	10,315,842	7,972,858	11,117,857	
1,586,602	1,578,318	1,585,606	1,641,557	1,671,595	1,680,980	
5,352,614	1,221,184	8,079,739	5,985,053	22,535,167	6,219,934	
5,608,837	7,384,749	3,469,837	3,545,812	4,099,189	3,574,278	
64,024,893	54,340,870	53,403,787	52,887,478	68,979,248	59,580,933	
8,904,165	7,467,755	5,871,649	4,788,505	4,611,722	5,318,933	
11,212,605	11,911,364	12,339,592	14,093,095	18,163,150	18,614,077	
18,805,484	1,608,782	2,925,329	3,407,415	6,200,761	4,164,059	
6,221,286	7,800,095	6,772,010	7,107,120	6,551,578	6,345,398	
3,714,646	5,963,873	4,281,401	4,363,257	4,174,545	4,984,422	
7,655,170	3,542,473	-	-	-	-	
-	-	-	-	-	-	
1,436,411	-	-	-	-	-	
2,931,038	10,268,753	10,889,810	8,992,686	11,123,256	20,106,238	
1,832,080	-	-	-	-	982,386	
1,874,527	238,290	1,260,059	1,485,399	2,445,261	6,515	
6,928,822	6,091,578	5,725,000	18,385,000	7,165,000	7,375,000	
9,046,095	7,951,971	6,081,766	6,091,389	6,231,581	11,468,287	
80,562,329	62,844,934	56,146,616	68,713,866	66,666,854	79,365,315	
(16,537,436)	(8,504,064)	(2,742,829)	(15,826,388)	2,312,394	(19,784,382)	
6,186,205	2,509,613	2,235,297	1,851,084	10,947,946	18,142,559	
(6,186,205)	(2,509,613)	(2,235,297)	(1,851,084)	(10,947,946)	(19,791,262)	
-	-	-	-	-	-	
47,780,000	-	-	-	-	-	
(27,495,000)	-	-	-	-	-	
-	-	120,640	14,460,000	12,151,673	-	
(621,302)	(30,000)	(23,125)	(149,044)	(96,307)	-	
29,435,000	1,405,000	27,760,000	25,335,000	137,845,000	-	
-	-	-	-	7,965,000	-	
10,160,000	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	13,362	14,743	
(25,662,920)	(1,345,000)	(3,244,386)	(19,013,502)	(18,542,280)	-	
33,595,778	30,000	24,613,129	20,632,454	139,336,448	(1,633,960)	
17,058,342	(8,474,064)	21,870,300	4,806,066	141,648,842	(21,418,342)	
-	11,708,991	-	(9,880,891)	(4,502,385)	(7,319,955)	
\$ 17,058,342	\$ 3,234,927	\$ 21,870,300	\$ (5,074,825)	\$ 137,146,457	\$ (28,738,297)	

25%

27%

29%

40%

24%

28%

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

Fiscal Year Ended June 30	Property Taxes	Sales Taxes	Franchise Taxes	Other Taxes	Total
2007	\$ 26,685,369	\$ 7,836,334	\$ 1,688,010	\$ 1,020,788	\$ 37,230,501
2008	33,307,785	8,148,355	1,768,178	770,024	43,994,342
2009	31,590,868	6,414,419	1,824,890	751,794	40,581,971
2010	25,904,948	6,236,748	1,792,699	519,001	34,453,396
2011	24,237,023	7,190,695	1,913,807	483,556	33,825,081
2012	14,698,032	7,444,947	2,002,550	538,402	24,683,931
2013	5,804,265	6,935,215	2,097,081	567,560	15,404,121
2014	5,487,743	8,031,486	2,275,619	760,203	16,555,051
2015	6,276,548	8,572,066	2,389,413	767,058	18,005,085
2016	6,537,540	9,939,637	2,423,707	838,364	19,739,248

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

Sources: City of Lake Elsinore Finance Department



This page left intentionally blank.

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

Fiscal Year Ended June 30	General Consumer Goods	Autos and Transportation	Business and Industry	Restaurants and Hotels	Building and Construction
2007	\$ 2,154,666	\$ 1,592,920	\$ 435,066	\$ 646,488	\$ 800,687
2008	2,317,488	1,436,593	363,034	684,387	739,634
2009	2,221,776	895,720	253,028	682,798	644,591
2010	2,235,363	794,700	167,078	651,995	596,944
2011	2,361,769	890,865	175,895	641,608	602,028
2012	2,419,664	962,971	253,830	678,111	618,795
2013	2,528,412	1,014,135	213,857	711,110	650,148
2014	2,473,302	1,040,650	406,542	783,964	768,931
2015	2,547,975	1,428,726	430,417	857,198	838,876
2016	2,634,703	1,614,074	426,315	903,775	923,941

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

Sources: State Board of Equalization and HdL Companies

<u>Fuel and Service Stations</u>	<u>Food and Drugs</u>	<u>Other and Transfers</u>	<u>Total</u>
\$ 952,793	\$ 504,832	\$ 133	\$ 7,087,585
1,070,889	492,445	35,556	7,140,026
1,030,792	446,255	-	6,174,960
964,291	444,685	4,209	5,859,265
1,033,721	437,268	4,073	6,147,227
1,046,935	558,890	5,759	6,544,955
990,747	656,593	5,279	6,770,281
1,023,468	622,414	(138)	7,119,133
925,698	641,504	133	7,670,527
901,585	633,606	(3,586)	8,034,413

**City of Lake Elsinore, California**  
**Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years  
 (rate per \$100 of taxable value)

AGENCY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Menifee School Dist.	0.00578	0.00549	0.02370	0.03254	0.03436	0.03486	0.03543	0.03421	0.03275	0.03010
Metro Water East	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350
Metro Water West	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350
Mt. San Jacinto Jr. College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01394
Perris School Dist.	0.00000	0.02999	0.02894	0.02485	0.01983	0.01983	0.01800	0.02524	0.05588	0.04699
Perris Union High School	<u>0.03222</u>	<u>0.02110</u>	<u>0.02031</u>	<u>0.02686</u>	<u>0.03126</u>	<u>0.03429</u>	<u>0.03429</u>	<u>0.06970</u>	<u>0.06303</u>	<u>0.06236</u>
Total Direct & Overlapping <sup>2</sup> Tax Rates	1.04740	1.06558	1.08155	1.09285	1.09285	1.09638	1.09472	1.13615	1.15866	1.16039
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415	0.17415
<b>GENERAL OBLIGATION DEBT RATE</b>										
RDA Basic Rate <sup>4</sup>	1.00470	1.00450	1.00430	1.00430	1.00370	1.00370	0.00000	0.00000	0.00000	0.00000
Total Direct Rate <sup>5</sup>	<u>0.54010</u>	<u>0.51623</u>	<u>0.51775</u>	<u>0.53513</u>	<u>0.53306</u>	<u>0.52110</u>	<u>0.51923</u>	<u>0.08908</u>	<u>0.08528</u>	<u>0.08349</u>

Notes:

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

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

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

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

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

Source: Riverside County Assessor 2006/07 - 2015/16 Tax Rate Table

**City of Lake Elsinore, California**  
**Principal Property Tax Payers**  
 Current Year Compared to 2007

<b>TAXPAYER</b>	<b>2016</b>		<b>2007</b>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Percent of Total City Taxable Assessed Value <sup>(2)</sup>
Plaza Apartments Investment	\$ 48,322,624	1.00%	\$ -	0.00%
Pacific Aggregates, Inc.	31,154,009	0.64%	-	0.00%
Rivers Edge Apartments LLC	24,582,856	0.51%	-	0.00%
Half Canyon Hills Market Place	23,485,000	0.48%	-	0.00%
Mohr Affinity, LLC	23,236,130	0.48%	-	0.00%
Walmart Stores Inc.	22,936,165	0.47%	-	0.00%
Lake Elsinore Marketplace	20,826,854	0.43%	-	0.00%
Costco Wholesale Corporation	20,232,089	0.42%	-	0.00%
Castle & Cooke Lake Elsinore West Inc.	17,593,627	0.36%	-	0.00%
Elsinore VETO	17,424,711	0.36%	14,674,040	0.40%
Pulte Home Corporation	-	0.00%	80,213,563	2.19%
Centex Homes	-	0.00%	73,198,266	1.99%
MCG Outlet Centers, LP	-	0.00%	40,131,240	1.09%
Pardee Homes	-	0.00%	27,226,927	0.74%
Wasson Canyon Holdings	-	0.00%	19,364,700	0.53%
Castle and Cooke Alberhill Ranch	-	0.00%	18,605,021	0.51%
Laing CP Lake Elsinore	-	0.00%	17,626,602	0.48%
KB Homes Coastal Inc	-	0.00%	16,061,880	0.44%
Albertsons Inc	-	0.00%	16,047,564	0.44%
	<b>\$ 249,794,065</b>	<b>5.15%</b>	<b>\$ 323,149,803</b>	<b>8.80%</b>

(1) 2015-16 Local Secured Assessed Valuation: \$ 4,848,355,214

(2) 2006-07 Local Secured Assessed Valuation: \$ 3,670,623,178

Source: Riverside County Assessor 2015/16 and 2006/07 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$ 1,714,890	\$ 1,485,890	86.65%	\$ 80,918	\$ 1,566,808	91.36%
2008	2,208,181	1,797,013	81.38%	157,326	1,954,340	88.50%
2009	2,230,658	1,650,569	73.99%	250,474	1,901,043	85.22%
2010	1,894,552	1,643,583	86.75%	209,977	1,853,560	97.84%
2011	1,900,256	1,767,798	93.03%	121,988	1,889,786	99.45%
2012	1,874,319	1,770,492	94.46%	67,549	1,838,040	98.06%
2013	1,844,800	1,767,808	95.83%	64,528	1,832,336	99.32%
2014	1,935,629	1,822,844	94.17%	50,284	1,873,128	96.77%
2015	2,171,126	2,074,751	95.56%	43,741	2,118,492	97.58%
2016	2,308,803	2,300,196	99.63%	61,115	2,361,311	102.27%

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

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



This page left intentionally blank.

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

Fiscal Year Ended June 30	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2007	\$ 3,586,250,650	\$ 84,372,528	n/a	\$ 3,670,623,178
2008	4,805,770,856	119,986,192	n/a	4,925,757,048
2009	4,813,251,955	114,156,049	n/a	4,927,408,004
2010	3,957,216,079	104,903,811	n/a	4,062,119,890
2011	3,780,316,703	148,435,245	n/a	3,928,751,948
2012	3,777,595,058	145,931,118	n/a	3,923,526,176
2013	3,666,499,221	167,898,562	n/a	3,834,397,783
2014	3,888,934,354	142,565,053	n/a	4,031,499,407
2015	4,463,835,597	136,300,859	(105,231,318)	4,494,905,138
2016	4,768,722,323	129,261,454	(93,034,816)	4,804,948,961

Notes:

n/a=not available

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

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

<sup>2</sup>Total Direct Rate is the weighted average of all individual direct rates. Beginning on 201314, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

Source: Riverside County Assessor 2015/16 Combined Tax Rolls

**Successor Agency for the Redevelopment Agency**

<u>Secured</u>	<u>Unsecured</u>	<u>Less: Exemptions</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$ 1,917,886,856	\$ 79,195,924	n/a	\$ 1,997,082,780	0.54010%
2,393,710,398	100,647,142	n/a	2,494,357,540	0.51623%
2,411,198,603	91,268,375	n/a	2,502,466,978	0.51775%
2,077,411,999	83,367,167	n/a	2,160,779,166	0.53513%
1,998,889,644	79,994,003	n/a	2,078,883,647	0.53306%
1,955,649,172	78,927,893	n/a	2,034,577,065	0.52110%
1,880,967,030	110,109,381	n/a	1,991,076,411	0.51923%
1,938,704,040	89,830,332	n/a	2,028,534,372	0.08908%
2,135,333,435	83,968,122	(71,673,963)	2,147,627,594	0.08528%
n/a	n/a	n/a	n/a	0.08349%

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

Fiscal Year Ended June 30	Governmental Activities					Developer/ Owner Agreements
	Local Agency Revenue Bonds	Tax Allocation Bonds	Subordinate Tax Allocation Bonds	Revenue/ Revenue Refunding Bonds		
2007	\$ 55,845,000	\$ 55,175,000	\$ -	\$ 14,760,000	\$ 3,933,650	
2008	58,755,000	54,010,000	-	14,435,000	3,635,257	
2009	56,745,000	52,785,000	-	14,095,000	3,441,041	
2010	53,725,000	54,545,000	-	13,740,000	3,263,574	
2011	64,220,000	60,080,000	4,610,000	13,365,000	3,070,763	
2012	61,835,000	58,580,000	-	12,975,000	-	
2013	83,470,000	56,125,000	-	12,565,000	-	
2014	80,570,000	53,605,000	-	13,895,000	-	
2015	205,598,458	50,450,128	-	13,295,152	-	
2016	196,377,233	44,262,600	-	12,717,253	-	

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

Source: City Finance Department; California State Department of Finance

**Governmental Activities (Continued)**

<u>Certificates of Participation</u>	<u>Notes/ Loans Payable</u>	<u>Capitalized Lease</u>	<u>Total Governmental Activities</u>	<u>Percentage of Personal Income</u>	<u>Debt per Capita</u>
\$ -	\$ 403,126	\$ 166,532	\$ 130,283,308	15.30%	3,165
-	356,589	93,478	131,285,324	12.75%	2,760
-	307,542	20,316	127,393,899	11.76%	2,572
-	256,720	-	125,530,294	11.78%	2,494
-	204,046	-	145,549,809	14.79%	2,855
-	-	-	133,390,000	12.40%	2,516
-	-	-	152,160,000	13.95%	2,745
-	-	-	148,070,000	13.49%	2,611
7,859,283	-	-	277,203,022	25.55%	4,890
7,644,938	-	-	261,002,024	22.08%	4,278

**City of Lake Elsinore, California**  
**Direct and Overlapping Bonded Debt**  
June 30, 2016

2015-16 Assessed Valuation		\$ 4,804,948,961		
	Percentage Applicable (1)	Outstanding Debt 6/30/16		City's Share of Overlapping Debt 6/30/16
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>				
<b>DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT</b>				
City of Lake Elsinore 1915 Act Bonds	100.000%	\$ 14,100,000	\$ 14,100,000	
City of Lake Elsinore Community Facilities Districts	100.000%	182,510,000	182,510,000	
<b>TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 196,610,000</b>	
<b>OTHER OVERLAPPING TAX AND ASSESSMENT DEBT</b>				
Riverside County Flood Control District, Zone No. 3 Benefit AD	61.466%	\$ 915,000.00	\$ 562,414	
Riverside County Flood Control District, Zone No. 4	0.676%	20,650,000	139,594	
Metropolitan Water District	0.198%	92,865,000	183,873	
Perris Union High School District	2.313%	114,315,877	2,644,126	
Menifee Union School District	3.790%	44,004,640	1,667,776	
Perris School District	0.293%	23,361,242	68,448	
Lake Elsinore Unified School District CFDs	100.000%	33,321,327	33,321,327	
Perris Union High School District CFD No. 92-1	7.476%	35,625,000	2,663,325	
Elsinore Valley Metropolitan Water District CFD No. 2003-1	100.000%	3,418,000	3,418,000	
<b>TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 44,668,883</b>	
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 241,278,883</b>	
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>				
<b>DIRECT GENERAL FUND DEBT</b>				
City of Lake Elsinore General Fund Obligations	100.000%	\$ 12,750,000	\$ 12,750,000	
City of Lake Elsinore Certificates of Participation	100.000%	7,430,000	7,430,000	
<b>TOTAL DIRECT GENERAL FUND DEBT</b>			<b>\$ 20,180,000</b>	
<b>OVERLAPPING GENERAL FUND DEBT</b>				
Riverside County General Fund Obligations	2.037%	\$ 889,831,745	\$ 18,125,873	
Riverside County Pension Obligations	2.037%	304,520,000	6,203,072	
Riverside County Board of Education Certificates of Participation	2.037%	935,000	19,046	
Mt. San Jacinto Community College District General Fund Obligations	6.345%	70,000,000	4,441,500	
Lake Elsinore Unified School District Certificates of Participation	42.916%	34,075,496	14,623,840	
Perris Union High School District General Fund Obligations	2.313%	8,331,366	192,704	
Menifee and Perris School District Certificates of Participation	3.790 & 0.293%	36,508,400	1,122,617	
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 44,728,652</b>	
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 64,908,652</b>	
Less: Riverside County General Fund Self-supporting Obligations			127,046	
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 64,781,606</b>	
<b>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY):</b>	100.000%	\$ 52,770,000	<b>\$ 52,770,000</b>	
<b>Total Direct Debt</b>			\$ 20,180,000	
<b>Total Gross Overlapping Debt</b>			\$ 338,777,535	
<b>Total Net Overlapping Debt</b>			\$ 338,650,489	
<b>Gross Combined Total Debt (2)</b>			\$ 358,957,535	
<b>Net Combined Total Debt</b>			\$ 358,830,489	

Notes:

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

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

\*Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics



This page left intentionally blank.

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

	Fiscal Year			
	2007	2008	2009	2010
Assessed Valuation	\$ 3,670,623,178	\$ 4,925,757,048	\$ 4,927,408,004	\$ 4,062,119,890
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	912,155,265	1,221,818,006	1,221,544,416	1,015,529,973
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	136,823,290	183,272,701	183,231,662	152,329,496
Total Net Debt Applicable to Limitation	-	-	-	-
Legal Debt Margin	<u>\$ 136,823,290</u>	<u>\$ 183,272,701</u>	<u>\$ 183,231,662</u>	<u>\$ 152,329,496</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	0.0%

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

Sources: HdL Companies and Riverside County Assessor Tax Roll

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 3,928,751,948	\$ 3,923,526,176	\$ 3,834,397,783	\$ 4,031,499,407	\$ 4,494,905,138	\$ 4,804,948,961
25%	25%	25%	25%	25%	25%
982,187,987	980,881,544	958,599,446	1,007,874,852	1,201,237,240	1,201,237,240
15%	15%	15%	15%	15%	15%
147,328,198	147,132,232	143,789,917	151,181,228	180,185,586	180,185,586
-	-	-	-	-	-
<u>\$ 147,328,198</u>	<u>\$ 147,132,232</u>	<u>\$ 143,789,917</u>	<u>\$ 151,181,228</u>	<u>\$ 180,185,586</u>	<u>\$ 180,185,586</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year Ended June 30	Successor Redevelopment Tax Increment Revenue	Tax Allocation Bonds				Tax Allocation Bonds	
		Debt Service		Coverage			
		Principal	Interest				
2007	\$ 21,112,545	\$ 2,307,832	\$ 4,108,847	3.29	\$ 55,175,000		
2008	26,484,367	1,688,978	3,663,448	4.95	54,010,000		
2009	24,892,412	1,761,323	3,558,405	4.68	52,785,000		
2010	19,877,054	1,295,000	3,304,802	4.32	54,545,000		
2011	19,004,495	1,195,000	2,315,314	5.41	60,080,000		
2012	9,451,004	1,500,000	1,071,681	3.68	58,580,000		
2013	10,090,329	2,455,000	1,050,131	2.88	56,125,000		
2014	10,864,084	2,520,000	2,333,745	2.24	53,605,000		
2015	10,070,883	2,590,000	2,262,351	2.08	51,015,000		
2016	12,245,313	2,760,000	2,361,749	2.39	52,770,000		

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

Source: City Finance Department

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

Fiscal Year Ended June 30	Population ( 1 )	Personal Income (In Thousands) ( 2 )	Per Capita Personal Income ( 3 )	Unemployment Rate ( 4 )
2007	41,164	\$ 851,375	\$ 20,683	4.9%
2008	47,567	1,029,928	21,652	5.8%
2009	49,528	1,083,488	21,876	8.2%
2010	50,324	1,065,544	21,174	13.2%
2011	50,983	984,074	19,302	14.3%
2012	53,024	1,075,380	20,281	13.2%
2013	55,430	1,090,807	19,679	9.3%
2014	56,718	1,097,663	19,353	8.1%
2015	56,688	1,085,008	19,140	8.8%
2016	61,006	1,182,026	19,375	7.2%

Sources:

HDL, Coren & Cone

( 1 ) Population: California State Department of Finance

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

( 4 ) Unemployment Date: California State Employment Development Department

## City of Lake Elsinore, California

### Principal Employers

Current Year Compared to 2007

	2016		2007	
	<u>Number of Employees</u>	<u>Percent of Total Employment*</u>	<u>Number of Employees</u>	<u>Percent of Total Employment*</u>
<b>EMPLOYMENT</b>				
Estimated Total Employment *		26,900 (1)		(1) 21,600
<b>EMPLOYER</b>				
Lake Elsinore Unified School District	2,618	9.73%	1,060	4.91%
M & M Framing	500	1.86%	- (2)	0.00%
Stater Bros (3 locations)	299	1.11%	165	0.76%
Lake Elsinore Hotel & Casino	253	0.94%	- (2)	0.00%
Costco	236	0.88%	250	1.16%
Walmart Store	235	0.87%	228	1.06%
Riverside County - Department of Social Services	196	0.73%	- (2)	0.00%
EVMWD (Elsinore Valley Mun Water Dist)	154	0.57%	- (2)	0.00%
Home Depot	143	0.53%	200	0.93%
Target	<u>140</u>	<u>0.52%</u>	<u>- (2)</u>	<u>0.00%</u>
Total Top 10 Employers	4,774	17.75%	1,903	8.81%

Notes:

(1) Total City Labor Force provided by EDD Labor Force Data.  
 (2) Data not available or Company not in business for 2007

Source:

MuniServices, LLC

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

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

<b>FUNCTION</b>	<b>Fiscal Year</b>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	26	26	20	20	17	24	22	24	20	20
Community Services (Includes Public Works)	52	52	41	42	47	42	43	47	45	51
Community Development	23	23	21	14	11	10	14	14	18	20
<b>Total</b>	<b><u>101</u></b>	<b><u>101</u></b>	<b><u>82</u></b>	<b><u>76</u></b>	<b><u>75</u></b>	<b><u>76</u></b>	<b><u>79</u></b>	<b><u>85</u></b>	<b><u>83</u></b>	<b><u>91</u></b>

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

Source: City Finance Department

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

<b>FUNCTION</b>	<b>Fiscal Year</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Police				
Lake Related Boating Enforcement Citations	625	100	n/a	444
Hazardous Traffic Violations	2,500	5,000	n/a	1,561
DUI Arrests	n/a	n/a	n/a	261
Fire				
Calls	3,567	3,778	3,876	4,007
Fire Suppression Equipment	3	3	3	3
Public Works				
Centerline Miles of Paved Surface Streets Maintained	143	155	174	173
Centerline Miles of Dirt Surface Streets Maintained	12	10	9	9
Weed Abatement-Lots Cleaned	700	581	390	365
Community Development				
Construction Permits Issued	2,527	1,604	505	771
Property Value Per Permits (Estimated in 000's)	\$ 153,013	\$ 78,680	\$ 21,474	\$ 42,848
New Home Building Permits Issued	450	74	43	211
Parks and Recreation				
Daily Lake Use Passes Sold	32,018	36,000	25,230	23,765

n/a=not available

Source: City of Lake Elsinore, Various Departments

Fiscal Year					
2011	2012	2013	2014	2015	2016
244	384	204	425	419	597
1,200	1,358	2,155	2,848	3,338	3,711
n/a	241	216	197	179	137
3,950	3,944	4,554	4,484	4,456	5,110
3	3	4	4	4	4
173	174	189	189	189	254
9	9	9	9	9	9
470	452	360	414	227	204
829	760	909	972	735	2,022
\$ 50,899	\$ 43,381	\$ 124,755	\$ 121,773	\$ 71,664	\$ 104,923
223	210	660	626	346	410
19,577	20,702	21,413	20,183	14,996	11,427

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

<b>FUNCTION</b>	<b>Fiscal Year</b>									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Fire Stations	3	3	3	3	3	3	4	4	4	4
Public Works Street Miles	157	157	157	157	157	157	157	157	157	254
Lake, Parks, & Recreation Parks and River Walk	16	16	16	17	17	17	17	17	17	18
Beaches and Recreation Facilities	8	8	8	10	10	10	10	10	10	10
Libraries	2	2	2	2	2	2	2	2	2	2
Stadium Amphitheater Seats	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
Lake Surface Acres	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Lakeshore Miles	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5

Source: City of Lake Elsinore, Various Departments