

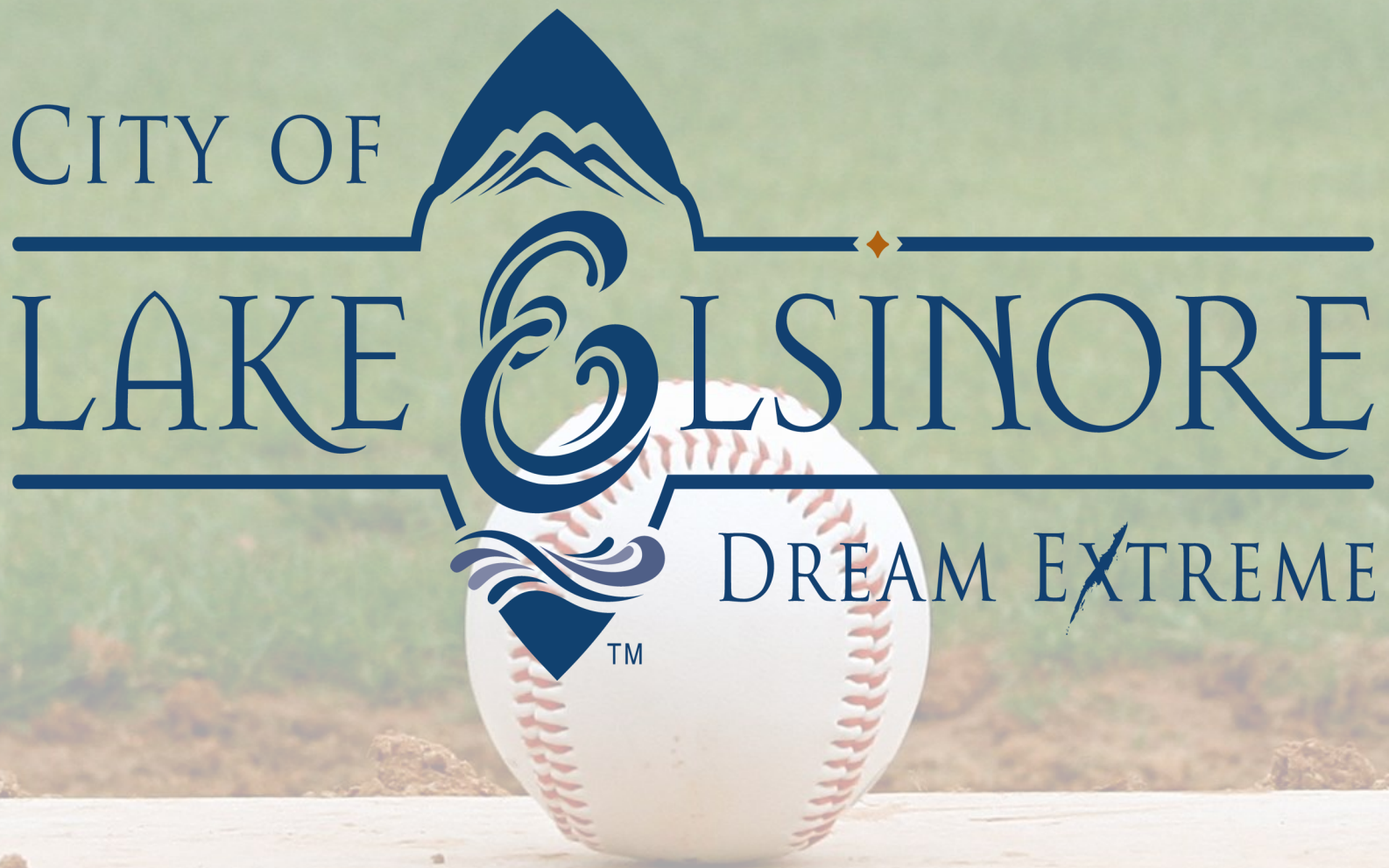
City of Lake Elsinore, California

Comprehensive Annual

Financial Report

An aerial photograph of a baseball stadium. The stadium has a green field and a tan infield. The outfield is lined with blue and white awnings. In the background, there is a clock tower and a town with hills in the distance.

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

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Year Ended June 30, 2016

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INTRODUCTORY SECTION





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 out 3,000 surface acre recreational lake with campgrounds and boat launches where water sport players can play. Within the city limits, citizens and visitors can play at the: Lake Elsinore Motorsports Park, a motor-cross track for off-road riding and racing; Skylark Field Airport (CA89), an airport for skydiving and flying; and the Links at Summerly, an 18-hole golf course. Owned by the City, residents can visit our Diamond Stadium, a state-of-the-art baseball facility with the capacity of 14,000 spectators. Home base for the 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

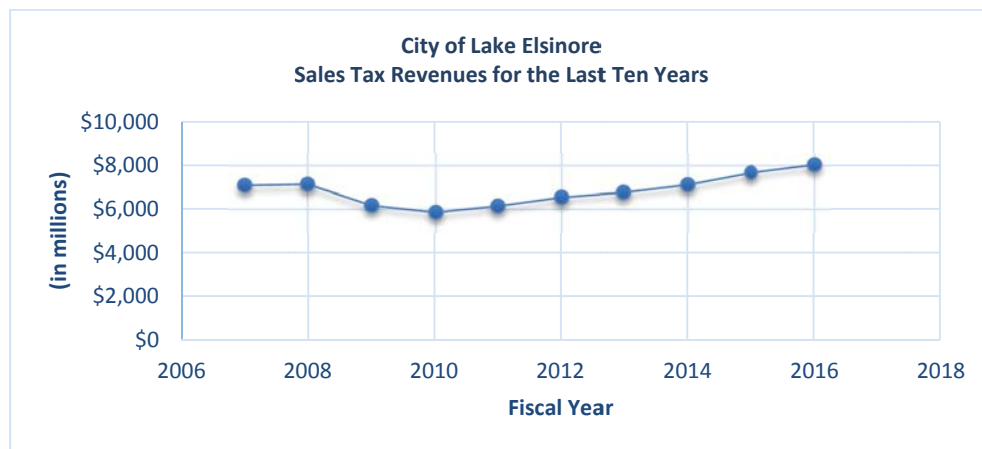
The City of Lake Elsinore is reported as one of the fastest growing cities in California today. The City offers easy access to major freeways, available industrial and commercial land, quality labor force of both skilled and semi-skilled workers, and an economic philosophy of assisting local businesses 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 capital 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.



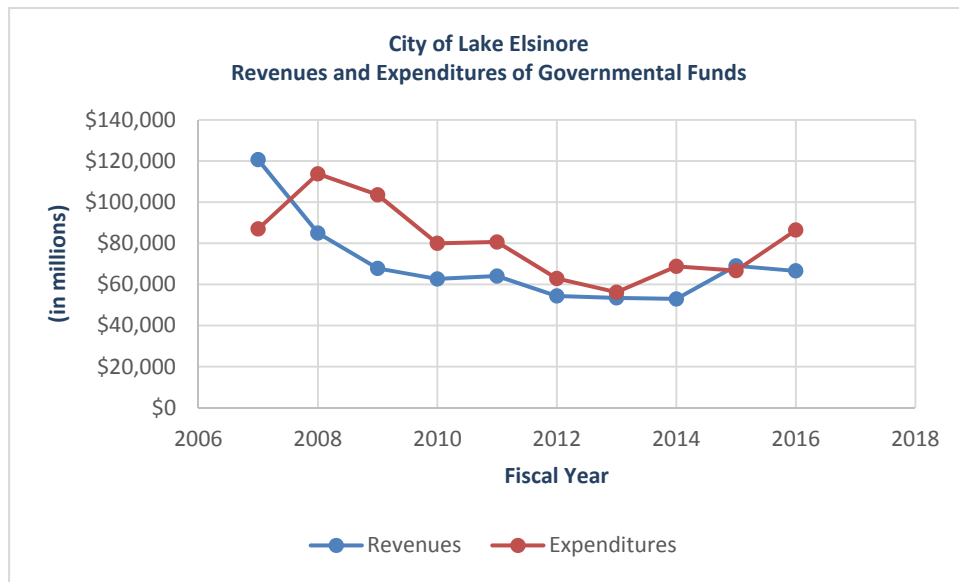
The City's Economic Development Department works with the Chamber of Commerce and the Visitor's Bureau in its effort to encourage the expansion and relocation of industries that generate local sales tax and employment opportunities. The City's sales tax revenue, the largest general fund revenue, experienced 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.



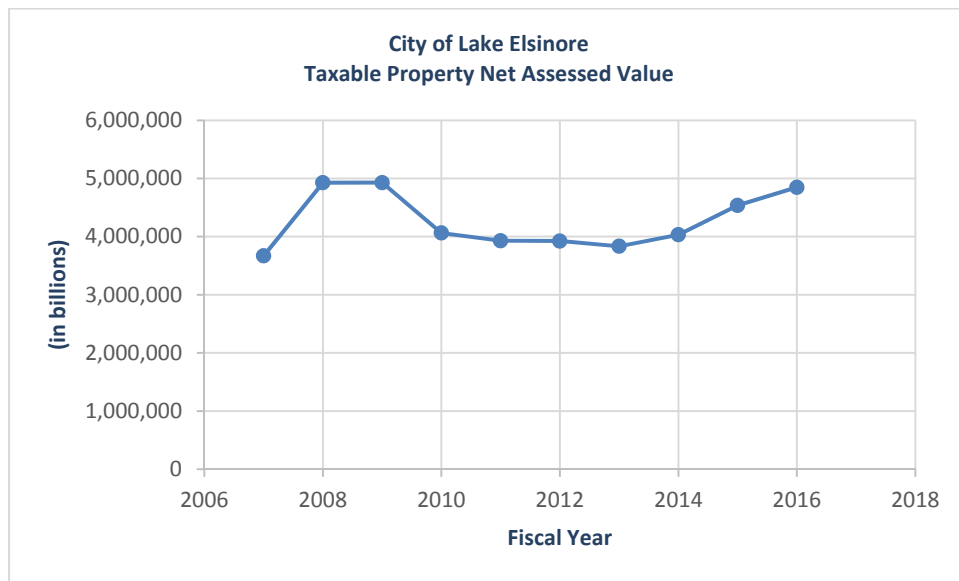
The City's net position continues to recover from losses experienced after the end of the 2008-2009 recession and local housing market drop. The chart below shows the dramatic losses and slow recovery, which extends to increased jobs, development, building permit issuance, construction, and home sales. 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 |
|--------------------------|---|
| Government Funds | General Fund Special Revenue Funds Debt Service Funds Capital Project Fund Permanent Fund |
| Proprietary Funds | Insurance Service Information Systems Services Support Service Fleet Service Facilities Service |
| Fiduciary Funds | Private-purpose Trust Funds Agency Funds |

Cash Management

On an annual basis, the City 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.

| <u>Type of Security</u> | <u>% of Portfolio</u> | <u>% Permitted by Policy</u> |
|--------------------------------|------------------------------|-------------------------------------|
| 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.

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

*No more than 40% in any one federal agency

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

Risk Management

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

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,

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

Jason Simpson
Assistant City Manager



Government Finance Officers Association

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

Presented to

**City of Lake Elsinore
California**

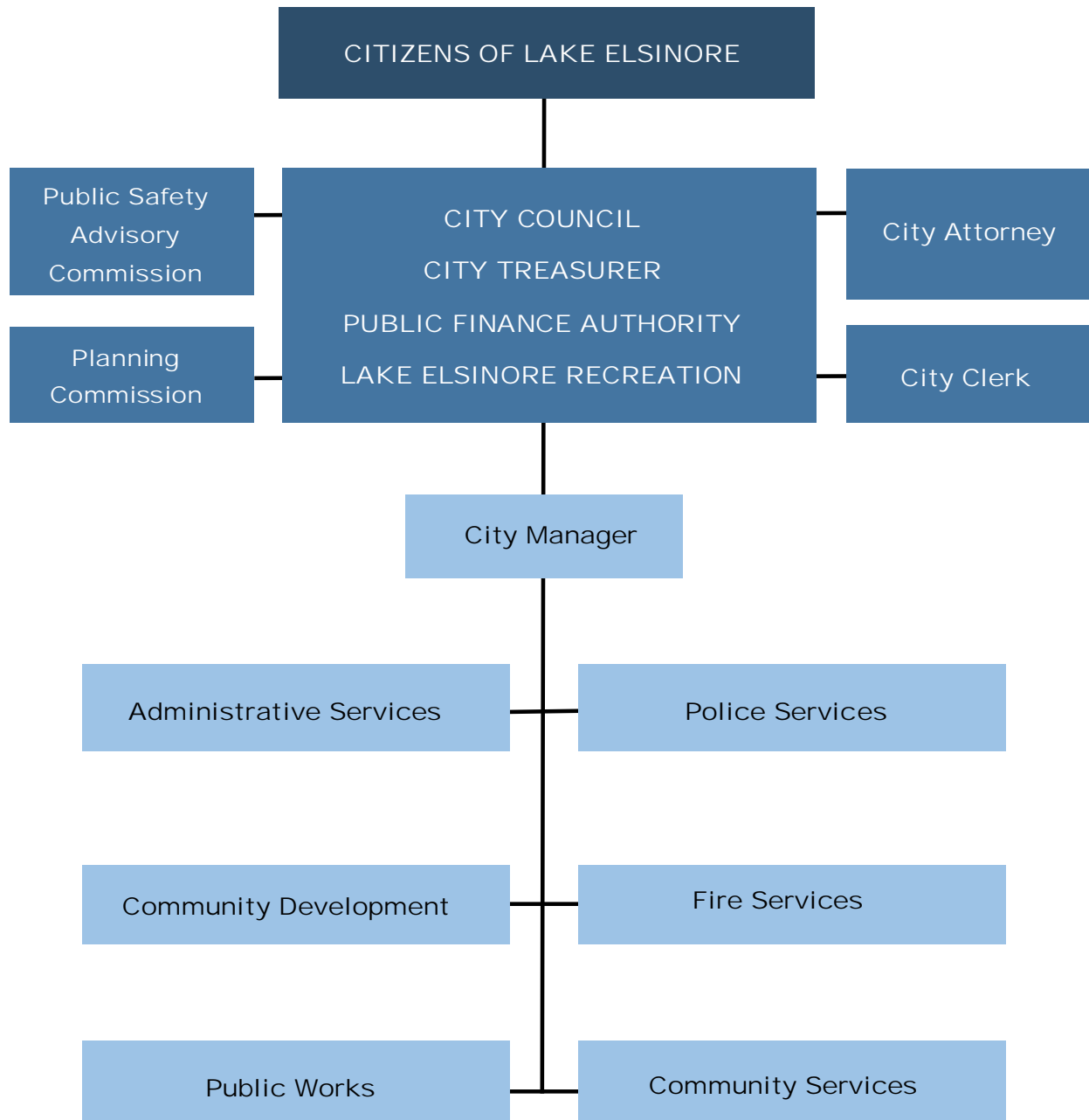
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

CITY OF LAKE ELSINORE
ORGANIZATION CHART



CITY OF LAKE ELSINORE DIRECTORY OF OFFICIALS*

ELECTED OFFICIALS

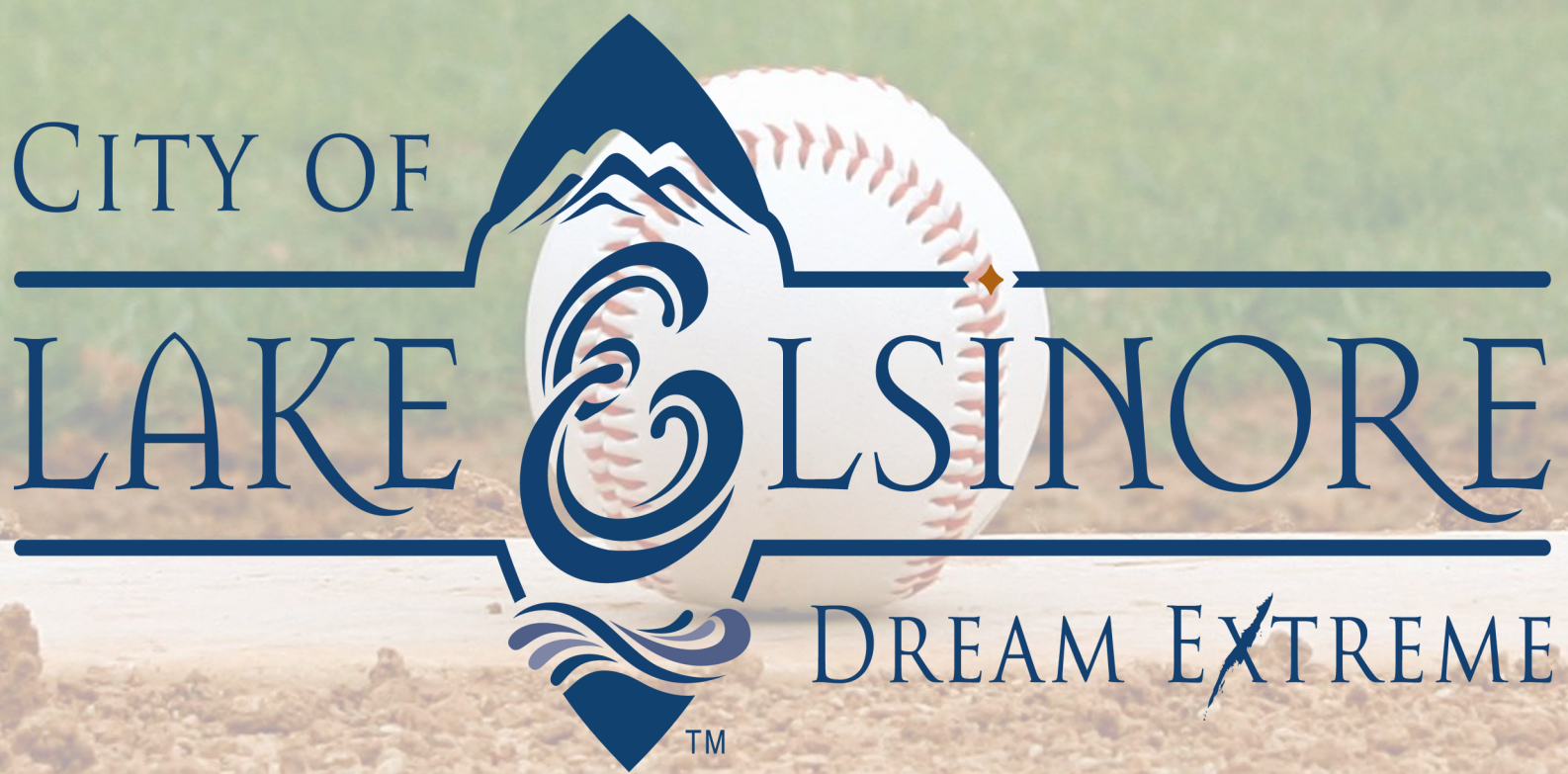
City Council members are elected to four-year staggered terms.

| 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*



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FINANCIAL SECTION

CITY OF

LAKE COLSINORE

DREAM EXTREME



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.

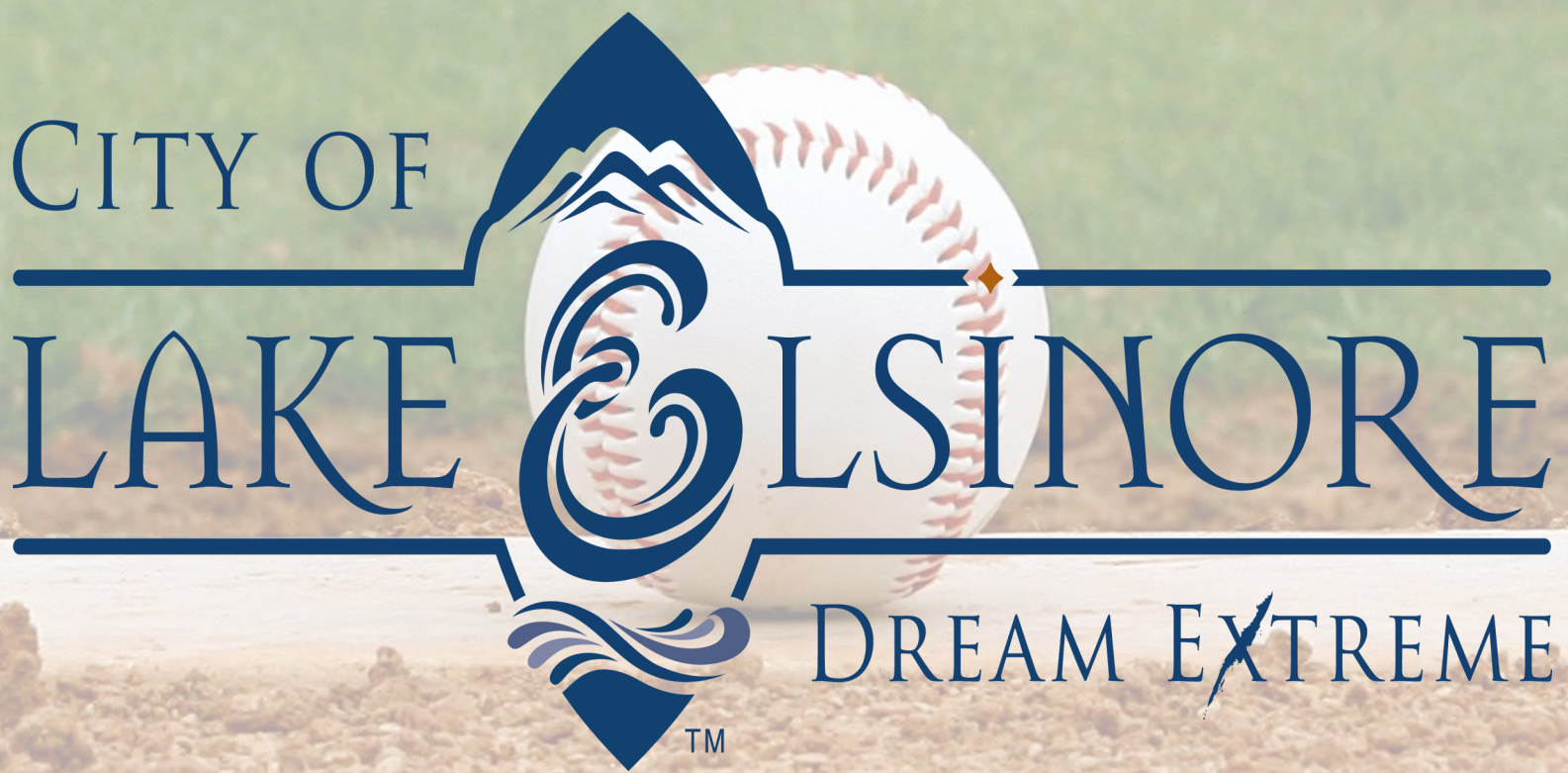
Other Reporting Required by Government Auditing Standards

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.

Seaman Ramirez & Smith, Inc.

Riverside, California
December 30, 2016

**Management's
Discussion and Analysis**



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.

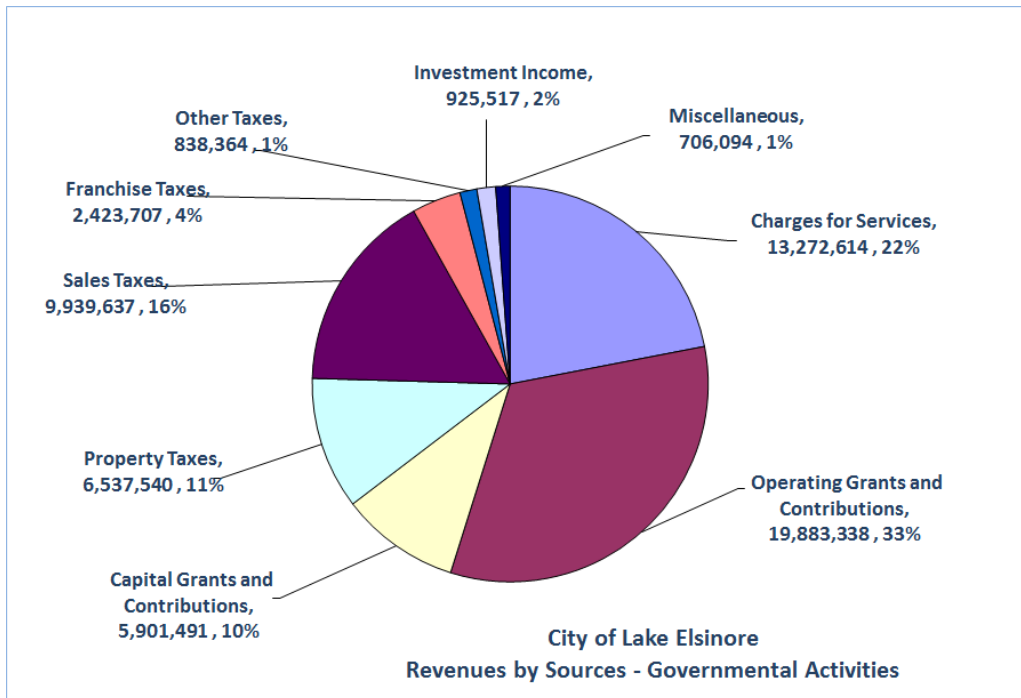
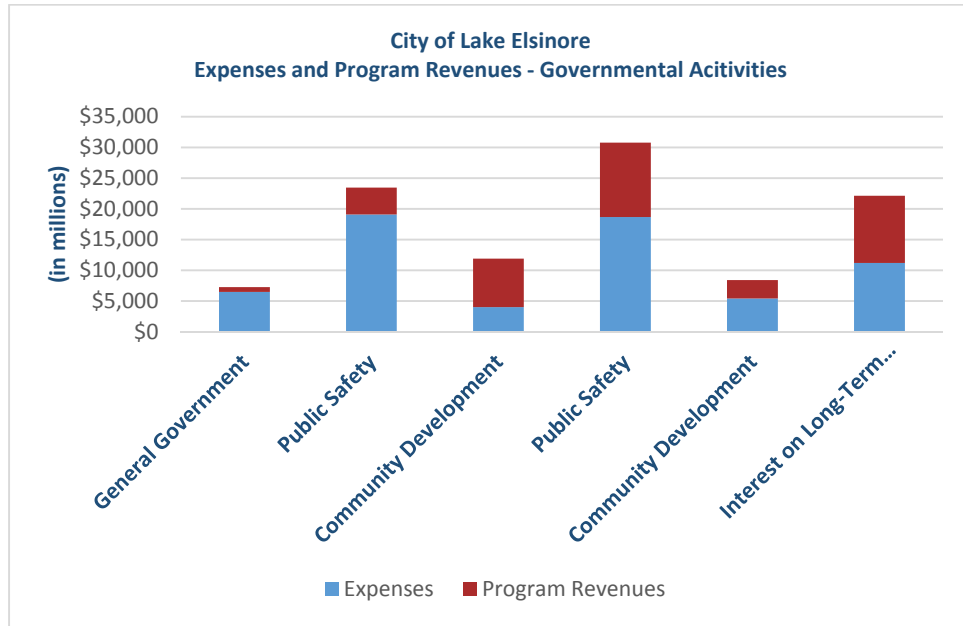
City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

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

| | <u>Governmental Activities</u> | |
|--|--------------------------------|-----------------------|
| | <u>2016</u> | <u>2015</u> |
| 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 | 215,948,262 | 213,927,880 |
| 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)**

| | <u>Governmental Activities</u> | |
|-----------------------------------|--------------------------------|-----------------------|
| | <u>2016</u> | <u>2015</u> |
| 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 | 118,581,785 | 112,047,309 |
| 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 | <u>772,564</u> | <u>740,034</u> |
| Totals | <u>\$ 280,728,181</u> | <u>\$ 293,942,992</u> |

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

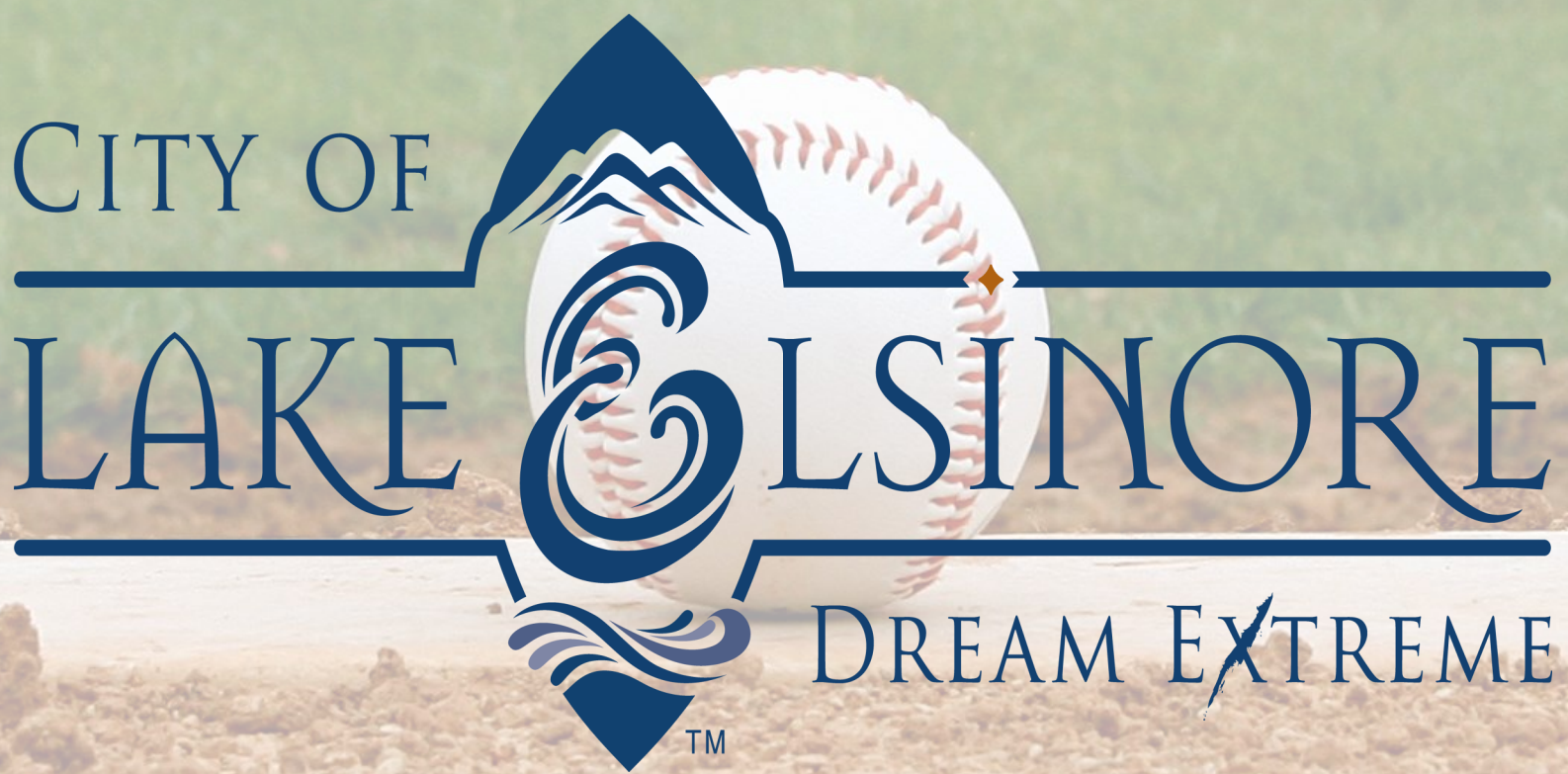
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- 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.



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Basic Financial Statements

CITY OF

LAKE



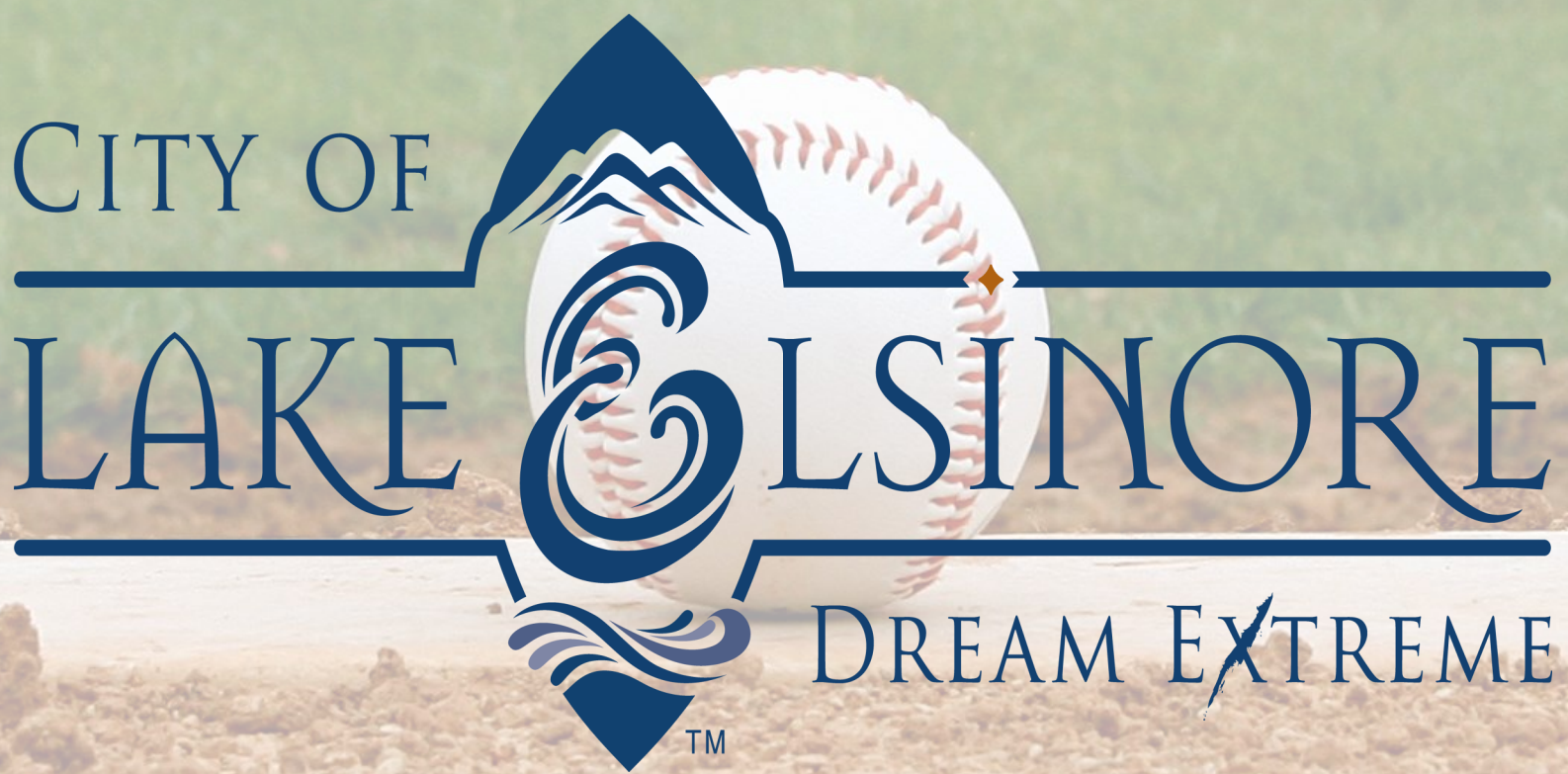
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DREAM EXTREME

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

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 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> |
| LIABILITIES | |
| 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> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Related Items | <u>804,146</u> |
| Total Deferred Inflows of Resources | <u>804,146</u> |
| NET POSITION | |
| 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><u>\$ 210,044,700</u></u> |

The accompanying notes are an integral part of this statement.



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City of Lake Elsinore, California
Statement of Activities
Year Ended June 30, 2016

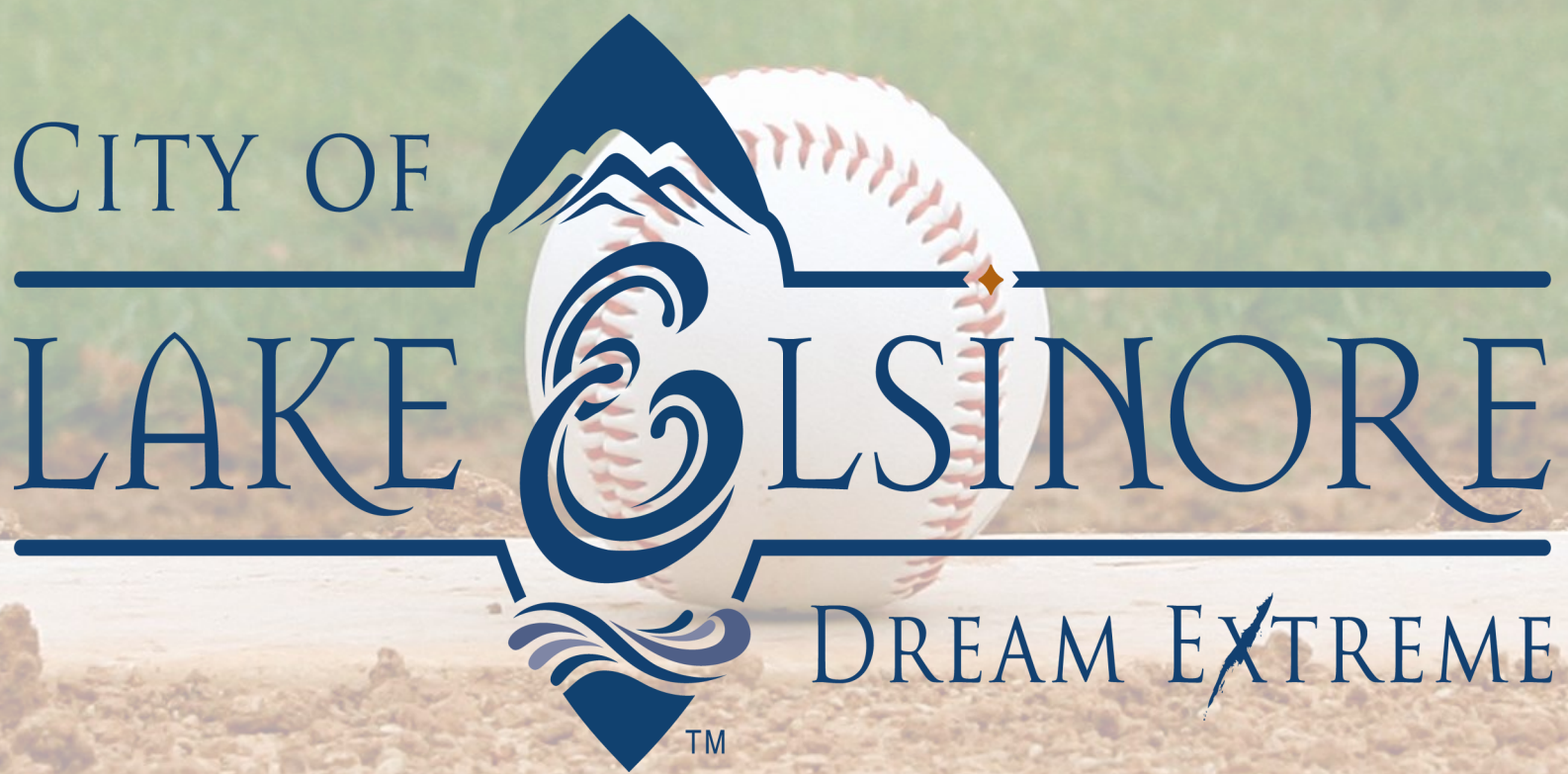
| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|--|-------------------|----------------------------|--|--|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| 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 | \$ 64,865,479 | \$ 13,272,053 | \$ 19,883,338 | \$ 5,901,491 | (25,808,597) |
| General Revenues: | | | | | |
| 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 | | | | | 706,094 |
| Total General Revenues | | | | | 21,370,859 |
| Change in Net Position | | | | | (4,437,738) |
| Net Position - Beginning of Year, As Previously Reported | | | | | 215,948,262 |
| Prior Period Adjustment | | | | | (1,465,824) |
| Net Position - Beginning of Year, As Restated | | | | | 214,482,438 |
| Net Position - End of Year | | | | | \$ 210,044,700 |

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 Low and Moderate Income Housing | Debt Service Public Financing Authority |
|--|----------------------|--|--|
| ASSETS | | | |
| 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 | |
| Total Assets | <u>\$ 18,780,692</u> | <u>\$ 53,498,169</u> | <u>\$ 260,930,394</u> |
| LIABILITIES | | | |
| 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 | | |
| Total Liabilities | <u>6,071,343</u> | <u>1,204,810</u> | <u>23,880,964</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 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 | | | |
| Total Deferred Inflows of Resources | <u>314,440</u> | <u>9,995,810</u> | <u>0</u> |
| FUND BALANCES | | | |
| Nonspendable | 1,029,015 | | 18,787 |
| Restricted | | 42,297,549 | 237,030,643 |
| Assigned | | | |
| Unassigned | 11,365,894 | | |
| Total Fund Balances | <u>12,394,909</u> | <u>42,297,549</u> | <u>237,049,430</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 18,780,692</u> | <u>\$ 53,498,169</u> | <u>\$ 260,930,394</u> |

| Debt Service | Capital Projects | | Other | Total |
|-------------------------|-------------------------|-----------------------------|-----------------------|-----------------------|
| Recreation Authority | Assessment Districts | Capital Improvement Plan | Governmental Funds | Governmental Funds |
| \$ | \$ | \$ | \$ | \$ |
| 1,726,806 | 126,473 | 2,728,831 | 19,062,002 | 47,887,264 |
| | 843,558 | | 4,198,443 | 222,472,430 |
| | | 147,861 | 214,287 | 1,089,028 |
| | 2,772 | | 70,840 | 131,522 |
| | | | | 74,346,411 |
| | | | | 11,837,000 |
| | | | | 1,516,458 |
| | | | 71,076 | 104,063 |
| 85,387 | | | | 133,189 |
| | | | 532,034 | 3,453,891 |
| | | 462,066 | | 510,435 |
| <u>\$ 1,812,193</u> | <u>\$ 972,803</u> | <u>\$ 3,338,758</u> | <u>\$ 24,148,682</u> | <u>\$ 363,481,691</u> |
| \$ | \$ | \$ | \$ | \$ |
| | | 1,832,986 | 181,347 | 8,265,634 |
| | | 263,000 | | 1,187,593 |
| | | | 1,700 | 23,882,664 |
| | | | 34,490 | 104,063 |
| | | 360,664 | 1,274,366 | 1,665,716 |
| <u>0</u> | <u>0</u> | <u>2,456,650</u> | <u>1,491,903</u> | <u>35,105,670</u> |
| | | | | 8,659,352 |
| | | | | 1,516,458 |
| | | | 66,731 | 201,171 |
| | | | 71,960 | 71,960 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>138,691</u> | <u>10,448,941</u> |
| 85,387 | | | 20,003 | 1,153,192 |
| 1,726,806 | 972,803 | | 21,832,320 | 303,860,121 |
| | | 882,108 | 666,656 | 1,548,764 |
| | | | (891) | 11,365,003 |
| <u>1,812,193</u> | <u>972,803</u> | <u>882,108</u> | <u>22,518,088</u> | <u>317,927,080</u> |
| <u>\$ 1,812,193</u> | <u>\$ 972,803</u> | <u>\$ 3,338,758</u> | <u>\$ 24,148,682</u> | <u>\$ 363,481,691</u> |



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City of Lake Elsinore, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 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 | (280,728,181) |
| Net Position of Governmental Activities | <u>\$ 210,044,700</u> |

The accompanying notes are an integral part of this statement.

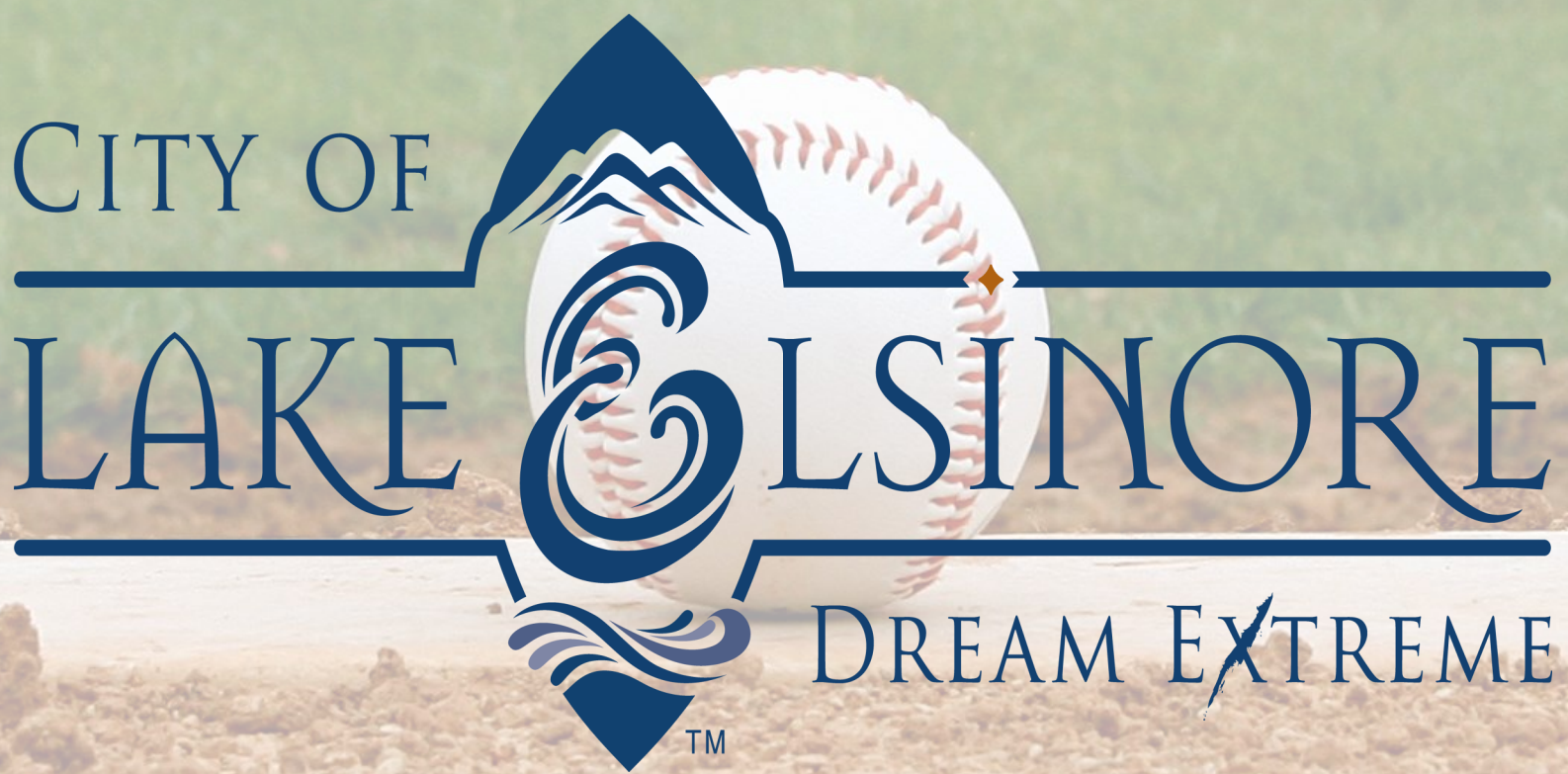
City of Lake Elsinore, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

| | General Fund | Special Revenue Low and Moderate Income Housing | Debt Service Public Financing Authority |
|---|-----------------|--|--|
| REVENUES | | | |
| 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 | | |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 36,370,680 | 186,829 | 10,238,716 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| 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 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 36,897,305 | 314,712 | 18,220,391 |
| | <hr/> | <hr/> | <hr/> |
| Excess of Revenues Over (Under) Expenditures | (526,625) | (127,883) | (7,981,675) |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 3,096,593 | | |
| Transfers Out | (2,160,745) | | |
| Sale of Capital Assets | 14,743 | | |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | 950,591 | 0 | 0 |
| | <hr/> | <hr/> | <hr/> |
| SPECIAL ITEM - Loss on Loans Receivable | | | (7,319,955) |
| | <hr/> | <hr/> | <hr/> |
| Net Change in Fund Balances | 423,966 | (127,883) | (15,301,630) |
| | <hr/> | <hr/> | <hr/> |
| Fund Balances - Beginning of Year, As Previously Reported | 11,970,943 | 42,425,432 | 253,663,600 |
| Prior Period Adjustments | | | (1,312,540) |
| | <hr/> | <hr/> | <hr/> |
| Fund Balances - Beginning of Year, As Restated | 11,970,943 | 42,425,432 | 252,351,060 |
| | <hr/> | <hr/> | <hr/> |
| Fund Balances - End of Year | \$ 12,394,909 | \$ 42,297,549 | \$ 237,049,430 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes are an integral part of this statement.

| Debt Service | Capital Projects | | Other | Total |
|----------------------|----------------------|--------------------------|--------------------|--------------------|
| Recreation Authority | Assessment Districts | Capital Improvement Plan | Governmental Funds | Governmental Funds |
| \$ | \$ | \$ | \$ | \$ |
| | | | | 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 |
| | | | | 6,515 |
| 580,000 | | | 205,000 | 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.



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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 | <u><u>\$ (4,437,738)</u></u> |
|---|------------------------------|

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

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

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

| | Governmental Activities - Internal Service Funds |
|---|---|
| | <hr/> |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| 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 | 30,601 |
| | <hr/> |
| Net Cash Provided by (Used for) Operations | 90,839 |
| | <hr/> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Advances from (to) Other Funds | 1,648,703 |
| | <hr/> |
| Net Cash Provided by (Used for) Noncapital Financing Activities | 1,648,703 |
| | <hr/> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition of Capital Assets | (413,277) |
| | <hr/> |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (413,277) |
| | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on Investments | 1,159 |
| | <hr/> |
| Net Cash Provided by (Used for) Investing Activities | 1,159 |
| | <hr/> |
| Net Increase (Decrease) in Cash and Cash Equivalents Cash Equivalents | 1,327,424 |
| | <hr/> |
| Cash and Equivalents - Beginning of Year | 0 |
| | <hr/> |
| Cash and Equivalents - End of Year | <u><u>\$ 1,327,424</u></u> |

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

| | Governmental Activities - Internal Service Funds |
|---|---|
| <hr/> | |
| Reconciliation of Operating Income (Loss) To Net | |
| Cash Provided by (Used for) Operating Activities | |
| 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) | 12,001 |
| | <hr/> |
| NET CASH PROVIDED BY (USED FOR) OPERATING | |
| ACTIVITIES | <hr/> <hr/> \$ 90,839 |

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

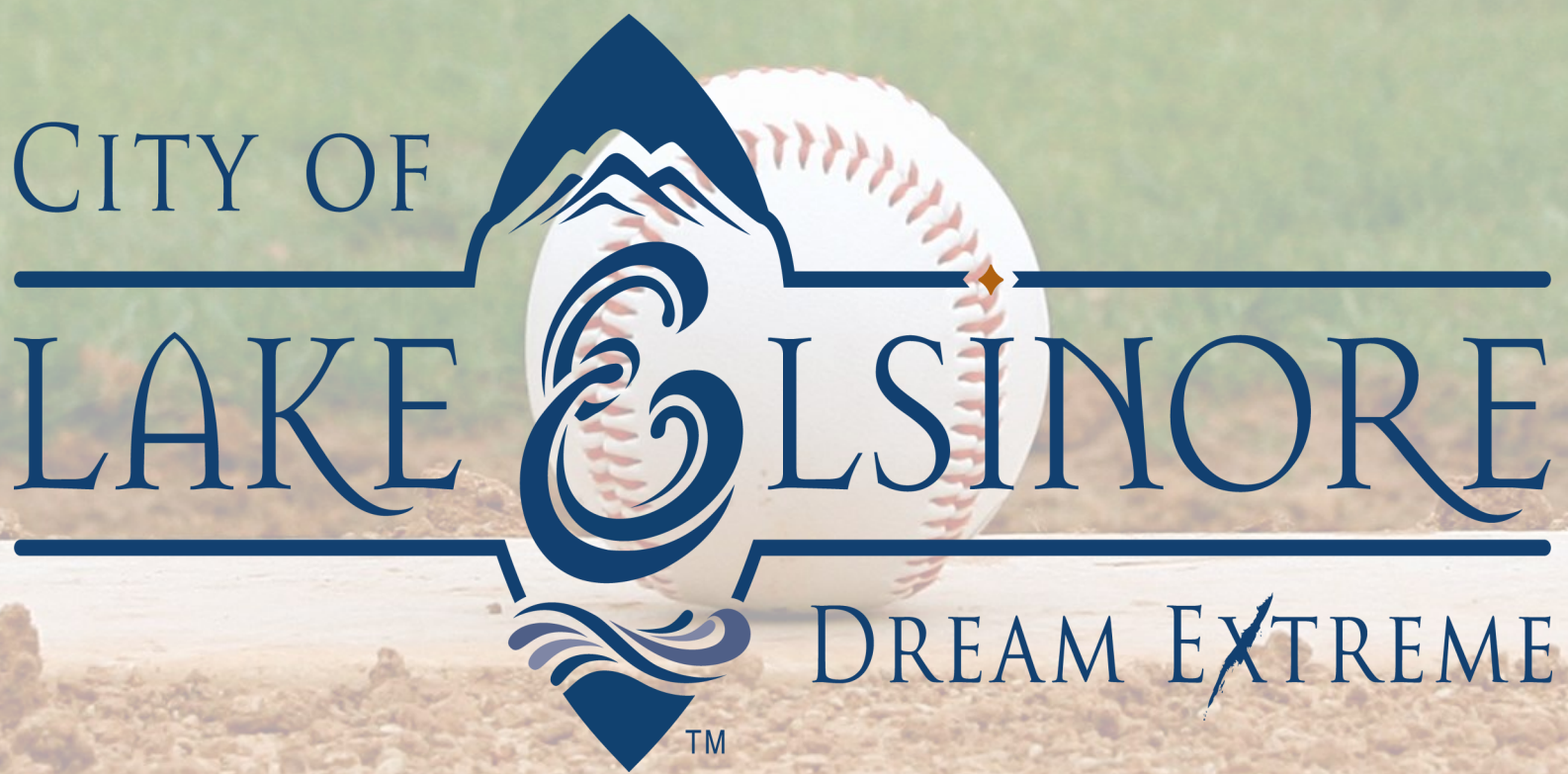
| | Successor Agency Private-purpose Trust Fund | Total Agency Funds |
|--|---|-----------------------|
| ASSETS | | |
| Cash and Investments | \$ 8,995,191 | \$ 7,209,766 |
| Cash and Investments with Fiscal Agent | 508,616 | 22,439,390 |
| Accounts Receivable | 810 | |
| Interest Receivable | 17,458 | 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 | (8,572,736) | |
| | <hr/> | <hr/> |
| Total Assets | 35,398,500 | 47,155,957 |
| | <hr/> | <hr/> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charges on Refunding | 1,055,141 | |
| | <hr/> | <hr/> |
| Total Deferred Outflows of Resources | 1,055,141 | 0 |
| | <hr/> | <hr/> |
| LIABILITIES | | |
| 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 | 1,146,127 | |
| | <hr/> | <hr/> |
| Total Liabilities | 84,088,234 | \$ 47,155,957 |
| | <hr/> | <hr/> |
| NET POSITION | | |
| Net Position Held in Trust for Redevelopment (Deficit) | (47,634,593) | |
| | <hr/> | |
| Total Net Position | \$ (47,634,593) | |
| | <hr/> | |

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 |
|--------------------------------------|---|
| | <hr/> |
| ADDITIONS | |
| Property Taxes | \$ 12,245,313 |
| Investment Earnings | 207,240 |
| Debt Forgiveness | 2,798,104 |
| Other Income | 380 |
| | <hr/> |
| Total Additions | 15,251,037 |
| | <hr/> |
| DEDUCTIONS | |
| 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 | 549,742 |
| | <hr/> |
| Total Deductions | 7,171,719 |
| | <hr/> |
| Change in Net Position | 8,079,318 |
| | <hr/> |
| Net Position - Beginning | (55,713,911) |
| | <hr/> |
| Net Position (Deficit) - End of Year | <u><u>\$ (47,634,593)</u></u> |

The accompanying notes are an integral part of this statement.



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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> |
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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><u>\$ 310,840,081</u></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><u>\$ 310,840,081</u></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.

| <u>Investment</u> | <u>Fair Value</u> |
|---|-----------------------|
| 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 ⁽¹⁾ | 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 | <u> </u> | <u> </u> | <u>191,713,139</u> | <u> </u> | <u>191,713,139</u> |
| 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> |

⁽¹⁾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 | |
| Total | <u>\$ 309,170,489</u> | <u>\$ 232,447,776</u> | <u>\$ 76,722,713</u> |

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

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.

SERAF Advances from Housing Fund

Advances due to the City, in its capacity as housing successor agency, include a loan of \$3,750,000 as a result of the suspension of a portion of the 20% set aside requirement to assist in the payment of the SERAF obligation for fiscal year 2010. This advance is to be repaid by the Successor Agency in installments beginning fiscal year 2014-2015. Repayment of the SERAF advances are limited by a formula set forth in AB 1484, have a priority over repayment of certain other advances, and shall not be made prior to the 2013-2014 fiscal year. The balance of the loan as of June 30, 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 |
|--|---------------------------|--------------------------|---------------------------|---------------------------|
| Capital Assets, Not Being Depreciated | | | | |
| 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> |
| Total Capital Assets, Not Being Depreciated | <u>10,223,270</u> | <u>8,983,237</u> | <u>(8,005,879)</u> | <u>11,200,628</u> |
| Capital Assets, Being Depreciated | | | | |
| 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></u> | <u>203,062,300</u> |
| Total Capital Assets, Being Depreciated | <u>235,876,790</u> | <u>11,827,721</u> | <u>(232,886)</u> | <u>247,471,625</u> |
| Less Accumulated Depreciation: | | | | |
| 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></u> | <u>(84,480,515)</u> |
| Total Accumulated Depreciation | <u>(96,227,496)</u> | <u>(6,081,854)</u> | <u>200,089</u> | <u>(102,109,261)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>139,649,294</u> | <u>5,745,867</u> | <u>(32,797)</u> | <u>145,362,364</u> |
| Total Governmental Activities Capital Assets, Net | <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 |
|--------------------------------|------------------|----------------------|---------------------|----------------------|
| Local Agency Revenue Bonds: | | | | |
| 2012 Series A | 7/12 | 2014-2039 | 1.50% - 5.25% | 3,450,000 |
| 2012 Series B | 11/12 | 2015-2031 | 2.00% - 5.125% | 15,345,000 |
| 2012 Series C | 12/12 | 2016-2043 | 2.00% - 5.00% | 5,345,000 |
| 2013 Series A | 5/13 | 2016-2044 | 1.75% - 5.00% | 3,620,000 |
| 2013 Series B | 7/13 | 2015-2021 | 2.00% - 3.25% | 4,215,000 |
| 2013 Series C | 7/13 | 2014-2034 | 2.00% - 5.25% | 13,615,000 |
| 2014 Series A | 1/14 | 2017-2045 | 2.25% - 5.75% | 7,505,000 |
| 2014 Series B | 7/14 | 2016-2041 | 3.00% - 5.00% | 18,210,000 |
| 2015 Series | 2/15 | 2016-2041 | 2.00% - 5.00% | 108,845,000 |
| 2015 Series A | 2/15 | 2017-2045 | 2.00% - 3.65% | 3,200,000 |
| 2015 Series B | 5/15 | 2017-2021 | 2.00% - 5.00% | 7,590,000 |
| Tax Allocation Revenue Bonds: | | | | |
| 2010 Series A | 2/10 | 2011-2034 | 2.00% - 5.25% | \$ 15,435,000 |
| 2010 Series B | 5/10 | 2011-2026 | 2.00% - 4.75% | 10,855,000 |
| 2010 Series C | 10/10 | 2012-2031 | 2.00% - 5.00% | 29,435,000 |
| Revenue Refunding Bonds: | | | | |
| 2013 Series A | 9/13 | 2014-2032 | 3.00% - 5.00% | \$ 14,460,000 |
| Certificates of Participation: | | | | |
| 2014 Series A | 10/4 | 2015-2039 | 2.00% - 5.00% | \$ 7,965,000 |

City of Lake Elsinore, California
Notes to Financial Statements
Year Ended June 30, 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 |
|---|----------------------|---------------------|----------------------------------|----------------------|------------------------|
| Public Financing Authority: | | | | | |
| Local Agency Revenue Bonds: | | | | | |
| 2011 Series A | \$ 4,945,000 | \$ | \$ (4,945,000) ⁽¹⁾ | \$ 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)⁽²⁾</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>\$293,942,992</u> | <u>\$ 4,552,101</u> | <u>\$ (17,766,912)</u> | <u>\$280,728,181</u> | <u>\$ 8,312,256</u> |

⁽¹⁾ Includes bond defeasance of \$4,800,000.

⁽²⁾ 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 | 1,810,000 | 45,250 | 1,855,250 |
| Total | <u>\$ 7,590,000</u> | <u>\$ 913,400</u> | <u>\$ 8,503,400</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>\$ 7,460,000</u> | <u>\$ 1,761,513</u> | <u>\$ 9,221,513</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>\$ 12,750,000</u> | <u>\$ 5,316,700</u> | <u>\$ 18,066,700</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>Original Issue</u> | <u>Bonds Outstanding at June 30, 2016</u> |
|---|-----------------------|---|
| Assessment District No. 93-1 Refunding Improvement Bonds, 2012 Series B | \$ 15,345,000 | <u>\$ 14,100,000</u> |
| Total Assessment District Bonds | | <u><u>\$ 14,100,000</u></u> |

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 | | <u>\$ 182,510,000</u> |

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 | \$ 5,000,000 | \$ 3,544,929 |

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:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 32,987 |
| Other Governmental Funds | General Fund | 69,573 |
| Other Governmental Funds | Other Governmental Funds | 1,503 |
| | 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:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---|---|----------------------|
| 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 | 648,703 |
| | 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 |
|----------------------------------|----------------------|---|---|---|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid Items | \$ 29,015 | \$ | \$ 18,787 | \$ 85,387 |
| Notes Receivable | 1,000,000 | | | |
| Endowment Principal | | | | |
| Restricted for: | | | | |
| 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 | | | | |
| Assigned: | | | | |
| Construction | | | | |
| Scholarships | | | | |
| Unassigned | <u>11,365,894</u> | | | |
| Total Fund Balance | <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 |
|----------------------------------|--|--|--------------------------------|--------------------------------|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid Items | \$ | \$ | \$ | \$ 133,189 |
| Notes Receivable | | | | 1,000,000 |
| Endowment Principal | | | 20,003 | 20,003 |
| Restricted for: | | | | |
| 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 |
| Assigned: | | | | |
| Construction | | 882,108 | 655,312 | 1,537,420 |
| Scholarships | | | 11,344 | 11,344 |
| Unassigned | | | <u>(891)</u> | <u>11,365,003</u> |
| Total Fund Balance | <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:

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

| | Miscellaneous 2nd Tier | |
|---|--|---|
| | Prior to January 1, 2013 | On or After January 1, 2013 ⁽¹⁾ |
| Hire Date | | |
| Benefit Formulas | 2.0% at 60 | 2% at 62 |
| Benefit Vesting Schedule | 5 Years Service | 5 Years Service |
| Benefit Payments | Monthly for Life | Monthly for Life |
| Retirement Age | 55 - 60+ | 52 - 67+ |
| Monthly Benefits, as a % of Eligible Compensation | 1.092% - 2.418% | 1.0% - 2.5% |
| Required Employee Contribution Rates | 1.5% | 6.25% |
| Required Employer Contribution Rates | 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⁽²⁾ | |
|---|-----------------------------|---|
| | Prior to January 1, 2013 | On or After January 1, 2013 ⁽¹⁾ |
| Hire Date | | |
| Benefit Formulas | 0.5% at 55 | N/A |
| Benefit Vesting Schedule | 5 Years Service | N/A |
| Benefit Payments | Monthly for Life | N/A |
| Retirement Age | 50+ | N/A |
| Monthly Benefits, as a % of Eligible Compensation | 0.5% | N/A |
| Required Employee Contribution Rates | N/A | N/A |
| Required Employer Contribution Rates | N/A | N/A |

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

⁽²⁾ 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 | <u>\$ 2,228,909</u> | <u>\$ (804,146)</u> |

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⁾ |

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

⁽³⁾ 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 ^(a) | Real Return Years 11+ ^(b) |
|-------------------------------|--------------------------|--|---|
| 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 | 100% | | |

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net 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:

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> | <u>Actual Contributions (Net of Adjustments)</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------|-----------------------------|--|---|--------------------------------|
| 6/30/14 | \$ 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:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------------|-----------------------|---------------------------|
| Capital Assets, Not Depreciated | | | | |
| Land | \$ 2,426,392 | \$ | \$ | \$ 2,426,392 |
| Total Capital Assets Not Depreciated | <u>2,426,392</u> | <u>0</u> | <u>0</u> | <u>2,426,392</u> |
| Capital Assets, Depreciated | | | | |
| Building and Structures | 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 | | 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) | | (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> |
|--|--------------------------|------------------------------|-----------------------------|------------------------------|
| Loans Payable: | | | | |
| City of Lake Elsinore | Various | Various | Various | Various |
| Lake Elsinore Public Financing Authority | Various | Various | Various | \$ 61,275,000 |
| Subordinate Tax | | | | |
| Allocation Revenue Bonds: | | | | |
| 2011 Series Project Area II | 4/11 | 2011 - 2034 | 3.60% - 7.65% | 3,260,000 |
| 2011 Series Project Area III | 4/11 | 2011 - 2039 | 3.60% - 7.75% | 1,350,000 |
| Developer Agreements: | | | | |
| Oak Grove Equities | 3/93 | 1995 - 2014 | 7.00% | 1,800,000 |
| Outlet Center | 12/89 | 1996 - 2015 | N/A | 2,140,000 |
| McMillin Summerly, LLC | 12/02 | N/A | N/A | 19,000,000 |

Long-term liability activity was as follows:

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

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

⁽²⁾ Includes loan defeasance of \$3,650,000.

⁽³⁾ 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> |
| Total | <u>\$ 8,065,000</u> | <u>\$ 2,049,028</u> | <u>\$ 10,114,028</u> |

C) Developer Agreements

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

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

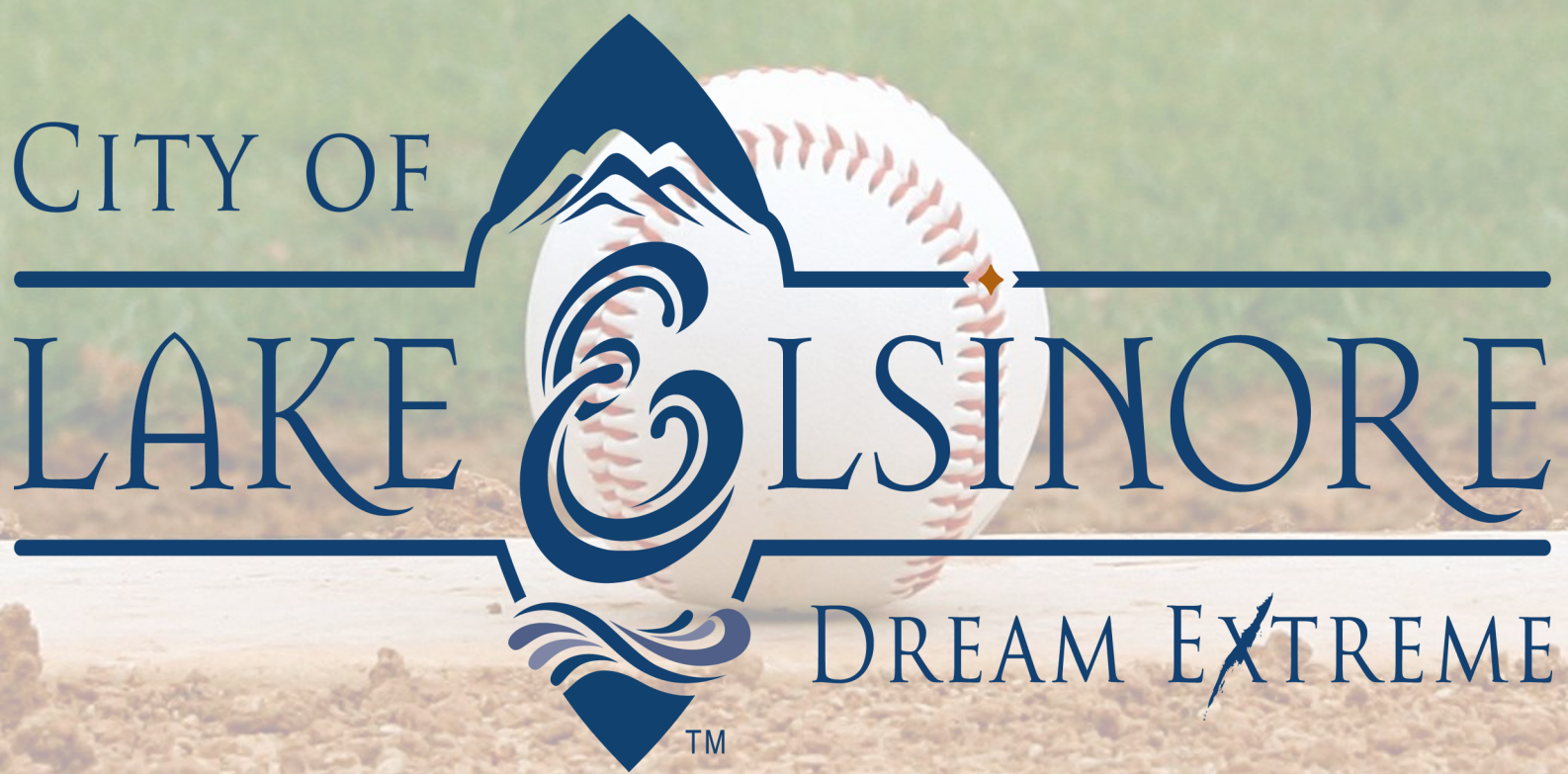
Included in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances is a prior period adjustment of \$1,312,540. This adjustment was to record bond issue deposits withheld by the Authority. There was also a prior period adjustment of \$153,284 to reverse 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.



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**Required
Supplementary
Information**

CITY OF

LAKE COLSINORE

DREAM EXTREME



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

| <u>Fiscal Year</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Covered - Employee Payroll</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|--------------------|--|---|-----------------------------------|---|---|
| 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 1st 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

| <u>Fiscal Year</u> | <u>Contractually Required Contribution (Actuarially Determined)</u> | <u>Contributions in Relation to the Actuarially Determined Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered-Employee Payroll</u> | <u>Contributions as a Percentage of Covered-Employee Payroll</u> |
|------------------------|---|---|---|-------------------------------------|--|
| 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 1st 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 Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| | (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 | Variance with |
|--|------------------|--------------|---------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| 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 | 6,448,463 | 6,038,696 | 3,535,190 | (2,503,506) |
| Total Revenues | 34,069,963 | 34,035,807 | 36,370,680 | 2,334,873 |
| EXPENDITURES | | | | |
| 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 | 1,681,970 | 1,720,470 | 1,674,756 | 45,714 |
| Total Expenditures | 37,775,999 | 38,088,114 | 36,897,305 | 1,190,809 |
| Excess (Deficiency) of Revenues over Expenditures | (3,706,036) | (4,052,307) | (526,625) | 3,525,682 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | 107,698 | 3,096,593 | 2,988,895 |
| Transfers Out | | (425,000) | (2,160,745) | (1,735,745) |
| Sale of Capital Assets | | | 14,743 | 14,743 |
| Total Other Financing Sources (Uses) | 0 | (317,302) | 950,591 | 1,267,893 |
| Net Changes in Fund Balance | (3,706,036) | (4,369,609) | 423,966 | 4,793,575 |
| Fund Balance - Beginning of Year | 9,566,315 | 9,678,475 | 11,970,943 | (2,292,468) |
| Fund Balance - End of Year | \$ 5,860,279 | \$ 5,308,866 | \$ 12,394,909 | \$ 2,501,107 |

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 | Variance with |
|--|----------------------|----------------------|----------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ 73,161 | \$ 73,161 | \$ 186,829 | \$ 113,668 |
| Total Revenues | 73,161 | 73,161 | 186,829 | 113,668 |
| EXPENDITURES | | | | |
| 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



OLSINORE

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 Endowment Trust | Total Other Governmental Funds |
|---|-----------------------------|------------------------------|---|--------------------------------------|
| ASSETS | | | | |
| 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 | 508,324 | 23,710 | | 532,034 |
| Total Assets | <u>\$ 10,659,515</u> | <u>\$ 13,457,820</u> | <u>\$ 31,347</u> | <u>\$ 24,148,682</u> |
| LIABILITIES | | | | |
| 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 | 1,250,656 | 23,710 | | 1,274,366 |
| Total Liabilities | <u>1,467,581</u> | <u>24,322</u> | <u>0</u> | <u>1,491,903</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Special Assessments | 66,731 | | | 66,731 |
| Unavailable Revenue - Intergovernmental | 71,960 | | | 71,960 |
| Total Deferred Inflows of Resources | <u>138,691</u> | <u>0</u> | <u>0</u> | <u>138,691</u> |
| FUND BALANCES | | | | |
| Nonspendable | | | 20,003 | 20,003 |
| Restricted | 9,054,134 | 12,778,186 | | 21,832,320 |
| Assigned | | 655,312 | 11,344 | 666,656 |
| Unassigned | (891) | | | (891) |
| 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 |
|--|-----------------------------|------------------------------|---|--------------------------------------|
| REVENUES | | | | |
| 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 | 6,841,328 | 1,215,871 | 339 | 8,057,538 |
| EXPENDITURES | | | | |
| 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 | 2,019,092 | 509,755 | 0 | 2,528,847 |
| Excess (Deficiency) of Revenues over Expenditures | 4,822,236 | 706,116 | 339 | 5,528,691 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 15,369 | 801,906 | | 817,275 |
| Transfers Out | (3,956,594) | (6,679,792) | | (10,636,386) |
| Total Other Financing Sources (Uses) | (3,941,225) | (5,877,886) | 0 | (9,819,111) |
| Net Change in Fund Balances | 881,011 | (5,171,770) | 339 | (4,290,420) |
| Fund Balances - Beginning of Year, As Previously Reported | 8,325,516 | 18,605,268 | 31,008 | 26,961,792 |
| Prior Period Adjustments | (153,284) | | | (153,284) |
| Fund Balances - Beginning of Year, As Restated | 8,172,232 | 18,605,268 | 31,008 | 26,808,508 |
| Fund Balances - End of Year | \$ 9,053,243 | \$ 13,433,498 | \$ 31,347 | \$ 22,518,088 |

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 |
|---|---|---------------------|---------------------|-----------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ | \$ | \$ 1,039,542 | \$ 936,072 |
| Accounts Receivable | | | | |
| Accrued Interest Receivable | | 51 | 6,183 | 2,826 |
| Due from Other Funds | | | | |
| Due from Other Governments | 29,324 | | | 221,364 |
| | <u>29,324</u> | <u></u> | <u></u> | <u>221,364</u> |
| Total Assets | <u>\$ 29,324</u> | <u>\$ 51</u> | <u>\$ 1,045,725</u> | <u>\$ 1,160,262</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ | \$ | \$ 22,005 | \$ |
| Deposits and Other Liabilities | | | | |
| Due to Other Funds | | 51 | | |
| Unearned Revenue - Other | | | | |
| | <u></u> | <u></u> | <u></u> | <u></u> |
| Total Liabilities | <u>0</u> | <u>51</u> | <u>22,005</u> | <u>0</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Special Assessments | | | | |
| Unavailable Revenue - Intergovernmental | 29,324 | | | 34,481 |
| | <u>29,324</u> | <u></u> | <u></u> | <u>34,481</u> |
| Total Deferred Inflows of Resources | <u>29,324</u> | <u>0</u> | <u>0</u> | <u>34,481</u> |
| FUND BALANCES | | | | |
| Restricted | | | 1,023,720 | 1,125,781 |
| Unassigned | | | | |
| | <u></u> | <u></u> | <u></u> | <u></u> |
| 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>\$ 29,324</u> | <u>\$ 51</u> | <u>\$ 1,045,725</u> | <u>\$ 1,160,262</u> |

| SB1186 CAS Education | Traffic Safety | City-wide Lighting and Landscaping | L.L.M.D. No. 1 | Geothermal |
|----------------------------|-------------------|--|-------------------|------------------|
| \$ 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 | \$ |
| | 32,899 | | | 1,700 |
| | | | | |
| 0 | 32,899 | 106,133 | 5,067 | 1,700 |
| | | | | |
| | | 66,731 | | |
| | | | | |
| 0 | 0 | 66,731 | 0 | 0 |
| | | | | |
| 5,698 | | | 460,817 | 20,312 |
| | | | | |
| 5,698 | 0 | 0 | 460,817 | 20,312 |
| | | | | |
| <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

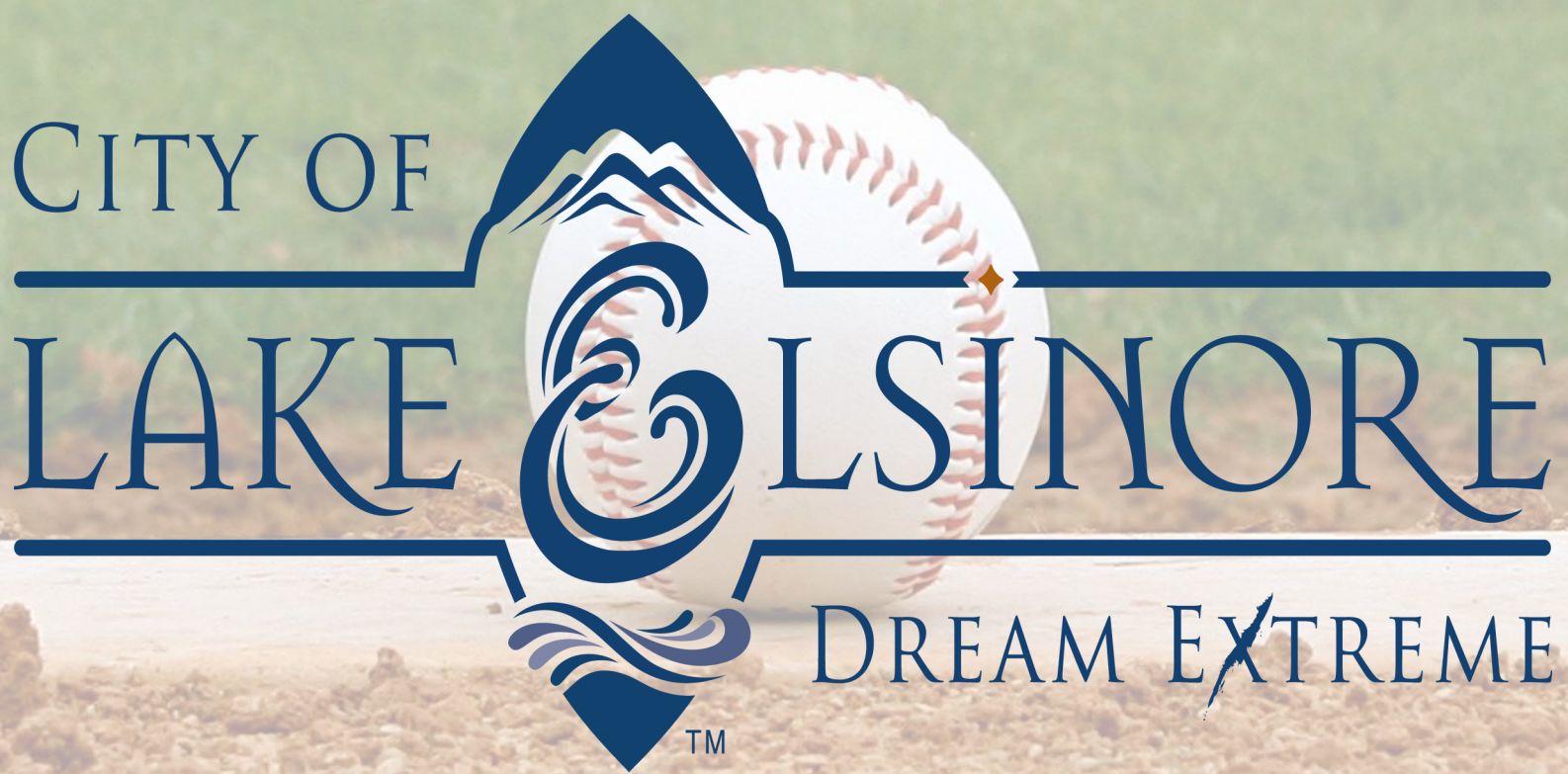
| | AB2766 Air Pollution | C.D.B.G. | Cost Recovery System | Developer Agreement Revenue/Trust |
|---|----------------------------|-----------------|-------------------------|---|
| ASSETS | | | | |
| Cash and Investments | \$ 223,503 | \$ | \$ 1,100,132 | \$ 1,037,889 |
| Accounts Receivable | | | 198,666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

| 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 | \$ |
| <u>\$ 2,744,329</u> | <u>\$ 1,156,597</u> | <u>\$ 494,169</u> | <u>\$ 600,255</u> | <u>\$ 0</u> |
| \$ | \$ | \$ | \$ | \$ |
| | | | | 891 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>891</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 2,744,329 | 1,156,597 | 494,169 | 600,255 | (891) |
| <u>2,744,329</u> | <u>1,156,597</u> | <u>494,169</u> | <u>600,255</u> | <u>(891)</u> |
| <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 |
|---|---------------------|-------------------|------------------|---|
| ASSETS | | | | |
| 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 | <u>\$ 0</u> | <u>\$ 111,655</u> | <u>\$ 23,675</u> | <u>\$ 10,659,515</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ | \$ | \$ | \$ 181,347 |
| Deposits and Other Liabilities | | | | 1,700 |
| Due to Other Funds | | | | 33,878 |
| Unearned Revenue - Other | | | | 1,250,656 |
| | | | | |
| Total Liabilities | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,467,581</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Special Assessments | | | | 66,731 |
| Unavailable Revenue - Intergovernmental | | | | 71,960 |
| | | | | |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>138,691</u> |
| FUND BALANCES | | | | |
| Restricted | | 111,655 | 23,675 | 9,054,134 |
| Unassigned | | | | (891) |
| | | | | |
| Total Fund Balances | <u>0</u> | <u>111,655</u> | <u>23,675</u> | <u>9,053,243</u> |
| | | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 0</u> | <u>\$ 111,655</u> | <u>\$ 23,675</u> | <u>\$ 10,659,515</u> |



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

| | Supplemental Law Enforcement Service | Traffic Offender | Gas Tax | Transportation Measure A |
|--|---|---------------------|--------------|-----------------------------|
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ | \$ 56,577 | \$ | \$ |
| Intergovernmental Revenues | 114,618 | | 1,265,626 | 1,163,010 |
| 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 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | | | | |
| Public Services | | | 352,449 | |
| Community Services | | | | |
| | | | | |
| Total Expenditures | 0 | 0 | 352,449 | 0 |
| | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | 114,618 | 56,998 | 949,971 | 1,182,808 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 CAS Education</u> | <u>Traffic Safety</u> | <u>City-wide Lighting and Landscaping</u> | <u>L.L.M.D. No. 1</u> | <u>Geothermal</u> |
|-------------------------------------|---------------------------|---|---------------------------|-------------------|
| \$ 2,448 | \$ | \$ | \$ | \$ |
| 110 | 390,098 2,310 | 98 1,374,928 6,236 | 9,250 306,052 | 440 |
| <u>2,558</u> | <u>392,408</u> | <u>1,381,262</u> | <u>315,302</u> | <u>440</u> |
| 620 | | 811,588 545,787 | 46,948 167,235 | 17 |
| <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> |
| | (392,458) | 15,369 | | |
| <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 |
|--|-------------------------|------------------|-------------------------|---|
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 74,306 | \$ 221,886 | \$ | \$ 322,300 |
| Intergovernmental Revenues | | | | |
| Fines, Forfeitures and Penalties | 4,236 | | | 30,295 |
| Investment Earnings | | | | |
| Special Assessments | | | | |
| Miscellaneous | | | | |
| | <u>78,542</u> | <u>221,886</u> | <u>0</u> | <u>352,595</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | | 10,000 | | |
| Public Services | 6,000 | | | |
| Community Services | | | | |
| | <u>6,000</u> | <u>10,000</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>72,542</u> | <u>211,886</u> | <u>0</u> | <u>352,595</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | | |
| Transfers Out | | (61,631) | | (449,509) |
| | <u>0</u> | <u>(61,631)</u> | <u>0</u> | <u>(449,509)</u> |
| Net Change in Fund Balances | <u>72,542</u> | <u>150,255</u> | <u>0</u> | <u>(96,914)</u> |
| 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 | <u>171,704</u> | <u>(150,255)</u> | <u>0</u> | <u>1,139,794</u> |
| Fund Balances - End of Year | <u>\$ 244,246</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,042,880</u> |

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

| | Camino del Norte | N.P.D.E.S | PEG Grant | Total Other Special Revenue Funds |
|--|---------------------|------------|--------------|---|
| REVENUES | | | | |
| 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 | 143 | 143,569 | 51,688 | 6,841,328 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | | | | 10,000 |
| Public Services | | 64,765 | 4,467 | 1,286,854 |
| Community Services | 110 | | | 722,238 |
| | | | | |
| Total Expenditures | 110 | 64,765 | 4,467 | 2,019,092 |
| | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | 33 | 78,804 | 47,221 | 4,822,236 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | | 15,369 |
| Transfers Out | (36,552) | (79,093) | (6,458) | (3,956,594) |
| | | | | |
| Total Other Financing Sources (Uses) | (36,552) | (79,093) | (6,458) | (3,941,225) |
| | | | | |
| Net Change in Fund Balances | (36,519) | (289) | 40,763 | 881,011 |
| | | | | |
| 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 | 36,519 | 111,944 | (17,088) | 8,172,232 |
| | | | | |
| Fund Balances - End of Year | \$ 0 | \$ 111,655 | \$ 23,675 | \$ 9,053,243 |

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 | Variance with |
|--|------------------|------------|------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 100,000 | \$ 100,000 | \$ 114,618 | \$ 14,618 |
| Total Revenues | 100,000 | 100,000 | 114,618 | 14,618 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 100,000 | 100,000 | 114,618 | 14,618 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | \$ 100,000 | \$ 0 | \$ 0 | \$ 0 |

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

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

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|--------------|--------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 369,530 | 369,530 | 352,449 | 17,081 |
| Total Expenditures | 369,530 | 369,530 | 352,449 | 17,081 |
| Excess (Deficiency) of Revenues over Expenditures | (369,530) | 860,518 | 949,971 | 89,453 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | (793,817) | (1,216,439) | (422,622) |
| 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 | 0 |
| Prior Period Adjustment | | | (153,284) | (153,284) |
| Fund Balance - Beginning of Year, As Restated | 1,443,472 | 1,443,472 | 1,290,188 | (153,284) |
| 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 | Variance with |
|--|------------------|--------------|--------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 1,159,000 | \$ 1,159,000 | \$ 1,163,010 | \$ 4,010 |
| Investment Earnings | | | 19,798 | 19,798 |
| Total Revenues | 1,159,000 | 1,159,000 | 1,182,808 | 23,808 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 1,159,000 | 1,159,000 | 1,182,808 | 23,808 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (1,166,183) | (1,166,183) | (987,327) | 178,856 |
| Total Other Financing Sources (Uses) | (1,166,183) | (1,166,183) | (987,327) | 178,856 |
| Net Change in Fund Balance | (7,183) | (7,183) | 195,481 | 202,664 |
| Fund Balance - Beginning of Year | 930,300 | 930,300 | 930,300 | 0 |
| Fund Balance - End of Year | \$ 923,117 | \$ 923,117 | \$ 1,125,781 | \$ 202,664 |

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

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|------------|------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Fines, Forfeitures and Penalties | \$ 475,000 | \$ 475,000 | \$ 390,098 | \$ (84,902) |
| Investment Earnings | | | 2,310 | 2,310 |
| Total Revenues | 475,000 | 475,000 | 392,408 | (82,592) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 475,000 | 475,000 | 392,408 | (82,592) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | (475,000) | (392,458) | 82,542 |
| Total Other Financing Sources (Uses) | 0 | (475,000) | (392,458) | 82,542 |
| Net Change in Fund Balance | 475,000 | 0 | (50) | (50) |
| Fund Balance - Beginning of Year | 50 | 50 | 50 | 0 |
| Fund Balance - End of Year | \$ 475,050 | \$ 50 | \$ 0 | \$ (50) |

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 | Variance with |
|--|------------------|-------------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 98 | \$ 98 |
| Special Assessments | 1,388,223 | 1,408,545 | 1,374,928 | (33,617) |
| Miscellaneous | | | 6,236 | 6,236 |
| Total Revenues | 1,388,223 | 1,408,545 | 1,381,262 | (27,283) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 969,500 | 969,500 | 811,588 | 157,912 |
| Community Services | 643,610 | 643,610 | 545,787 | 97,823 |
| Total Expenditures | 1,613,110 | 1,613,110 | 1,357,375 | 255,735 |
| Excess (Deficiency) of Revenues over Expenditures | (224,887) | (204,565) | 23,887 | 228,452 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | 213,538 | 15,369 | (198,169) |
| Total Other Financing Sources (Uses) | 0 | 213,538 | 15,369 | (198,169) |
| Net Change in Fund Balance | (224,887) | 8,973 | 39,256 | 30,283 |
| Fund Balance - Beginning of Year | (39,256) | (39,256) | (39,256) | 0 |
| 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 | Variance with |
|--|------------------|------------|------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 9,250 | \$ 9,250 |
| Special Assessments | 271,451 | 305,154 | 306,052 | 898 |
| Total Revenues | 271,451 | 305,154 | 315,302 | 10,148 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | 172,400 | 179,400 | 46,948 | 132,452 |
| Community Services | 201,280 | 201,280 | 167,235 | 34,045 |
| Total Expenditures | 373,680 | 380,680 | 214,183 | 166,497 |
| Excess (Deficiency) of Revenues over Expenditures | (102,229) | (75,526) | 101,119 | 176,645 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | 95,864 | | (95,864) |
| Total Other Financing Sources (Uses) | 0 | 95,864 | 0 | (95,864) |
| Net Change in Fund Balance | (102,229) | 20,338 | 101,119 | 80,781 |
| Fund Balance - Beginning of Year | 359,698 | 359,698 | 359,698 | 0 |
| Fund Balance - End of Year | \$ 257,469 | \$ 380,036 | \$ 460,817 | \$ 65,698 |

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 | Variance with |
|--|------------------|-----------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 440 | \$ 440 |
| Total Revenues | 0 | 0 | 440 | 440 |
| EXPENDITURES | | | | |
| 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 | \$ 19,889 | \$ 19,889 | \$ 20,312 | \$ 423 |

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 | Variance with |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | <u>\$ 171,704</u> | <u>\$ 171,704</u> | <u>\$ 244,246</u> | <u>\$ 72,542</u> |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|---------------------|---------------------|-------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ 340,397 | \$ 340,397 | \$ 221,886 | \$ (118,511) |
| Total Revenues | 340,397 | 340,397 | 221,886 | (118,511) |
| EXPENDITURES | | | | |
| 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) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | Variance with |
|--|---------------------|-------------------|---------------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 188,810 | \$ 188,810 | \$ 322,300 | \$ 133,490 |
| Investment Earnings | | | 30,295 | 30,295 |
| Total Revenues | 188,810 | 188,810 | 352,595 | 163,785 |
| EXPENDITURES | | | | |
| Capital Outlay | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 188,810 | 188,810 | 352,595 | 163,785 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | | (410,000) | (449,509) | 39,509 |
| Total Other Financing Sources (Uses) | 0 | (410,000) | (449,509) | 39,509 |
| Net Change In Fund Balances | 188,810 | (221,190) | (96,914) | 203,294 |
| Fund Balance - Beginning of Year | 1,139,794 | 1,139,794 | 1,139,794 | 0 |
| Fund Balance - End of Year | <u>\$ 1,328,604</u> | <u>\$ 918,604</u> | <u>\$ 1,042,880</u> | <u>\$ 203,294</u> |

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

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

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 | Variance with |
|--|-------------------|-------------------|---------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 159,350 | \$ 159,350 | \$ 215,399 | \$ 56,049 |
| Investment Earnings | | | 23,211 | 23,211 |
| Total Revenues | 159,350 | 159,350 | 238,610 | 79,260 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 159,350 | 159,350 | 238,610 | 79,260 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (159,350) | (159,350) | (32,275) | 127,075 |
| Total Other Financing Sources (Uses) | (159,350) | (159,350) | (32,275) | 127,075 |
| Net Change in Fund Balance | 0 | 0 | 206,335 | 206,335 |
| Fund Balance - Beginning of Year | 950,262 | 950,262 | 950,262 | 0 |
| 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 | Variance with |
|--|-------------------|-------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 92,920 | \$ 92,920 | \$ 135,159 | \$ 42,239 |
| Investment Earnings | | | 10,020 | 10,020 |
| Total Revenues | 92,920 | 92,920 | 145,179 | 52,259 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 92,920 | 92,920 | 145,179 | 52,259 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (92,920) | (92,920) | (42,479) | 50,441 |
| Total Other Financing Sources (Uses) | (92,920) | (92,920) | (42,479) | 50,441 |
| Net Change in Fund Balance | 0 | 0 | 102,700 | 102,700 |
| Fund Balance - Beginning of Year | 391,469 | 391,469 | 391,469 | 0 |
| Fund Balance - End of Year | <u>\$ 391,469</u> | <u>\$ 391,469</u> | <u>\$ 494,169</u> | <u>\$ 102,700</u> |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 123,890 | \$ 123,890 | \$ 193,192 | \$ 69,302 |
| Investment Earnings | | | 13,805 | 13,805 |
| Total Revenues | 123,890 | 123,890 | 206,997 | 83,107 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | | 9,106 | (9,106) |
| Total Expenditures | 0 | 0 | 9,106 | (9,106) |
| Excess (Deficiency) of Revenues over Expenditures | 123,890 | 123,890 | 197,891 | 74,001 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (123,890) | (123,890) | (280,738) | (156,848) |
| Total Other Financing Sources (Uses) | (123,890) | (123,890) | (280,738) | (156,848) |
| Net Change in Fund Balance | 0 | 0 | (82,847) | (82,847) |
| Fund Balance - Beginning of Year | 683,102 | 683,102 | 683,102 | 0 |
| Fund Balance - End of Year | <u>\$ 683,102</u> | <u>\$ 683,102</u> | <u>\$ 600,255</u> | <u>\$ (82,847)</u> |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|-------------------|-----------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 51,780 | \$ 51,780 | \$ 86,304 | \$ 34,524 |
| Total Revenues | 51,780 | 51,780 | 86,304 | 34,524 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 51,780 | 51,780 | 86,304 | 34,524 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | Variance with |
|--|------------------|------------------|-------------|--------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ 400 | \$ 400 | \$ 143 | \$ 467 |
| Total Revenues | 400 | 400 | 143 | (257) |
| EXPENDITURES | | | | |
| Community Services | | | 110 | (110) |
| Total Expenditures | 0 | 0 | 110 | (110) |
| Excess (Deficiency) of Revenues over Expenditures | 400 | 400 | 33 | (367) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | <u>\$ 36,919</u> | <u>\$ 36,919</u> | <u>\$ 0</u> | <u>\$ (36,919)</u> |

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

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 34,420 | \$ 34,420 | \$ 51,688 | \$ 17,268 |
| Total Revenues | 34,420 | 34,420 | 51,688 | 17,268 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | \$ (139,851) | \$ (139,851) | \$ 23,675 | \$ 163,526 |

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

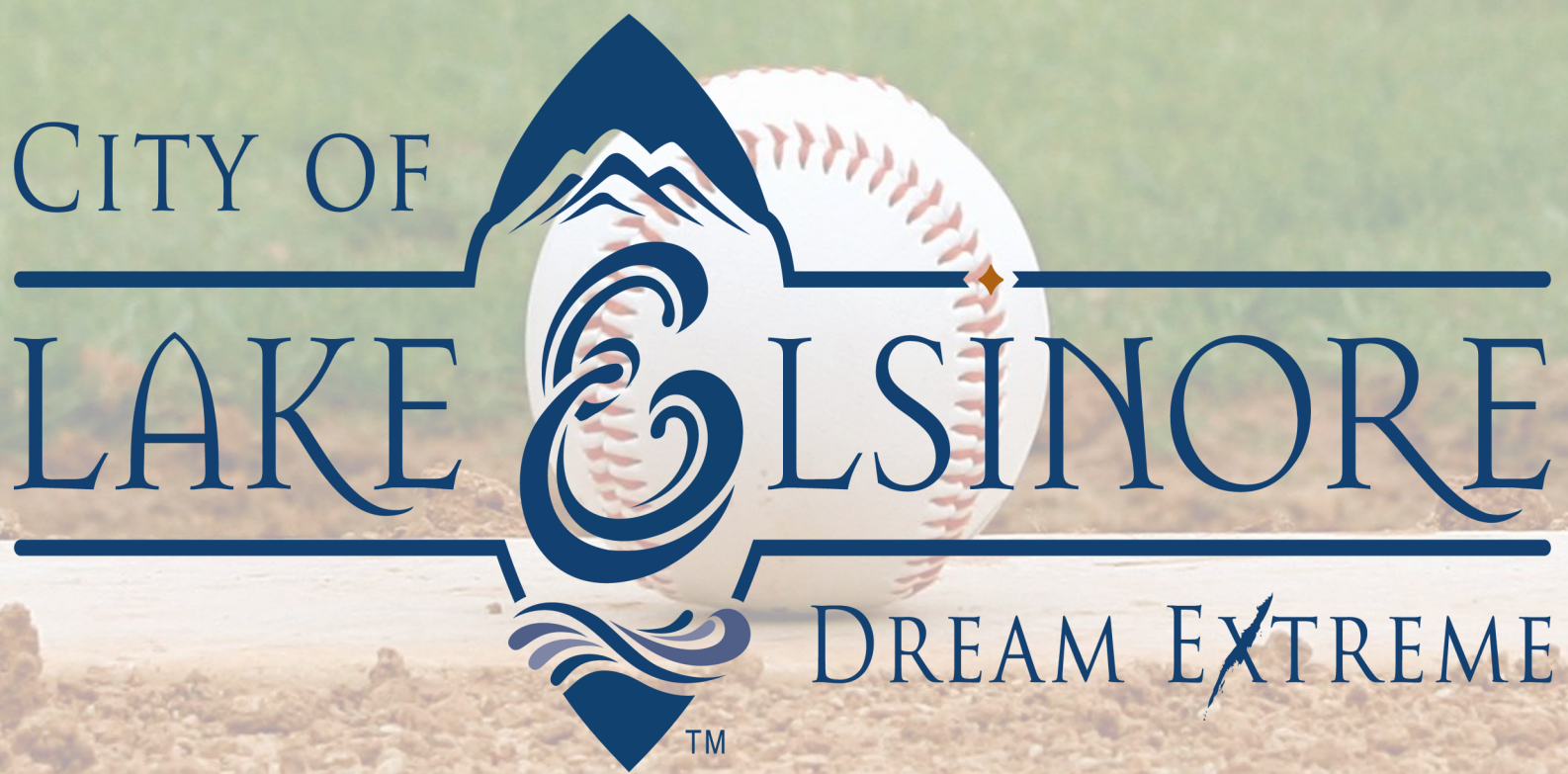
| | Miscellaneous General Project | Park Improvement and Development | Street Capital Improvements | Storm Drains |
|--|-------------------------------------|---|--------------------------------|---------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 651,819 | \$ 11,945 | \$ | \$ 2,389,969 |
| 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> |
| LIABILITIES | | | | |
| Due to Other Funds | \$ | \$ | \$ | \$ |
| Unearned Revenue - Other | | | | |
| | | | | |
| Total Liabilities | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCES | | | | |
| Restricted | | 12,000 | 0 | 2,401,787 |
| Assigned | 655,312 | | | |
| | | | | |
| 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 |
| <u>\$ 1,680,749</u> | <u>\$ 0</u> | <u>\$ 3,631,496</u> | <u>\$ 612</u> | <u>\$ 850,889</u> |
| \$ | \$ | \$ | \$ 612 | \$ |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>612</u> | <u>0</u> |
| 1,680,749 | 0 | 3,631,496 | 0 | 850,889 |
| <u>1,680,749</u> | <u>0</u> | <u>3,631,496</u> | <u>0</u> | <u>850,889</u> |
| <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

| | Road Improvement Program Fund | TUMF | Total Other Capital Projects Funds |
|--|-------------------------------------|-----------------------------|--|
| ASSETS | | | |
| 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 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 4,198,570</u> | <u>\$ 26,405</u> | <u>\$ 13,457,820</u> |
| LIABILITIES | | | |
| Due to Other Funds | \$ | \$ | \$ 612 |
| Unearned Revenue - Other | | 23,710 | 23,710 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>0</u> | <u>23,710</u> | <u>24,322</u> |
| FUND BALANCES | | | |
| Restricted | 4,198,570 | 2,695 | 12,778,186 |
| Assigned | | | 655,312 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>4,198,570</u> | <u>2,695</u> | <u>13,433,498</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ 4,198,570</u> | <u>\$ 26,405</u> | <u>\$ 13,457,820</u> |



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

| | Miscellaneous General Project | Park Improvement and Development | Street Capital Improvements | Storm Drains |
|--|-------------------------------------|---|--------------------------------|-----------------|
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ | \$ 16,423 | \$ | \$ 122,451 |
| Investment Earnings | 29,451 | 371 | | 76,038 |
| Miscellaneous | | | | |
| Total Revenues | 29,451 | 16,794 | 0 | 198,489 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | \$ | \$ 505,055 | \$ 191,969 | \$ 51,193 |
| 37,255 | 3 | 76,201 | 2,467 | 18,241 |
| <u>98,605</u> | <u>3</u> | <u>581,256</u> | <u>194,436</u> | <u>69,434</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>98,605</u> | <u>3</u> | <u>581,256</u> | <u>194,436</u> | <u>69,434</u> |
| <u>(39,370)</u> | <u>(805)</u> | <u>(119,319)</u> | <u>(202,943)</u> | <u>(3,967)</u> |
| <u>(39,370)</u> | <u>(805)</u> | <u>(119,319)</u> | <u>(202,943)</u> | <u>(3,967)</u> |
| 59,235 | (802) | 461,937 | (8,507) | 65,467 |
| <u>1,621,514</u> | <u>802</u> | <u>3,169,559</u> | <u>8,507</u> | <u>785,422</u> |
| <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 |
|--|-------------------------------------|-----------------|--|
| REVENUES | | | |
| Licenses, Permits and Fees | \$ | \$ | \$ 948,441 |
| Investment Earnings | 3,281 | | 243,308 |
| Miscellaneous | | 24,122 | 24,122 |
| | <u>3,281</u> | <u>24,122</u> | <u>1,215,871</u> |
| Total Revenues | <u>3,281</u> | <u>24,122</u> | <u>1,215,871</u> |
| EXPENDITURES | | | |
| 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 |
| | <u>495,837</u> | <u>0</u> | <u>509,755</u> |
| Total Expenditures | <u>495,837</u> | <u>0</u> | <u>509,755</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(492,556)</u> | <u>24,122</u> | <u>706,116</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 518,064 | 80,899 | 801,906 |
| Transfers Out | (3,554,364) | (19,268) | (6,679,792) |
| | <u>(3,036,300)</u> | <u>61,631</u> | <u>(5,877,886)</u> |
| Total Other Financing Sources (Uses) | <u>(3,036,300)</u> | <u>61,631</u> | <u>(5,877,886)</u> |
| Net Change in Fund Balances | (3,528,856) | 85,753 | (5,171,770) |
| Fund Balances - Beginning of Year | <u>7,727,426</u> | <u>(83,058)</u> | <u>18,605,268</u> |
| Fund Balances - End of Year | <u>\$ 4,198,570</u> | <u>\$ 2,695</u> | <u>\$ 13,433,498</u> |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|-------------|----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 29,451 | \$ 29,451 |
| Total Revenues | 0 | 0 | 29,451 | 29,451 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | \$ 1,918,492 | \$ 1,918,492 | \$ 655,312 | \$ (1,263,180) |

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 | Variance with |
|--|------------------|-------------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Licenses, Permits, and Fees | \$ 6,980 | \$ 6,980 | \$ 16,423 | \$ 9,443 |
| Investment Earnings | | | 371 | 371 |
| Total Revenues | 6,980 | 6,980 | 16,794 | 9,814 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Development | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 6,980 | 6,980 | 16,794 | 9,814 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (104,126) | (104,126) | (26,850) | 77,276 |
| Total Other Financing Sources (Uses) | (104,126) | (104,126) | (26,850) | 77,276 |
| 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 |
| Fund Balance End of Year | \$ 133,162 | \$ (75,090) | \$ 12,000 | \$ 87,090 |

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 | Variance with |
|--|------------------|--------------|-------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ 50 | \$ 50 | \$ | \$ (50) |
| Total Revenues | 50 | 50 | 0 | (50) |
| EXPENDITURES | | | | |
| Capital Outlay | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 50 | 50 | 0 | (50) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | <u>\$ 97</u> | <u>\$ 97</u> | <u>\$ 0</u> | <u>\$ (97)</u> |

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

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

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

| | Budgeted Amounts | | Actual | Variance with |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| 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 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 66,330 | 66,330 | 98,605 | 32,275 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | <u>\$ 1,621,514</u> | <u>\$ 1,621,514</u> | <u>\$ 1,680,749</u> | <u>\$ 59,235</u> |

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

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

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 348,780 | \$ 348,780 | \$ 505,055 | \$ 156,275 |
| Investment Earnings | | | 76,201 | 76,201 |
| Total Revenues | 348,780 | 348,780 | 581,256 | 232,476 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 348,780 | 348,780 | 581,256 | 232,476 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (374,638) | (374,638) | (119,319) | 255,319 |
| Total Other Financing Sources (Uses) | (374,638) | (374,638) | (119,319) | 255,319 |
| Net Change in Fund Balance | (25,858) | (25,858) | 461,937 | 487,795 |
| Fund Balance - Beginning of Year | 3,169,559 | 3,169,559 | 3,169,559 | 0 |
| Fund Balance - End of Year | \$ 3,143,701 | \$ 3,143,701 | \$ 3,631,496 | \$ 487,795 |

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 | Variance with |
|--|------------------|-----------------|-------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 116,380 | \$ 116,380 | \$ 191,969 | \$ 75,589 |
| Investment Earnings | | | 2,467 | 2,467 |
| Total Revenues | 116,380 | 116,380 | 194,436 | 78,056 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 116,380 | 116,380 | 194,436 | 78,056 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (116,380) | (116,380) | (202,943) | (86,563) |
| Total Other Financing Sources (Uses) | (116,380) | (116,380) | (202,943) | (86,563) |
| Net Change in Fund Balance | 0 | 0 | (8,507) | (8,507) |
| Fund Balance - Beginning of Year | 8,507 | 8,507 | 8,507 | 0 |
| 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 | Variance with |
|--|--------------------|--------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Licenses, Permits and Fees | \$ 13,400 | \$ 13,400 | \$ 51,193 | \$ 37,793 |
| Investment Earnings | | | 18,241 | 18,241 |
| Total Revenues | 13,400 | 13,400 | 69,434 | 56,034 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Services | | | | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues over Expenditures | 13,400 | 13,400 | 69,434 | 56,034 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (834,603) | (834,603) | (3,967) | 830,636 |
| Total Other Financing Sources (Uses) | (834,603) | (834,603) | (3,967) | 830,636 |
| Net Change in Fund Balance | (821,203) | (821,203) | 65,467 | 886,670 |
| Fund Balance - Beginning of Year | 785,422 | 785,422 | 785,422 | 0 |
| Fund Balance - End of Year | <u>\$ (35,781)</u> | <u>\$ (35,781)</u> | <u>\$ 850,889</u> | <u>\$ 886,670</u> |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ | \$ | \$ 3,281 | \$ 3,281 |
| Total Revenues | 0 | 0 | 3,281 | 3,281 |
| EXPENDITURES | | | | |
| 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 |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | \$ 6,470,601 | \$ 5,969,914 | \$ 4,198,570 | \$ (1,771,344) |

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

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

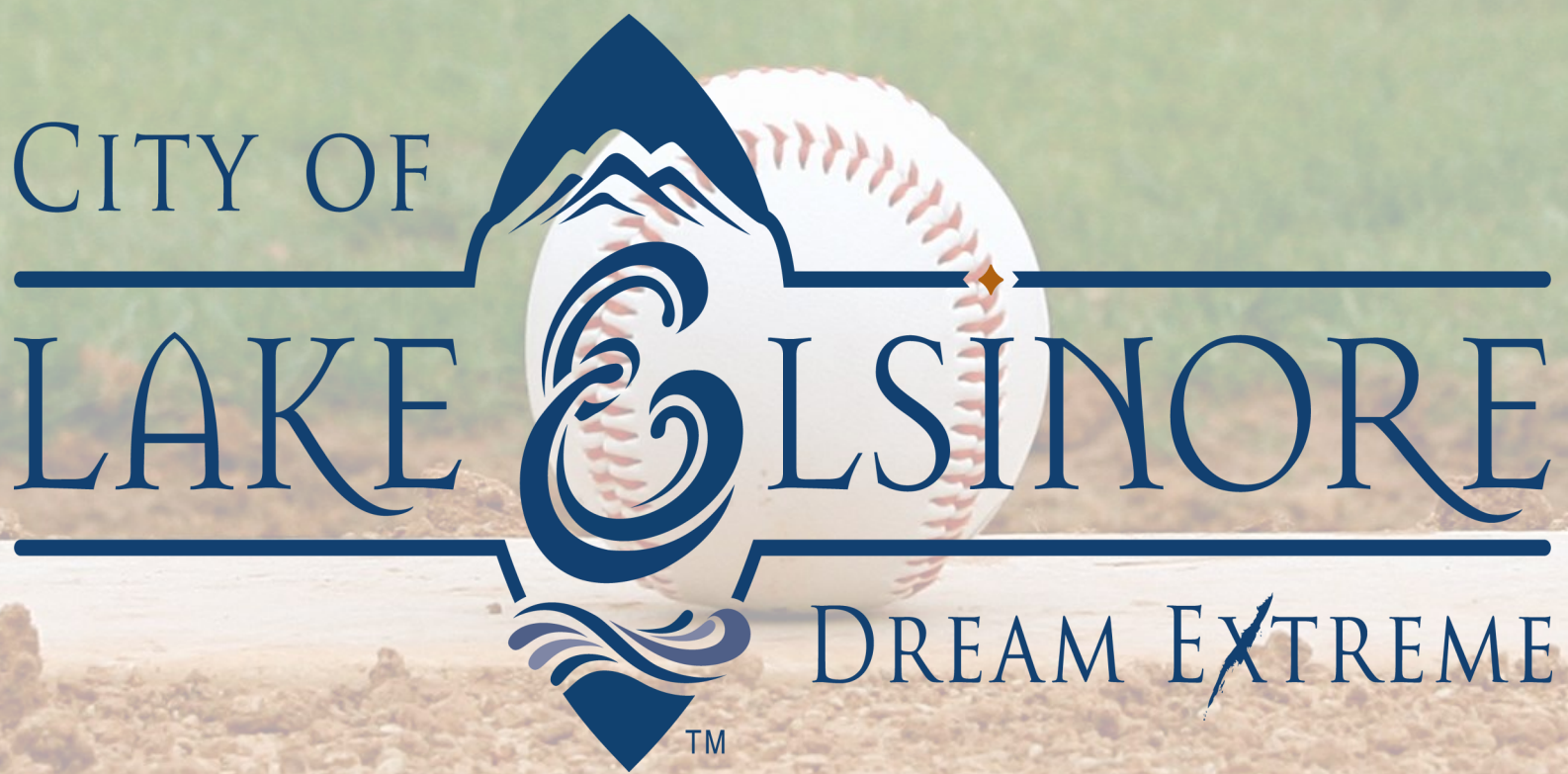
| | Budgeted Amounts | | Actual | Variance with |
|--|---------------------|------------------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Intergovernmental Revenues | \$ | \$ | \$ 1,952,572 | \$ (1,952,572) |
| Contributions from Property Owners | | | 202,620 | (202,620) |
| Miscellaneous | | | 8,160 | (8,160) |
| | | | | |
| Total Revenues | 0 | 0 | 2,163,352 | 2,163,352 |
| EXPENDITURES | | | | |
| Capital Outlay | | 48,052,760 | 13,443,289 | 34,609,471 |
| | | | | |
| Total Expenditures | 0 | 48,052,760 | 13,443,289 | 34,609,471 |
| | | | | |
| Excess (Deficiency) of Revenues over Expenditures | 0 | (48,052,760) | (11,279,937) | 36,772,823 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | | 13,101,591 | 13,101,591 |
| | | | | |
| Total Other Financing Sources (Uses) | 0 | 0 | 13,101,591 | 13,101,591 |
| | | | | |
| Net Change in Fund Balance | 0 | (48,052,760) | 1,821,654 | 49,874,414 |
| | | | | |
| Fund Balance - Beginning | (939,546) | (939,546) | (939,546) | 0 |
| | | | | |
| 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 | Variance with |
|--|------------------|-----------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Investment Earnings | \$ 100 | \$ 100 | \$ 339 | \$ 239 |
| Total Revenues | 100 | 100 | 339 | 239 |
| EXPENDITURES | | | | |
| 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 | \$ 31,108 | \$ 31,108 | \$ 31,347 | \$ 239 |



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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 providing central mailing and reprographic services.

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

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

City of Lake Elsinore, 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> |
|---------------------------------------|-------------------|---------------------|-----------------------------|-----------------------|
| ASSETS | | | | |
| 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> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| 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> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | | 7,707 | 5,416 | 31,244 |
| 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> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | | 39,280 | 9,895 | 341,947 |
| 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 |
| <u>718,776</u> | <u>1,796,258</u> |
| | 391,122 |
| <u>0</u> | <u>391,122</u> |
| <u>718,776</u> | <u>2,187,380</u> |
| <u>14,685</u> | <u>90,740</u> |
| <u>14,685</u> | <u>90,740</u> |
| 7,900 | 52,267 |
| <u>1,893</u> | <u>12,001</u> |
| <u>9,793</u> | <u>64,268</u> |
| <u>9,793</u> | <u>64,268</u> |
| 723,668 | 391,122 |
| <u>723,668</u> | <u>1,822,730</u> |
| <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> |
|---|--------------------------|--------------------------|-----------------------------|--------------------------|
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 894,978 | \$ 794,667 | \$ 97,738 | \$ 530,620 |
| Other Revenues | | | | 30,601 |
| | | | | <u>30,601</u> |
| Total Operating Revenues | <u>894,978</u> | <u>794,667</u> | <u>97,738</u> | <u>561,221</u> |
| OPERATING EXPENSES | | | | |
| 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 | | | |
| Depreciation | | 3,223 | 900 | 18,032 |
| | | | | <u>18,032</u> |
| Total Operating Expenses | <u>575,557</u> | <u>712,439</u> | <u>79,864</u> | <u>451,544</u> |
| Operating Income (Loss) | <u>319,421</u> | <u>82,228</u> | <u>17,874</u> | <u>109,677</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment Earnings | | | 2,177 | |
| | | | | <u>2,177</u> |
| Income (Loss) Before Transfers | 319,421 | 82,228 | 20,051 | 109,677 |
| Transfers In | <u>450,000</u> | <u>109,541</u> | | <u>399,266</u> |
| Change in Net Position | 769,421 | 191,769 | 20,051 | 508,943 |
| Net Position - Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Position - End of Year | <u><u>\$ 769,421</u></u> | <u><u>\$ 191,769</u></u> | <u><u>\$ 20,051</u></u> | <u><u>\$ 508,943</u></u> |

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

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> |
|---|-----------------------------|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 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 | | | |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided by (Used for) Operations | <u>(147,114)</u> | <u>65,969</u> | <u>24,190</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Advances from (to) Other Funds | <u>450,000</u> | <u>109,541</u> | |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>450,000</u> | <u>109,541</u> | <u>0</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of Capital Assets | | <u>(42,503)</u> | <u>(10,795)</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>0</u> | <u>(42,503)</u> | <u>(10,795)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on Investments | | | <u>1,159</u> |
| | <u> </u> | <u> </u> | <u> </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><u>\$ 302,886</u></u> | <u><u>\$ 133,007</u></u> | <u><u>\$ 14,554</u></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 |
| <u>118,914</u> | <u>28,880</u> | <u>90,839</u> |
| 399,266 | 689,896 | 1,648,703 |
| <u>399,266</u> | <u>689,896</u> | <u>1,648,703</u> |
| (359,979) | | (413,277) |
| <u>(359,979)</u> | <u>0</u> | <u>(413,277)</u> |
| | | 1,159 |
| <u>0</u> | <u>0</u> | <u>1,159</u> |
| 158,201 | 718,776 | 1,327,424 |
| <u>0</u> | <u>0</u> | <u>0</u> |
| <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> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities | | | |
| 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 | |
| | <u> </u> | <u> </u> | <u> </u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <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 |
| 2,221 | 1,893 | 12,001 |
| <u> </u> | <u> </u> | <u> </u> |
| <u>\$ 118,914</u> | <u>\$ 28,880</u> | <u>\$ 90,839</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

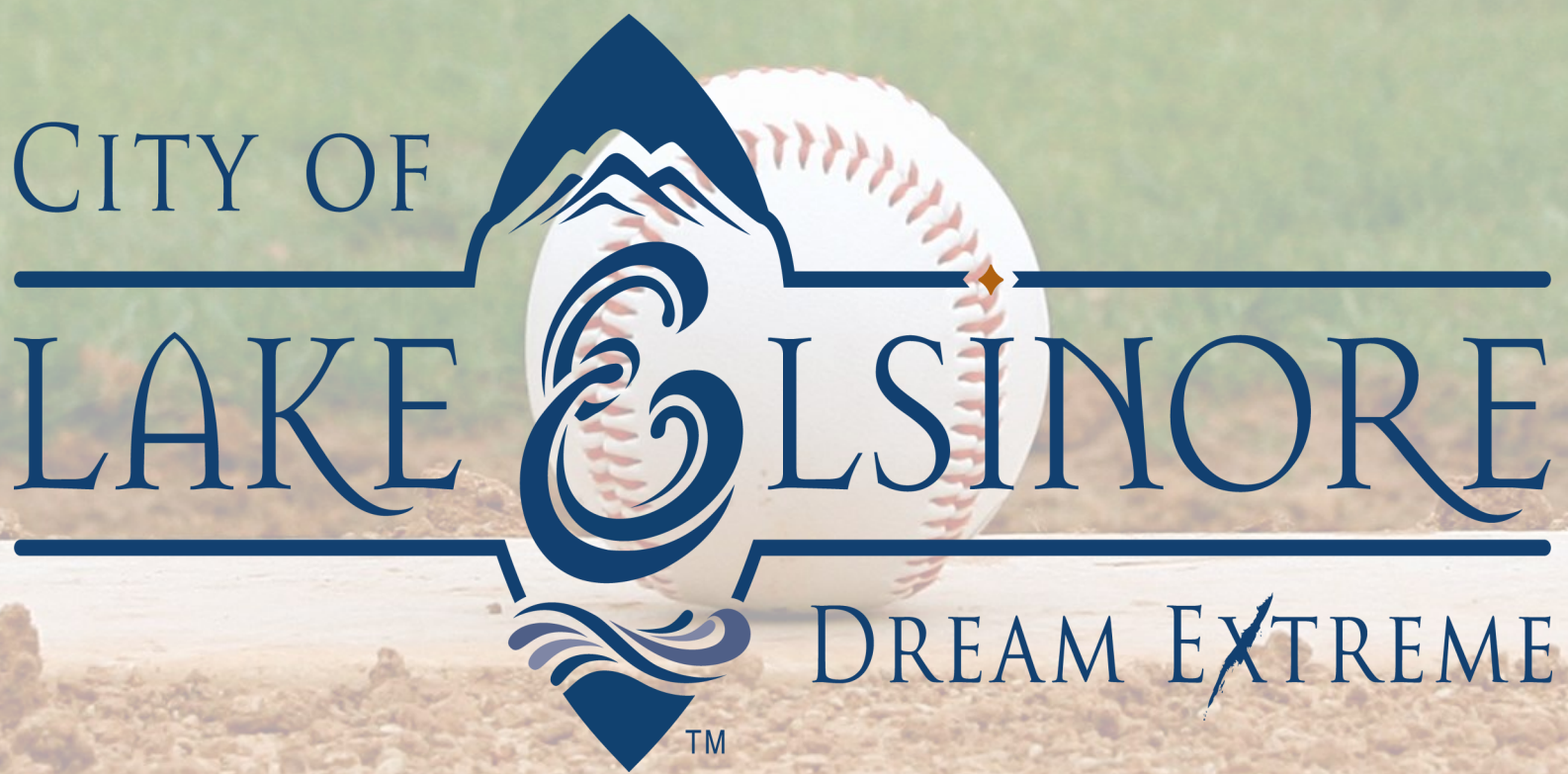
| | Developer Deposit Trust | Assessment Districts | Lake Maintenance | Destratification Equipment Replacement | Total Agency Funds |
|---|-------------------------------|-------------------------|---------------------|--|--------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 5,320,039 | \$ 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 |
| | <u>\$ 5,320,039</u> | <u>\$ 41,044,797</u> | <u>\$ 559,028</u> | <u>\$ 232,093</u> | <u>\$ 47,155,957</u> |
| Total Assets | <u>\$ 5,320,039</u> | <u>\$ 41,044,797</u> | <u>\$ 559,028</u> | <u>\$ 232,093</u> | <u>\$ 47,155,957</u> |
| LIABILITIES | | | | | |
| 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 |
| | <u>\$ 5,320,039</u> | <u>\$ 41,044,797</u> | <u>\$ 559,028</u> | <u>\$ 232,093</u> | <u>\$ 47,155,957</u> |
| Total Liabilities | <u>\$ 5,320,039</u> | <u>\$ 41,044,797</u> | <u>\$ 559,028</u> | <u>\$ 232,093</u> | <u>\$ 47,155,957</u> |

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 |
|--|----------------------|-----------------------|-----------------------|----------------------|
| DEVELOPER DEPOSIT TRUST | | | | |
| ASSETS | | | | |
| 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> |
| LIABILITIES | | | | |
| 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> |
| ASSESSMENT DISTRICTS | | | | |
| ASSETS | | | | |
| 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> |
| LIABILITIES | | | | |
| 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> |
| LAKE MAINTENANCE | | | | |
| ASSETS | | | | |
| 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> |
| LIABILITIES | | | | |
| 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> |

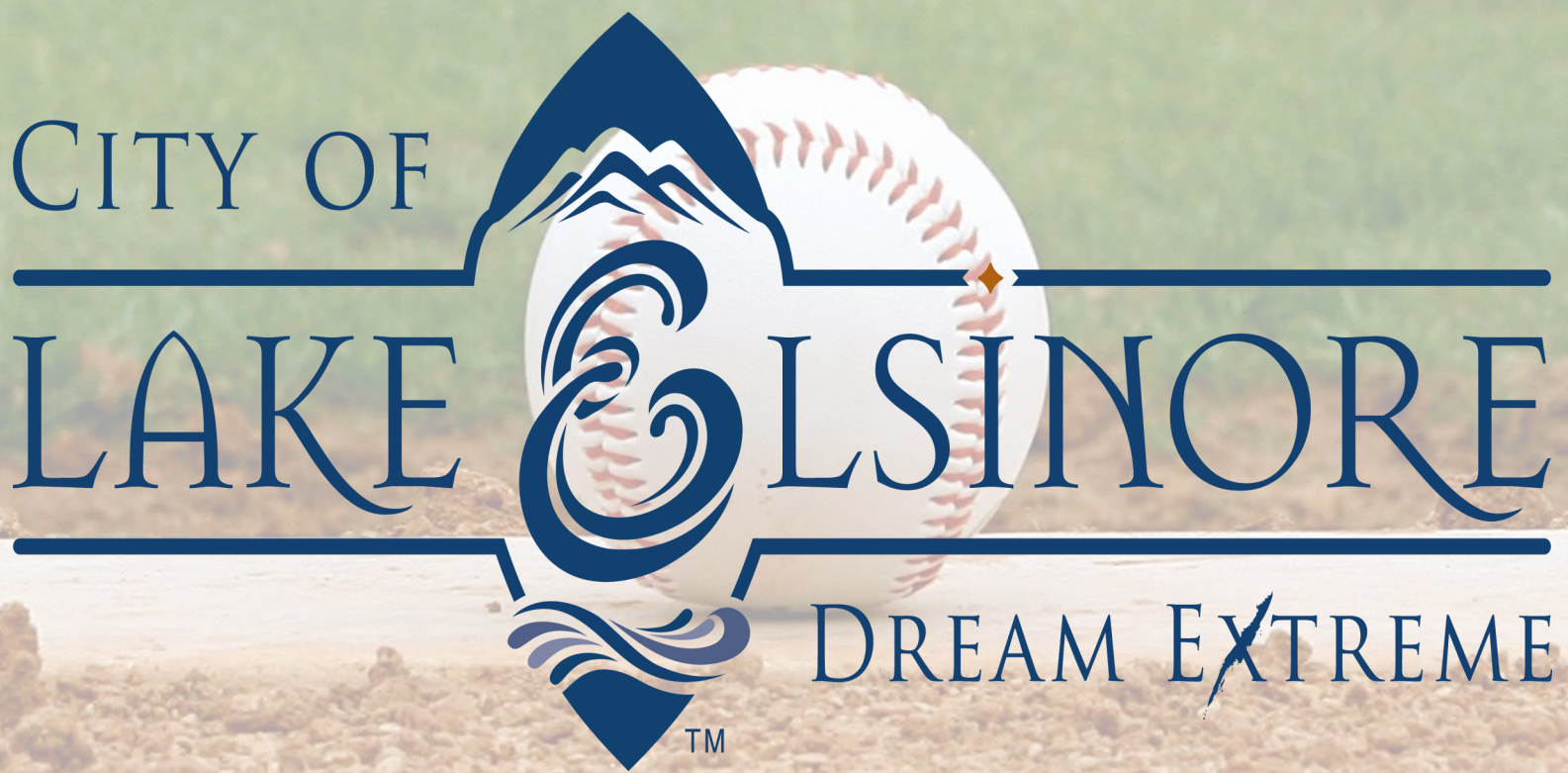
City of Lake Elsinore, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2016

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-----------------------|-----------------------|----------------------|
| DESTRATIFICATION EQUIPMENT | | | | |
| ASSETS | | | | |
| Cash and Investments | \$ 160,884 | \$ 70,532 | \$ | \$ 231,416 |
| Accrued Interest Receivable | 500 | 177 | | 677 |
| Due from Other Governments | 16,667 | | 16,667 | 0 |
| | <u>16,667</u> | | <u>16,667</u> | <u>0</u> |
| Total Assets | <u>\$ 178,051</u> | <u>\$ 70,709</u> | <u>\$ 16,667</u> | <u>\$ 232,093</u> |
| LIABILITIES | | | | |
| Deposits and Other Liabilities | \$ 178,051 | \$ 70,709 | \$ 16,667 | \$ 232,093 |
| | <u>178,051</u> | <u>70,709</u> | <u>16,667</u> | <u>232,093</u> |
| Total Liabilities | <u>\$ 178,051</u> | <u>\$ 70,709</u> | <u>\$ 16,667</u> | <u>\$ 232,093</u> |
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| 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 | 15,898,020 | 17,829,495 | 16,576,997 | 17,150,518 |
| | <u>15,898,020</u> | <u>17,829,495</u> | <u>16,576,997</u> | <u>17,150,518</u> |
| Total Assets | <u>\$ 37,085,580</u> | <u>\$ 81,584,745</u> | <u>\$ 71,514,368</u> | <u>\$ 47,155,957</u> |
| LIABILITIES | | | | |
| 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 | 34,835,477 | 105,773,963 | 99,885,107 | 40,724,333 |
| | <u>34,835,477</u> | <u>105,773,963</u> | <u>99,885,107</u> | <u>40,724,333</u> |
| Total Liabilities | <u>\$ 37,085,580</u> | <u>\$ 141,440,979</u> | <u>\$ 131,370,602</u> | <u>\$ 47,155,957</u> |



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STATISTICAL SECTION



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.

| CONTENTS | PAGES |
|--|--------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the government's financial performance and financial health have changed over time. | 166 - 175 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property tax. | 176 - 183 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. | 184 - 189 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. | 190 - 191 |
| Operating Information | |
| These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | 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 |
| GOVERNMENTAL ACTIVITIES | | | | |
| 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>\$ 178,173,483</u> | <u>\$ 181,236,969</u> | <u>\$ 166,858,188</u> | <u>\$ 160,094,137</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 |
| <u>(110,573,961)</u> | <u>(48,524,474)</u> | <u>(2,804,065)</u> | <u>7,500,328</u> | <u>(12,503,489)</u> | <u>(10,180,146)</u> |
| <u>\$ 165,631,681</u> | <u>\$ 228,071,614</u> | <u>\$ 219,501,789</u> | <u>\$ 213,927,880</u> | <u>\$ 215,948,262</u> | <u>\$ 210,044,700</u> |

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

| | Fiscal Year | | | |
|--|-----------------------|------------------------|------------------------|------------------------|
| | 2007 | 2008 | 2009 | 2010 |
| EXPENSES | | | | |
| 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> |
| PROGRAM REVENUES | | | | |
| 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> |
| NET REVENUES (EXPENSES) | | | | |
| Governmental Activities | (9,755,140) | (63,314,590) | (70,850,660) | (56,493,867) |
| Total Net Revenues (Expenses) | <u>\$ (9,755,140)</u> | <u>\$ (63,314,590)</u> | <u>\$ (70,850,660)</u> | <u>\$ (56,493,867)</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 |
| 7,674,342 | 8,835,312 | 6,451,470 | 6,330,889 | 8,097,248 | 11,204,357 |
| 58,876,917 | 54,525,285 | 52,988,370 | 53,162,931 | 58,548,655 | 64,865,479 |
| 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 |
| 6,573,426 | 4,539,293 | 9,587,008 | 6,485,279 | 21,044,552 | 5,901,491 |
| 16,128,872 | 13,706,504 | 31,238,202 | 38,673,109 | 52,717,937 | 39,056,882 |
| (42,748,045) | (40,818,781) | (21,750,168) | (14,489,822) | (5,830,718) | (25,808,597) |
| \$ (42,748,045) | \$ (40,818,781) | \$ (21,750,168) | \$ (14,489,822) | \$ (5,830,718) | \$ (25,808,597) |

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 |
| GENERAL REVENUES | | | | |
| 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> |
| CHANGES IN NET POSITION | | | | |
| 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) | - |
| - | 61,700,316 | - | - | - | - |
| 48,285,589 | 103,258,714 | 17,373,560 | 8,810,860 | 16,175,110 | 21,370,859 |
| 5,537,544 | 62,439,933 | (4,376,008) | (5,678,962) | 10,344,392 | (4,437,738) |
| \$ 5,537,544 | \$ 62,439,933 | \$ (4,376,008) | \$ (5,678,962) | \$ 10,344,392 | \$ (4,437,738) |

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 |
| GENERAL FUND | | | | |
| Reserved | \$ 9,936,859 | \$ 9,476,355 | \$ 8,580,684 | \$ 8,589,723 |
| Unreserved | 10,496,356 | 9,285,492 | 8,762,248 | 6,327,596 |
| Total General Fund | <u>\$ 20,433,215</u> | <u>\$ 18,761,847</u> | <u>\$ 17,342,932</u> | <u>\$ 14,917,319</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| 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 | 13,041,510 | 8,824,274 | 2,966,273 | 5,497,137 |
| Total All Other Governmental Funds | <u>\$ 225,964,727</u> | <u>\$ 202,451,565</u> | <u>\$ 168,134,594</u> | <u>\$ 145,664,126</u> |
| GENERAL FUND | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Unassigned | - | - | - | - |
| Total General Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

Source: City Finance Department

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 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> |
| \$ 4,027,179 | \$ 2,505,503 | \$ 1,821,906 | \$ 1,264,392 | \$ 1,016,468 | \$ 1,029,015 |
| 10,788,602 | 11,826,885 | 12,017,317 | 10,488,843 | 10,954,475 | 11,365,894 |
| <u>\$ 14,815,781</u> | <u>\$ 14,332,388</u> | <u>\$ 13,839,223</u> | <u>\$ 11,753,235</u> | <u>\$ 11,970,943</u> | <u>\$ 12,394,909</u> |
| \$ 84,348,929 | \$ 76,688,811 | \$ 20,003 | \$ 20,003 | \$ 132,037 | \$ 124,177 |
| 105,281,543 | 79,292,713 | 202,134,812 | 199,162,404 | 335,415,122 | 303,860,121 |
| 11,255,852 | 12,548,403 | 1,034,681 | 1,232,105 | 1,929,497 | 1,548,764 |
| (38,062,318) | (987,601) | (905,426) | (1,014,226) | (1,316,398) | (891) |
| <u>\$ 162,824,006</u> | <u>\$ 167,542,326</u> | <u>\$ 202,284,070</u> | <u>\$ 199,400,286</u> | <u>\$ 336,160,258</u> | <u>\$ 305,532,171</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 |
| REVENUES | | | | |
| 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 | 120,614,205 | 84,936,720 | 67,741,247 | 62,604,468 |
| EXPENDITURES | | | | |
| 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 | 86,927,327 | 113,730,260 | 103,532,137 | 79,916,898 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 33,686,878 | (28,793,540) | (35,790,890) | (17,312,430) |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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) | - | 3,609,010 | - | 7,095,567 |
| Net Change in Fund Balances before Special and Extraordinary Items | 33,686,878 | (25,184,530) | (35,790,890) | (10,216,863) |
| Extraordinary/Special Items | - | - | - | - |
| Net Change in Fund Balances | \$ 33,686,878 | \$ (25,184,530) | \$ (35,790,890) | \$ (10,216,863) |
| 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

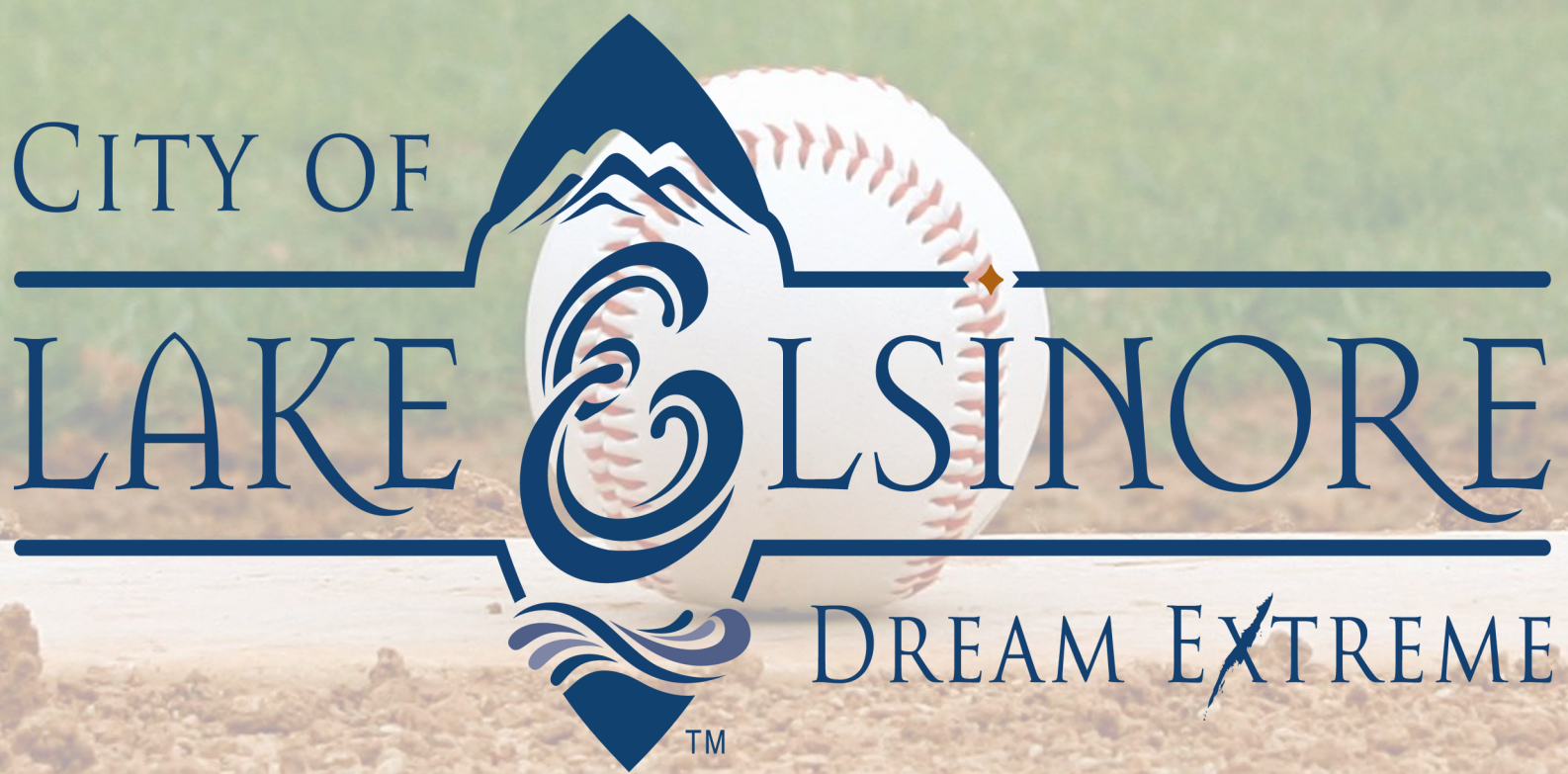
| Fiscal Year | | | | | | |
|---------------|---------------|---------------|----------------|----------------|-----------------|--|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| \$ 24,443,046 | \$ 14,738,584 | \$ 5,844,498 | \$ 5,495,091 | \$ 6,249,786 | \$ 6,551,939 | |
| 9,557,873 | 9,911,400 | 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



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

| <u>Fiscal Year Ended June 30</u> | <u>General Consumer Goods</u> | <u>Autos and Transportation</u> | <u>Business and Industry</u> | <u>Restaurants and Hotels</u> | <u>Building and Construction</u> |
|--|---------------------------------------|---|--------------------------------------|---------------------------------------|--|
| 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 ¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Meniffee 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 | 0.03222 | 0.02110 | 0.02031 | 0.02686 | 0.03126 | 0.03429 | 0.03429 | 0.06970 | 0.06303 | 0.06236 |
| Total Direct & Overlapping ² 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 ³ | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 | 0.17415 |
| GENERAL OBLIGATION DEBT RATE | | | | | | | | | | |
| RDA Basic Rate ⁴ | 1.00470 | 1.00450 | 1.00430 | 1.00430 | 1.00370 | 1.00370 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Total Direct Rate ⁵ | <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:

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

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

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

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

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

Source: Riverside County Assessor 2006/07 - 2015/16 Tax Rate Table

City of Lake Elsinore, California
Principal Property Tax Payers
Current Year Compared to 2007

| TAXPAYER | 2016 | | 2007 | |
|--|------------------------------|---|------------------------------|---|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value ⁽¹⁾ | Taxable Assessed Value | Percent of Total City Taxable Assessed Value ⁽²⁾ |
| Plaza Apartments Investment | \$ 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% |
| Helf Canyon Hills Market Place | 23,485,000 | 0.48% | - | 0.00% |
| Mohr Affinity, LLC | 23,236,130 | 0.48% | - | 0.00% |
| Walmart Sores 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% |
| | <u>\$ 249,794,065</u> | <u>5.15%</u> | <u>\$ 323,149,803</u> | <u>8.80%</u> |

(1) 2015-16 Local Secured Assessed Valuation: \$ 4,848,355,214

(2) 2006-07 Local Secured Assessed Valuation: \$ 3,670,623,178

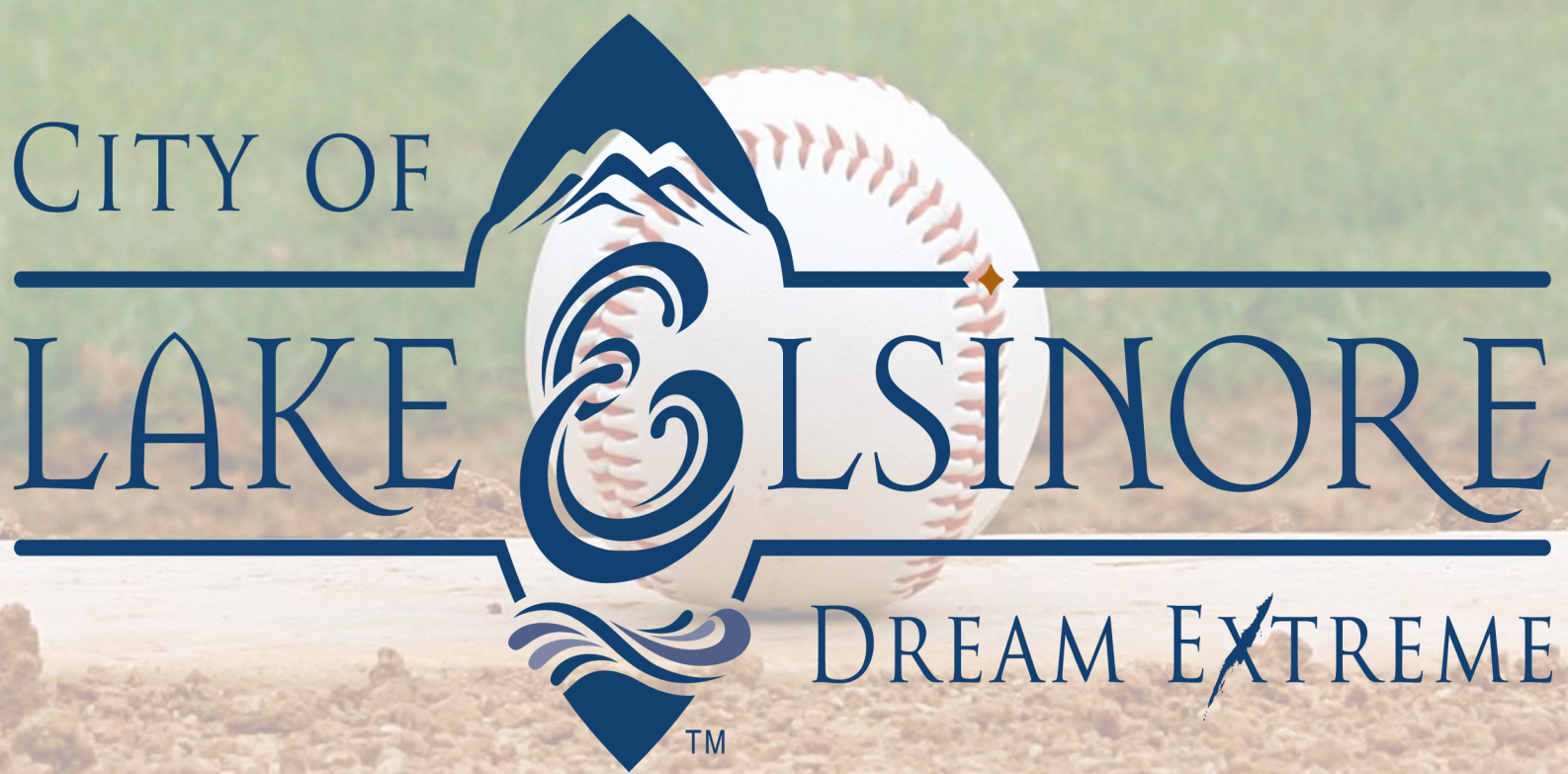
Source: Riverside County Assessor 2015/16 and 2006/07 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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



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

| Fiscal Year Ended June 30 | City | | | |
|---------------------------------|------------------|---------------|---------------------|------------------------------|
| | Secured | Unsecured | Less: Exemptions | Taxable Assessed Value |
| 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.

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

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

Source: Riverside County Assessor 2015/16 Combined Tax Rolls

Successor Agency for the Redevelopment Agency

| Secured | Unsecured | Less: Exemptions | Taxable Assessed Value | Total Direct Tax Rate |
|------------------|---------------|---------------------|------------------------------|-----------------------------|
| \$ 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) | | | | | | |
|-------------------------------------|-------------------------|----------------------|-------------------------------------|-------------------------------------|-----------------------|--|
| Certificates of Participation | Notes/ Loans Payable | Capitalized Lease | Total Governmental Activities | Percentage of Personal Income | Debt per Capita | |
| \$ - | \$ 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 |
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT | | | |
| 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 |
| TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT | | | <u>\$ 196,610,000</u> |
| OTHER OVERLAPPING TAX AND ASSESSMENT DEBT | | | |
| 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 |
| TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT | | | <u>\$ 44,668,883</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | <u>\$ 241,278,883</u> |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | | |
| DIRECT GENERAL FUND DEBT | | | |
| 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 |
| TOTAL DIRECT GENERAL FUND DEBT | | | <u>\$ 20,180,000</u> |
| OVERLAPPING GENERAL FUND DEBT | | | |
| 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 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | | <u>\$ 44,728,652</u> |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | <u>\$ 64,908,652</u> |
| Less: Riverside County General Fund Self-supporting Obligations | | | 127,046 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | <u>\$ 64,781,606</u> |
| OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY): | 100.000% | \$ 52,770,000 | <u>\$ 52,770,000</u> |
| Total Direct Debt | | | \$ 20,180,000 |
| Total Gross Overlapping Debt | | | \$ 338,777,535 |
| Total Net Overlapping Debt | | | \$ 338,650,489 |
| Gross Combined Total Debt (2) | | | \$ 358,957,535 |
| Net Combined Total Debt | | | \$ 358,830,489 |

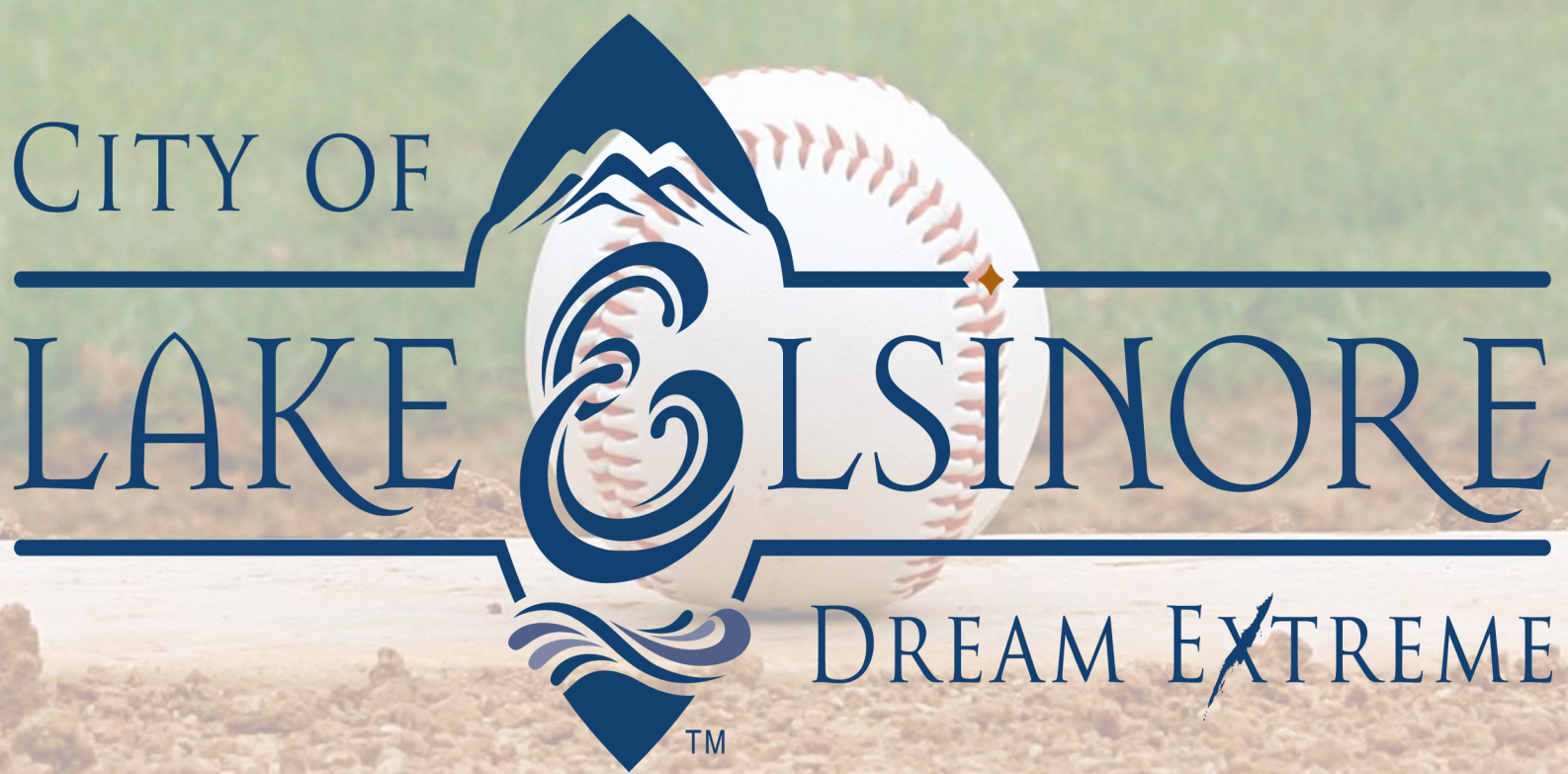
Notes:

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

*Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics



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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 | | | Coverage | Tax Allocation Bonds |
|---------------------------------|--|----------------------|--------------|------|---------------|----------------------------|
| | | Debt Service | | | | |
| | | 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 | |
|--|------------------------|------------------------------------|------------------------|------------------------------------|
| | Number of Employees | Percent of Total Employment* | Number of Employees | Percent of Total Employment* |
| EMPLOYMENT | | | | |
| Estimated Total Employment * | | 26,900 (1) | (1) | 21,600 |
| EMPLOYER | | | | |
| 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 | 140 | 0.52% | - (2) | 0.00% |
| 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

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 |
| Total | <u>101</u> | <u>101</u> | <u>82</u> | <u>76</u> | <u>75</u> | <u>76</u> | <u>79</u> | <u>85</u> | <u>83</u> | <u>91</u> |

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

Source: City Finance Department

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

| FUNCTION | Fiscal Year | | | |
|--|-------------|-----------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 |
| 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

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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