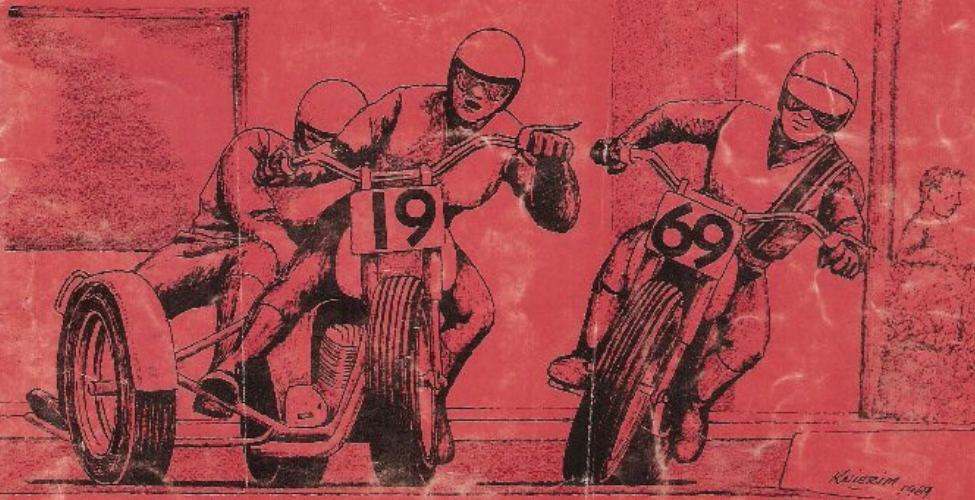


City of Lake Elsinore, California
Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2019



2ND ANNUAL
ELSINORE
GRAND PRIX



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PROGRAM
75¢**



CITY OF LAKE ELSINORE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2019

Prepared by:
Department of Administrative Services
Finance Division

CITY OF LAKE ELSINORE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2019

CITY OF LAKE ELSINORE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION







December 18, 2019

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, 2019 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.

The City has adopted the reporting provisions of Governmental Accounting Standards (GASB) Statement No. 1, which established the authoritative status of the pronouncements of its predecessor, the National Council on Governmental Accounting (NCGA), as well as, 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.

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 conform to the recommendations of GASB.

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

Independent Audit

State statutes require an annual audit by independent certified public accountants. Lance, Soll, & Lunghard (LSL), LLP., a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent audit firm has concluded that there was a reasonable basis

for rendering an unmodified opinion that the City of Lake Elsinore's financial statements for the year ended June 30, 2019, are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

Financial Reporting Entity

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

The City, as the Successor Agency to the Redevelopment Agency, continues to carry out remaining activities of the Redevelopment Agency. Because of the dissolution of the Redevelopment Agency of the City of Lake Elsinore, the agency is presented as a private purpose trust. Successor Agency trust information is disclosed in the notes to the financial statements (Note No. 17).

City Profile

Incorporated in 1888, the City of Lake Elsinore is located in the Elsinore Valley of Western Riverside County. The Elsinore Valley is centralized with about an hour to two hours' drive between major anchor cities such as San Diego, Los Angeles, Orange County, Palm Springs, and Big Bear. Serving a population of 62,949, 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. As of February 1, 2018, the City Transitioned from an At-Large to a By-District election system with five Districts. 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. Some events centered around the lake include fishing tournaments, kids fishing derby, National Water Ski races, jet skiing, kite surfing, and boat sailing.

Within the city limits, citizens and visitors can play at the: Skylark Field Airport (CA89), an airport for skydiving, airplane gliding, and airplane flying; Links at Summerly, an 18-hole golf course, dining, and celebration events such as weddings. Owned by the City, residents can visit our Diamond Stadium, a state-of-the-art baseball facility with the capacity of 14,000 spectators. Home base for the Storm Minor

League Baseball Team, other events are held such as high school graduations, music concerts, and off-road vehicle races.

Following the sports theme, citizens and visitors have access to our Rosetta Canyon Sports Park, Southern California's premier softball and multi-sport facility designed with a 5-tournament caliber color-coded softball field with synthetic turf. The park includes a CIF football/soccer field with synthetic turf, jogging pathways, two-story concession stand with observation deck, dog park, and community garden.



After capital improvements to the City owned campground and boat launch, the transformed Launch Pointe Recreation Destination & RV Park opened at the tail end of the fiscal year end 2019. Located on the North shore of the Lake, the resort includes boat launch, picnic areas, shade structures, splash pad, playground, pool, RV hookups, RV storage, laundry facility, parking, concession stand, bait & tackles shop, new entryway, administrative building, and a large community hall. The community hall provides a viewing deck of the lake and is available to rent for events such as weddings or parties. This lovely resort also includes Vintage Village a vintage trailer area in which vintage trailers can be rented by groups or individually. Yurt Village provides rentable furnished yurts of various sizes. The City anticipates an increased draw of visitors and revenue because of Launch Pointe.



Launch Pointe's Yurt in Yurt Village

Lake Elsinore is home of the famous Elsinore Grand Prix; a dirt-bike race that takes place through the streets of Old Town Lake Elsinore and around the Lake Elsinore area. This event became popular in the 1960s and early 1970s, drawing the likes of dirt-bike greats such as Malcolm Smith and Steve McQueen, to name a few. The race has always been set as an open format in which anyone can ride. In 1971, the documentary movie *On Any Sunday* by Bruce Brown included scenes from the Elsinore Grand Prix. This epic race festival is typically held around mid-November over a three-day weekend.



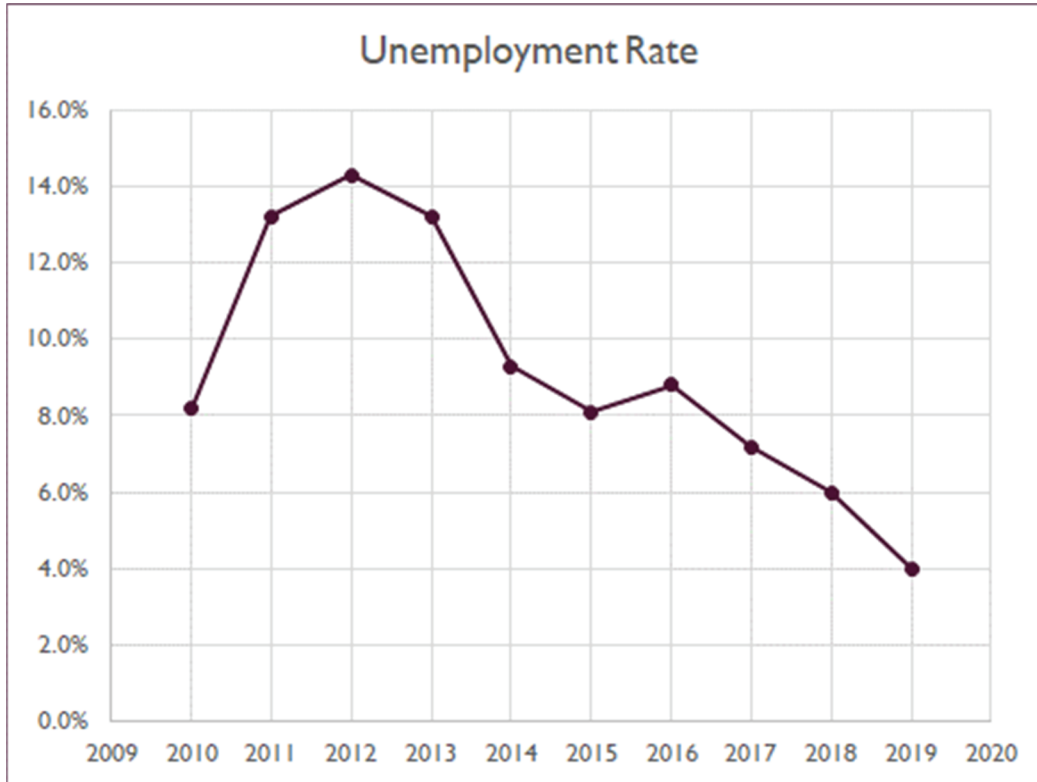
Scene from the Elsinore Grand Prix

The City provides a range of municipal services for citizens throughout the community that include maintenance of 18 parks, 3 public beaches, fire prevention, animal services, planning and development, building inspections, licenses and permits, construction and maintenance of streets, right-of-way landscaping maintenance, traffic and street lighting, capital improvements, general administration, recreational services, cultural activities, and lake services. The City contracts with Riverside County for both Police and Fire services. The Lake Elsinore Unified School District provides 23 schools for 21,565 students within the city limits and sphere of influence areas. Elsinore Valley Municipal Water District provides water and sewer services.

Local Economy

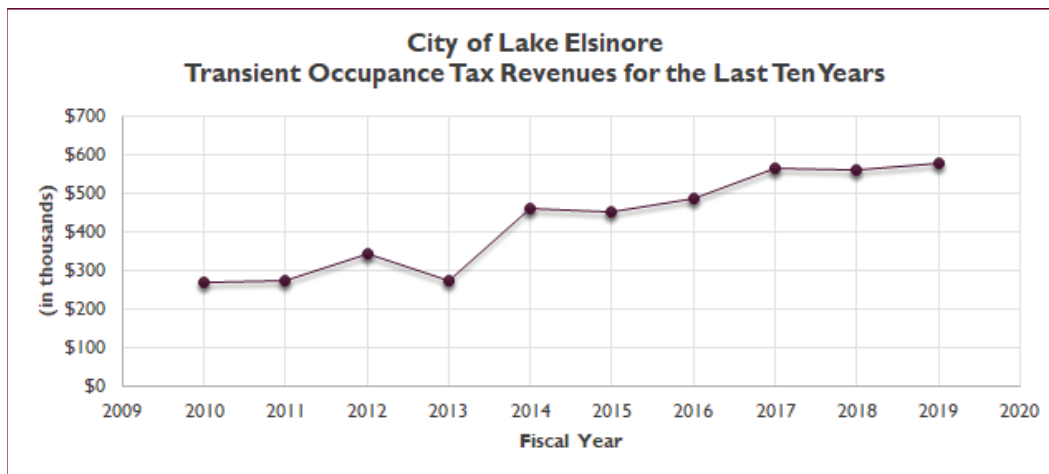
The City offers easy access to major freeways, available industrial and commercial land, quality labor force of both skilled and semi-skilled workers, and an economic philosophy of assisting local businesses for future growth. The region's geographic location, competitive cost structure and sophisticated logistics facilitates one of the fastest growing communities in the area. The City's median age is 30.3 with a per capital personal income of \$21,605. As shown in Chart 1, this is a slight increase from the prior year of \$20,142 with the unemployment rate at 4.0%, which is down from the prior year of 6.0%. The median housing price in the City is approximately \$370,000, which is a median decrease of 1.99% from the prior year. The median price paid for Southern California homes is in the \$541,250 range, which is a 1.2% increase from \$535,000 in June 2018.

Chart 1.



The City experienced an increase of 3.1% in the transient occupancy tax (TOT) revenues for a total of \$577,805 for the fiscal year from \$560,150 of the prior year as shown in Chart 2 below. The TOT revenue is the City's 10% tax received for short-term rental properties such as (but not limited to) hotels, motels, RV parks and campgrounds.

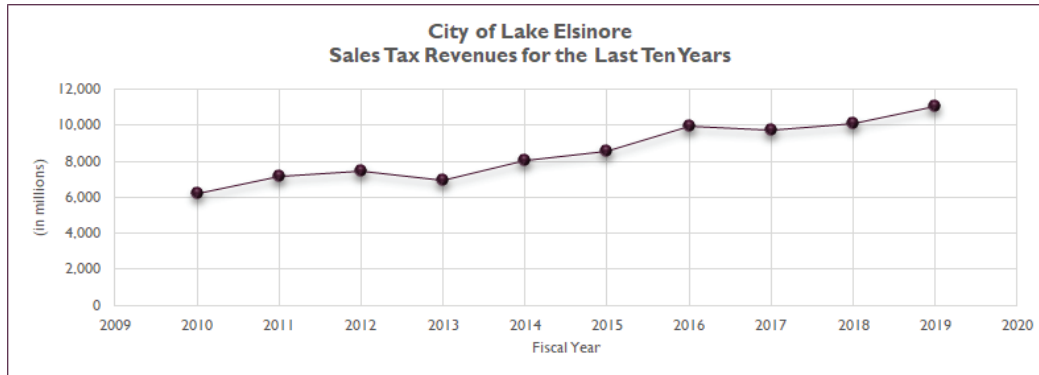
Chart 2.



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

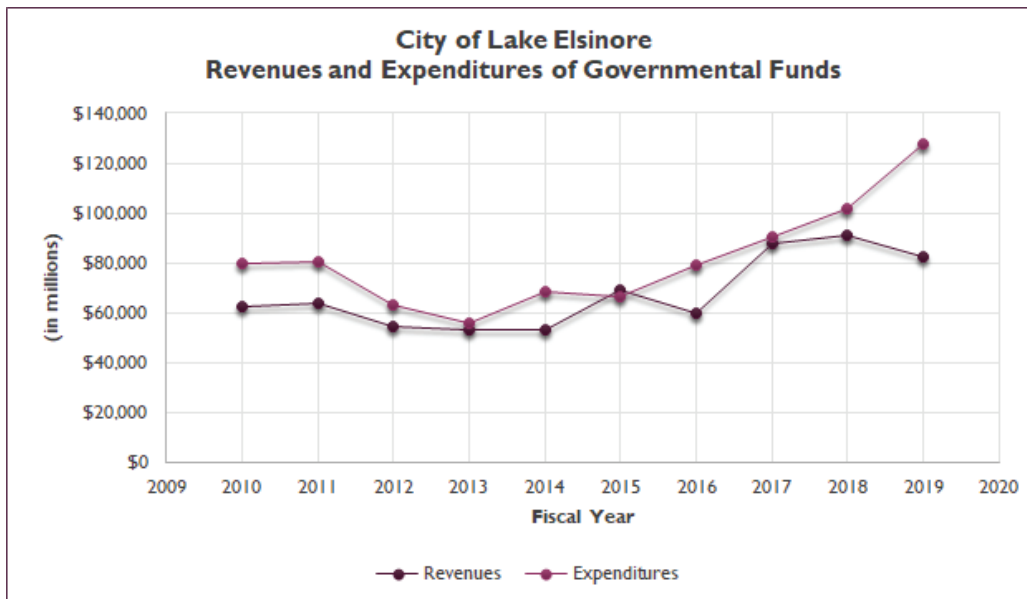
slight increase of sales overall of 9.8% for a total amount of \$11,057,497 as shown in Chart 3 below. Even though the California Department of Taxes and Fees Administration reporting software implementation issues have stabilized, 2 to 3 % allocation delays continue. With California's AB147, companies such as Amazon, eBay, and Wayfair are now required to collect and remit their clients sales and use tax, which should increase allocation to the City. The top producer industries that contributed to this revenue source were general consumer goods in the lead, auto sales second, and fuel and service stations third.

Chart 3.



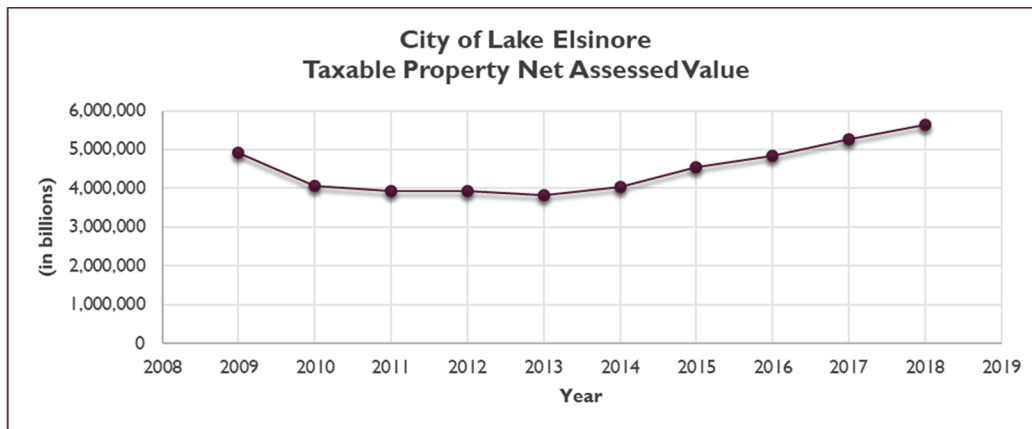
The City experienced a decrease in net position because of an increase in expenditures and a decrease in revenue overall as reflected in the Chart 4 below. The increase in expenditure resulted from capital improvement projects and debt service while the decrease in revenue resulted from decreases in licenses and permits and charges for services.

Chart 4.



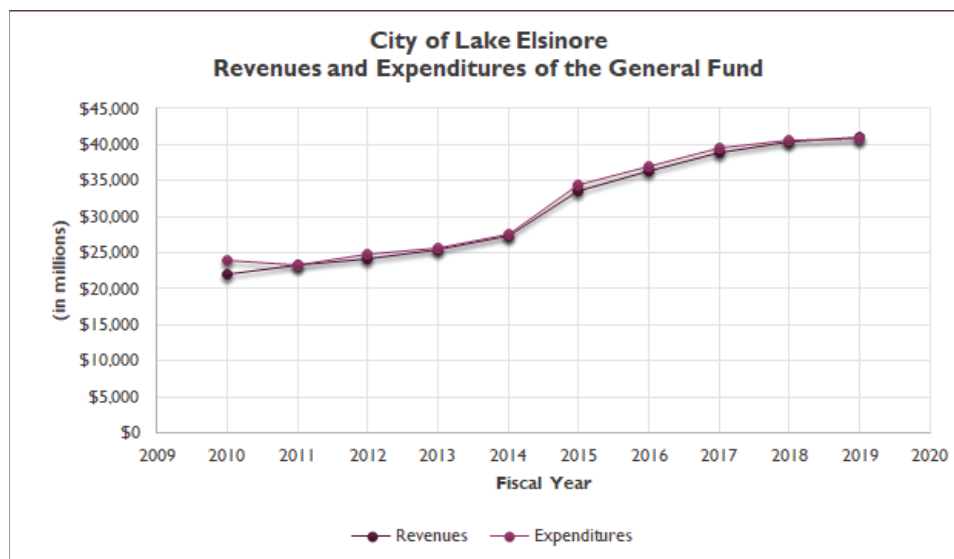
Taxable property net assessed values continue on a consistent upswing with only a little more than 1/3 built-out. The 2/3 of vacant land includes open frontage along California's Interstate 15 Highway available for commercial development. Chart 5 below shows full recovery from the housing market drop of 2008 and constitutes a 9.66% increase from last year.

Chart 5.



The City's General Fund, the main operating fund used to account and report financial resources not accounted for in another fund experienced a slight increase in revenues by 1.02% while the general fund expenditures increased by 1.01% for the fiscal year as shown by Chart 6 below. This chart reflects how Council's vision and goals permeate through the City Governance to the Citizens as the City experiences continued growth of the local economy. As the City grows the City's general fund increases and allows the City to provide improved level of services. The general fund chart not only shows the increased level of services but also demonstrates compliance with budgetary controls by "living within the means."

Chart 6.



This past fiscal year the City and Citizens experienced three unusual and natural events; the Holy Fire in September 2018 followed by flooding in October as a result of the fire. The rains that caused the flooding created a perfect environment for the California poppy flowers causing a super bloom in March and April 2019. This made National news and instigated visitors from around the world to see this super bloom in Lake Elsinore. Expenditures related to mitigating these natural events came from the general fund as well as some donations. Regardless of the costs, expenditures of \$40.8 million were less than the \$40.9 million revenue.



Things to Come

Through the Capital Improvement Plan, the City is currently working on construction of the Camino Del Norte missing link between Main Street and Canyon Estates Drive. This project consists of realignment and construction of new roadway; drainage culverts, sidewalks, curbs, gutters, and traffic signal to improve traffic flow through the city. The City has joined forces with the Riverside County Transportation Commission in facilitating the City's Ultimate Railroad Canyon and Interstate 15 Interchange project. This project, to be completed in phases, is also designed to improve traffic flow through the City. Scheduled to open soon, the new Neighborhood Center in which the City has taken an old Sheriff Station and performed extensive renovations and remodeling. This center is designed as an extension to the current downtown Community Center.

After the close of the 2019 fiscal year, the City of Lake Elsinore Council and Planning Commission have reviewed and approved developments that represent new single-family homes, economic investment, and employment opportunities in the City. The recently opened Central Plaza development will host Miguel Jr. as a nice addition to their plaza. Near the Central Plaza, the new Honda Dealership is under construction and hopeful for completion before the close of the 2020 fiscal year. A new Super Walmart and four out-pads is planning completion by December of 2020. Housing developments approved and process underway include: Rosetta View Estates with 27 single-family lots with 6 open space lots; Nichols Ranch with 168 single-family lots and 13 acres for commercial; Westlake with 163 detached single-family condominiums; and Woodside Homes within the Summerly development with 75 single-family lots.

Vision Statement and Major Initiatives

The City Council's visionary statement as shown below, guides Council and Staff's focus with Council's budgetary initiatives. The vision statement is also used as a tool in the employee selection and hiring process, a guide in conducting city business, a statement to the citizens affirming what the City as an organization stands for, and the level of service citizens can expect from the City.

"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 facilitates goals to become the 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 for the fiscal year.

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

Long-Term Financial Planning

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. With the five-year forecast section, 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 City Council previously identified an objective of developing and maintaining a reserve in the General Fund for economic uncertainties and contingencies. This is reviewed during the budget process with the revenue and expenditure forecasting and is currently set at 17.5%.

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and various Boards. Budgets are adopted for the General Fund, Special Revenue Funds, Assessment Districts, Internal Service Funds, Debt Service Funds and Capital Improvement Project Funds. The annual five-year budget is presented to Council for adoption prior to the beginning of each fiscal year. The budget is prepared by fund, function (e.g. community services), and department (e.g., recreation). The level of budgetary control is maintained at the department level in which Department heads may transfer resources within a department as they see fit. Transfers between departments or funds; however, need special approval from Council.

Also presented annually to address changing needs, Council reviews and approves a five-year budget for the Capital Improvement Plan (CIP). The CIP budget serves as a planning tool to coordinate level ranking, financing, and scheduling of major projects undertaken by the City. The City Council holds a budget workshop to facilitate discussion, public comments, and detailed review of each proposed project. Projects are carefully programmed to ensure the Community's capital improvement needs are met both now and in the future. Projects are designed to provide additional opportunities and access to the City and improve the overall quality of life. The level of budgetary control for CIP is maintained at the project level and the expenditure object level.

Internal Controls

Internal accounting controls are designed to provide reasonable 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 ensure 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

Table 1 below shows the various fund types used by the City and included in this report. Descriptions of them are included in the Note's to the Financial Statements.

Table 1.

| CITY OF LAKE ELSINORE |
|---------------------------------|
| FUND DESCRIPTION |
| <u>GOVERNMENT FUNDS</u> |
| General Fund |
| Special Revenue Funds |
| Debt Service Funds |
| Capital Project Funds |
| Permanent Fund |
| <u>PROPRIETARY FUNDS</u> |
| Enterprise Fund: |
| Launch Pointe |
| Internal Service Funds: |
| Insurance Services |
| Information Systems Services |
| Support Services |
| Fleet Services |
| Facilities Services |
| <u>FIDUCIARY FUNDS</u> |
| Private-purpose Trust Funds |
| Agency Funds |



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 of Lake Elsinore for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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 Mayor, City Council, City Treasurer, and City Manager for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,



Jason Simpson
Assistant City Manager





Government Finance Officers Association

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

Presented to

**City of Lake Elsinore
California**

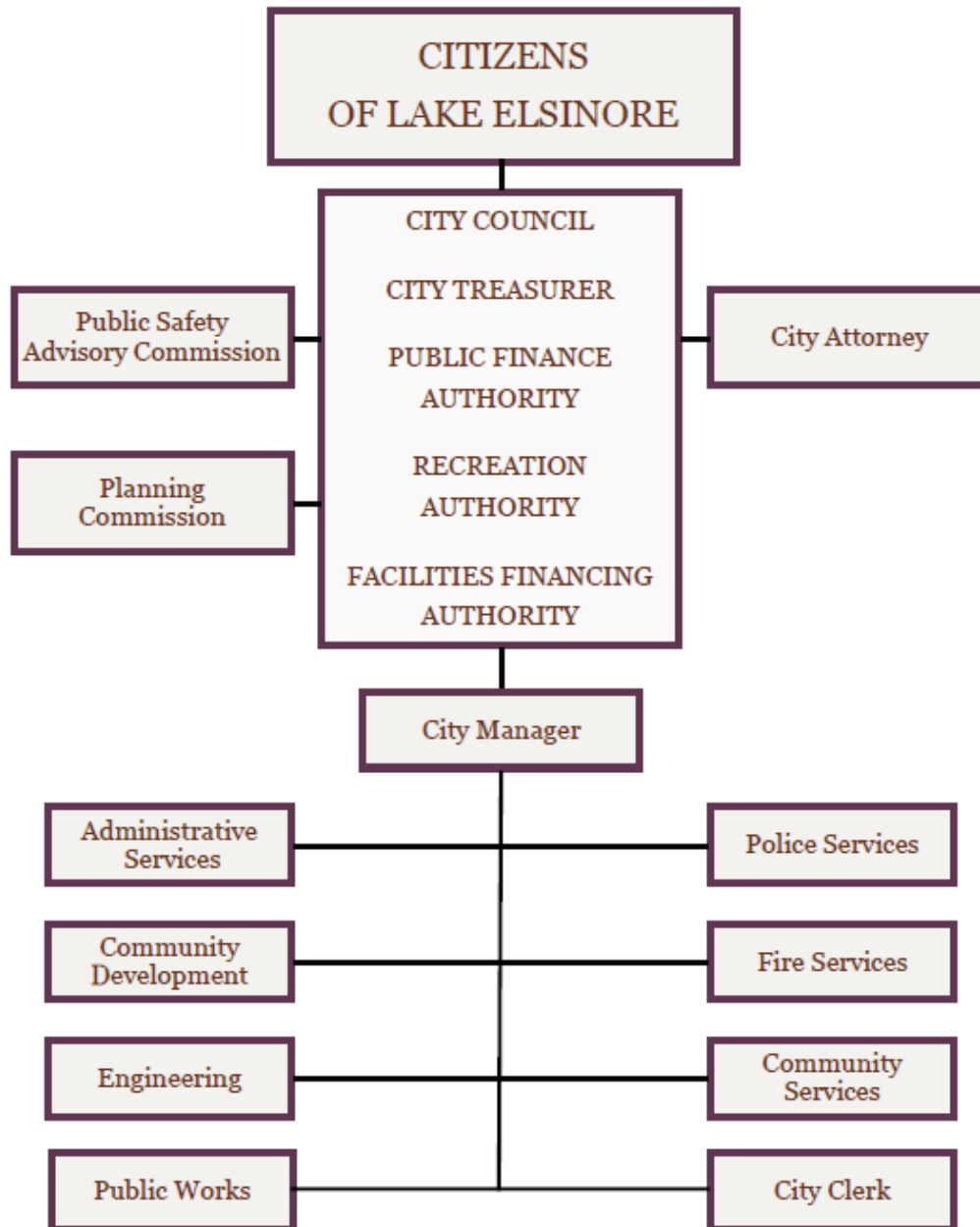
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY ORGANIZATION CHART



CITY OF LAKE ELSINORE
DIRECTORY

ELECTED OFFICIALS

Steve Manos, Mayor
Brian Tisdale, Mayor Pro Tem
Robert E. Magee, Councilmember
Natasha Johnson, Councilmember
Timothy J. Sheridan, Councilmember
Allen P. Baldwin, Treasurer
(Elected to four-year staggered terms)

ADMINISTRATION

Grant Yates, City Manager
Jason Simpson, Assistant City Manager
Barbara Leibold, City Attorney
Candice Alvarez, City Clerk
Michael Lujan, Police Chief
Lonny Olson, Fire Chief
Remon Habib, City Engineer
Johnathan Skinner, Director of Community Services
Grant Taylor, Director of Community Development

CAFR TEAM

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

*At December 18, 2019

Location Map



FINANCIAL SECTION







INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Elsinore, California, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Elsinore, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 18, 2019



MANAGEMENT'S DISCUSSION AND
ANALYSIS





City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter already presented at the front of this report and the City's financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

- The City's capital asset, net of depreciation, increased by \$21.6 million resulting from increased road improvements, park improvements, city facility improvements, infrastructure improvements and the Launch Pointe Recreation & RV Park renovation.
- Capital expenditures in the Capital Improvement Plan increased 90.6% resulting from an increase in capital improvement projects construction in progress and infrastructure projects. There were 36 projects that began design, construction and/or were completed in fiscal year 2018-19.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11.1 million or 27.1% of total General Fund expenditures. City Council has designated 17.2% or \$1.9 million of the \$11.1 million for future contingencies.
- The City of Lake Elsinore's total long-term debt had a net decrease of \$31.3 million during the current fiscal year. The net decrease is due to a full redemption and partial redemption of bonds.
- 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 \$231,942,466, which is 4.7% increase in net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

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 three legally separate entities, the Lake Elsinore Public Financing Authority and the Lake Elsinore Recreation Authority, and the Lake Elsinore Facilities Financing 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 19-21 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 22-29 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. The following funds are considered to be major funds: General Fund, Low and Moderate Income Housing Special Revenue, Public Financing Authority Debt Service, Recreation Authority Debt Service, Assessment Districts Capital Projects, and Capital Improvement Plan. 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* in the Supplementary Information section of this report.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

Governmental Funds - Continued

Because the City adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, Assessment District Funds, Capital Project Funds, Debt Service Funds, and Internal Service Funds, a budgetary comparison statement is provided for them to demonstrate compliance with the budget.

Proprietary funds. The City maintains two types of proprietary funds to report an enterprise fund and various internal service funds. The City uses an enterprise fund to account for the Launch Pointe Recreation Destination & RV Park in which fees are charged to external users for goods or services that are designed to cover costs of providing these goods and services. Enterprise funds are used to report business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

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. Because these proprietary funds benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. The internal services funds and the enterprise fund are separated out into two columns in the proprietary fund financial statements on pages 30-32 of this report. Individual fund data for the internal service funds is provided in the form of combining statements on pages 167-173 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 33-34 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 37-96 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 99-104 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 110-165 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. As shown in Table 1, City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$231.9 million at the close of the most recent fiscal year. For the City, 70.8% of the net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

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.

An additional portion of the City's net position, 40.9%, represents resources that are subject to external restrictions on how they may be used. The deficit balance of \$27.3 million is *unrestricted net position* and reflects 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 \$10.5 million primarily a result from capital improvement construction such as Launch Pointe. The decrease in current and other assets is a result of increased costs for public services, capital improvement projects, and unforeseen emergency events such as fire, flooding, and a poppy super bloom.

City of Lake Elsinore
Table 1
Condensed Statement of Net Position
(in thousands)

| | Fiscal Year | | % |
|----------------------------------|--------------------|------------------|---------------|
| | 2018 | 2019 | Change |
| Assets: | | | |
| Current and other assets | \$373,350 | \$332,559 | (10.9) |
| Capital assets | 173,647 | 195,308 | 12.5 |
| Total Assets | 546,997 | 527,867 | (3.5) |
| Deferred Outflows of Resources | 7,358 | 6,411 | (12.9) |
| Liabilities: | | | |
| Long-term liabilities | 296,419 | 265,119 | (10.5) |
| Other liabilities | 34,141 | 34,600 | 1.3 |
| Total Liabilities | 330,560 | 299,719 | (9.3) |
| Deferred Inflows of Resources | 2,313 | 2,617 | 13.1 |
| Net Position: | | | |
| Net investment in capital assets | 142,754 | 164,256 | 15.1 |
| Restricted | 92,281 | 94,960 | 2.9 |
| Unrestricted | (13,554) | (27,274) | 101.2 |
| Total Net Position | \$221,481 | \$231,942 | 4.7 |

Table 2 below, Statement of Activities, provides details of how the City's net position changed from the prior year from governmental activities. Generally, it indicates whether the financial health of the City as a whole is better or worse from the prior year. The cost of all governmental activities in fiscal year 2019 was \$71.1 million, which was recovered through program revenues, taxes, and investment earnings of \$82.5 million. Figure 1 shows expenses in relation to program revenues while Figure 2 shows the makeup of the revenues. Revenue decreased by

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

\$11.6 million overall with a significant decrease in funding from capital grants and contributions and charges for services.

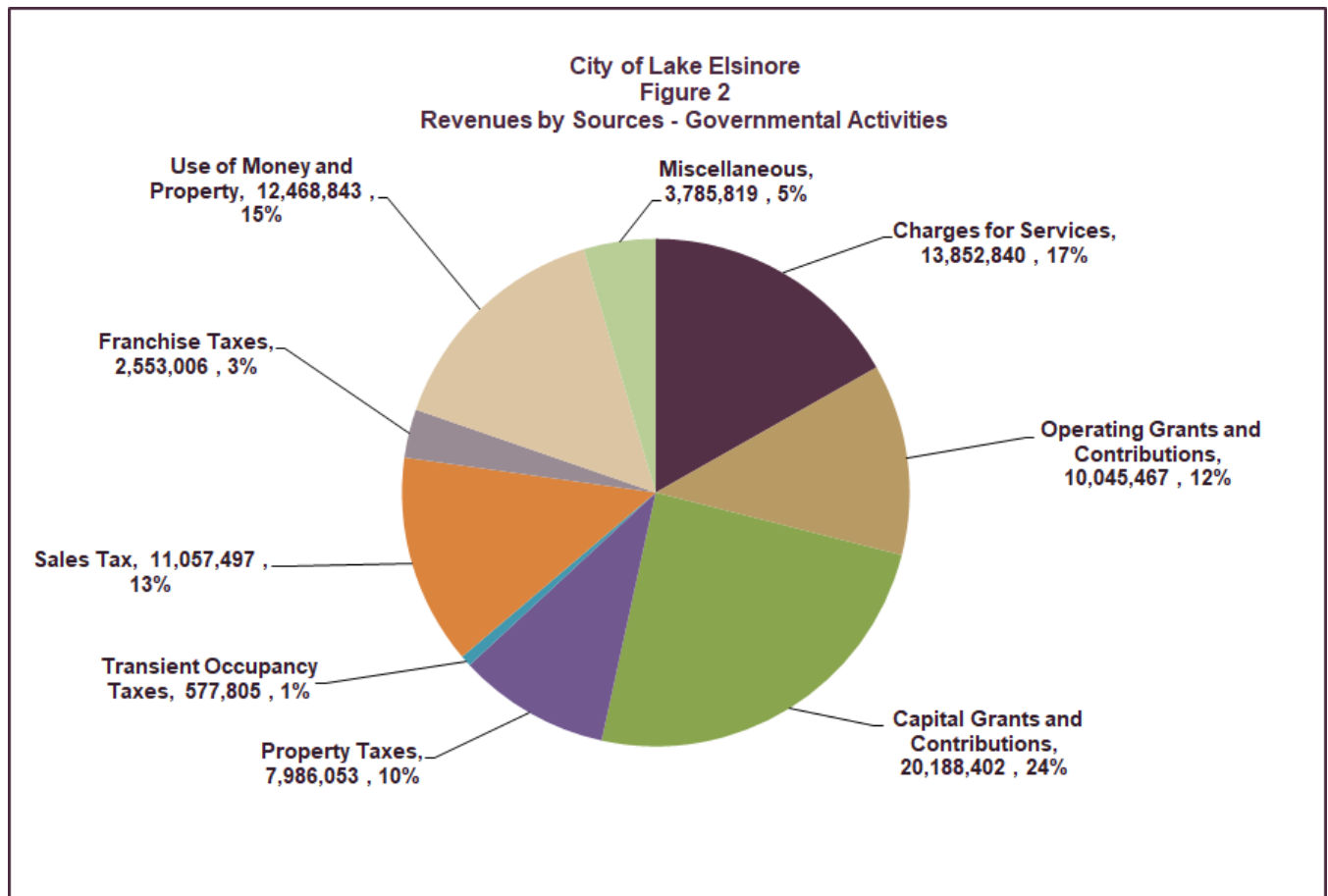
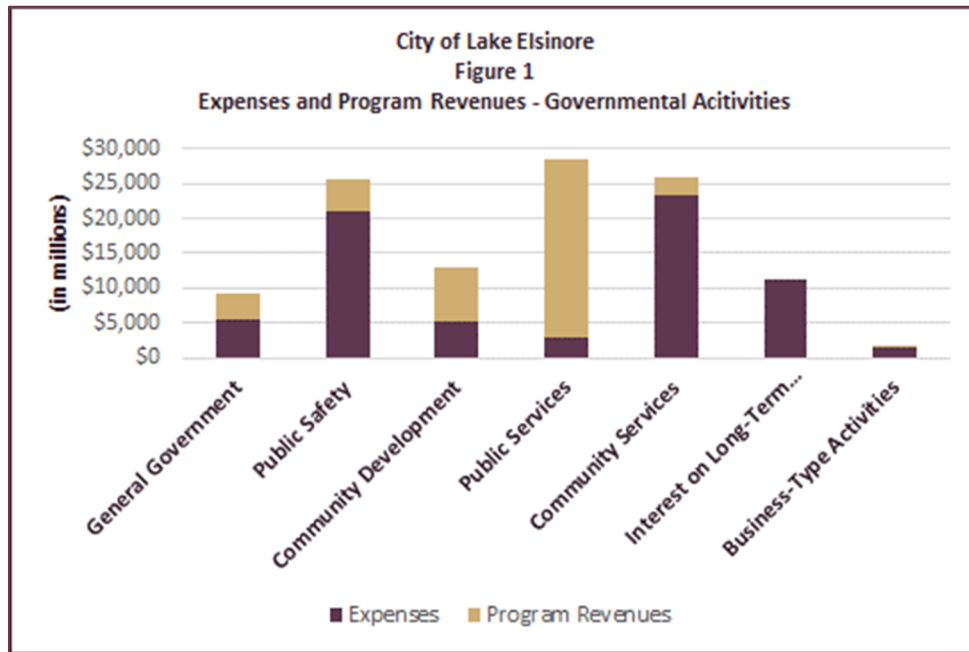
Property, sales, transient occupancy, and franchise tax revenue increased overall by \$1.0 million, which verifies a slight upward trend in the economy. Even though revenues decreased overall by 12.4%, expenses decreased overall by 20.7% facilitating the increase in net position by 4.7%.

City of Lake Elsinore
Table 2
Statement of Activities
(in thousands)

| | Fiscal Year | | % |
|------------------------------------|-------------------------|-------------------------|-------------------|
| | 2018 | 2019 | Change |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$17,479 | \$13,604 | (22.2) |
| Charges for services - Launch | 0 | 249 | 100.0 |
| Operating contributions and grants | 8,599 | 10,045 | 16.8 |
| Capital contributions and grants | 30,755 | 20,188 | (34.4) |
| General revenues: | | | |
| Property taxes | 8,031 | 7,986 | (0.6) |
| Transient occupancy taxes | 560 | 578 | 3.2 |
| Sales taxes | 10,071 | 11,057 | 9.8 |
| Franchise taxes | 2,477 | 2,553 | 3.1 |
| Investment earnings | 13,192 | 12,469 | (5.5) |
| Miscellaneous | 3,027 | 3,786 | 25.1 |
| Total revenues | <u>\$94,191</u> | <u>\$82,515</u> | <u>(12.4)</u> |
| Expenses: | | | |
| General Government | 5,857 | 5,497 | (6.1) |
| Public safety | 20,963 | 21,143 | 0.9 |
| Community Development | 5,001 | 5,257 | 5.1 |
| Community Services | 3,314 | 3,004 | (9.4) |
| Public services | 43,153 | 23,304 | (46.0) |
| Interest on long-term debt | 11,463 | 11,340 | (1.1) |
| Business-Type Activities | 0 | 1,589 | 100 |
| Total expenses | <u>\$89,751</u> | <u>\$71,134</u> | <u>(20.7)</u> |
| Changes in net position | 4,440 | 11,381 | 156.4 |
| Restatement of net position | (7,995) | (920) | (88.5) |
| Net position, beginning of year | <u>225,036</u> | <u>221,481</u> | <u>(1.6)</u> |
| Net position, end of year | <u>\$221,481</u> | <u>\$231,942</u> | <u>4.7</u> |

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued



City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 \$292 million, a decrease of \$31 million in comparison with the prior year. Of the \$292 million ending fund balance, a net \$10.3 million, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable by \$1.2 million; restricted by \$267.5 million; and assigned by \$13.2 million* for particular purposes. For additional information, please see Note 11 for net position.

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 \$11.1 million, while total fund balance was \$12.1 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 27.1% of total General Fund expenditures, while total fund balance represents 29.8% of that same amount. The fund balance, of the City's General Fund experienced a decrease by \$305,670 during the current fiscal year. The primary factor for this overall 3% decrease is because of increased costs for public safety, public services and a reduction in general fund revenues of permits, fees, and charges for services.

For the major funds, the Public Financing Authority Debt Service Funds restricted fund balance decreased by \$30 million as the result of the annual debt service retirements and defeasance of bonds. The Low and Moderate Income Housing Fund had an increase of \$812 thousand in the restricted fund balance from a new loan receivable for the new affordable housing development, Cottages on Mission Trail. The Recreation Authority experienced a decrease in fund balance by \$603 thousand resulting from annual debt service retirements. For the major capital projects funds, the Capital Improvement Plan Project Fund, the fund balance decreased by \$3.3 million from increased project costs of construction mostly from the Launch Pointe project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original - versus - Final: The original general fund budget versus the final budget reflects increases in revenue of \$472 thousand and increases in expenditures of \$274 thousand. Budget adjustments are completed as a means to match shortfalls in estimated revenue and increased costs. The final budgeted expenditures of \$45.9 million is \$870 thousand greater from the prior year; while the actual expenditures of \$41.0 million of this year is less than the prior year by \$1.6 million.

Revenue Variances: Licenses, permits, and fees ended less than estimated by \$334 thousand of the final budget resulting in less building permits issued. Intergovernmental revenues fell short of the final budgeted amount by \$1 million. Charges for services also fell short from budgeted by \$1.2 million resulting from fewer costs to recoup from the internal service funds.

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS– Continued

Expenditure Variances: General fund actual expenditures ended less than the closing budgeted by \$4.9 million resulting from decreases in costs for Police services, Fire Suppression services, transfers out, Fire Prevention, Recreation, and Park Maintenance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$195.3 million (net of accumulated depreciation), which is an increase of \$21.6 million from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City of Lake Elsinore's investment in capital assets for the current fiscal year was 12.5%. Major or notable capital asset events during the current fiscal year included the following:

- Launch Point Recreation Destination & RV Park
- I-15 / Railroad Canyon Full Lane Addition
- Third Street Drainage Improvements
- Camino Del Norte Link to Main Street
- Diamond Stadium Improvements
- Canyon Hills Park Upgrades
- McVicker Canyon Sports Park Renovations
- City-wide Street Improvements
- City-wide Curb & Gutter Improvements

City of Lake Elsinore
Table 3
Capital Assets at Year-End
(net of depreciation)
(in thousands)

| | Fiscal Year | | % Change |
|-----------------------------------|--------------------|------------------|-----------------|
| | 2018 | 2019 | |
| Land | \$3,216 | \$3,430 | 6.7 |
| Construction in progress | 18,804 | 36,117 | 92.1 |
| Buildings and structures | 13,835 | 13,748 | (0.6) |
| Improvements other than buildings | 10,099 | 9,449 | (6.4) |
| Machinery and equipment | 820 | 1,092 | 33.2 |
| Furniture and fixtures | 596 | 808 | 35.6 |
| Automotive equipment | 1,684 | 1,670 | (0.8) |
| Technology Equipment | 291 | 307 | 5.5 |
| Infrastructure | 124,302 | 128,687 | 3.5 |
| Total Capital Assets | \$173,647 | \$195,308 | 12.5 |

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

Additional information on the City of Lake Elsinore's capital assets can be found in Note 6 of the Notes to Basic Financial Statements section of this report.

Long-Term Debt

At year-end, the City had total outstanding long-term liabilities of \$265 million as shown below in Table 4. Changes in long-term bonds resulted from the reduction of debt through principal and interest payments as well as a partial defeasance of certain tax allocation revenue bonds. Changes in long-term obligations resulted from the reduction of obligations due employees. Additional information on the City of Lake Elsinore's long-term debt can be found in Note 7 for bonds, Note 12 for pension and Note 13 for other post-employment benefits in this report.

City of Lake Elsinore
Table 4
Outstanding Debt at Year-End
(in thousands)

| | Fiscal Year | | % Change |
|------------------------------------|--------------------|------------------|---------------------|
| | 2018 | 2019 | |
| Local agency revenue bonds | \$182,415 | \$163,920 | (10.1) |
| Tax allocation revenue bonds | 40,225 | 25,770 | (35.9) |
| Lease revenue bonds | 21,620 | 20,740 | (4.1) |
| Certificate of participation bonds | 6,995 | 6,760 | (3.4) |
| Net of bond discounts and premiums | 9,843 | 9,375 | (4.8) |
| Capital Lease – Street Lights | 0 | 3,459 | 100.0 |
| Net pension liability | 12,189 | 11,685 | (4.1) |
| Other post-employment obligation | 21,897 | 22,238 | 1.6 |
| Compensated absences | 1,235 | 1,172 | (5.1) |
| Total Outstanding Debt | \$296,419 | \$265,119 | (10.6) |

Of the bond issues listed, Standard and Poor (S&P) provides ratings for the Successor Agency issues. Table 5 shows the changes in ratings and reflects an improvement over the past year based on a stable outlook for the issues. Additional information regarding the Successor Agency Trust is presented in Note 17.

City of Lake Elsinore
Table 5
Changes in Credit Ratings
for the Successor Agency to the Lake Elsinore Redevelopment Agency

| Debt Issue | Prior Year | 02/13/18 | 12/14/18 |
|--|-----------------------|-----------------|-----------------|
| Senior Lien Tax Allocation Revenue Bonds Series 2010 B&C | A+ | AA- | AA- |
| Subordinated Tax Allocation Bonds Series 2015 | A- | A+ | A+ |
| Subordinated Tax Allocation Bonds Series 2019 | N/A | N/A | A+ |
| Third-lien Tax Allocation Bonds Series 2018A | N/A | A | A |
| Third-lien Tax Allocation Bonds Series 2018B | N/A | A | A |

City of Lake Elsinore, California
Management's Discussion and Analysis
June 30, 2019

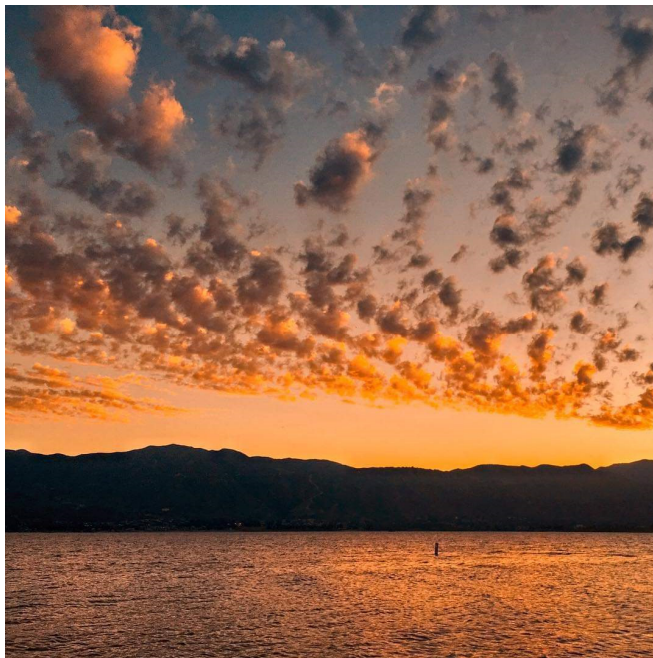
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Property taxes are estimated to increase slightly for the next fiscal year due to an assumed increase of assessed valuations as well as increased building activity.
- Sales and Use tax is estimated to increase slightly for the next fiscal year due to more robust economy, City growth, increased visitors, and increased commercial development.
- Licenses, permits, and fees are estimated to decrease because of development communities are nearly complete are have not begun pulling permits for new communities. Additionally, the Cannabis permits status and performance has been slow so that revenue from these permits has not been realized yet.
- Community facility district's (CFD) assessments are estimated to increase because of the increased annexations of developments. Some CFD revenues are earmarked for services such as law, fire, paramedic, and landscape maintenance that will offset the increased costs of those services. All new development must annex into these service type CFDs.
- The City's long-range financial forecast, beginning in the fiscal year 16-17, projects that the City will experience a structural deficit as expenditures increase at a faster rate than revenues. Anticipated increases in Public Safety costs are the main cause of rising expenditures. The City continues with expenditure reduction measures and/or revenue enhancement implementation.

These factors were considered in preparing the City of Lake Elsinore's budget for fiscal year 2019-20.

REQUEST FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS





CITY OF LAKE ELSINORE

STATEMENT OF NET POSITION
JUNE 30, 2019

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Cash and investments | \$ 45,907,931 | \$ 250 | \$ 45,908,181 |
| Receivables: | | | |
| Accounts | 1,547,796 | 127 | 1,547,923 |
| Notes and loans | 72,477,331 | - | 72,477,331 |
| Accrued interest | 15,965,295 | - | 15,965,295 |
| Internal balances | 9,845,208 | (9,845,208) | - |
| Prepaid costs | 838,676 | 3,981 | 842,657 |
| Due from other governments | 3,961,467 | - | 3,961,467 |
| Inventories | - | 52,173 | 52,173 |
| Land held for resale | 768,369 | - | 768,369 |
| Restricted assets: | | | |
| Cash with fiscal agent | 12,052,026 | - | 12,052,026 |
| Investment in bonds | 178,983,821 | - | 178,983,821 |
| Capital assets not being depreciated | 20,721,091 | 18,826,190 | 39,547,281 |
| Capital assets, net of depreciation | 147,486,826 | 8,274,554 | 155,761,380 |
| Total Assets | 510,555,837 | 17,312,067 | 527,867,904 |
| Deferred Outflows of Resources: | | | |
| Deferred charge on refunding | 2,153,561 | - | 2,153,561 |
| Pension related items | 3,641,489 | - | 3,641,489 |
| OPEB related items | 616,026 | - | 616,026 |
| Total Deferred Outflows of Resources | 6,411,076 | - | 6,411,076 |
| Liabilities: | | | |
| Accounts payable | 7,061,809 | 492,385 | 7,554,194 |
| Accrued liabilities | 1,036,836 | - | 1,036,836 |
| Accrued interest | 3,254,125 | - | 3,254,125 |
| Unearned revenue | 40,630 | - | 40,630 |
| Deposits payable | 22,644,686 | 70,086 | 22,714,772 |
| Compensated absences due within one year | 117,172 | - | 117,172 |
| Capital lease due within one year | 55,811 | - | 55,811 |
| Bonds payable due within one year | 9,545,000 | - | 9,545,000 |
| Noncurrent liabilities: | | | |
| Compensated absences due more than one year | 1,054,548 | - | 1,054,548 |
| Capital lease due more than one year | 3,403,569 | - | 3,403,569 |
| Bonds payable due in more than one year | 217,020,395 | - | 217,020,395 |
| Total OPEB liability | 22,237,850 | - | 22,237,850 |
| Net pension liability | 11,684,999 | - | 11,684,999 |
| Total Liabilities | 299,157,430 | 562,471 | 299,719,901 |
| Deferred Inflows of Resources: | | | |
| Pension related items | 813,174 | - | 813,174 |
| OPEB related items | 1,803,439 | - | 1,803,439 |
| Total Deferred Inflows of Resources | 2,616,613 | - | 2,616,613 |
| Net Position: | | | |
| Net investment in capital assets | 147,000,319 | 17,255,744 | 164,256,063 |
| Restricted for: | | | |
| Public works | 8,699,514 | - | 8,699,514 |
| Debt service | 6,940,331 | - | 6,940,331 |
| Low & moderate income housing | 62,124,394 | - | 62,124,394 |
| Public facilities & improvements | 16,428,791 | - | 16,428,791 |
| Lighting & landscape maintenance | 729,879 | - | 729,879 |
| Development | 520 | - | 520 |
| Other purposes | 37,347 | - | 37,347 |
| Unrestricted | (26,768,225) | (506,148) | (27,274,373) |
| Total Net Position | \$ 215,192,870 | \$ 16,749,596 | \$ 231,942,466 |

CITY OF LAKE ELSINORE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

| | | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | | Charges for | Operating | Capital |
| | Expenses | Services | Contributions | Contributions |
| | | | and Grants | and Grants |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 5,497,097 | \$ 1,478,132 | \$ 2,158,883 | \$ - |
| Public safety | 21,143,285 | 1,605,806 | 2,967,721 | - |
| Community development | 5,257,082 | 7,534,732 | 205,681 | - |
| Community services | 3,003,809 | 490,827 | 11,926 | - |
| Public services | 23,303,523 | 2,494,149 | 4,701,256 | 20,188,402 |
| Interest on long-term debt | 11,340,371 | - | - | - |
| Total Governmental Activities | 69,545,167 | 13,603,646 | 10,045,467 | 20,188,402 |
| Business-Type Activities: | | | | |
| Launch Pointe | 1,588,992 | 249,194 | - | - |
| Total Business-Type Activities | 1,588,992 | 249,194 | - | - |
| Total Primary Government | \$ 71,134,159 | \$ 13,852,840 | \$ 10,045,467 | \$ 20,188,402 |

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Use of money and property

Miscellaneous

Transfers**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position, Beginning of Year, as restated

Net Position at End of Year

| Net (Expenses) Revenues and Changes in Net Position | | |
|--|-----------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (1,860,082) | \$ - | \$ (1,860,082) |
| (16,569,758) | - | (16,569,758) |
| 2,483,331 | - | 2,483,331 |
| (2,501,056) | - | (2,501,056) |
| 4,080,284 | - | 4,080,284 |
| (11,340,371) | - | (11,340,371) |
| (25,707,652) | - | (25,707,652) |
| - | (1,339,798) | (1,339,798) |
| - | (1,339,798) | (1,339,798) |
| (25,707,652) | (1,339,798) | (27,047,450) |
| 7,986,053 | - | 7,986,053 |
| 577,805 | - | 577,805 |
| 11,057,497 | - | 11,057,497 |
| 2,553,006 | - | 2,553,006 |
| 12,468,683 | 160 | 12,468,843 |
| 3,785,183 | 636 | 3,785,819 |
| (18,088,598) | 18,088,598 | - |
| 20,339,629 | 18,089,394 | 38,429,023 |
| (5,368,023) | 16,749,596 | 11,381,573 |
| 221,481,578 | - | 221,481,578 |
| (920,685) | - | (920,685) |
| 220,560,893 | - | 220,560,893 |
| \$ 215,192,870 | \$ 16,749,596 | \$ 231,942,466 |

CITY OF LAKE ELSINORE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | | Special Revenue Funds | Capital Projects Funds | Debt Service Funds |
|--|----------------------|---------------------------------------|--------------------------------|----------------------------------|
| | General | Low and Moderate Income Housing | Capital Improvement Plan | Public Financing Authority |
| Assets: | | | | |
| Pooled cash and investments | \$ 12,201,222 | \$ 3,501,201 | \$ 13,070,673 | \$ - |
| Receivables: | | | | |
| Accounts | 822,143 | - | 592,238 | - |
| Notes and loans | 1,000,000 | 42,365,107 | - | 25,770,000 |
| Accrued interest | 329,771 | 12,336,663 | 62,619 | 34,324 |
| Prepaid costs | 77,168 | - | - | 4,697 |
| Due from other governments | 2,230,717 | - | 266,061 | - |
| Due from other funds | 813,599 | - | - | - |
| Advances to other funds | - | - | - | - |
| Land held for resale | - | 768,369 | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | 5,666,777 |
| Investment in bonds | - | - | - | 178,983,821 |
| Total Assets | \$ 17,474,620 | \$ 58,971,340 | \$ 13,991,591 | \$ 210,459,619 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 3,931,128 | \$ 1,064,494 | \$ 1,232,885 | \$ - |
| Accrued liabilities | 1,021,960 | - | - | - |
| Unearned revenues | 1,990 | - | - | - |
| Deposits payable | - | 973,052 | - | 19,836,447 |
| Due to other funds | - | - | - | - |
| Total Liabilities | 4,955,078 | 2,037,546 | 1,232,885 | 19,836,447 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 374,633 | 12,321,004 | 50,252 | - |
| Total Deferred Inflows of Resources | 374,633 | 12,321,004 | 50,252 | - |
| Fund Balances: | | | | |
| Nonspendable | 1,077,168 | - | - | 4,697 |
| Restricted | - | 44,612,790 | - | 190,618,475 |
| Assigned | - | - | 12,708,454 | - |
| Unassigned | 11,067,741 | - | - | - |
| Total Fund Balances | 12,144,909 | 44,612,790 | 12,708,454 | 190,623,172 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 17,474,620 | \$ 58,971,340 | \$ 13,991,591 | \$ 210,459,619 |

CITY OF LAKE ELSINORE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | Debt Service Funds | | |
|--|-------------------------|--------------------------------|--------------------------------|
| | Recreation Authority | Other Governmental Funds | Total Governmental Funds |
| Assets: | | | |
| Pooled cash and investments | \$ - | \$ 14,955,345 | \$ 43,728,441 |
| Receivables: | | | |
| Accounts | - | 133,355 | 1,547,736 |
| Notes and loans | - | 3,342,224 | 72,477,331 |
| Accrued interest | 1,906 | 79,237 | 12,844,520 |
| Prepaid costs | 75,899 | 70,935 | 228,699 |
| Due from other governments | - | 1,464,689 | 3,961,467 |
| Due from other funds | - | 450 | 814,049 |
| Advances to other funds | - | 9,845,000 | 9,845,000 |
| Land held for resale | - | - | 768,369 |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | 1,144,950 | 5,240,299 | 12,052,026 |
| Investment in bonds | - | - | 178,983,821 |
| Total Assets | \$ 1,222,755 | \$ 35,131,534 | \$ 337,251,459 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 733,873 | \$ 6,962,380 |
| Accrued liabilities | - | - | 1,021,960 |
| Unearned revenues | - | 38,640 | 40,630 |
| Deposits payable | - | 1,835,187 | 22,644,686 |
| Due to other funds | - | 813,841 | 813,841 |
| Total Liabilities | - | 3,421,541 | 31,483,497 |
| Deferred Inflows of Resources: | | | |
| Unavailable revenues | - | 822,511 | 13,568,400 |
| Total Deferred Inflows of Resources | - | 822,511 | 13,568,400 |
| Fund Balances: | | | |
| Nonspendable | 75,899 | 90,935 | 1,248,699 |
| Restricted | 1,146,856 | 31,086,651 | 267,464,772 |
| Assigned | - | 480,174 | 13,188,628 |
| Unassigned | - | (770,278) | 10,297,463 |
| Total Fund Balances | 1,222,755 | 30,887,482 | 292,199,562 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 1,222,755 | \$ 35,131,534 | \$ 337,251,459 |



CITY OF LAKE ELSINORE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

| | |
|-------------------------------------|----------------|
| Fund balances of governmental funds | \$ 292,199,562 |
|-------------------------------------|----------------|

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

| | |
|---|-------------|
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity. | 166,650,654 |
|---|-------------|

Long-term debt, compensated absences, total OPEB liability and total net pension liability are not included in the governmental fund activity:

| | | |
|-------------------------------------|--------------------|---------------|
| Bonds payable | \$ (217,190,000) | |
| Capital Equipment Lease | (3,459,380) | |
| Unamortized bond premiums/discounts | (9,375,395) | |
| Deferred charges on refunding | 2,153,561 | |
| Total OPEB liability | (20,681,200) | |
| Net pension liability | (10,705,276) | |
| Compensated Absences | <u>(1,171,720)</u> | (260,429,410) |

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

| | | |
|--|--------------------|--|
| Pension related deferred outflows of resources | 3,296,492 | |
| Pension related deferred inflows of resources | (739,233) | |
| OPEB related deferred outflows of resources | 572,904 | |
| OPEB related deferred inflows of resources | <u>(1,677,198)</u> | |

| | |
|--|-----------|
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | 3,110,888 |
|--|-----------|

| | |
|--|-------------|
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. | (3,254,125) |
|--|-------------|

| | |
|---|------------|
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. | 13,568,400 |
|---|------------|

| | |
|---|------------------|
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. | <u>1,893,936</u> |
|---|------------------|

| | |
|--|------------------------------|
| Net Position of Governmental Activities | <u>\$ 215,192,870</u> |
|--|------------------------------|

CITY OF LAKE ELSINORE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | | Special Revenue Funds | Capital Projects Funds | Debt Service Funds |
|--|----------------------|---------------------------------------|--------------------------------|----------------------------------|
| | | Low and Moderate Income Housing | Capital Improvement Plan | Public Financing Authority |
| | General | | | |
| Revenues: | | | | |
| Taxes | \$ 22,174,361 | \$ - | \$ - | \$ - |
| Special assessments | - | 2,076,084 | - | - |
| Licenses and permits | 2,111,680 | - | - | - |
| Intergovernmental | 5,134,993 | - | - | - |
| Charges for services | 2,956,160 | - | 393,314 | - |
| Investment earnings | 538,375 | 183,315 | 621,433 | 10,558,589 |
| Fines and forfeitures | 552,426 | - | - | - |
| Contributions | 175,030 | - | 17,799,840 | - |
| Miscellaneous | 7,302,978 | 5,000 | 1,240 | - |
| Total Revenues | 40,946,003 | 2,264,399 | 18,815,827 | 10,558,589 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,916,561 | - | - | 287,224 |
| Public safety | 20,230,447 | - | - | - |
| Community development | 4,639,021 | 534,014 | - | - |
| Community services | 2,200,826 | - | - | - |
| Public services | 8,692,033 | - | 59,951 | - |
| Capital outlay | 104,400 | 3,530,928 | 24,798,629 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | 29,840,000 |
| Interest and fiscal charges | - | - | - | 10,513,890 |
| Total Expenditures | 40,783,288 | 4,064,942 | 24,858,580 | 40,641,114 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 162,715 | (1,800,543) | (6,042,753) | (30,082,525) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 390,321 | - | 4,831,952 | - |
| Transfers out | (271,567) | - | (2,107,973) | - |
| Capital leases | - | - | - | - |
| Proceeds from sale of capital asset | 24,201 | 3,533,178 | - | - |
| Total Other Financing Sources (Uses) | 142,955 | 3,533,178 | 2,723,979 | - |
| Net Change in Fund Balances | 305,670 | 1,732,635 | (3,318,774) | (30,082,525) |
| Fund Balances, Beginning of Year, as previously reported | 11,839,239 | 43,800,840 | 16,027,228 | 220,705,697 |
| Restatements | - | (920,685) | - | - |
| Fund Balances, Beginning of Year, as restated | 11,839,239 | 42,880,155 | 16,027,228 | 220,705,697 |
| Fund Balances, End of Year | \$ 12,144,909 | \$ 44,612,790 | \$ 12,708,454 | \$ 190,623,172 |

CITY OF LAKE ELSINORE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | Debt Service Funds | | |
|--|-------------------------|--------------------------------|--------------------------------|
| | Recreation Authority | Other Governmental Funds | Total Governmental Funds |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ 22,174,361 |
| Special assessments | - | 2,064,458 | 4,140,542 |
| Licenses and permits | - | 1,470,677 | 3,582,357 |
| Intergovernmental | - | 4,492,093 | 9,627,086 |
| Charges for services | - | - | 3,349,474 |
| Investment earnings | 528,383 | 1,214,753 | 13,644,848 |
| Fines and forfeitures | - | 322,339 | 874,765 |
| Contributions | - | - | 17,974,870 |
| Miscellaneous | - | 7,689 | 7,316,907 |
| Total Revenues | 528,383 | 9,572,009 | 82,685,210 |
| Expenditures: | | | |
| Current: | | | |
| General government | 3,162 | 116,533 | 5,323,480 |
| Public safety | - | 493,821 | 20,724,268 |
| Community development | - | 25,000 | 5,198,035 |
| Community services | - | 41,310 | 2,242,136 |
| Public services | - | 8,097,031 | 16,849,015 |
| Capital outlay | - | 3,285,021 | 31,718,978 |
| Debt service: | | | |
| Principal retirement | 635,000 | 3,590,000 | 34,065,000 |
| Interest and fiscal charges | 493,100 | 789,313 | 11,796,303 |
| Total Expenditures | 1,131,262 | 16,438,029 | 127,917,215 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (602,879) | (6,866,020) | (45,232,005) |
| Other Financing Sources (Uses): | | | |
| Transfers in | - | 11,629,542 | 16,851,815 |
| Transfers out | - | (6,131,250) | (8,510,790) |
| Capital leases | - | 3,459,380 | 3,459,380 |
| Proceeds from sale of capital asset | - | - | 3,557,379 |
| Total Other Financing Sources (Uses) | - | 8,957,672 | 15,357,784 |
| Net Change in Fund Balances | (602,879) | 2,091,652 | (29,874,221) |
| Fund Balances, Beginning of Year, as previously reported | 1,825,634 | 28,795,830 | 322,994,468 |
| Restatements | - | - | (920,685) |
| Fund Balances, Beginning of Year, as restated | 1,825,634 | 28,795,830 | 322,073,783 |
| Fund Balances, End of Year | \$ 1,222,755 | \$ 30,887,482 | \$ 292,199,562 |



CITY OF LAKE ELSINORE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

| | | |
|--|--|-----------------|
| Net change in fund balances - total governmental funds | | \$ (29,874,221) |
|--|--|-----------------|

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

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

| | | |
|---------------------------------------|--------------------|-------------|
| Capital outlay | \$ 32,099,507 | |
| Depreciation | (7,767,183) | |
| Contributed capital assets | (26,416,227) | |
| Gain/(loss) on sale of capital assets | <u>(3,555,124)</u> | (5,639,027) |

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

| | | |
|---|----------------|------------|
| Principal repayments | 34,065,000 | |
| Capital leases | (3,459,380) | |
| Amortization of bond premiums/discounts | <u>212,231</u> | 30,817,851 |

| | | |
|--|--|---------|
| Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. | | 489,289 |
|--|--|---------|

| | | |
|---|--|--------|
| Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | 63,116 |
|---|--|--------|

| | | |
|--|--|-----------|
| OPEB liability expenses is an expenditure in the governmental funds, but reduce the Total OPEB Liability in the statement of net position. | | (290,326) |
|--|--|-----------|

| | | |
|---|--|-----------|
| Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position. | | (447,353) |
|---|--|-----------|

| | | |
|---|--|-----------|
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. | | (770,401) |
|---|--|-----------|

| | | |
|--|--|----------------|
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. | | <u>283,049</u> |
|--|--|----------------|

| | | |
|--|--|------------------------------|
| Change in Net Position of Governmental Activities | | <u>\$ (5,368,023)</u> |
|--|--|------------------------------|

CITY OF LAKE ELSINORE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

| | Business-Type Activities Enterprise Fund | Governmental Activities |
|---|--|----------------------------|
| | Launch Pointe | Internal Service Funds |
| Assets: | | |
| Current: | | |
| Cash and investments | \$ 250 | \$ 2,179,490 |
| Receivables: | | |
| Accounts | 127 | 60 |
| Accrued interest | - | 9,887 |
| Prepaid costs | 3,981 | 609,977 |
| Inventories | 52,173 | - |
| Total Current Assets | 56,531 | 2,799,414 |
| Noncurrent: | | |
| Capital assets - net of accumulated depreciation | 27,100,744 | 1,557,263 |
| Total Noncurrent Assets | 27,100,744 | 1,557,263 |
| Total Assets | 27,157,275 | 4,356,677 |
| Deferred Outflows of Resources: | | |
| Pension related items | - | 344,997 |
| OPEB related items | - | 43,122 |
| Total Deferred Outflows of Resources | - | 388,119 |
| Total Assets and Deferred Outflows of Resources | \$ 27,157,275 | \$ 4,744,796 |
| Liabilities, Deferred Inflows of Resources, and Net Position: | | |
| Liabilities: | | |
| Current: | | |
| Accounts payable | \$ 492,385 | \$ 99,429 |
| Accrued liabilities | - | 14,876 |
| Deposits payable | 70,086 | - |
| Due to other funds | 208 | - |
| Total Current Liabilities | 562,679 | 114,305 |
| Noncurrent: | | |
| Advances from other funds | 9,845,000 | - |
| Net pension liability | - | 979,723 |
| Total OPEB liability | - | 1,556,650 |
| Total Noncurrent Liabilities | 9,845,000 | 2,536,373 |
| Total Liabilities | 10,407,679 | 2,650,678 |
| Deferred Inflows of Resources: | | |
| Pension related items | - | 73,941 |
| OPEB related items | - | 126,241 |
| Total Deferred Inflows of Resources | - | 200,182 |
| Net Position: | | |
| Net investment in capital assets | 17,255,744 | 1,557,263 |
| Unrestricted | (506,148) | 336,673 |
| Total Net Position | 16,749,596 | 1,893,936 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 27,157,275 | \$ 4,744,796 |

CITY OF LAKE ELSINORE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

| | Business-Type Activities Enterprise Fund | Governmental Activities |
|---|--|----------------------------|
| | Launch Pointe | Internal Service Funds |
| Operating Revenues: | | |
| Sales and service charges | \$ 249,194 | \$ 3,659,780 |
| Miscellaneous | 636 | 83,214 |
| Total Operating Revenues | 249,830 | 3,742,994 |
| Operating Expenses: | | |
| Personnel services | - | 1,112,723 |
| Contractual Services | 684,713 | 343,562 |
| Utilities | 135,319 | 227,416 |
| Maintenance and Operation | 293,739 | 824,693 |
| Cost of sales and services | 152,731 | 20 |
| Depreciation expense | 8,252 | 345,968 |
| Insurance | - | 673,768 |
| Total Operating Expenses | 1,274,754 | 3,528,150 |
| Operating Income (Loss) | (1,024,924) | 214,844 |
| Nonoperating Revenues (Expenses): | | |
| Interest revenue | 160 | 89,694 |
| Interest expense | (314,238) | - |
| Gain (loss) on disposal of capital assets | - | (21,489) |
| Total Nonoperating Revenues (Expenses) | (314,078) | 68,205 |
| Income (Loss) Before Transfers | (1,339,002) | 283,049 |
| Transfers in | 28,178,598 | 140,263 |
| Transfers out | (10,090,000) | (140,263) |
| Changes in Net Position | 16,749,596 | 283,049 |
| Net Position: | | |
| Beginning of Year | - | 1,610,887 |
| End of Fiscal Year | \$ 16,749,596 | \$ 1,893,936 |

CITY OF LAKE ELSINORE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

| | Business-Type Activities Enterprise Fund | Governmental Activities |
|---|--|----------------------------|
| | Launch Pointe | Internal Service Funds |
| Cash Flows from Operating Activities: | | |
| Cash received from customers and users | \$ 319,789 | \$ 3,742,934 |
| Cash paid to suppliers for goods and services | (536,532) | (2,249,104) |
| Cash paid to employees for services | (293,739) | (729,994) |
| Net Cash Provided (Used) by Operating Activities | (510,482) | 763,836 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Cash transfers out | - | (140,263) |
| Cash transfers in | 1,748,975 | 140,263 |
| Repayment made to other funds | - | 143,366 |
| Advance from other funds | 208 | (143,366) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | 1,749,183 | - |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition and construction of capital assets | (679,373) | (567,807) |
| Repayment of advance from other funds | (245,000) | - |
| Interest paid on capital debt | (314,238) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (1,238,611) | (567,807) |
| Cash Flows from Investing Activities: | | |
| Interest received | 160 | 89,396 |
| Net Cash Provided (Used) by Investing Activities | 160 | 89,396 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 250 | 285,425 |
| Cash and Cash Equivalents at Beginning of Year | - | 1,894,065 |
| Cash and Cash Equivalents at End of Year | \$ 250 | \$ 2,179,490 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ (1,024,924) | \$ 214,844 |
| Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities: | | |
| Depreciation | 8,252 | 345,968 |
| (Increase) decrease in accounts receivable | (127) | (60) |
| (Increase) decrease in deposits receivable | - | 62,457 |
| (Increase) decrease in prepaid expense | (3,981) | 9,440 |
| (Increase) decrease in inventory | (52,173) | - |
| Increase (decrease) in accounts payable | 492,385 | 107,827 |
| Increase (decrease) in due to other governments | - | 558 |
| Increase (decrease) in deposits payable | 70,086 | - |
| Increase (decrease) in claims and judgments | - | 855 |
| Increase (decrease) in net pension liability | - | (37,155) |
| Increase (decrease) in Total OPEB liability | - | 23,868 |
| Increase (decrease) in deferred inflows from OPEB | - | (11,454) |
| Increase (decrease) in deferred inflows from pensions | - | 46,688 |
| Total Adjustments | 514,442 | 548,992 |
| Net Cash Provided (Used) by Operating Activities | \$ (510,482) | \$ 763,836 |
| Non-Cash Investing, Capital, and Financing Activities: | | |
| Transfer of Capital assets | \$ (26,429,623) | \$ - |

CITY OF LAKE ELSINORE

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

| | Agency Funds | Private-Purpose Trust Funds |
|---|----------------------|--|
| Assets: | | |
| Pooled cash and investments | \$ 17,009,372 | \$ 10,748,288 |
| Receivables: | | |
| Accounts | - | 433 |
| Accrued interest | 52,642 | 33,318 |
| Prepaid costs | - | 283,602 |
| Due from other governments | 406,689 | - |
| Land held for resale | - | 6,081,994 |
| Deferred charges | - | 1,160,189 |
| Restricted assets: | | |
| Cash and investments with fiscal agents | 8,831,186 | 20,765 |
| Capital assets: | | |
| Capital assets, not being depreciated | - | 2,004,419 |
| Capital assets, net of accumulated depreciation | - | 14,480,810 |
| Deposits with Other Agencies | 16,865,352 | 3,271,124 |
| Total Assets | \$ 43,165,241 | \$ 38,084,942 |
| Liabilities: | | |
| Accounts payable | \$ 131,991 | \$ 346,029 |
| Accrued interest | - | 756,277 |
| Deposits payable | 5,447,696 | - |
| Bonds and loans payable due in one year | - | 3,470,000 |
| Long-term liabilities: | | |
| Bonds and loans payable due in more than one year | - | 77,933,859 |
| Due to Bondholders | 37,585,554 | - |
| Total Liabilities | \$ 43,165,241 | \$ 82,506,165 |
| Net Position: | | |
| Held in trust for other purposes | | \$ (44,421,223) |
| Total Net Position | | \$ (44,421,223) |

CITY OF LAKE ELSINORE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

| | Private-Purpose Trust Funds |
|---------------------------------------|--------------------------------|
| Additions: | |
| Contributions: | |
| Trust Contributions | \$ 2,817 |
| Taxes | 12,653,427 |
| Investment earnings | 288,598 |
| Miscellaneous | 26,114 |
| Total Additions | 12,970,956 |
| Deductions: | |
| Contractual services | 3,496,509 |
| Interest expense | 2,715,400 |
| Depreciation expense | 1,292,903 |
| Costs of issuance | 310,780 |
| Total Deductions | 7,815,592 |
| Changes in Net Position | 5,155,364 |
| Net Position - Beginning of the Year | (50,497,272) |
| Restatements | 920,685 |
| Beginning of Fiscal Year, as restated | (49,576,587) |
| Net Position - End of the Year | \$ (44,421,223) |

NOTES TO BASIC FINANCIAL
STATEMENTS





NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

The City of Lake Elsinore ("City") was incorporated April 23, 1888 under the General Laws of the State of California. The City operates under a Council-Member form of government and by the laws, provides the following services: public safety, highways and streets, cultural recreation, public improvements, community development, 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 (Note 17), the Lake Elsinore Public Financing Authority, the Lake Elsinore Recreation Authority and the Lake Elsinore Facilities Financing 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, 2019 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. The following is a brief review of each component unit included in the primary government's reporting entity.

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

The Lake Elsinore Facilities Financing Authority – On September 13, 2016 City Council formed the Lake Elsinore Facilities Financing Authority which is a joint powers agreement between the City and the Lake Elsinore Parking Authority to issue lease revenue bonds. The use of lease revenue bonds is a financing pool to fund general infrastructure and is commonly used by cities in California. Under this financing structure, a joint powers authority is utilized for the sole purpose of issuing bonds for the benefit of the issuer. The City Council also acts as the governing body of the Facilities Financing Authority. The Facilities Financing Authority activities are blended with those of the City in these financial statements and are reported as a debt service fund.

b. Basis of Presentation

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

The 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.

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 City reports the following enterprise funds as major proprietary funds:

The Launch Pointe is used to account for goods or services provided by the Launch Pointe facility.

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 Funds are used to account for activities of the Successor Agency to the Lake Elsinore Redevelopment Agency and the activities of the Carl Graves Trust.

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)**d. Encumbrances**

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

Encumbrances as of June 30, 2019 are as follows:

| | <u>Encumbrances</u> |
|--------------------------|---------------------|
| Major Fund | |
| General Fund | \$ 10,511 |
| Capital Improvement Plan | 5,228,916 |
| Non-Major Funds | 497,914 |

e. Investments

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

f. Employee Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation, sick, holiday benefits and compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement. The amount recorded in accordance with GASB No. Statement No. 16 at June 30, 2019, was \$1,171,720.

g. Inter-fund Activity

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

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

h. Risk Management

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)**i. Capital Assets**

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

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

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

j. Property Tax Revenue

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

k. Miscellaneous Revenues

Included in miscellaneous revenues for the governmental funds is \$2,800,308 of fire service tax credits, \$3,957,768 reimbursed revenues, \$112,526 in donations and, \$446,305 in other revenues. Miscellaneous revenues for the Statement of Activities include \$3,268,983 reimbursed revenues and \$516,836 other revenues.

l. 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 three 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. Secondly, The City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 12), which are amortized by an actuarial determined period. Thirdly, the City has deferred outflows related to Other Post-Employment Benefits (OPEB), which include contributions subsequent to the measurement date of the Total OPEB liability and other amounts.

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 three types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. First, 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. Secondly, the City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. These amounts (see Note 12) are amortized by an actuarial determined period. Thirdly, the City also has deferred inflows of resources related to OPEB, which arise only under a full accrual basis of accounting.

m. Other Post-Employment Benefits (OPEB)

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

| | |
|---|---|
| Investment Gains and Losses | Straight-line amortization over a closed 5-year period. |
| Effects of Assumption Changes and Experience Gains and Losses | Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members (i.e., active employees and terminated/retired members) that are provided with OPEB through the plan. |

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.

o. Stewardship, Compliance, and Accountability**I. Deficit Fund Balances or Net Position**

At June 30, 2019, the CDBG Special Revenue Fund had deficit fund balance of \$(13,199), the TUMF Capital Project Fund had deficit fund balance of \$(757,079), and the Successor Agency of the Former RDA had a deficit net position amount of \$(44,421,223).

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)**II. Excess of Expenditures Over Appropriations**

At June 30, 2019 expenditures exceeded appropriations in the following funds:

| Fund | Expenditures | Appropriations | Excess |
|--------------------------------|---------------|----------------|-----------------|
| Major Funds: | | | |
| Public Financing Authority | | | |
| Principal retirement | \$ 29,840,000 | \$ 17,730,000 | \$ (12,110,000) |
| Interest and fiscal charges | 10,513,890 | 10,062,370 | (451,520) |
| Non-Major Funds: | | | |
| L.L.M.D NO. 1 | | | |
| Public services | \$ 991,872 | \$ 583,640 | \$ (408,232) |
| Gas Tax | | | |
| Public services | 1,284,537 | 606,500 | (678,037) |
| Facilities Construction | | | |
| Public services | 4,181,363 | - | (4,181,363) |
| Facilities Financing Authority | | | |
| Principal retirement | 3,355,000 | 3,250,000 | (105,000) |
| Interest and fiscal charges | 524,375 | 314,240 | (210,135) |

p. New Accounting Pronouncement – GASB 88

During the year ended June 30, 2019, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments

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

| | Fair Value 2019 |
|---|-----------------------|
| Statement of Net Position: | |
| Cash and investments | \$ 45,908,181 |
| Restricted Cash with fiscal agent | 191,035,847 |
| Statement of Fiduciary Net Position | |
| Cash and investments | 27,757,660 |
| Restricted Cash and Investments with Fiscal Agent | 8,851,951 |
| Total Cash and Investments | <u>\$ 273,553,639</u> |

Cash and investments consist of the following:

| | |
|-----------------------------------|-----------------------|
| Petty Cash | \$ 1,300 |
| Deposits in Financial Institution | 1,598,968 |
| Investments | 271,953,371 |
| Total Cash and Investments | <u>\$ 273,553,639</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). It 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.

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 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:

| Investment Type | Total | Investment Maturities (in Years) | | | |
|---|-----------------------|----------------------------------|---------------------|----------------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Local Agency Investment Fund | \$ 31,509,204 | \$ 31,509,204 | \$ - | \$ - | \$ - |
| Corporate Notes | 9,568,933 | 2,864,307 | 4,504,627 | 2,199,999 | - |
| Asset Backed Securities | 2,591,069 | - | - | 2,591,069 | - |
| Federal Agency Securities | 1,843,167 | 163 | - | 1,843,004 | - |
| U.S. Treasury Notes | 20,242,178 | - | 74,690 | 20,167,488 | - |
| Supra - National Agency Bonds | 1,609,703 | - | 1,202,310 | 407,393 | - |
| Certificates of Deposits | 4,641,579 | 1,741,972 | 2,899,607 | - | - |
| California Asset Management Program Pool (CAMP) | 59,744 | 59,744 | - | - | - |
| Investments with Fiscal Agents: | | | | | |
| Money Market Funds | 30,748,973 | 30,748,973 | - | - | - |
| Local Obligation Bonds | 169,138,821 | 169,138,821 | - | - | - |
| Total | \$ 271,953,371 | \$ 236,063,184 | \$ 8,681,234 | \$ 27,208,953 | \$ - |

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.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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 | \$ 31,509,204 | N/A | \$ - | \$ - | \$ - | \$ 31,509,204 | \$ - |
| Corporate Notes | 9,568,933 | AA | 399,143 | 199,893 | 8,969,897 | - | - |
| Asset Backed Securities | 2,591,069 | N/A | 2,316,894 | - | - | 274,175 | - |
| Federal Agency Securities | 1,843,167 | N/A | - | 1,843,167 | - | - | - |
| US Treasury Notes | 20,242,178 | N/A | - | 20,242,178 | - | - | - |
| Super-National Agency Bonds | 1,609,703 | N/A | 1,609,703 | - | - | - | - |
| Certificate of Deposit | 4,641,579 | N/A | - | - | 4,641,579 | - | - |
| California Asset Management Program Pool (CAMP) | 59,744 | N/A | - | - | - | - | 59,744 |
| Held by Bond Trustee: | | | | | | | |
| Money Market Mutual Funds | 30,748,973 | | - | - | - | 30,748,973 | - |
| Local Obligation Bonds | 169,138,821 | | - | - | - | 169,138,821 | - |
| Total | <u>\$ 271,953,371</u> | | <u>\$ 4,325,740</u> | <u>\$ 22,285,238</u> | <u>\$ 13,611,476</u> | <u>\$ 231,671,173</u> | <u>\$ 59,744</u> |

The ratings for the other above are as follow s:

| | |
|--------|----------------------|
| Other: | |
| AA | \$ 374,326 |
| AA- | 2,774,961 |
| A-1 | 684,515 |
| A-1+ | 777,785 |
| A+ | 1,879,488 |
| A | 3,290,791 |
| A- | 2,775,242 |
| BBB+ | 1,054,368 |
| | <u>\$ 13,611,476</u> |

Concentration of Credit Risk

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

| Issuer | Investment Type | Amount |
|--|------------------------|---------------|
| CFD 2003-2 Special Tax Bonds, 2014 Series B (Improvement Area A and C) | Local Obligation Bonds | \$ 17,036,538 |
| CFD 2003-2 Special Tax Bonds, 2015 Series (Improvement Area B) | Local Obligation Bonds | 17,033,946 |
| CFD 2004-3-1 Special Tax Bonds, 2015 Series (Improvement Area 1) | Local Obligation Bonds | 20,771,493 |
| CFD 2004-3-2 Special Tax Bonds, 2015 Series (Improvement Area 2) | Local Obligation Bonds | 23,532,441 |
| CFD 2005-2 Special Tax Bonds, 2015 Series (Improvement Area 2) | Local Obligation Bonds | 21,077,562 |

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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 fair 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, 2019, \$1,348,968 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 City may invest up to \$65,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2019 was 2.43%. The carrying value and estimated fair value of the LAIF Pool at June 30, 2019 was \$105,325,060,682 and \$105,814,483,092, respectively. The City's share of the Pool at June 30, 2019 was approximately 0.0297 percent.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$679,019,402 and asset-backed securities totaling \$676,140,361. LAIF's and the City'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,

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 2: Cash and Investments (Continued)

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.

An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). Camp has oversight by PFM, which is an investment advisor registered with the Securities Exchange Commission under the Investment Advisors Act of 1940.

Investment in Bonds

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

| Investment Type | Fair Value |
|--|-----------------------|
| AD 93-1 Refunding Improvement Bonds, 2012 Series B | \$ 11,631,761 |
| CFD 2005-5 Special Tax Bonds, 2012 Series A | 2,849,934 |
| CFD 2003-2 Special Tax Bonds, 2012 Series (Improvement Area C) | 5,173,973 |
| CFD 2006-1 Special Tax Bonds, 2013 Series (Improvement Area A) | 3,317,326 |
| CFD 88-3 Special Tax Bonds, 2013 Series B | 925,409 |
| CFD 98-1 Special Tax Bonds, 2013 Series C | 10,631,215 |
| CFD 2003-2 Special Tax Bonds, 2014 Series A (Improvement Area D) | 7,166,639 |
| CFD 2003-2 Special Tax Bonds, 2014 Series B (Improvement Area A and C) | 17,036,538 |
| CFD 95-1 Special Tax Bonds, 2015 Series | 808,212 |
| CFD 2003-2 Special Tax Bonds, 2015 Series (Improvement Area B) | 17,033,946 |
| CFD 2004-3-1 Special Tax Bonds, 2015 Series (Improvement Area 1) | 20,771,493 |
| CFD 2004-3-2 Special Tax Bonds, 2015 Series (Improvement Area 2) | 23,532,441 |
| CFD 2005-1 Special Tax Bonds, 2015 Series | 7,815,615 |
| CFD 2005-2 Special Tax Bonds, 2015 Series (Improvement Area 2) | 21,077,562 |
| CFD 2005-6 Special Tax Bonds, 2015 Series | 2,809,832 |
| CFD 2006-2 Special Tax Bonds, 2015 Series | 5,852,815 |
| CFD 2006-1 Special Tax Bonds, 2015 A Series (Improvement Area B) | 2,815,186 |
| CFD 88-3 Special Tax Bonds, 2015 B Series | 3,410,000 |
| | <u>\$ 164,659,895</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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

| Investment Type | Fair Value |
|--|----------------------|
| CFD 2003-2 Lease Revenue Bonds, Series 2017 Canyon Hills (Improvement Area B) | \$ 4,478,926 |
| Lake Elsinore Facilities Financing Authority Lease Revenue Bonds, Series 2016A | 9,845,000 |
| | <u>\$ 14,323,926</u> |

Note 3: Fair Value Measurements

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

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

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

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 3: Fair Value Measurements (Continued)

Fair value of assets measured on a recurring basis at June 30, 2019, are as follows:

| | Fair Value | Significant Other Observable Inputs (Level 2) | Uncategorized |
|--|-----------------------|---|----------------------|
| Local Agency Investment Fund | \$ 31,509,204 | \$ - | \$ 31,509,204 |
| Corporate Notes | 9,568,933 | 9,568,933 | - |
| Asset Backed Securities | 2,591,069 | 2,591,069 | - |
| Federal Agency Securities | 1,843,167 | 1,843,167 | - |
| US Treasury Notes | 20,242,178 | 20,242,178 | - |
| Certificate of Deposits | 4,641,579 | 4,641,579 | - |
| Super-National Agency Bonds | 1,609,703 | 1,609,703 | - |
| California Asset Management Program Pool (CAMP) | 59,744 | - | 59,744 |
| Held by Bond Trustee: | | | |
| Money Market Mutual Bonds | 30,748,973 | 30,748,973 | - |
| Local Obligations Bonds | 169,138,821 | 178,623,821 | - |
| Total | <u>\$ 271,953,371</u> | <u>\$ 249,869,423</u> | <u>\$ 31,568,948</u> |

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

Note 4: Loans Receivable from Successor Agency

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

1995 Loan from Housing Fund

As of June 30, 2019, the Successor Agency owed the City, in its capacity as housing successor agency, \$28,071,816. The loans were made from the Low and Moderate-Income Housing Special Revenue Fund from the 1995 Series A and 1999 Series C bond proceeds pursuant to that certain Housing Fund Loan Agreement dated December 1, 1995. The loan proceeds were deposited into the Rancho Laguna Special Revenue Fund, and then subsequently loaned to each of the three project areas as interfund loans in accordance with the loan agreement. The 1995 Series A and 1999 Series C bonds were refunded in fiscal year 2010 with the issuance of the 2010 Series A and 2010 Series B bonds. The loans payable includes an original amount of \$18,040,440 and accrued interest of \$10,031,376. During the fiscal year, accrued interest of \$430,643 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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 4: Loans Receivable from Successor Agency (Continued)

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, 2019, is \$828,391.

Public Finance Authority Loan Agreements

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

The following table represents the outstanding balance of loans receivable from the Successor Agency at June 30, 2019:

| Tax Allocation Revenue Bonds | Loans Receivable Balance |
|------------------------------|-----------------------------|
| 2010 Series B Issue | \$ 5,515,000 |
| 2010 Series C Issue | 20,255,000 |
| Total | <u>\$ 25,770,000</u> |

Note 5: Notes Receivable

The City has a note receivable in the amount of \$1,000,000 from Pottery Court Housing Associates, L.P. dated December 9, 2009. The proceeds of the loan assisted with the development of the Pottery Court Affordable Housing Project. This loan was funded with HOPE VI grant funds from the United States Department of Housing and Urban Development. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing on July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 75 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 5: Notes Receivable (Continued)

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, 2019, the total outstanding balance of \$1,270,000 includes accrued interest of \$270,000.

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, 2019, the total outstanding balance of \$11,877,685 includes interest of \$2,140,685.

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, 2019, the total outstanding balance of \$1,173,857 includes interest of \$73,857.

The City's Affordable Housing Special Revenue Fund has a note receivable in the amount of \$695,250 from Mission Trail LE, LP dated May 1, 2018. The loan was given for the purpose of providing construction and permanent financing for the development of the Mission Trail Apartments Affordable Housing Project. The Borrower shall make annual repayments of the City Fund 106 Loan on June 30 of each year following completion of construction of the Improvements. The City Land Loan shall be repayable from 50 percent of the residual receipts paid annually after completion of the Development. All residual receipts payments to the City shall be paid toward the City Fund 106 Loan until the City Fund 106 Loan is paid in full. Notwithstanding any other provision, unless the loan is repaid earlier, the outstanding principal and accrued interest is payable 55 years from the date of recordation of a Notice of Completion for the Development. At June 30, 2019, the total outstanding balance of \$699,079 includes accrued interest of \$3,829.

The City's Affordable Housing Special Revenue Fund has a note receivable in the amount of \$2,000,000 from Mission Trail LE, LP dated May 1, 2018. The proceeds of the loan were used for the acquisition of the property by the developer for the Mission Trail Apartments Affordable Housing Project. The term of this loan shall commence on May 1, 2018 and shall expire on December 31, 2077, notwithstanding any other provisions, unless the loan is paid earlier. The City Land Loan shall be repayable from 50 percent of the residual receipts paid annually after

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 5: Notes Receivable (Continued)

completion of the Development. All residual receipts payments to the City shall be paid toward the City Fund 106 Loan until the City Fund 106 Loan is paid in full. After the City Fund 106 Loan is completely repaid, all residual receipts payments to the City shall be paid to the City Land Loan. At June 30, 2019, the total outstanding balance of \$2,011,014 includes accrued interest of \$11,014.

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$7,520,000 from Mission Trail LE. LP dated May 1, 2018. The loan was given for the purpose of providing construction and permanent financing for the development of the Mission Trail Apartments Affordable Housing Project. The City LMIHAF Loan shall be repayable from 50 percent of the residual receipts paid annually after completion of the Development. All residual receipts payments to the City shall be paid toward the City Fund 106 Loan until the City Fund 106 Loan is paid in full. After the City Fund 106 Loan is completely repaid, all residual receipts payments to the City shall be paid to the City Land Loan. After the City Land Loan is completely repaid, all residual payments shall be applied to the City LMIHAF Loan. At June 30, 2019, the total outstanding balance of \$7,561,412 includes accrued interest of \$41,412.

The City's low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$771,500 or such lessor amount as disbursed by the City to Civic Partners-Elsinore, LLC. The proceeds of the loan shall be used for the purpose of predevelopment eligible costs for the Cottages at Mission Trail Affordable Housing Project. It is anticipated that all principal and interest outstanding under the Predevelopment Promissory Note shall be repaid in full at Construction Closing with proceeds of the Accrued Funds Loan. At June 30, 2019, the total outstanding balance was \$0.

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$5,074,276 due from Mission Cottages LP dated April 1, 2019. The loan was given for the purpose of repaying the Predevelopment Loan, to pay for property and for the payment of project costs for the Cottages at Mission Trail Affordable Housing Project. The City's LMIHAF Loan shall be repayable from fifty percent (50%) of the residual receipts paid annually on or before June 30 each year following completion of the Development. All residual receipts payments to the City shall be paid toward the City Fund 106 Loan until the City Fund 106 Loan is completely repaid, all residual receipt payments to the City shall be paid to the LMIHAF Loan. Payments on the City's LMIHAF Loan shall be credited toward accrued interest first and then outstanding principal. The term of this loan shall commence on April 1, 2019 and shall continue until the fifty-fifth (55th) anniversary of the date of recording the Notice of Completion for the Development. At June 30, 2019 the total outstanding balance of \$5,080,532 includes accrued interest of \$6,256.

The City's Affordable Housing Special Revenue Fund has a note receivable in the amount of \$646,974 from Mission Cottages LP. Dated April 1, 2019. The proceeds of the loan were used for the purpose of providing construction and permanent financing for the development of the Cottages at Mission Trail Affordable Housing Project. The City Fund 106 Loan shall be repaid from fifty percent (50%) of the residual receipts paid annually on or before June 30 of each year following completion of construction of the improvements. All residual receipts payments made to the City shall be applied toward the City Fund 106 Loan until the City Fund 106 Loan is completely repaid. After the City Fund 106 Loan is completely repaid, all residual receipts payments to the City shall be applied to the City LMIHAF Loan. Payments on the City Fund 106 Loan shall be credited toward accrued interest first and then outstanding principal. The term of this loan shall commence on April 1, 2019 and shall continue until the fifty-fifth (55th) anniversary of the date of recording the Notice of Completion for the Development.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 5: Notes Receivable (Continued)

At June 30, 2019, the total outstanding balance of \$647,772 includes accrued interest of \$798.

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$65,000 due from Habitat for Humanity dated August 31, 2018. The proceeds of the loan shall be used for payment of the purchase price for the property and development costs of the affordable housing project. There are no payments of principal or interest due on this note provided that no event of default has occurred. The City Loan shall be deemed repaid with the proceeds of the City Second Mortgage Assistance upon execution of a Deed of Trust by the Qualified Buyer in favor of the City Second Mortgage Assistance constituting a credit against the outstanding City Loan Amount. At June 30, 2019, the total outstanding balance is \$65,000.

Note 6: Capital Assets

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

| | Beginning Balance | Transfer to Business Type | Additions | Deletions | Transfers | Ending Balance |
|---|----------------------|---------------------------------|---------------|----------------|-------------|-------------------|
| Governmental Activities: | | | | | | |
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 3,215,378 | \$ - | \$ 3,756,430 | \$ (3,541,728) | \$ - | \$ 3,430,080 |
| Construction-in-progress | 18,804,174 | (18,826,190) | 22,945,101 | - | (5,632,074) | 17,291,011 |
| Total Capital Assets, Not Being Depreciated | 22,019,552 | (18,826,190) | 26,701,531 | (3,541,728) | (5,632,074) | 20,721,091 |
| Capital assets, being depreciated: | | | | | | |
| Building and Structures | 20,091,795 | (380,594) | 534,650 | - | - | 20,245,851 |
| Improvement other than buildings | 18,076,324 | (8,822,847) | - | - | - | 9,253,477 |
| Machinery and Equipment | 3,218,399 | (80,243) | 96,515 | - | - | 3,234,671 |
| Furniture and Fixtures | 1,004,554 | (100,438) | 18,296 | - | - | 922,412 |
| Automotive Equipment | 3,516,562 | (425,011) | 262,722 | (26,860) | - | 3,327,413 |
| Technology Equipment and Software | 670,599 | - | 179,423 | - | - | 850,022 |
| Infrastructure | 225,109,903 | - | 4,874,176 | - | 5,632,074 | 235,616,153 |
| Total Capital Assets, Being Depreciated | 271,688,136 | (9,809,133) | 5,965,782 | (26,860) | 5,632,074 | 273,449,999 |
| Less accumulated depreciation: | | | | | | |
| Building and Structures | (6,256,391) | 35,007 | (630,234) | - | - | (6,851,618) |
| Improvement other than buildings | (7,977,269) | 2,116,512 | (650,213) | - | - | (6,510,970) |
| Machinery and Equipment | (2,398,124) | 18,513 | (168,334) | - | - | (2,547,945) |
| Furniture and Fixtures | (408,666) | 9,257 | (125,251) | - | - | (524,660) |
| Automotive Equipment | (1,832,945) | 26,411 | (255,145) | 5,372 | - | (2,056,307) |
| Technology Equipment and Software | (379,924) | - | (162,816) | - | - | (542,740) |
| Infrastructure | (100,807,775) | - | (6,121,158) | - | - | (106,928,933) |
| Total Accumulated Depreciation | (120,061,094) | 2,205,700 | (8,113,151) | 5,372 | - | (125,963,173) |
| Total Capital Assets, Being Depreciated, Net | 151,627,042 | (7,603,433) | (2,147,369) | (21,488) | 5,632,074 | 147,486,826 |
| Governmental Activities Capital Assets, Net | \$ 173,646,594 | \$ (26,429,623) | \$ 24,554,162 | \$ (3,563,216) | \$ - | \$ 168,207,917 |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 6: Capital Assets (Continued)

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

| | |
|-------------------------|---------------------|
| Governmental Activities | |
| General Government | \$ 312,191 |
| Public Safety | 419,017 |
| Public Services | 6,301,754 |
| Community Services | 734,221 |
| Internal Service Fund | 345,968 |
| | <u>\$ 8,113,151</u> |

The following is a summary of changes in the Business-type Activities Capital Assets:

| | <u>Beginning Balance</u> | <u>Transfer from Governmental Activities</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|--|------------------|------------------|---------------------------|
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Construction-in-progress | \$ - | \$ 18,826,190 | \$ - | \$ - | \$ 18,826,190 |
| Total Capital Assets, Not Being Depreciated | - | 18,826,190 | - | - | 18,826,190 |
| Capital assets, being depreciated: | | | | | |
| Building and Structures | - | 380,594 | 9,000 | - | 389,594 |
| Improvement other than buildings | - | 8,822,847 | - | - | 8,822,847 |
| Machinery and Equipment | - | 80,243 | 351,712 | - | 431,955 |
| Furniture and Fixtures | - | 100,438 | 318,661 | - | 419,099 |
| Automotive Equipment | - | 425,011 | - | - | 425,011 |
| Total Capital Assets, Being Depreciated | - | 9,809,133 | 679,373 | - | 10,488,506 |
| Less accumulated depreciation: | | | | | |
| Building and Structures | - | (35,007) | (376) | - | (35,383) |
| Improvement other than buildings | - | (2,116,512) | - | - | (2,116,512) |
| Machinery and Equipment | - | (18,513) | (7,876) | - | (26,389) |
| Furniture and Fixtures | - | (9,257) | - | - | (9,257) |
| Automotive Equipment | - | (26,411) | - | - | (26,411) |
| Total Accumulated Depreciation | - | (2,205,700) | (8,252) | - | (2,213,952) |
| Total Capital Assets, Being Depreciated, Net | - | 7,603,433 | 671,121 | - | 8,274,554 |
| Governmental Activities Capital Assets, Net | \$ - | \$ 26,429,623 | \$ 671,121 | \$ - | \$ 27,100,744 |

Business-type activities depreciation expense for capital assets for year ended June 30, 2019, is \$8,252.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities

| | <u>Date of Issue</u> | <u>Years of Maturity</u> | <u>Rate of Interest</u> | <u>Amount Authorized</u> |
|-------------------------------|----------------------|------------------------------|-------------------------|------------------------------|
| Local Agency Revenue Bonds: | | | | |
| 2012 Series A | 7/12 | 2014-2039 | 1.50 - 5.25% | \$ 3,450,000 |
| 2012 Series B | 11/12 | 2015-2031 | 2.00 - 5.125% | 15,345,000 |
| 2012 Series C | 12/12 | 2016-2043 | 2.00 - 5.00% | 5,345,000 |
| 2013 Series A | 5/13 | 2016-2044 | 1.75 - 5.00% | 3,620,000 |
| 2013 Series B | 7/13 | 2015-2021 | 2.00 - 3.25% | 4,215,000 |
| 2013 Series C | 7/13 | 2014-2034 | 2.00 - 5.25% | 13,615,000 |
| 2014 Series A | 1/14 | 2017-2045 | 2.25 - 5.75% | 7,505,000 |
| 2014 Series B | 7/14 | 2016-2041 | 3.00 - 5.00% | 18,210,000 |
| 2015 Series | 2/15 | 2016-2041 | 2.00 - 5.00% | 108,845,000 |
| 2015 Series A | 2/15 | 2017-2045 | 2.00 - 3.65% | 3,200,000 |
| 2015 Series B | 5/15 | 2017-2021 | 2.00 - 5.00% | 7,590,000 |
| 2017 Series | 12/17 | 2019-2045 | 2.00 - 4.00% | 7,975,000 |
| Lease Revenue Bonds: | | | | |
| 2013 Series A | 9/13 | 2014-2032 | 3.00 - 5.00% | 14,460,000 |
| 2016 Series A | 11/16 | 2017-2046 | 1.25 - 3.75% | 10,410,000 |
| Tax Allocation Revenue Bonds: | | | | |
| 2010 Series A | 2/10 | 2011-2034 | 2.00 - 5.25% | 15,435,000 |
| 2010 Series B | 5/10 | 2011-2026 | 2.00 - 4.75% | 10,855,000 |
| 2010 Series C | 10/10 | 2012-2031 | 2.00 - 5.00% | 29,435,000 |
| Certificate of Participation | | | | |
| 2014 Series A | 10/4 | 2015-2039 | 2.00 - 5.00% | 7,965,000 |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

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

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|--|----------------------|--------------------|-----------------------|----------------------|------------------------|
| Bonds Payable: | | | | | |
| Public Financing Authority: | | | | | |
| Local Agency Revenue Bonds: | | | | | |
| 2012 Series A | \$ 3,165,000 | \$ - | \$ (65,000) | \$ 3,100,000 | \$ 75,000 |
| 2012 Series B | 12,770,000 | - | (705,000) | 12,065,000 | 735,000 |
| 2012 Series C | 5,320,000 | - | (20,000) | 5,300,000 | 25,000 |
| 2013 Series A | 3,560,000 | - | (30,000) | 3,530,000 | 35,000 |
| 2013 Series B | 1,555,000 | - | (580,000) | 975,000 | 550,000 |
| 2013 Series C | 11,655,000 | - | (525,000) | 11,130,000 | 540,000 |
| 2014 Series A | 7,475,000 | - | (30,000) | 7,445,000 | 40,000 |
| 2014 Series B | 17,180,000 | - | (435,000) | 16,745,000 | 480,000 |
| 2015 Series | 103,715,000 | - | (11,455,000) | 92,260,000 | 2,110,000 |
| 2015 Series A | 3,135,000 | - | (40,000) | 3,095,000 | 40,000 |
| 2015 Series B | 4,910,000 | - | (1,500,000) | 3,410,000 | 1,600,000 |
| Tax Allocation Revenue Bonds: | | | | | |
| 2010 Series A | 12,475,000 | - | (12,475,000) | - | - |
| 2010 Series B | 6,185,000 | - | (670,000) | 5,515,000 | 690,000 |
| 2010 Series C | 21,565,000 | - | (1,310,000) | 20,255,000 | 1,350,000 |
| Recreation Financing Authority: | | | | | |
| Lease Revenue Bonds: | | | | | |
| 2013 Series A | 11,530,000 | - | (635,000) | 10,895,000 | 655,000 |
| Facilities Financing Authority: | | | | | |
| Local Agency Revenue Bonds: | | | | | |
| 2017 Series | 7,975,000 | - | (3,110,000) | 4,865,000 | 130,000 |
| Lease Revenue Bonds: | | | | | |
| 2016 Series A | 10,090,000 | - | (245,000) | 9,845,000 | 250,000 |
| Certificates of Participation : | | | | | |
| 2014 Series A | 6,995,000 | - | (235,000) | 6,760,000 | 240,000 |
| Subtotal | 251,255,000 | - | (34,065,000) | 217,190,000 | 9,545,000 |
| Add (Less) Deferred Amounts: | | | | | |
| Bond Premiums | 10,442,021 | 27,952 | (582,131) | 9,887,842 | - |
| Bond Discounts | (598,641) | - | 86,194 | (512,447) | - |
| Subtotal | 9,843,380 | 27,952 | (495,937) | 9,375,395 | - |
| Total Bonds | \$261,098,380 | \$ 27,952 | \$(34,560,937) | \$226,565,395 | \$9,545,000 |
| Capital Leases Payable (Direct borrowings): | | | | | |
| Capital Lease - Street Lights | - | 3,459,380 | - | 3,459,380 | 55,811 |
| Total Capital Leases | \$ - | \$3,459,380 | \$ - | \$ 3,459,380 | \$ 55,811 |

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

Net pension liability and other post-employment benefit obligations are liquidated by the General Fund and are reported as a liability of the governmental activities. Compensated absences are liquidated by the General Fund and are reported as a liability of the governmental activities.

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. On March 1, 2014, \$60,000 in bonds were redeemed at 103%. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$266,124, which is sufficient to cover the Bond Indenture Reserve Requirement of \$264,325.

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

| Year Ending June 30 | 2012A Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 75,000 | \$ 152,328 | \$ 227,328 |
| 2021 | 80,000 | 149,613 | 229,613 |
| 2022 | 85,000 | 146,516 | 231,516 |
| 2023 | 95,000 | 142,969 | 237,969 |
| 2024 | 105,000 | 138,969 | 243,969 |
| 2025 - 2029 | 660,000 | 613,816 | 1,273,816 |
| 2030 - 2034 | 870,000 | 415,538 | 1,285,538 |
| 2035 - 2039 | 1,130,000 | 154,088 | 1,284,088 |
| Totals | <u>\$ 3,100,000</u> | <u>\$ 1,913,837</u> | <u>\$ 5,013,837</u> |

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

June 30, 2019, the Authority has a cash reserve balance for debt service of \$1,439,433, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,429,700. Future debt requirements for the 2012 Series B Local Agency Revenue Bonds are as follows:

| Year Ending June 30 | 2012B Local Agency Revenue Refunding Bonds | | |
|---------------------|--|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 735,000 | \$ 571,947 | \$ 1,306,947 |
| 2021 | 770,000 | 543,706 | 1,313,706 |
| 2022 | 805,000 | 511,178 | 1,316,178 |
| 2023 | 850,000 | 474,975 | 1,324,975 |
| 2024 | 895,000 | 433,447 | 1,328,447 |
| 2025 - 2029 | 5,370,000 | 1,397,075 | 6,767,075 |
| 2030 - 2031 | 2,640,000 | 137,350 | 2,777,350 |
| Totals | <u>\$ 12,065,000</u> | <u>\$ 4,069,678</u> | <u>\$ 16,134,678</u> |

2012 Series C

In December 2012, \$5,345,000 principal amount of 2012 Local Agency Revenue Bonds, Series C, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$5,000 to \$1,200,000 from September 1, 2015 through September 1, 2042. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2013 through September 1, 2042. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2013 at specified redemption prices. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$538,138, 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 | 2012C Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 25,000 | \$ 259,588 | \$ 284,588 |
| 2021 | 30,000 | 258,656 | 288,656 |
| 2022 | 35,000 | 257,475 | 292,475 |
| 2023 | 45,000 | 255,919 | 300,919 |
| 2024 | 55,000 | 253,884 | 308,884 |
| 2025 - 2029 | 405,000 | 1,225,625 | 1,630,625 |
| 2030 - 2034 | 700,000 | 1,095,500 | 1,795,500 |
| 2035 - 2039 | 1,105,000 | 872,625 | 1,977,625 |
| 2040 - 2043 | 2,900,000 | 379,500 | 3,279,500 |
| Totals | <u>\$ 5,300,000</u> | <u>\$ 4,858,772</u> | <u>\$ 10,158,772</u> |

2013 Series A

In May 2013, \$3,620,000 principal amount of 2013 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$15,000 to \$310,000 from September 1, 2015 through September 1, 2043. Interest payments ranging from 1.75% to 5.0% are due from March 1, 2014 through

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

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, 2019, the Authority has a cash reserve balance for debt service of \$326,467, which is sufficient to cover the Bond Indenture Reserve Requirement of \$324,258.

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

| Year Ending June 30 | 2013A Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|--------------|--------------|
| | Principal | Interest | Total |
| 2020 | \$ 35,000 | \$ 167,100 | \$ 202,100 |
| 2021 | 40,000 | 165,925 | 205,925 |
| 2022 | 45,000 | 164,516 | 209,516 |
| 2023 | 50,000 | 162,881 | 212,881 |
| 2024 | 55,000 | 160,975 | 215,975 |
| 2025 - 2029 | 395,000 | 760,938 | 1,155,938 |
| 2030 - 2034 | 625,000 | 648,141 | 1,273,141 |
| 2035 - 2039 | 930,000 | 462,000 | 1,392,000 |
| 2040 - 2044 | 1,355,000 | 178,875 | 1,533,875 |
| Totals | \$ 3,530,000 | \$ 2,871,351 | \$ 6,401,351 |

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, 2019, the Authority has a cash reserve balance for debt service of \$424,369, 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 | 2013B Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|-----------|--------------|
| | Principal | Interest | Total |
| 2020 | \$ 550,000 | \$ 22,063 | \$ 572,063 |
| 2021 | 425,000 | 6,906 | 431,906 |
| Totals | \$ 975,000 | \$ 28,969 | \$ 1,003,969 |

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, 2019, the Authority has a cash reserve balance for debt service of \$1,090,144, which is sufficient to cover the

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

Bond Indenture Reserve Requirement of \$1,082,856.

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

| Year Ending June 30 | 2013C Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|--------------|---------------|
| | Principal | Interest | Total |
| 2020 | \$ 540,000 | \$ 532,994 | \$ 1,072,994 |
| 2021 | 555,000 | 514,169 | 1,069,169 |
| 2022 | 575,000 | 493,316 | 1,068,316 |
| 2023 | 600,000 | 470,175 | 1,070,175 |
| 2024 | 620,000 | 445,388 | 1,065,388 |
| 2025 - 2029 | 3,600,000 | 1,709,663 | 5,309,663 |
| 2030 - 2034 | 4,640,000 | 633,938 | 5,273,938 |
| Totals | \$ 11,130,000 | \$ 4,799,643 | \$ 15,929,643 |

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, 2019, the Authority has a cash reserve balance for debt service of \$709,809, which is sufficient to cover the Bond Indenture Reserve Requirement of \$705,011.

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

| Year Ending June 30 | 2014A Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|--------------|---------------|
| | Principal | Interest | Total |
| 2020 | \$ 40,000 | \$ 413,669 | \$ 453,669 |
| 2021 | 50,000 | 411,969 | 461,969 |
| 2022 | 60,000 | 409,694 | 469,694 |
| 2023 | 70,000 | 406,888 | 476,888 |
| 2024 | 85,000 | 403,444 | 488,444 |
| 2025 - 2029 | 655,000 | 1,938,353 | 2,593,353 |
| 2030 - 2034 | 1,140,000 | 1,705,813 | 2,845,813 |
| 2035 - 2039 | 1,840,000 | 1,290,875 | 3,130,875 |
| 2040 - 2044 | 2,800,000 | 630,488 | 3,430,488 |
| 2045 | 705,000 | 20,269 | 725,269 |
| Totals | \$ 7,445,000 | \$ 7,631,462 | \$ 15,076,462 |

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**Note 7: Long-Term Liabilities (Continued)**

installments of \$260,000 to \$1,255,000 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, 2019, the Authority has a cash reserve balance for debt service of \$1,477,895, 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 | 2014B Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 480,000 | \$ 753,863 | \$ 1,233,863 |
| 2021 | 530,000 | 733,663 | 1,263,663 |
| 2022 | 575,000 | 708,688 | 1,283,688 |
| 2023 | 630,000 | 678,563 | 1,308,563 |
| 2024 | 670,000 | 646,063 | 1,316,063 |
| 2025 - 2029 | 4,025,000 | 2,761,125 | 6,786,125 |
| 2030 - 2034 | 5,275,000 | 1,789,513 | 7,064,513 |
| 2035 - 2039 | 3,290,000 | 648,944 | 3,938,944 |
| 2040 - 2041 | 1,270,000 | 64,750 | 1,334,750 |
| Totals | <u>\$ 16,745,000</u> | <u>\$ 8,785,172</u> | <u>\$ 25,530,172</u> |

2015 Series

In February 2015, \$108,845,000 principal amount of 2015 Series Local Agency Revenue Bonds, was issued in accordance with the indenture. 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. On September 1, 2018, the bonds were partially redeemed in the amount of \$9,415,000. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$8,532,733, which is sufficient to cover the Bond Indenture Reserve Requirement of \$8,391,511.

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

| Year Ending June 30 | 2015 Local Agency Revenue Refunding Bonds | | |
|---------------------|---|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,110,000 | \$ 4,481,900 | \$ 6,591,900 |
| 2021 | 2,345,000 | 4,382,100 | 6,727,100 |
| 2022 | 2,580,000 | 4,261,100 | 6,841,100 |
| 2023 | 2,830,000 | 4,128,175 | 6,958,175 |
| 2024 | 3,110,000 | 3,982,200 | 7,092,200 |
| 2025 - 2029 | 19,960,000 | 17,223,450 | 37,183,450 |
| 2030 - 2034 | 29,335,000 | 11,232,350 | 40,567,350 |
| 2035 - 2039 | 27,585,000 | 3,397,150 | 30,982,150 |
| 2040 - 2041 | 2,405,000 | 80,125 | 2,485,125 |
| Totals | <u>\$ 92,260,000</u> | <u>\$ 53,168,550</u> | <u>\$ 145,428,550</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

2015 Series A

In February 2015, \$3,200,000 principal amount of 2015 Local Agency Revenue Bonds, Series A, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$30,000 to \$235,000 from September 1, 2016 through September 1, 2044. Interest payments ranging from 2.0% to 3.625% are due from September 1, 2015 through September 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2023 at specified redemption prices. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$231,714, which is sufficient to cover the Bond Indenture Reserve Requirement of \$230,148.

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

| Year Ending June 30 | 2015A Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 40,000 | \$ 104,369 | \$ 144,369 |
| 2021 | 45,000 | 103,519 | 148,519 |
| 2022 | 50,000 | 102,538 | 152,538 |
| 2023 | 55,000 | 101,388 | 156,388 |
| 2024 | 60,000 | 100,019 | 160,019 |
| 2025 - 2029 | 375,000 | 469,516 | 844,516 |
| 2030 - 2034 | 525,000 | 397,997 | 922,997 |
| 2035 - 2039 | 725,000 | 290,122 | 1,015,122 |
| 2040 - 2044 | 985,000 | 136,028 | 1,121,028 |
| 2045 | 235,000 | 4,259 | 239,259 |
| Totals | <u>\$ 3,095,000</u> | <u>\$ 1,809,755</u> | <u>\$ 4,904,755</u> |

2015 Series B

In May 2015, \$7,590,000 principal amount of 2015 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$1,270,000 to \$1,810,000 from September 1, 2016 through September 1, 2020. Interest payments ranging from 2.0% to 5.0% are due from March 1, 2016 through September 1, 2020. The bonds are not subject to call and redemption prior to their stated maturity. At June 30, 2019, the Reserve Fund is fully funded by the deposit of the Reserve Surety Policy.

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

| Year Ending June 30 | 2015B Local Agency Revenue Bonds | | |
|---------------------|----------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 1,600,000 | \$ 130,500 | \$ 1,730,500 |
| 2021 | 1,810,000 | 45,250 | 1,855,250 |
| Totals | <u>\$ 3,410,000</u> | <u>\$ 175,750</u> | <u>\$ 3,585,750</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

2017 Series

On December 21, 2017 \$7,975,000 principal amount of Lease Revenue Bonds, Series 2017, was issued by the Lake Elsinore Facilities Financing Authority to finance the acquisition, construction and installation of certain capital improvements owned by the City for Community Facilities District 2003-2 (Canyon Hills) Improvement Area B. The bonds are due in annual installments of \$105,000 to \$450,000 from September 1, 2018 through September 1, 2044. Interest payments ranging from 2.00% to 4.00% are due from March 1, 2018 through March 1, 2044. The bonds are subject to call and redemption prior to their stated maturity commencing March 1, 2038 at specified redemption prices. On September 1, 2018, the bonds were partially redeemed in the amount of \$3,005,000. At June 30, 2019, the cash reserve balance of \$300,029 is sufficient to cover the Reserve Requirement of \$295,331.

Future debt requirements for the 2017 Series Local Agency Revenue Bonds are as follows:

| Year Ending June 30 | 2017 Local Agency Revenue Bonds | | |
|---------------------|---------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 130,000 | \$ 158,194 | \$ 288,194 |
| 2021 | 135,000 | 155,544 | 290,544 |
| 2022 | 140,000 | 152,794 | 292,794 |
| 2023 | 140,000 | 149,994 | 289,994 |
| 2024 | 145,000 | 146,963 | 291,963 |
| 2025 - 2029 | 775,000 | 678,459 | 1,453,459 |
| 2030 - 2034 | 885,000 | 556,213 | 1,441,213 |
| 2035 - 3039 | 1,015,000 | 395,806 | 1,410,806 |
| 2040 - 2044 | 1,225,000 | 181,500 | 1,406,500 |
| 2045 | 275,000 | 5,500 | 280,500 |
| Totals | <u>\$ 4,865,000</u> | <u>\$ 2,580,967</u> | <u>\$ 7,445,967</u> |

2010 Series A

In February 2010, \$15,435,000 principal amount of Tax Allocation Revenue Bonds, Series A, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$305,000 to \$2,910,000 from September 1, 2010 through September 1, 2033; interest at 2.00% to 5.25%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$1,530,444, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,471,914. The bond was fully refunded at June 30, 2019.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

2010 Series B

In May 2010, \$10,855,000 principal amount of Tax Allocation Revenue Bonds, Series B, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$515,000 to \$895,000 from September 1, 2010 through September 1, 2025; interest at 2.00% to 4.75%. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2019, at specified redemption prices. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$967,370, which is sufficient to cover the Bond Indenture Reserve Requirement of \$938,956.

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

| Year Ending June 30 | 2010B Tax Allocation Revenue Bonds | | |
|---------------------|------------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 690,000 | \$ 231,450 | \$ 921,450 |
| 2021 | 720,000 | 202,350 | 922,350 |
| 2022 | 750,000 | 170,175 | 920,175 |
| 2023 | 785,000 | 136,128 | 921,128 |
| 2024 | 820,000 | 100,506 | 920,506 |
| 2025 - 2026 | 1,750,000 | 83,541 | 1,833,541 |
| Totals | <u>\$ 5,515,000</u> | <u>\$ 924,150</u> | <u>\$ 6,439,150</u> |

2010 Series C

In October 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued in accordance with the indenture described in Note 7A. The term bonds are due in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; interest at 2.00% to 5.00%. The bonds are subject to call and redemption on or after their stated maturity commencing September 1, 2020, at specified redemption prices. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$2,288,231, which is sufficient to cover the Bond Indenture Reserve Requirement of \$2,221,688.

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

| Year Ending June 30 | 2010C Tax Allocation Revenue Bonds | | |
|---------------------|------------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 1,350,000 | \$ 848,676 | \$ 2,198,676 |
| 2021 | 1,395,000 | 800,611 | 2,195,611 |
| 2022 | 1,445,000 | 746,426 | 2,191,426 |
| 2023 | 1,500,000 | 687,526 | 2,187,526 |
| 2024 | 1,560,000 | 625,156 | 2,185,156 |
| 2025 - 2029 | 8,870,000 | 2,029,397 | 10,899,397 |
| 2030 - 2031 | 4,135,000 | 205,338 | 4,340,338 |
| Totals | <u>\$ 20,255,000</u> | <u>\$ 5,943,130</u> | <u>\$ 26,198,130</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

Lease Revenue 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, 2019, the Authority has a cash reserve balance for debt service of \$1,131,968, which is sufficient to cover the Bond Indenture Reserve Requirement of \$1,131,700.

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

| Year Ending June 30 | 2013A Lease Revenue Refunding Bonds | | |
|---------------------|-------------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 655,000 | \$ 474,050 | \$ 1,129,050 |
| 2021 | 675,000 | 454,400 | 1,129,400 |
| 2022 | 700,000 | 427,400 | 1,127,400 |
| 2023 | 730,000 | 399,400 | 1,129,400 |
| 2024 | 760,000 | 370,200 | 1,130,200 |
| 2025 - 2029 | 4,295,000 | 1,349,013 | 5,644,013 |
| 2030 - 2032 | 3,080,000 | 307,738 | 3,387,738 |
| Totals | <u>\$ 10,895,000</u> | <u>\$ 3,782,201</u> | <u>\$ 14,677,201</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

2016 Series A

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

| Year Ending June 30 | 2016A Lease Revenue Bonds | | |
|---------------------|---------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 250,000 | \$ 309,338 | \$ 559,338 |
| 2021 | 255,000 | 306,213 | 561,213 |
| 2022 | 255,000 | 302,388 | 557,388 |
| 2023 | 260,000 | 298,563 | 558,563 |
| 2024 | 265,000 | 294,013 | 559,013 |
| 2025 - 2029 | 1,440,000 | 1,354,163 | 2,794,163 |
| 2030 - 2034 | 1,710,000 | 1,082,525 | 2,792,525 |
| 2035 - 2039 | 1,995,000 | 796,344 | 2,791,344 |
| 2040 - 2044 | 2,355,000 | 436,688 | 2,791,688 |
| 2045 | 1,060,000 | 56,000 | 1,116,000 |
| Totals | <u>\$ 9,845,000</u> | <u>\$ 5,236,235</u> | <u>\$ 15,081,235</u> |

Certificates of Participation

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

CITY OF LAKE ELSINORE**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

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

| Year Ending June 30 | 2014 Certificates of Participation | | |
|---------------------|------------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 240,000 | \$ 255,538 | \$ 495,538 |
| 2021 | 250,000 | 245,938 | 495,938 |
| 2022 | 255,000 | 240,938 | 495,938 |
| 2023 | 260,000 | 235,838 | 495,838 |
| 2024 | 265,000 | 229,988 | 494,988 |
| 2025 - 2029 | 1,460,000 | 1,028,963 | 2,488,963 |
| 2030 - 2034 | 1,815,000 | 677,600 | 2,492,600 |
| 2035 - 2039 | 2,215,000 | 272,800 | 2,487,800 |
| Totals | <u>\$ 6,760,000</u> | <u>\$ 3,187,603</u> | <u>\$ 9,947,603</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 are payable solely from the Measure A revenues. Total principal and interest remaining on the certificates of participation is \$9,947,603, payable through fiscal year 2039. For the current year, principal and interest paid by Measure A revenues were \$235,000 and \$264,938, respectively.

Capital Lease

On May 30, 2017 the City entered into a Purchase and Sale Agreement with Southern California Edison with the intent to purchase 3,186 LS-1 electric streetlight facilities located within the City of Lake Elsinore. On November 1, 2018, the City entered into an Equipment Lease/Purchase Agreement with Banc of America Leasing & Capital, LLC to finance the acquisition, installation, and retrofitting of these streetlights. The acquisition amount is \$3,459,380 with payments due in bi-annual installments of \$362,229 from December 1, 2019 through December 1, 2033. The contract rate is 5.58% per annum. The balance on the lease payable at June 30, 2019, was \$3,459,380.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Liabilities (Continued)

The total leased assets by major asset class consisted of the following:

| | <u>June 30, 2019</u> |
|--|----------------------------|
| Equipment under capitalized lease, at cost | \$ 3,459,380 |
| Accumulated depreciation | <u>4,107</u> |
| Equipment under capitalized lease, net | <u><u>\$ 3,463,487</u></u> |

Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2019:

| | <u>Balance at July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at June 30, 2019</u> | <u>Due Within One Year</u> |
|-------------------------|------------------------------------|------------------|-------------------|-------------------------------------|--------------------------------|
| Governmental Activities | \$ 1,234,836 | \$ 58,784 | \$ 121,900 | \$ 1,171,720 | \$ 117,172 |
| Total | <u>\$ 1,234,836</u> | <u>\$ 58,784</u> | <u>\$ 121,900</u> | <u>\$ 1,171,720</u> | <u>\$ 117,172</u> |

Compensated absences do not have a fixed repayment schedule and become payable when leave is used by employees. Governmental activities' compensated absences are typically liquidated through the General Fund.

Note 8: Special Assessment District Bonds

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

| | <u>Original Issue</u> | <u>Outstanding at June 30, 2019</u> |
|--|-----------------------|---|
| Assessment District NO. 93-1 Refunding Improvement Bonds, 2012 Series B | \$ 15,345,000 | <u>\$ 12,065,000</u> |
| Total Assessment District Bonds | | <u><u>\$ 12,065,000</u></u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 9: Community Facilities District Bonds

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

| | Original Issue | Outstanding Amount at June 30, 2019 |
|--|-----------------------|---|
| Community Facilities District 90-2 Tuscany Hills (2007 Series A) | \$ 7,340,000 | \$ 5,745,000 |
| Community Facilities District 2005-5 Wasson Canyon (2012A Series) | 3,450,000 | 3,100,000 |
| Community Facilities District 2006-1 Summerly (2013 Series) | 3,620,000 | 3,530,000 |
| Community Facilities District 2003-2 Canyon Hills IA-C (2012 Series C) | 5,345,000 | 5,300,000 |
| Community Facilities District 88-3 West Lake Elsinore (2013B Series) | 4,215,000 | 975,000 |
| Community Facilities District 98-1 Summerhill (2013C Series) | 13,615,000 | 11,130,000 |
| Community Facilities District 2003-2 Canyon Hills IA-D (2014A Series) | 7,505,000 | 7,445,000 |
| Community Facilities District 2003-2 IA-D Canyon Hills (2016 Series A) | 16,495,000 | 16,280,000 |
| Community Facilities District 2003-2 IA-A Canyon Hills (2014 Series) | 10,895,000 | 9,655,000 |
| Community Facilities District 2003-2 IA-C Canyon Hills (2014 Series) | 7,315,000 | 7,090,000 |
| Community Facilities District 95-1 Lake Elsinore City Center (2015 Series) | 1,030,000 | 755,000 |
| Community Facilities District 2003-2 IA-B Canyon Hills (2015 Series) | 25,795,000 | 15,225,000 |
| Community Facilities District 2004-3-1 IA-1 Rosetta Canyon (2015 Series) | 21,005,000 | 19,355,000 |
| Community Facilities District 2004-3-1 IA-2 Rosetta Canyon (2015 Series) | 23,115,000 | 21,925,000 |
| Community Facilities District 2005-1 Serenity (2015 Series) | 8,165,000 | 7,265,000 |
| Community Facilities District 2005-2 IA-A Alberhill Ranch (2015 Series) | 21,095,000 | 19,655,000 |
| Community Facilities District 2005-6 City Center Townhomes (2015 Series) | 2,815,000 | 2,620,000 |
| Community Facilities District 2006-2 Viscaya (2015 Series) | 5,825,000 | 5,460,000 |
| Community Facilities District 2006-1 IA-B Summerly (2015 Series) | 3,200,000 | 3,095,000 |
| Community Facilities District 88-3 West Lake Elsinore (2015 Series B) | 7,590,000 | 3,410,000 |
| Community Facilities District 2006-1 IA-CC (2016 Series A) | 3,000,000 | 2,920,000 |
| Community Facilities District 2006-1 IA-EE Summerly (2017 Series A) | 5,070,000 | 5,070,000 |
| Community Facilities District 2006-1 IA-FF Summerly (2016 Series B) | 3,785,000 | 3,755,000 |
| Community Facilities District 2003-2 IA-B Canyon Hills (2017 Series) | 7,975,000 | 4,865,000 |
| Community Facilities District 2015-5 Trieste (2017 Series) | 2,240,000 | 2,205,000 |
| Community Facilities District 2003-2 IA-E Canyon Hills (2018 Series) | 2,655,000 | 2,655,000 |
| Community Facilities District 2007-5 Red Kite (2018 Series) | 1,740,000 | 1,740,000 |
| Community Facilities District 2016-2 Canyon Hills (2018 Series) | 19,745,000 | 19,745,000 |
| Community Facilities District 2007-4 Makenna Court (2018 Series) | 2,645,000 | 2,645,000 |
| Community Facilities District 2006-1 IA-JJ Summerly (2018 Series) | 5,370,000 | 5,370,000 |
| Total Community Facilities District Bonds | <u>\$ 253,655,000</u> | <u>\$ 219,985,000</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Inter-fund Receivables, Payables and Transfers

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

Due To/From

Due to and from other funds are as follows:

| Receivable Fund | Payable Fund | Amount |
|--------------------------|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 813,599 |
| Other Governmental Funds | Launch Pointe | 208 |
| Other Governmental Funds | Other Governmental Funds | 242 |
| | Total | <u>\$ 814,049</u> |

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

Transfers In/Out

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

| Transfers In | Transfers Out | Amount |
|---|---|----------------------|
| General Fund | Other Governmental Funds | \$ 390,321 |
| Other Governmental Funds | General Fund | 271,567 |
| Other Governmental Funds | Other Governmental Funds | 908,977 |
| Other Governmental Funds | Capital Improvement Plan Capital Project Fund | 358,998 |
| Capital Improvement Plan Capital Project Fund | Other Governmental Funds | 4,831,952 |
| Launch Pointe | Capital Improvement Plan Capital Project Fund | 1,748,975 |
| Launch Pointe | Government-Wide Statement of Activities | 26,429,623 |
| Other Governmental Funds | Launch Pointe | 10,090,000 |
| Internal Service Funds | Internal Service Funds | 140,263 |
| | Total | <u>\$ 45,170,676</u> |

The transfers between the General Fund, Other Governmental Funds and Capital Improvement Plan Capital Project Fund were made to provide cash flows for expenditures. The transfers between Other Governmental Funds, General Fund and Capital Improvement Plan Capital Project Fund were made for reimbursement for capital related projects. The transfers between the Capital Improvement Plan Capital Project Fund and the Other Government Funds were made to provide reimbursement for construction costs. The transfers between the Recreation Authority Debt Service Fund and the General Fund were made to provide lease payments on long-term debt. Transfers between the Launch Pointe fund and the Capital Projects Funds and Government-Wide Statement of Activities were to move assets and debt related to the construction of the Launch Pointe facility.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Inter-fund Receivables, Payables and Transfers (Continued)

Advances to, Advances from other funds

The City of Lake Elsinore's Facilities Financing Authority (the "Authority") issued the Lease Revenue Bonds, Series 2016 A to finance the acquisition, construction and installation of certain capital improvements for the Launch Pointe Recreation Destination and RV Park. As of June 30, 2019, the campground has become fully operational and a new business-type Fund, Launch Pointe, has been established. The proceeds of the bonds were loaned to the Launch Pointe in the principal amounts of the bonds. Principal and interest are payable in payments not less than three business days prior to the due dates of the bonds. The bonds are due in annual installments of \$80,000 to \$540,000 from April 1, 2017 through April 1, 2046. Interest payments ranging from 1.25% to 3.75% are due from April 1, 2017 through April 1, 2046. The loan balance at June 30, 2019 is \$9,845,000.

Note 11: Fund Balance and Net Position

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

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

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

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

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

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 11: Fund Balance and Net Position (Continued)

The details of the fund balances as of June 30, 2019, 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 | \$ 77,168 | \$ - | \$ 4,697 | \$ 75,899 |
| Notes Receivable | 1,000,000 | - | - | - |
| Endowment Principal | - | - | - | - |
| Restricted for: | | | | |
| Debt Service | - | - | 190,618,475 | 1,146,856 |
| Low & Moderate Income Housing | - | 44,612,790 | - | - |
| Transportation & Public Works | - | - | - | - |
| Development | - | - | - | - |
| Lighting & Landscape Maintenance | - | - | - | - |
| Public Facilities and Improvements | - | - | - | - |
| Other purposes | - | - | - | - |
| Assigned for: | | | | |
| Construction | - | - | - | - |
| Scholarships | - | - | - | - |
| Unassigned | 11,067,741 | - | - | - |
| Total fund balances | <u>\$ 12,144,909</u> | <u>\$ 44,612,790</u> | <u>\$ 190,623,172</u> | <u>\$ 1,222,755</u> |
| | Capital Improvement Plan Capital Projects Fund | Non - Major Governmental Funds | Total Governmental Funds | |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepaid items | \$ - | \$ 70,935 | \$ 228,699 | |
| Notes Receivable | - | - | 1,000,000 | |
| Endowment Principal | - | 20,000 | 20,000 | |
| Restricted for: | | | | |
| Debt Service | - | - | 191,765,331 | |
| Low & Moderate Income Housing | - | 5,190,600 | 49,803,390 | |
| Transportation & Public Works | - | 8,699,514 | 8,699,514 | |
| Development | - | 520 | 520 | |
| Lighting & Landscape Maintenance | - | 729,879 | 729,879 | |
| Public Facilities and Improvements | - | 16,428,791 | 16,428,791 | |
| Other purposes | - | 37,347 | 37,347 | |
| Assigned for: | | | | |
| Construction | 12,708,454 | 467,414 | 13,175,868 | |
| Scholarships | - | 12,760 | 12,760 | |
| Unassigned | - | (770,278) | 10,297,463 | |
| Total fund balances | <u>\$ 12,708,454</u> | <u>\$ 30,887,482</u> | <u>\$ 292,199,562</u> | |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 11: Fund Balance and Net Position (Continued)

The details of other restricted purposes in the Statement of Net Position as of June 30, 2019, are presented below:

| | | |
|--|----|---------------|
| Geothermal | \$ | 21,194 |
| Education | | 16,153 |
| Total net Position - Other Restricted Purposes | \$ | <u>37,347</u> |

Note 12: Pension Plan

a. General Information about the Pension Plans

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: Pension Plan (Continued)

The rate plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

| | City Miscellaneous Plan | | |
|--|--|---|---|
| | Tier 1 * | Tier 2* | PEPRA |
| Hire date | Prior to January 1, 2013 | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.0% at 55 | 2.0% at 60 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | minimum 50 yrs | minimum 50 yrs | minimum 52 yrs |
| Monthly benefits, as a % of eligible compensation | 1.46% - 2.418%, 50 yrs - 55+ yrs, respectively | 1.092% - 2.418%, 55 yrs - 60+ yrs, respectively | 1.000% - 2.500%, 52 yrs - 67+ yrs, respectively |
| Required employee contribution rates | 8.000% | 1.500% | 6.250% |
| Required employer contribution rates | 38.076% | 7.276% | 6.551% |

| Safety Plan (1) | | |
|--|-----------------------------|--------------------------------|
| Hire date | Prior to January 1, 2013 | On or After January 1, 2013 |
| Benefit formula | 0.5% @ 55 | N/A |
| Benefit vesting schedule | 5 years service | N/A |
| Benefit payments | monthly for life | N/A |
| Retirement age | minimum 50 yrs | N/A |
| Monthly benefits, as a % of eligible compensation | 0.50% | N/A |
| Required employee contribution rates | N/A | N/A |
| Required employer contribution rates | N/A | N/A |

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

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

For the year ended June 30, 2019, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$1,397,703.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: Pension Plan (Continued)

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$11,684,999.

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, 2018, 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, 2017, rolled forward to June 30, 2018, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan measured as of June 30, 2017 and 2018, were as follows:

| Proportion | | Change |
|---------------|---------------|------------------------|
| June 30, 2018 | June 30, 2017 | Increase (Decrease) |
| 0.12126% | 0.12291% | -0.00165% |

For the year ended June 30, 2019, the City recognized pension expense (credit) of \$447,353. At June 30, 2019, 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 |
|--|-----------------------------------|----------------------------------|
| Current year contributions that occurred after the measurement date of June 30, 2018 | \$ 1,585,939 | \$ - |
| Change of Assumption | 1,331,665 | 326,052 |
| Difference between Expected and Actual Experiences | 447,844 | 152,189 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 57,821 | - |
| Adjustment due to differences in proportions | 98,043 | - |
| Difference in proportionate share | 120,177 | 334,933 |
| Total | \$ 3,641,489 | \$ 813,174 |

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: Pension Plan (Continued)

The \$1,585,939 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as a reduction of the net pension liability in the subsequent fiscal period as follows:

| <u>Year Ending June 30</u> | |
|----------------------------|--------------|
| 2020 | \$ 1,146,923 |
| 2021 | 630,224 |
| 2022 | (429,731) |
| 2023 | (105,040) |

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017, total pension liability. The June 30, 2017, and the June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

| | |
|----------------------------------|--|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68. |
| Actuarial Assumptions | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation. |
| Mortality Rate Table (1) | Derived using CalPERS' Membership Data for all Funds. |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter. |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2017, valuation use the results of CalPERS Experience Study and Review of Actuarial Assumptions — December 2017, including updates to salary increases, mortality, and retirement rates, as a basis. The experience study report is available on the CalPERS website under Forms and Publications.

Changes of Assumptions

In 2018, CalPERS changed the demographic assumptions and the inflation rate accordance with the CalPERS Experience Study and Review of Actuarial Assumptions — December 2017. There were no changes to the discount rate.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

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

| Asset Class | New Strategic Allocation | Real Return Years 1-10* | Real Return Years 11+** |
|--------------------|---|------------------------------------|------------------------------------|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.63% |
| Inflation Assets | 0.00% | 77.00% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Estate | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | -0.92% |

* An expected inflation of 2.0% used for this period.

**An expected inflation of 2.92% used for this period.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: Pension Plan (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the Plan's as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

| | Discount Rate - 1% | Current Discount | Discount Rate +1% |
|-----------------------|--------------------|------------------|-------------------|
| | 6.15% | 7.15% | 8.15% |
| Net Pension Liability | \$ 17,786,166 | \$ 11,684,999 | \$ 6,648,621 |

Note 13: Other Post-Employment Benefits**Plan Description**

In addition to providing pension benefits, the City provides post-employment benefits through a single-employer plan for retired employees. In accordance with City Resolution 89-42 dated September 1989, the City provides health insurance premiums costs to qualifying employees. Employees who began employment with the City prior to July 1, 2011, 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.

Employees Covered

For the measurement period ended June 30, 2018, the Total OPEB liability was determined by rolling forward the June 30, 2017, Total OPEB liability. As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

| | |
|--|------------|
| Active | 54 |
| Inactive employees or beneficiaries currently receiving benefits | 75 |
| Inactive employees entitled to, but not yet receiving benefits | 3 |
| | <u>132</u> |

Contributions

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2018, the City's cash contributions were \$616,026 in total payments, which were recognized as a reduction to the OPEB liability.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 13: Other Post-Employment Benefits (Continued)**Total OPEB Liability**

The City's Total OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions | |
| Discount Rate | 3.62% |
| Inflation | 2.50% |
| Salary Increases | 3.00% per annum, in aggregate |
| Investment Rate of Return | N/A |
| Mortality Rate | Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. |
| Pre-Retirement Turnover | Derived using CalPERS' Membership Data for all funds |
| Healthcare Trend Rate | 6.80% for FY2018, gradually decreasing over several decades to an ultimate rate of 4.10% in FY2075 and later years. In addition, the medical trend rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.38% beginning calendar year 2030 for plans other than Medicare plans. |

Discount Rate

The discount rate used to measure the Total OPEB liability was 3.62 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

Change of Assumptions

The discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates.

Changes in the OPEB Liability

The changes in the Total OPEB liability for the Plan are as follows:

| | Increase (Decrease) |
|--|----------------------|
| | Total OPEB Liability |
| Balance at June 30, 2016 (Measurement Date) | \$ 21,896,884 |
| Changes recognized for the measurement period: | |
| Service Cost | 747,127 |
| Interest | 788,486 |
| Changes in Assumptions | (203,573) |
| Benefit payments | (991,074) |
| Net Changes | 340,966 |
| Balance at June 30, 2017 (Measurement Date) | \$ 22,237,850 |

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 13: Other Post-Employment Benefits (Continued)**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the Total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

| | 1% Decrease (2.62%) | Current Discount Rate (3.62%) | 1% Increase (4.65%) |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB Liability | \$ 26,038,806 | \$ 22,237,850 | \$ 19,226,220 |

Sensitivity of the total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|----------------------|--------------------|--|--------------------|
| Total OPEB Liability | \$ 18,805,080 | \$ 22,237,850 | \$ 26,658,410 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,168,401. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Contributions subsequent to the measurement date | \$ 616,026 | \$ - |
| Changes of assumptions | - | 1,803,439 |
| Total | \$ 616,026 | \$ 1,803,439 |

The \$616,026 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as a reduction of the net pension liability in the subsequent fiscal period as follows:

| <u>Year Ending June 30</u> | |
|----------------------------|--------------|
| 2020 | \$ (367,212) |
| 2021 | (367,212) |
| 2022 | (367,212) |
| 2023 | (367,212) |
| 2024 | (309,854) |
| Thereafter | (24,737) |

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 14: Deferred Compensation

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

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

Note 15: Liability, Property and Protection

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

Primary Self-insurance Programs of the Authority

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 15: Liability, Property and Protection (Continued)

Primary Workers' Compensation Program

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

For 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Property Insurance

The City of Lake Elsinore participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Lake Elsinore property is currently insured according to a schedule of covered property submitted by the City of Lake Elsinore to the Authority. City of Lake Elsinore property currently has all-risk property insurance protection in the amount of \$85,201,953. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City of Lake Elsinore purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Pollution Liability Insurance

The City of Lake Elsinore participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Lake Elsinore. Coverage is on a claim made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

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 2018-19.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: Litigation

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

Note 17: Successor Agency Trust Disclosures

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

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

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)

Successor Agency Capital Assets

Capital assets activity was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,004,419 | \$ - | \$ - | \$ 2,004,419 |
| Total Capital Assets, Not Being Depreciated | 2,004,419 | - | - | 2,004,419 |
| Capital assets, being depreciated: | | | | |
| Building and Structures | 22,156,477 | 1,410,088 | (18,620) | 23,547,945 |
| Improvement other than buildings | 568,927 | - | (37,625) | 531,302 |
| Machinery and Equipment | 1,394,667 | 70,501 | (1,137,210) | 327,958 |
| Furniture and Fixtures | - | 60,981 | - | 60,981 |
| Total Capital Assets, Being Depreciated | 24,120,071 | 1,541,570 | (1,193,455) | 24,468,186 |
| Less accumulated depreciation: | | | | |
| Building and Structures | (8,313,807) | (1,206,100) | 16,758 | (9,503,149) |
| Improvement other than buildings | (383,399) | (35,924) | 13,092 | (406,231) |
| Machinery and Equipment | (1,123,118) | (50,131) | 1,096,001 | (77,248) |
| Furniture and Fixtures | - | (748) | - | (748) |
| Total Accumulated Depreciation | (9,820,324) | (1,292,903) | 1,125,851 | (9,987,376) |
| Total Capital Assets, Being Depreciated, Net | 14,299,747 | 248,667 | (67,604) | 14,480,810 |
| Governmental Activities Capital Assets, Net | \$ 16,304,166 | \$ 248,667 | \$ (67,604) | \$ 16,485,229 |

Successor Agency Long – Term Liabilities

| | Date of Issue | Years of Maturity | Rate of Interest | Amount Authorized |
|-----------------------------------|--------------------------|--------------------------|-----------------------------|------------------------------|
| Loans payable | | | | |
| City of Lake Elsinore | Various | Various | Various | Various |
| Lake Elsinore Financing Authority | Various | Various | Various | \$61,275,000 |
| Subordinate Tax | | | | |
| Allocation Revenue Bonds: | | | | |
| 2015 Series | 8/15 | 2017 - 2039 | 2.00 - 5.00% | 8,065,000 |
| 2019 Series | 6/19 | 2020 - 2033 | 5.00% | 9,260,000 |
| Third Lien Tax Allocation Bonds | 18-Feb | 2019-2038 | Various | 10,320,000 |
| Developer Agreements: | | | | |
| McMillin Summerly, LLC | 12/02 | N/A | N/A | 19,000,000 |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)

Long term activity was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------------|-----------------|-------------------|------------------------|
| Loans Payable (Direct borrowings) : | | | | | |
| City of Lake Elsinore (Note 4) | \$ 29,704,961 | \$ 430,644 ⁽¹⁾ | \$ (1,235,397) | \$ 28,900,208 | \$ - |
| Lake Elsinore Public Financing Authority | 40,225,000 | - | (14,455,000) | 25,770,000 | 2,040,000 |
| Discounts | (376,656) | | 73,973 | (302,683) | - |
| Subtotal | 69,553,305 | 430,644 | (15,616,424) | 54,367,525 | 2,040,000 |
| Subordinate Tax Allocation Bonds : | | | | | |
| 2015 Series | 6,605,000 | - | (740,000) | 5,865,000 | 760,000 |
| 2019 Series | - | 9,260,000 | - | 9,260,000 | 170,000 |
| Premiums | 240,249 | 1,334,020 | (11,913) | 1,562,356 | - |
| Subtotal | 6,845,249 | 10,594,020 | (751,913) | 16,687,356 | 930,000 |
| Third Lien Tax Allocation Bonds : | | | | | |
| 2018 Series A&B | 10,320,000 | - | (445,000) | 9,875,000 | 500,000 |
| Discount | (173,350) | - | 2,195 | (171,155) | - |
| Subtotal | 10,146,650 | - | (442,805) | 9,703,845 | 500,000 |
| Developer Agreements (Direct borrowings): | | | | | |
| McMillin Summerly, LLC | 941,808 | - | (296,675) | 645,133 | - |
| Subtotal | 941,808 | - | (296,675) | 645,133 | - |
| Total | \$ 87,487,012 | \$ 11,024,664 | \$ (17,107,817) | \$ 81,403,859 | \$ 3,470,000 |

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

a. Loans Payable

Public Financing Authority

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)

At June 30, 2019, outstanding principal under loan agreements between the Successor Agency and the Authority totaled \$25,770,000 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, 2019 is paid off in full.

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, 2019, is \$5,515,000. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$967,370, which is sufficient to cover the Bond Indenture Reserve Requirement.

2010 Series C

In November 2010, \$29,435,000 principal amount of Tax Allocation Revenue Bonds, Series C, was issued by the Authority. Concurrently with the bond issuance, the principal amount was loaned to the Agency. The proceeds were used to advance refund \$27,495,000 of outstanding 1999 Series A Tax Allocation Revenue Bonds. Tax revenues from Project Areas 1 and 2 are pledged for the repayment of the loan. In the event that tax revenues are not sufficient from Project Areas 1 and 2, the Agency covenanted to make interfund loans from Project Area 3 and the Low and Moderate Income Housing Fund to make the loan payment. The loan is payable in annual installments of \$650,000 to \$2,115,000 from September 1, 2011 through September 1, 2030; and bears interest at 2.00% to 5.00%. The loan balance at June 30, 2019, is \$20,255,000. At June 30, 2019, the Authority has a cash reserve balance for debt service of \$2,288,231, which is sufficient to cover the Bond Indenture Reserve Requirement.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**Note 17: Successor Agency Trust Disclosures (Continued)**

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 2,040,000 | \$ 1,080,126 | \$ 3,120,126 |
| 2021 | 2,115,000 | 1,002,961 | 3,117,961 |
| 2022 | 2,195,000 | 916,601 | 3,111,601 |
| 2023 | 2,285,000 | 823,654 | 3,108,654 |
| 2024 | 2,380,000 | 725,662 | 3,105,662 |
| 2025 - 2029 | 10,620,000 | 2,112,938 | 12,732,938 |
| 2030 - 2034 | 4,135,000 | 205,338 | 4,340,338 |
| Totals | <u>\$ 25,770,000</u> | <u>\$ 6,867,280</u> | <u>\$ 32,637,280</u> |

b. Subordinate Tax Allocation Revenue Bonds**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. The balance at June 30, 2019, is \$5,865,000.

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|---------------------|
| 2020 | \$ 760,000 | \$ 189,794 | \$ 949,794 |
| 2021 | 790,000 | 168,175 | 958,175 |
| 2022 | 805,000 | 145,656 | 950,656 |
| 2023 | 220,000 | 125,156 | 345,156 |
| 2024 | 225,000 | 116,256 | 341,256 |
| 2025 - 2029 | 1,310,000 | 429,681 | 1,739,681 |
| 2030 - 2034 | 1,550,000 | 173,644 | 1,723,644 |
| 2035 - 2039 | 205,000 | 19,484 | 224,484 |
| Totals | <u>\$ 5,865,000</u> | <u>\$ 1,367,846</u> | <u>\$ 7,232,846</u> |

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)

2019 Series A

In June 2019, \$9,260,000 principal amount of Subordinated Tax Allocation Refunding Bonds, Series 2019A was issued by the Successor Agency of the Redevelopment Agency. The principal and interest on the bonds are payable solely from the Pledged Tax Revenues allocated to the Agency from the Project Areas and other funds. The bonds were issued to refund certain Refunded Obligations. The bonds are payable in annual installments of \$170,000 to \$1,505,000 from September 1, 2020 through September 1, 2033; interest at 5%. The balance at June 30, 2019, is \$9,260,000.

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|---------------------|---------------------|----------------------|
| 2020 | \$ 170,000 | \$ 563,317 | \$ 733,317 |
| 2021 | 270,000 | 454,500 | 724,500 |
| 2022 | 285,000 | 441,000 | 726,000 |
| 2023 | 300,000 | 426,750 | 726,750 |
| 2024 | 315,000 | 411,750 | 726,750 |
| 2025 - 2029 | 1,815,000 | 1,807,500 | 3,622,500 |
| 2030 - 2034 | 6,105,000 | 815,000 | 6,920,000 |
| Totals | <u>\$ 9,260,000</u> | <u>\$ 4,919,817</u> | <u>\$ 14,179,817</u> |

c. Third Lien Tax Allocation Bonds

2018 Series A

In February 2018, \$2,350,000 principal amount of Tax Allocation Bonds, Series A, was issued by the Successor Agency of the Redevelopment Agency. The principal and interest on the bonds are payable solely from the Pledged Tax Revenue allocated to the Agency from the Project Areas and other funds. The bonds were issued to finance certain obligations of the Agency under the Summerly DDA. The bonds are payable in annual installments of \$80,000 to \$380,000 from March 1, 2019 through March 1, 2038; interest at 2.000% to 3.375%. The balance at June 30, 2019, is \$2,255,000.

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 90,000 | \$ 62,625 | \$ 152,625 |
| 2021 | 95,000 | 60,825 | 155,825 |
| 2022 | 95,000 | 58,925 | 153,925 |
| 2023 | 100,000 | 57,025 | 157,025 |
| 2024 | 105,000 | 55,025 | 160,025 |
| 2025 - 2029 | 525,000 | 239,875 | 764,875 |
| 2030 - 2034 | 610,000 | 162,556 | 772,556 |
| 2035 - 2038 | 635,000 | 37,631 | 672,631 |
| Totals | <u>\$ 2,255,000</u> | <u>\$ 734,487</u> | <u>\$ 2,989,487</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)**2018 Series B**

In February 2018, \$7,970,000 principal amount of Tax Allocation Bonds, Series B, was issued by the Successor Agency of the Redevelopment Agency. The principal and interest on the bonds are payable solely from the Pledged Tax Revenue allocated to the Agency from the Project Areas and other funds. The bonds were issued to finance certain obligations of the Agency under the Summerly DDA. The bonds are payable in annual installments of \$205,000 to \$545,000 from March 1, 2019 through March 1, 2038; interest at 2.250% to 4.000%. The balance at June 30, 2019, is \$7,620,000.

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|----------------------|
| 2020 | \$ 410,000 | \$ 272,025 | \$ 682,025 |
| 2021 | 425,000 | 261,775 | 686,775 |
| 2022 | 435,000 | 250,088 | 685,088 |
| 2023 | 355,000 | 237,581 | 592,581 |
| 2024 | 365,000 | 226,931 | 591,931 |
| 2025 - 2029 | 2,020,000 | 941,238 | 2,961,238 |
| 2030 - 2034 | 2,430,000 | 531,656 | 2,961,656 |
| 2035 - 2038 | 1,180,000 | 98,600 | 1,278,600 |
| Totals | <u>\$ 7,620,000</u> | <u>\$ 2,819,894</u> | <u>\$ 10,439,894</u> |

d. 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 (as amended to date, the "DDA") with Laing CP Lake Elsinore LLC and Civic Partners Elsinore LLC, as developer and master developer, respectively. Under the DDA, the Agency pledged to the developer and the master developer 100% of the net tax increment generated within the East Lake Specific Plan (ELSP) comprised of approximately 3,000 acres located in Project Areas II and III excluding, without limitation, a portion of the moneys to be set aside in the former low and moderate-income housing fund and funds payable under pass through agreements. As a result of the bankruptcy of the managing member of Laing CP Lake Elsinore LLC, Bank of America foreclosed on and later sold the developer's property to McMillin Summerly LLC, who assumed the developer's rights and obligations under the DDA pursuant to an Amended and Restated DDA entered into as of March 8, 2011.

On November 19, 2015, the Department of Finance issued its final and conclusive determination that the irrevocable pledge of property tax increment to the developer and the master developer made by the DDA is recognized as an enforceable obligation of the Successor Agency. A portion of the tax increment pledged to the master developer is pledged for use in the development of affordable housing provided that certain requirements are met. A portion of the tax increment pledged to the developer is pledged to reimburse the developer for construction of certain extraordinary infrastructure in the

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)

ELSP. Developer's reimbursement for construction of extraordinary infrastructure is limited to \$19,000,000, as adjusted in accordance with the terms of the DDA.

The DDA requires that the Successor Agency issue bonds, if requested, to pay the portions of the tax revenues owing to the developer and/or master developer. In April 2011, the Agency issued two subordinate tax allocation bonds 2011 Series totaling an original principal amount of \$4,610,000, the proceeds of which were used to reimburse the developer for construction of certain extraordinary infrastructure under the DDA. In August 2015, the Successor Agency issued its Series 2015 bonds in the original principal amount of \$8,065,00 to advance refund the 2011 Series. In February 2018, the Successor Agency issued its Third Lien Tax Allocation Bonds 2018 Series A and B to finance a portion of the DDA obligations.

Property tax increment accrued by the Successor Agency for payment in accordance with the DDA as of June 30, 2019, is \$645,133, which is payable to the developer and master developer upon satisfaction of the terms of the Amended and Restated DDA and includes debt service amounts on the outstanding bonds described above. In addition, property tax increment accrued as of June 30, 2019 for assistance to an affordable housing project to be developed by the master developer is \$0.

e. 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 \$356,030 for the 2018 fiscal year and \$712,059 for the 2019 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 expired on September 30, 2019.

Other Matters

Management believes, in consultation with legal counsel, that the obligations of the former

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust Disclosures (Continued)

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

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$12,653,427 and the required debt service obligation on the bonds was \$5,836,831.

Note 18: Joint Powers Agreements

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

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

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.

CITY OF LAKE ELSINORE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 19: Restatement of Beginning Fund Balance and Net Position

The various restatements of beginning net position and the reasons for each are as follows:

| | Governmental Activities (1) |
|---|--------------------------------|
| Beginning Net Position, as previously reported | \$ 221,481,578 |
| Restatement | <u>(920,685)</u> |
| Beginning Net Position, as restated | <u>\$ 220,560,893</u> |

- (1) Beginning net position of Governmental Activities, prior period adjustment to net position of \$920,685 that was required to correct historical balances of obligations.

Note 20: Subsequent events

The disclosure of Commitments and Contingencies in Note 17 to the financial statements identifies the litigation of the City regarding outstanding Advances from the former Redevelopment Agency which were disallowed by the California Department of Finance. On July 30, 2019 a court order determination was made recognizing that the Housing Fund Loan in the outstanding amount of \$27,641,173 is an enforceable obligation, the California Department of Finance no longer denies this item.

On October 1, 2019, \$4,050,000 principal amount of Tax Allocation Refunding Bonds, Series 2019B was issued by the Successor Agency of the Redevelopment Agency. The bonds were issued to refund the former Redevelopment Agency's obligations under a Housing Fund Loan Agreement date May 1, 2010, the loan payments under which secured payment of the Lake Elsinore Public Financing Authority Tax Allocation Revenue Bonds (1995 Series A Refunding), 2010 Series B. The bonds will be paid by the Successor Agency using former housing set-aside.



REQUIRED SUPPLEMENTARY
INFORMATION





CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|---------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 11,839,239 | \$ 11,839,239 | \$ 11,839,239 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 21,946,080 | 21,942,730 | 22,174,361 | 231,631 |
| Licenses and permits | 3,100,360 | 2,445,344 | 2,111,680 | (333,664) |
| Intergovernmental | 5,500,691 | 6,171,691 | 5,134,993 | (1,036,698) |
| Charges for services | 4,932,270 | 4,225,689 | 2,956,160 | (1,269,529) |
| Use of money and property | 155,000 | 155,000 | 538,375 | 383,375 |
| Fines and forfeitures | 488,100 | 450,400 | 552,426 | 102,026 |
| Contributions | 476,440 | 550,000 | 175,030 | (374,970) |
| Miscellaneous | 6,933,785 | 7,874,209 | 7,302,978 | (571,231) |
| Transfers in | - | 190,001 | 390,321 | 200,320 |
| Proceeds from sale of capital asset | - | - | 24,201 | 24,201 |
| Amounts Available for Appropriations | 55,371,965 | 55,844,303 | 53,199,764 | (2,644,539) |
| Charges to Appropriation (Outflow): | | | | |
| General government | | | | |
| City Council | 230,910 | 230,910 | 239,256 | (8,346) |
| Community Support | 47,500 | 75,996 | 75,798 | 198 |
| City Clerk | 650,500 | 650,500 | 559,099 | 91,401 |
| City Attorney | 498,020 | 498,020 | 498,100 | (80) |
| City Manager | 968,100 | 968,101 | 978,025 | (9,924) |
| Administrative Services | 2,030,740 | 2,030,740 | 1,930,119 | 100,621 |
| Public safety | | | | |
| Police Services - Contracted | 14,112,770 | 14,112,770 | 12,600,001 | 1,512,769 |
| Suppression - Contracted | 7,650,940 | 7,650,940 | 6,982,112 | 668,828 |
| Animal Services - Contracted | 655,410 | 655,410 | 648,334 | 7,076 |
| Community development | | | | |
| Planning & Zoning | 1,086,550 | 1,119,690 | 1,051,282 | 68,408 |
| Building & Safety | 1,848,320 | 1,999,050 | 1,610,978 | 388,072 |
| Code Enforcement/Graffiti | 1,172,670 | 1,359,990 | 1,277,489 | 82,501 |
| Economic Development | 291,500 | 291,500 | 273,988 | 17,512 |
| Fire Prevention | 790,460 | 790,460 | 425,284 | 365,176 |
| Community services | | | | |
| Administration | 695,630 | 763,490 | 672,773 | 90,717 |
| Recreation | 1,493,700 | 1,512,350 | 1,127,646 | 384,704 |
| Senior Center | 435,210 | 473,030 | 400,407 | 72,623 |
| Public services | | | | |
| Engineering | 2,183,820 | 2,258,400 | 2,316,475 | (58,075) |
| Administration | 2,600,650 | 2,807,220 | 2,762,516 | 44,704 |
| Park Maintenance | 2,453,750 | 2,516,930 | 2,321,046 | 195,884 |
| Lake Services | 1,227,080 | 1,288,520 | 1,291,996 | (3,476) |
| Non-Departmental | 806,570 | 150,700 | 636,164 | (485,464) |
| Capital outlay | 119,670 | 119,670 | 104,400 | 15,270 |
| Transfers out | 1,670,700 | 1,670,700 | 271,567 | 1,399,133 |
| Total Charges to Appropriations | 45,721,170 | 45,995,087 | 41,054,855 | 4,940,232 |
| Budgetary Fund Balance, June 30 | \$ 9,650,795 | \$ 9,849,216 | \$ 12,144,909 | \$ 2,295,693 |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 LOW AND MODERATE INCOME HOUSING
 YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|----------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1, as restated | \$ 42,880,155 | \$ 42,880,155 | \$ 42,880,155 | \$ - |
| Resources (Inflows): | | | | |
| Assessments | - | - | 2,076,084 | 2,076,084 |
| Licenses and permits | - | - | - | - |
| Use of money and property | - | 90,000 | 183,315 | 93,315 |
| Miscellaneous | - | 10,000 | 5,000 | (5,000) |
| Proceeds from sale of capital asset | - | - | 3,533,178 | 3,533,178 |
| Amounts Available for Appropriations | 42,880,155 | 42,980,155 | 48,677,732 | 5,697,577 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 30,000 | 1,000,000 | 534,014 | 465,986 |
| Capital outlay | - | 3,250,000 | 3,530,928 | (280,928) |
| Total Charges to Appropriations | 30,000 | 4,250,000 | 4,064,942 | 185,058 |
| Budgetary Fund Balance, June 30 | \$ 42,850,155 | \$ 38,730,155 | \$ 44,612,790 | \$ 5,882,635 |

CITY OF LAKE ELSINORE

CALPERS PENSION PLAN

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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------|--------------|---------------|---------------|---------------|
| Proportion of the Net Pension Liability | 0.29477% | 0.32568% | 0.31058% | 0.30896% | 0.30977% |
| Proportionate Share of the Net Pension Liability | \$ 7,292,642 | \$ 8,943,640 | \$ 10,798,127 | \$ 12,189,277 | \$ 11,684,999 |
| Covered Payroll | \$ 4,537,860 | \$ 4,751,199 | \$ 3,804,985 | \$ 5,605,231 | \$ 5,975,932 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 160.71% | 188.24% | 283.79% | 217.46% | 195.53% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.40% | 79.82% | 75.87% | 73.31% | 75.26% |

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

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

CITY OF LAKE ELSINORE

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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 890,999 | \$ 1,049,049 | \$ 1,313,558 | \$ 1,397,703 | \$ 1,340,596 |
| Contribution in Relation to the Actuarially Determined Contribution | (890,999) | (1,049,049) | (1,313,558) | (1,397,703) | (1,585,939) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ (245,343) |
| Covered Payroll | \$ 4,751,199 | \$ 3,804,985 | \$ 5,605,231 | \$ 5,975,932 | \$ 6,052,501 |
| Contributions as a Percentage of Covered Payroll | 18.75% | 27.57% | 23.43% | 23.39% | 26.20% |

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

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|---|
| Actuarial Cost Method | Entry Age Normal Cost Method |
| Amortization method | Level percentage of payroll, closed |
| Asset valuation method | Direct rate smoothing |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.375% (net of pension plan investment and administrative expenses, includes inflation) |

Retirement Age All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

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

CITY OF LAKE ELSINORE

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

| | 2018 | 2019 |
|--|----------------------|----------------------|
| Total OPEB Liability | | |
| Service cost | \$ 841,236 | \$ 747,127 |
| Interest on the total OPEB liability | 700,306 | 788,486 |
| Changes in assumptions | (2,304,484) | (203,573) |
| Benefit payments (2) | (964,068) | (991,074) |
| Net change in total OPEB liability | (1,727,010) | 340,966 |
| Total OPEB liability - beginning | 23,623,894 | 21,896,884 |
| Total OPEB liability - ending | \$ 21,896,884 | \$ 22,237,850 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% |
| Covered-employee payroll | \$ 4,726,797 | \$ 4,962,874 |
| Total OPEB liability as a percentage of covered-employee payroll | 441.21% | 470.46% |

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Benefit payments are equal to \$691,172 direct subsidy payments to retirees and \$299,902 implicit subsidy costs incurred during measurement period ending June 30, 2018.

Notes to Schedule: None.

Changes in assumptions: The discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates.

CITY OF LAKE ELSINORE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2019

BUDGETS AND BUDGETARY DATA

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

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

Excess of expenditures over appropriations are as follows:

| Fund | Expenditures | Appropriations | Excess |
|----------------------------------|--------------|----------------|-----------|
| Major Governmental Funds: | | | |
| General Fund: | | | |
| General Government | | | |
| City Attorney | \$ 498,100 | \$ 498,020 | \$ (80) |
| City Council | 239,256 | 230,910 | (8,346) |
| City Manager | 978,025 | 968,101 | (9,924) |
| Public Services | | | |
| Lake Services | 1,291,996 | 1,288,520 | (3,476) |
| Engineering | 2,316,475 | 2,258,400 | (58,075) |
| Nondepartmental | 636,164 | 150,700 | (485,464) |
| Low and Moderate Income Housing: | | | |
| Capital Outlay | 3,530,928 | 3,250,000 | (280,928) |

SUPPLEMENTARY INFORMATION





CITY OF LAKE ELSINORE
Non-Major Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF LAKE ELSINORE
Non-Major Governmental Funds

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

Pedestrian Sidewalk - to account for expenditures finances by the Local Transportation Commission grant program and use on bicycle and pedestrian facility projects.

Capital Project Funds

Capital Improvement Plan (Major Fund Budgetary Schedule) - to account for assets and transactions programmed for capital improvement projects.

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.

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.

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.

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

Street Lighting – to account for construction projects related to street lighting improvements

Facilities Construction - to account for improvements to City facilities financed by debt issuances

CITY OF LAKE ELSINORE
Non-Major Governmental Funds

Debt Service Fund

Public Financing Authority (Major Fund Budgetary Schedule) – to account for debt service transactions and payments of principal and interest on long-term obligations of the component unit.

Recreation Authority (Major Fund Budgetary Schedule) - to account for debt service transactions and payments of principal and interest on long-term obligations of the component unit.

Facilities Financing Authority - used to account for debt service transactions and payments of principal and interest on long-term obligations of the component unit.

Permanent Fund

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

CITY OF LAKE ELSINORE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Special Revenue Funds | | | |
|--|---|---------------------|---------------------|-----------------------------|
| | Supplemental Law Enforcement Service | Traffic Offender | Gas Tax | Transportation Measure A |
| Assets: | | | | |
| Cash and investments | \$ - | \$ - | \$ 1,096,638 | \$ 1,625,335 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | - | - | - |
| Accrued interest | - | - | 7,651 | 8,694 |
| Prepaid costs | - | - | - | - |
| Due from other governments | 55,948 | - | 108,937 | 245,032 |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 55,948 | \$ - | \$ 1,213,226 | \$ 1,879,061 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 91,161 | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | - | - | 91,161 | - |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 55,948 | - | - | - |
| Total Deferred Inflows of Resources | 55,948 | - | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | 1,122,065 | 1,879,061 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | - | - | 1,122,065 | 1,879,061 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 55,948 | \$ - | \$ 1,213,226 | \$ 1,879,061 |

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

| | Special Revenue Funds | | | |
|--|-------------------------|------------------|--|-------------------|
| | SB1186 CAS Education | Traffic Safety | City-wide Lighting and Landscaping | L.L.M.D No. 1 |
| Assets: | | | | |
| Cash and investments | \$ 16,413 | \$ - | \$ 348,569 | \$ 839,819 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | - | - | - |
| Accrued interest | 64 | - | - | 2,887 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | 43,113 | 62,458 | 9,077 |
| Due from other funds | - | - | 450 | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | 433,816 | - |
| Total Assets | \$ 16,477 | \$ 43,113 | \$ 845,293 | \$ 851,783 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 324 | \$ - | \$ 161,575 | \$ 121,904 |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | 43,113 | - | - |
| Total Liabilities | 324 | 43,113 | 161,575 | 121,904 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | 40,539 | - |
| Total Deferred Inflows of Resources | - | - | 40,539 | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 16,153 | - | 643,179 | 729,879 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 16,153 | - | 643,179 | 729,879 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 16,477 | \$ 43,113 | \$ 845,293 | \$ 851,783 |

CITY OF LAKE ELSINORE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Special Revenue Funds | | | |
|--|------------------------------|---------------------------------|-----------------|-------------------------------------|
| | Geothermal | AB2766 Air Pollution | C.D.B.G | Cost Recovery System |
| Assets: | | | | |
| Cash and investments | \$ 21,109 | \$ 306,606 | \$ - | \$ 1,068,323 |
| Receivables: | | | | |
| Accounts | - | - | - | 128,365 |
| Notes and loans | - | - | - | - |
| Accrued interest | 85 | 1,252 | - | - |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | 21,307 | 5,975 | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 21,194 | \$ 329,165 | \$ 5,975 | \$ 1,196,688 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 108,504 |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | 1,088,184 |
| Due to other funds | - | - | 13,199 | - |
| Total Liabilities | - | - | 13,199 | 1,196,688 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | 5,975 | - |
| Total Deferred Inflows of Resources | - | - | 5,975 | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 21,194 | 329,165 | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | (13,199) | - |
| Total Fund Balances | 21,194 | 329,165 | (13,199) | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 21,194 | \$ 329,165 | \$ 5,975 | \$ 1,196,688 |

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

| | Special Revenue Funds | | | |
|--|---|-----------------------------------|-----------------------------|---------------------|
| | Developer Agreement Revenue/Trust | Affordable Housing In- Lieu | City Hall / Public Works | Community Center |
| Assets: | | | | |
| Cash and investments | \$ - | \$ 1,481,143 | \$ 65,660 | \$ 28,866 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | 3,342,224 | - | - |
| Accrued interest | 520 | 23,473 | 249 | 112 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 520 | \$ 4,846,840 | \$ 65,909 | \$ 28,978 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 247,717 | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | 446,974 | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | - | 694,691 | - | - |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | 17,036 | - | - |
| Total Deferred Inflows of Resources | - | 17,036 | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 520 | 4,135,113 | 65,909 | 28,978 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 520 | 4,135,113 | 65,909 | 28,978 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 520 | \$ 4,846,840 | \$ 65,909 | \$ 28,978 |

CITY OF LAKE ELSINORE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Special Revenue Funds | | | |
|--|--------------------------------|---------------------------|-------------------|------------------|
| | Lakeside Facilities | Animal Shelter | N.P.D.E.S. | PEG Grant |
| Assets: | | | | |
| Cash and investments | \$ 60,678 | \$ - | \$ - | \$ 15,079 |
| Receivables: | | | | |
| Accounts | - | - | - | 4,990 |
| Notes and loans | - | - | - | - |
| Accrued interest | 244 | 109 | 519 | 50 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | 29,808 | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 60,922 | \$ 109 | \$ 30,327 | \$ 20,119 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 2,688 | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | - | - | 2,688 | - |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 60,922 | 109 | 27,639 | 20,119 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 60,922 | 109 | 27,639 | 20,119 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 60,922 | \$ 109 | \$ 30,327 | \$ 20,119 |

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

| | Special Revenue Funds | Capital Projects Funds | | |
|--|-----------------------------|----------------------------------|---|-------------------|
| | | | Park Improvement and Development | Storm Drains |
| | Pedestrian Sidewalk | Miscellaneous General Project | | |
| Assets: | | | | |
| Cash and investments | \$ - | \$ 506,054 | \$ 211,297 | \$ 413,261 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | - | - | - |
| Accrued interest | - | - | 871 | 1,760 |
| Prepaid costs | - | - | - | - |
| Due from other governments | 180,021 | - | - | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 180,021 | \$ 506,054 | \$ 212,168 | \$ 415,021 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Unearned revenues | - | 38,640 | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | - | 38,640 | - | - |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 180,021 | - | 212,168 | 415,021 |
| Assigned | - | 467,414 | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 180,021 | 467,414 | 212,168 | 415,021 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 180,021 | \$ 506,054 | \$ 212,168 | \$ 415,021 |

CITY OF LAKE ELSINORE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| Capital Projects Funds | | | | |
|--|--------------------------------|---------------------|-------------------------|----------------------------------|
| | Library Capital Improvement | Traffic Impact | City Fire Protection | Public Improvement In-Lieu |
| Assets: | | | | |
| Cash and investments | \$ 1,798,307 | \$ 4,916,051 | \$ - | \$ 103,373 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | - | - | - |
| Accrued interest | 7,720 | 20,922 | 512 | 442 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 1,806,027 | \$ 4,936,973 | \$ 512 | \$ 103,815 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | - | - | - | - |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 1,806,027 | 4,936,973 | 512 | 103,815 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 1,806,027 | 4,936,973 | 512 | 103,815 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 1,806,027 | \$ 4,936,973 | \$ 512 | \$ 103,815 |

CITY OF LAKE ELSINORE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

| Capital Projects Funds | | | | |
|--|-------------------------------------|-------------------|-------------------------|--------------------|
| | Road Improvement Program Fund | TUMF | Assessment Districts | Street Lighting |
| Assets: | | | | |
| Cash and investments | \$ 144 | \$ - | \$ - | \$ - |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | - | - | - |
| Accrued interest | - | - | - | 450 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | 703,013 | - | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 17,085 | - | - | - |
| Total Assets | \$ 17,229 | \$ 703,013 | \$ - | \$ 450 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | 757,079 | - | 450 |
| Total Liabilities | - | 757,079 | - | 450 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | 703,013 | - | - |
| Total Deferred Inflows of Resources | - | 703,013 | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 17,229 | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | (757,079) | - | - |
| Total Fund Balances | 17,229 | (757,079) | - | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 17,229 | \$ 703,013 | \$ - | \$ 450 |

CITY OF LAKE ELSINORE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Capital Projects Fund | Debt Service Fund | Permanent Fund | |
|--|----------------------------|--------------------------------------|-------------------------------------|--------------------------------|
| | Facilities Construction | Facilities Financing Authority | Endowment Trust - Adolph Korn | Total Governmental Funds |
| Assets: | | | | |
| Cash and investments | \$ - | \$ - | \$ 32,620 | \$ 14,955,345 |
| Receivables: | | | | |
| Accounts | - | - | - | 133,355 |
| Notes and loans | - | - | - | 3,342,224 |
| Accrued interest | - | 511 | 140 | 79,237 |
| Prepaid costs | - | 70,935 | - | 70,935 |
| Due from other governments | - | - | - | 1,464,689 |
| Due from other funds | - | - | - | 450 |
| Advances to other funds | - | 9,845,000 | - | 9,845,000 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | 4,789,398 | - | 5,240,299 |
| Total Assets | \$ - | \$ 14,705,844 | \$ 32,760 | \$ 35,131,534 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 733,873 |
| Unearned revenues | - | - | - | 38,640 |
| Deposits payable | - | 300,029 | - | 1,835,187 |
| Due to other funds | - | - | - | 813,841 |
| Total Liabilities | - | 300,029 | - | 3,421,541 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | 822,511 |
| Total Deferred Inflows of Resources | - | - | - | 822,511 |
| Fund Balances: | | | | |
| Nonspendable | - | 70,935 | 20,000 | 90,935 |
| Restricted | - | 14,334,880 | - | 31,086,651 |
| Assigned | - | - | 12,760 | 480,174 |
| Unassigned | - | - | - | (770,278) |
| Total Fund Balances | - | 14,405,815 | 32,760 | 30,887,482 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ - | \$ 14,705,844 | \$ 32,760 | \$ 35,131,534 |



CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | Special Revenue Funds | | | |
|--|---|---------------------|---------------------|-----------------------------|
| | Supplemental Law Enforcement Service | Traffic Offender | Gas Tax | Transportation Measure A |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | 23,125 | - | - |
| Intergovernmental | 148,747 | - | 2,361,963 | 1,496,639 |
| Investment earnings | - | - | 55,344 | 74,635 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 148,747 | 23,125 | 2,417,307 | 1,571,274 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 148,747 | 23,125 | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public Services | - | - | 1,284,537 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 148,747 | 23,125 | 1,284,537 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | 1,132,770 | 1,571,274 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (723,072) | (1,438,216) |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | (723,072) | (1,438,216) |
| Net Change in Fund Balances | - | - | 409,698 | 133,058 |
| Fund Balances, Beginning of Year | - | - | 712,367 | 1,746,003 |
| Fund Balances, End of Year | \$ - | \$ - | \$ 1,122,065 | \$ 1,879,061 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

| | Special Revenue Funds | | | |
|--|-------------------------|----------------|--|-------------------|
| | SB1186 CAS Education | Traffic Safety | City-wide Lighting and Landscaping | L.L.M.D No. 1 |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ 1,431,605 | \$ 632,853 |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 11,204 | - | - | - |
| Investment earnings | 492 | (390) | 41,084 | 32,507 |
| Fines and forfeitures | - | 322,339 | - | - |
| Miscellaneous | - | - | 7,689 | - |
| Total Revenues | 11,696 | 321,949 | 1,480,378 | 665,360 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | 321,949 | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public Services | 3,003 | - | 1,568,970 | 991,872 |
| Capital outlay | - | - | 3,104,859 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 3,003 | 321,949 | 4,673,829 | 991,872 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 8,693 | - | (3,193,451) | (326,512) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 377,250 | - |
| Transfers out | - | - | - | - |
| Capital leases | - | - | 3,459,380 | - |
| Total Other Financing Sources (Uses) | - | - | 3,836,630 | - |
| Net Change in Fund Balances | 8,693 | - | 643,179 | (326,512) |
| Fund Balances, Beginning of Year | 7,460 | - | - | 1,056,391 |
| Fund Balances, End of Year | \$ 16,153 | \$ - | \$ 643,179 | \$ 729,879 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------------|--------------------|----------------------------|
| | Geothermal | AB2766 Air Pollution | C.D.B.G | Cost Recovery System |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | 82,188 | 199,706 | - |
| Investment earnings | 773 | 10,272 | - | - |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 773 | 92,460 | 199,706 | - |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | 25,000 | - |
| Community services | - | - | - | - |
| Public Services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | - | - | 25,000 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 773 | 92,460 | 174,706 | - |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (187,905) | - |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | (187,905) | - |
| Net Change in Fund Balances | 773 | 92,460 | (13,199) | - |
| Fund Balances, Beginning of Year | 20,421 | 236,705 | - | - |
| Fund Balances, End of Year | \$ 21,194 | \$ 329,165 | \$ (13,199) | \$ - |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

| | Special Revenue Funds | | | |
|--|---|-----------------------------------|-----------------------------|---------------------|
| | Developer Agreement Revenue/Trust | Affordable Housing In- Lieu | City Hall / Public Works | Community Center |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | 71,792 | 41,500 |
| Intergovernmental | - | 11,625 | - | - |
| Investment earnings | 4,895 | 56,563 | 3,067 | 881 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 4,895 | 68,188 | 74,859 | 42,381 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 12,725 | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public Services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | - | 12,725 | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,895 | 55,463 | 74,859 | 42,381 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 175,682 | - | - | - |
| Transfers out | (302,807) | (30,860) | (573,449) | (13,403) |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | (127,125) | (30,860) | (573,449) | (13,403) |
| Net Change in Fund Balances | (122,230) | 24,603 | (498,590) | 28,978 |
| Fund Balances, Beginning of Year | 122,750 | 4,110,510 | 564,499 | - |
| Fund Balances, End of Year | \$ 520 | \$ 4,135,113 | \$ 65,909 | \$ 28,978 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | Special Revenue Funds | | | |
|--|------------------------|-------------------|------------------|------------------|
| | Lakeside Facilities | Animal Shelter | N.P.D.E.S. | PEG Grant |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 59,337 | 25,828 | 196,759 | 21,188 |
| Intergovernmental | - | - | - | - |
| Investment earnings | 1,585 | 487 | 1,874 | 241 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 60,922 | 26,315 | 198,633 | 21,429 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | 1,310 |
| Public Services | - | - | 62,000 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | - | - | 62,000 | 1,310 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 60,922 | 26,315 | 136,633 | 20,119 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (26,606) | (133,928) | - |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (26,606) | (133,928) | - |
| Net Change in Fund Balances | 60,922 | (291) | 2,705 | 20,119 |
| Fund Balances, Beginning of Year | - | 400 | 24,934 | - |
| Fund Balances, End of Year | \$ 60,922 | \$ 109 | \$ 27,639 | \$ 20,119 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

| | Special Revenue Funds | Capital Projects Funds | | |
|--|-----------------------------|----------------------------------|---|-------------------|
| | | | Park Improvement and Development | Storm Drains |
| | Pedestrian Sidewalk | Miscellaneous General Project | | |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | 150,497 | 107,819 |
| Intergovernmental | 180,021 | - | - | - |
| Investment earnings | - | - | 6,145 | 12,664 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 180,021 | - | 156,642 | 120,483 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 11,031 | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public Services | - | - | - | - |
| Capital outlay | - | 71,440 | - | 33,794 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | - | 82,471 | - | 33,794 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 180,021 | (82,471) | 156,642 | 86,689 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 358,998 | 124,470 | - | - |
| Transfers out | (358,998) | (1,164,051) | - | - |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (1,039,581) | - | - |
| Net Change in Fund Balances | 180,021 | (1,122,052) | 156,642 | 86,689 |
| Fund Balances, Beginning of Year | - | 1,589,466 | 55,526 | 328,332 |
| Fund Balances, End of Year | \$ 180,021 | \$ 467,414 | \$ 212,168 | \$ 415,021 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | Capital Projects Funds | | | |
|--|-----------------------------------|---------------------|-------------------------|----------------------------------|
| | Library Capital Improvement | Traffic Impact | City Fire Protection | Public Improvement In-Lieu |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 36,300 | 564,620 | 120,667 | 51,245 |
| Intergovernmental | - | - | - | - |
| Investment earnings | 69,422 | 177,995 | 3,301 | 3,316 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 105,722 | 742,615 | 123,968 | 54,561 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | - | - |
| Community services | 40,000 | - | - | - |
| Public Services | - | - | - | - |
| Capital outlay | - | 74,928 | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 40,000 | 74,928 | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 65,722 | 667,687 | 123,968 | 54,561 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (64,470) | - | (124,470) | - |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | (64,470) | - | (124,470) | - |
| Net Change in Fund Balances | 1,252 | 667,687 | (502) | 54,561 |
| Fund Balances, Beginning of Year | 1,804,775 | 4,269,286 | 1,014 | 49,254 |
| Fund Balances, End of Year | \$ 1,806,027 | \$ 4,936,973 | \$ 512 | \$ 103,815 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

| | Capital Projects Funds | | | |
|--|-------------------------------------|---------------------|-------------------------|--------------------|
| | Road Improvement Program Fund | TUMF | Assessment Districts | Street Lighting |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Investment earnings | 772 | - | 34 | 3,977 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 772 | - | 34 | 3,977 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public Services | 2,937 | - | 2,349 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 235,000 | - | - | - |
| Interest and fiscal charges | 264,938 | - | - | - |
| Total Expenditures | 502,875 | - | 2,349 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (502,103) | - | (2,315) | 3,977 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 503,142 | - | - | - |
| Transfers out | - | (757,079) | (126,253) | (105,683) |
| Capital leases | - | - | - | - |
| Total Other Financing Sources (Uses) | 503,142 | (757,079) | (126,253) | (105,683) |
| Net Change in Fund Balances | 1,039 | (757,079) | (128,568) | (101,706) |
| Fund Balances, Beginning of Year | 16,190 | - | 128,568 | 101,706 |
| Fund Balances, End of Year | \$ 17,229 | \$ (757,079) | \$ - | \$ - |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

| | Capital Projects Funds | Debt Service Fund | Permanent Fund | |
|--|----------------------------|--------------------------------------|-------------------------------------|--------------------------------|
| | Facilities Construction | Facilities Financing Authority | Endowment Trust - Adolph Korn | Total Governmental Funds |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ 2,064,458 |
| Licenses and permits | - | - | - | 1,470,677 |
| Intergovernmental | - | - | - | 4,492,093 |
| Investment earnings | 29,190 | 622,394 | 1,233 | 1,214,753 |
| Fines and forfeitures | - | - | - | 322,339 |
| Miscellaneous | - | - | - | 7,689 |
| Total Revenues | 29,190 | 622,394 | 1,233 | 9,572,009 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 92,777 | - | 116,533 |
| Public safety | - | - | - | 493,821 |
| Community development | - | - | - | 25,000 |
| Community services | - | - | - | 41,310 |
| Public Services | 4,181,363 | - | - | 8,097,031 |
| Capital outlay | - | - | - | 3,285,021 |
| Debt service: | | | | |
| Principal retirement | - | 3,355,000 | - | 3,590,000 |
| Interest and fiscal charges | - | 524,375 | - | 789,313 |
| Total Expenditures | 4,181,363 | 3,972,152 | - | 16,438,029 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,152,173) | (3,349,758) | 1,233 | (6,866,020) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 10,090,000 | - | 11,629,542 |
| Transfers out | - | - | - | (6,131,250) |
| Capital leases | - | - | - | 3,459,380 |
| Total Other Financing Sources (Uses) | - | 10,090,000 | - | 8,957,672 |
| Net Change in Fund Balances | (4,152,173) | 6,740,242 | 1,233 | 2,091,652 |
| Fund Balances, Beginning of Year | 4,152,173 | 7,665,573 | 31,527 | 28,795,830 |
| Fund Balances, End of Year | \$ - | \$ 14,405,815 | \$ 32,760 | \$ 30,887,482 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT SERVICE
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|----------------|----------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 127,800 | 148,747 | 148,747 | - |
| Amounts Available for Appropriations | 127,800 | 148,747 | 148,747 | - |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 127,800 | 148,747 | 148,747 | - |
| Total Charges to Appropriations | 127,800 | 148,747 | 148,747 | - |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC OFFENDER
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|---------------|---------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 35,630 | 35,630 | 23,125 | (12,505) |
| Amounts Available for Appropriations | 35,630 | 35,630 | 23,125 | (12,505) |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 35,630 | 35,630 | 23,125 | 12,505 |
| Total Charges to Appropriations | 35,630 | 35,630 | 23,125 | 12,505 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 712,367 | \$ 712,367 | \$ 712,367 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 2,463,737 | 2,515,134 | 2,361,963 | (153,171) |
| Use of money and property | 14,720 | 14,720 | 55,344 | 40,624 |
| Amounts Available for Appropriations | 3,190,824 | 3,242,221 | 3,129,674 | (112,547) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 606,500 | 606,500 | 1,284,537 | (678,037) |
| Transfers out | 2,506,914 | 2,506,914 | 723,072 | 1,783,842 |
| Total Charges to Appropriations | 3,113,414 | 3,113,414 | 2,007,609 | 1,105,805 |
| Budgetary Fund Balance, June 30 | \$ 77,410 | \$ 128,807 | \$ 1,122,065 | \$ 993,258 |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION MEASURE A
YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,746,003 | \$ 1,746,003 | \$ 1,746,003 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 1,354,000 | 1,354,000 | 1,496,639 | 142,639 |
| Use of money and property | 21,640 | 21,640 | 74,635 | 52,995 |
| Amounts Available for Appropriations | 3,121,643 | 3,121,643 | 3,317,277 | 195,634 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 2,749,262 | 2,749,262 | 1,438,216 | 1,311,046 |
| Total Charges to Appropriations | 2,749,262 | 2,749,262 | 1,438,216 | 1,311,046 |
| Budgetary Fund Balance, June 30 | \$ 372,381 | \$ 372,381 | \$ 1,879,061 | \$ 1,506,680 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 SB1186 CAS EDUCATION
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|-----------------|------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 7,460 | \$ 7,460 | \$ 7,460 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 5,000 | 10,000 | 11,204 | 1,204 |
| Use of money and property | - | - | 492 | 492 |
| Amounts Available for Appropriations | 12,460 | 17,460 | 19,156 | 1,696 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 15,849 | 15,849 | 3,003 | 12,846 |
| Total Charges to Appropriations | 15,849 | 15,849 | 3,003 | 12,846 |
| Budgetary Fund Balance, June 30 | \$ (3,389) | \$ 1,611 | \$ 16,153 | \$ 14,542 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|----------------|----------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | (390) | (390) |
| Fines and forfeitures | 328,450 | 307,504 | 322,339 | 14,835 |
| Amounts Available for Appropriations | 328,450 | 307,504 | 321,949 | 14,445 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 328,450 | 307,504 | 321,949 | (14,445) |
| Total Charges to Appropriations | 328,450 | 307,504 | 321,949 | (14,445) |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
CITY-WIDE LIGHTING AND LANDSCAPING
YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|--------------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Assessments | 1,392,940 | 1,392,940 | 1,431,605 | 38,665 |
| Use of money and property | - | - | 41,084 | 41,084 |
| Miscellaneous | 7,100 | 7,100 | 7,689 | 589 |
| Transfers in | 542,600 | 542,600 | 377,250 | (165,350) |
| Capital leases | - | - | 3,459,380 | 3,459,380 |
| Amounts Available for Appropriations | 1,942,640 | 1,942,640 | 5,317,008 | 3,374,368 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 2,036,760 | 2,036,760 | 1,568,970 | 467,790 |
| Capital outlay | - | - | 3,104,859 | (3,104,859) |
| Total Charges to Appropriations | 2,036,760 | 2,036,760 | 4,673,829 | (2,637,069) |
| Budgetary Fund Balance, June 30 | \$ (94,120) | \$ (94,120) | \$ 643,179 | \$ 737,299 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

L.L.M.D NO. 1

YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|---------------------|-------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 1,056,391 | \$ 1,056,391 | \$ 1,056,391 | \$ - |
| Resources (Inflows): | | | | |
| Assessments | 582,978 | 582,978 | 632,853 | 49,875 |
| Use of money and property | - | - | 32,507 | 32,507 |
| Amounts Available for Appropriations | 1,639,369 | 1,639,369 | 1,721,751 | 82,382 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 583,640 | 583,640 | 991,872 | (408,232) |
| Total Charges to Appropriations | 583,640 | 583,640 | 991,872 | (408,232) |
| Budgetary Fund Balance, June 30 | \$ 1,055,729 | \$ 1,055,729 | \$ 729,879 | \$ (325,850) |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 GEOTHERMAL
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 20,421 | \$ 20,421 | \$ 20,421 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 200 | 200 | 773 | 573 |
| Amounts Available for Appropriations | 20,621 | 20,621 | 21,194 | 573 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 100 | 100 | - | 100 |
| Total Charges to Appropriations | 100 | 100 | - | 100 |
| Budgetary Fund Balance, June 30 | \$ 20,521 | \$ 20,521 | \$ 21,194 | \$ 673 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
AB2766 AIR POLLUTION
YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|----------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 236,705 | \$ 236,705 | \$ 236,705 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 77,550 | 75,550 | 82,188 | 6,638 |
| Use of money and property | 1,200 | 3,200 | 10,272 | 7,072 |
| Amounts Available for Appropriations | 315,455 | 315,455 | 329,165 | 13,710 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 6,000 | 6,000 | - | 6,000 |
| Transfers out | 310,730 | 309,455 | - | 309,455 |
| Total Charges to Appropriations | 316,730 | 315,455 | - | 315,455 |
| Budgetary Fund Balance, June 30 | \$ (1,275) | \$ - | \$ 329,165 | \$ 329,165 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

C.D.B.G

YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|----------------|--------------------|--------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 753,616 | 753,616 | 199,706 | (553,910) |
| Amounts Available for Appropriations | 753,616 | 753,616 | 199,706 | (553,910) |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 25,000 | 25,000 | 25,000 | - |
| Transfers out | 728,616 | 728,616 | 187,905 | 540,711 |
| Total Charges to Appropriations | 753,616 | 753,616 | 212,905 | 540,711 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ (13,199) | \$ (13,199) |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
DEVELOPER AGREEMENT REVENUE/TRUST
YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|------------------|----------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 122,750 | \$ 122,750 | \$ 122,750 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 252,435 | 252,430 | - | (252,430) |
| Use of money and property | 3,780 | 3,780 | 4,895 | 1,115 |
| Transfers in | 41,690 | 35,485 | 175,682 | 140,197 |
| Amounts Available for Appropriations | 420,655 | 414,445 | 303,327 | (111,118) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 397,906 | 397,901 | 302,807 | 95,094 |
| Total Charges to Appropriations | 397,906 | 397,901 | 302,807 | 95,094 |
| Budgetary Fund Balance, June 30 | \$ 22,749 | \$ 16,544 | \$ 520 | \$ (16,024) |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 AFFORDABLE HOUSING IN-LIEU
 YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 4,110,510 | \$ 4,110,510 | \$ 4,110,510 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 638,730 | 638,730 | 11,625 | (627,105) |
| Use of money and property | 20,900 | 20,900 | 56,563 | 35,663 |
| Amounts Available for Appropriations | 4,770,140 | 4,770,140 | 4,178,698 | (591,442) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 627,660 | 627,660 | 12,725 | 614,935 |
| Transfers out | 30,860 | 30,860 | 30,860 | - |
| Total Charges to Appropriations | 658,520 | 658,520 | 43,585 | 614,935 |
| Budgetary Fund Balance, June 30 | \$ 4,111,620 | \$ 4,111,620 | \$ 4,135,113 | \$ 23,493 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 CITY HALL / PUBLIC WORKS
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|---------------------|------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 564,499 | \$ 564,499 | \$ 564,499 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 135,000 | 88,771 | 71,792 | (16,979) |
| Use of money and property | 13,900 | 5,000 | 3,067 | (1,933) |
| Amounts Available for Appropriations | 713,399 | 658,270 | 639,358 | (18,912) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 1,075,950 | 795,630 | 573,449 | 222,181 |
| Total Charges to Appropriations | 1,075,950 | 795,630 | 573,449 | 222,181 |
| Budgetary Fund Balance, June 30 | \$ (362,551) | \$ (137,360) | \$ 65,909 | \$ 203,269 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY CENTER
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|---------------|------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 73,500 | 57,800 | 41,500 | (16,300) |
| Use of money and property | 3,140 | 200 | 881 | 681 |
| Amounts Available for Appropriations | 76,640 | 58,000 | 42,381 | (15,619) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 76,640 | 58,000 | 13,403 | 44,597 |
| Total Charges to Appropriations | 76,640 | 58,000 | 13,403 | 44,597 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ 28,978 | \$ 28,978 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
LAKESIDE FACILITIES
YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|---------------|------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 104,500 | 80,000 | 59,337 | (20,663) |
| Use of money and property | 5,100 | 300 | 1,585 | 1,285 |
| Amounts Available for Appropriations | 109,600 | 80,300 | 60,922 | (19,378) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 16,300 | 16,300 | - | 16,300 |
| Transfers out | 93,300 | 64,000 | - | 64,000 |
| Total Charges to Appropriations | 109,600 | 80,300 | - | 80,300 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ 60,922 | \$ 60,922 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 ANIMAL SHELTER
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|---------------|---------------|----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 400 | \$ 400 | \$ 400 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 40,800 | 35,000 | 25,828 | (9,172) |
| Use of money and property | 885 | 85 | 487 | 402 |
| Amounts Available for Appropriations | 42,085 | 35,485 | 26,715 | (8,770) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 41,685 | 35,485 | 26,606 | 8,879 |
| Total Charges to Appropriations | 41,685 | 35,485 | 26,606 | 8,879 |
| Budgetary Fund Balance, June 30 | \$ 400 | \$ - | \$ 109 | \$ 109 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

N.P.D.E.S.

YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 24,934 | \$ 24,934 | \$ 24,934 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 457,300 | 457,300 | 196,759 | (260,541) |
| Use of money and property | 830 | 830 | 1,874 | 1,044 |
| Amounts Available for Appropriations | 483,064 | 483,064 | 223,567 | (259,497) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 239,910 | 239,910 | 62,000 | 177,910 |
| Transfers out | 218,220 | 218,220 | 133,928 | 84,292 |
| Total Charges to Appropriations | 458,130 | 458,130 | 195,928 | 262,202 |
| Budgetary Fund Balance, June 30 | \$ 24,934 | \$ 24,934 | \$ 27,639 | \$ 2,705 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

PEG GRANT

YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|---------------|------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 23,800 | 23,800 | 21,188 | (2,612) |
| Use of money and property | 50 | 50 | 241 | 191 |
| Amounts Available for Appropriations | 23,850 | 23,850 | 21,429 | (2,421) |
| Charges to Appropriation (Outflow): | | | | |
| Community services | 23,850 | 23,850 | 1,310 | 22,540 |
| Total Charges to Appropriations | 23,850 | 23,850 | 1,310 | 22,540 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ 20,119 | \$ 20,119 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 PEDESTRIAN SIDEWALK
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|----------------|----------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 874,558 | 874,558 | 180,021 | (694,537) |
| Transfers in | - | - | 358,998 | 358,998 |
| Amounts Available for Appropriations | 874,558 | 874,558 | 539,019 | (335,539) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 874,558 | 874,558 | 358,998 | 515,560 |
| Total Charges to Appropriations | 874,558 | 874,558 | 358,998 | 515,560 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ 180,021 | \$ 180,021 |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT PLAN
 YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|----------------------|----------------------|------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 16,027,228 | \$ 16,027,228 | \$ 16,027,228 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | - | 453,000 | 393,314 | (59,686) |
| Use of money and property | 89,800 | 265,902 | 621,433 | 355,531 |
| Contributions | 45,597,021 | 45,420,919 | 17,799,840 | (27,621,079) |
| Miscellaneous | 1,300 | 1,300 | 1,240 | (60) |
| Transfers in | 36,439,863 | 31,810,904 | 4,831,952 | (26,978,952) |
| Amounts Available for Appropriations | 98,155,212 | 93,979,253 | 39,675,007 | (54,304,246) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | - | - | 59,951 | (59,951) |
| Capital outlay | 47,753,294 | 45,999,501 | 24,798,629 | 21,200,872 |
| Transfers out | - | - | 2,107,973 | (2,107,973) |
| Total Charges to Appropriations | 47,753,294 | 45,999,501 | 26,966,553 | 19,032,948 |
| Budgetary Fund Balance, June 30 | \$ 50,401,918 | \$ 47,979,752 | \$ 12,708,454 | \$ (35,271,298) |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 MISCELLANEOUS GENERAL PROJECT
 YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|------------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 1,589,466 | \$ 1,589,466 | \$ 1,589,466 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 116,980 | 16,980 | - | (16,980) |
| Transfers in | 105,600 | 79,000 | 124,470 | 45,470 |
| Amounts Available for Appropriations | 1,812,046 | 1,685,446 | 1,713,936 | 28,490 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 6,550 | 6,550 | 11,031 | (4,481) |
| Capital outlay | - | - | 71,440 | (71,440) |
| Transfers out | 1,282,699 | 1,676,370 | 1,164,051 | 512,319 |
| Total Charges to Appropriations | 1,289,249 | 1,682,920 | 1,246,522 | 436,398 |
| Budgetary Fund Balance, June 30 | \$ 522,797 | \$ 2,526 | \$ 467,414 | \$ 464,888 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
PARK IMPROVEMENT AND DEVELOPMENT
YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 55,526 | \$ 55,526 | \$ 55,526 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 50,000 | 50,000 | 150,497 | 100,497 |
| Use of money and property | 460 | 460 | 6,145 | 5,685 |
| Amounts Available for Appropriations | 105,986 | 105,986 | 212,168 | 106,182 |
| Budgetary Fund Balance, June 30 | \$ 105,986 | \$ 105,986 | \$ 212,168 | \$ 106,182 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 STORM DRAINS
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 328,332 | \$ 328,332 | \$ 328,332 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 150,000 | 150,000 | 107,819 | (42,181) |
| Use of money and property | 16,900 | 16,900 | 12,664 | (4,236) |
| Amounts Available for Appropriations | 495,232 | 495,232 | 448,815 | (46,417) |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | - | 33,880 | 33,794 | 86 |
| Transfers out | 100,000 | 66,120 | - | 66,120 |
| Total Charges to Appropriations | 100,000 | 100,000 | 33,794 | 66,206 |
| Budgetary Fund Balance, June 30 | \$ 395,232 | \$ 395,232 | \$ 415,021 | \$ 19,789 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 LIBRARY CAPITAL IMPROVEMENT
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-------------------|------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 1,804,775 | \$ 1,804,775 | \$ 1,804,775 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 65,360 | 50,000 | 36,300 | (13,700) |
| Use of money and property | 19,500 | 19,500 | 69,422 | 49,922 |
| Amounts Available for Appropriations | 1,889,635 | 1,874,275 | 1,910,497 | 36,222 |
| Charges to Appropriation (Outflow): | | | | |
| Community services | 40,000 | 48,000 | 40,000 | 8,000 |
| Transfers out | 1,743,753 | 1,826,275 | 64,470 | 1,761,805 |
| Total Charges to Appropriations | 1,783,753 | 1,874,275 | 104,470 | 1,769,805 |
| Budgetary Fund Balance, June 30 | \$ 105,882 | \$ - | \$ 1,806,027 | \$ 1,806,027 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPACT
YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|-------------------|---------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 4,269,286 | \$ 4,269,286 | \$ 4,269,286 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 468,000 | 468,000 | 564,620 | 96,620 |
| Use of money and property | 42,200 | 42,200 | 177,995 | 135,795 |
| Amounts Available for Appropriations | 4,779,486 | 4,779,486 | 5,011,901 | 232,415 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 386,472 | 386,472 | - | 386,472 |
| Parks and recreation | 9,700 | 9,700 | - | 9,700 |
| Capital outlay | - | 74,930 | 74,928 | 2 |
| Transfers out | 3,972,228 | 3,897,298 | - | 3,897,298 |
| Total Charges to Appropriations | 4,368,400 | 4,368,400 | 74,928 | 4,293,472 |
| Budgetary Fund Balance, June 30 | \$ 411,086 | \$ 411,086 | \$ 4,936,973 | \$ 4,525,887 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 CITY FIRE PROTECTION
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-----------------|---------------|----------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 1,014 | \$ 1,014 | \$ 1,014 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 104,500 | 77,900 | 120,667 | 42,767 |
| Use of money and property | 1,100 | 100 | 3,301 | 3,201 |
| Amounts Available for Appropriations | 106,614 | 79,014 | 124,982 | 45,968 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 105,600 | 79,000 | 124,470 | (45,470) |
| Total Charges to Appropriations | 105,600 | 79,000 | 124,470 | (45,470) |
| Budgetary Fund Balance, June 30 | \$ 1,014 | \$ 14 | \$ 512 | \$ 498 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENT IN-LIEU
YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|------------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 49,254 | \$ 49,254 | \$ 49,254 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 2,000 | 2,000 | 51,245 | 49,245 |
| Use of money and property | 8,900 | 8,900 | 3,316 | (5,584) |
| Amounts Available for Appropriations | 60,154 | 60,154 | 103,815 | 43,661 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 10,900 | 10,900 | - | 10,900 |
| Total Charges to Appropriations | 10,900 | 10,900 | - | 10,900 |
| Budgetary Fund Balance, June 30 | \$ 49,254 | \$ 49,254 | \$ 103,815 | \$ 54,561 |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
ROAD IMPROVEMENT PROGRAM FUND
YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|------------------|------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 16,190 | \$ 16,190 | \$ 16,190 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 502,138 | 200 | 772 | 572 |
| Transfers in | 499,938 | 499,938 | 503,142 | 3,204 |
| Amounts Available for Appropriations | 1,018,266 | 516,328 | 520,104 | 3,776 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | - | - | 2,937 | (2,937) |
| Debt service: | | | | |
| Principal retirement | 235,000 | 235,000 | 235,000 | - |
| Interest and fiscal charges | 264,938 | 264,938 | 264,938 | - |
| Transfers out | 3,266,319 | - | - | - |
| Total Charges to Appropriations | 3,766,257 | 499,938 | 502,875 | (2,937) |
| Budgetary Fund Balance (Deficits), June 30 | \$ (2,747,991) | \$ 16,390 | \$ 17,229 | \$ 839 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE

TUMF

YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|--|------------------|------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 8,838,579 | 8,838,579 | - | (8,838,579) |
| Amounts Available for Appropriation | 8,838,579 | 8,838,579 | - | (8,838,579) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 8,838,579 | 8,838,579 | 757,079 | 8,081,500 |
| Total Charges to Appropriations | 8,838,579 | 8,838,579 | 757,079 | 8,081,500 |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ (757,079) | \$ (757,079) |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 ASSESSMENT DISTRICTS
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|--|-----------------|-----------------|----------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 128,568 | \$ 128,568 | \$ 128,568 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 1,000 | 1,000 | 34 | (966) |
| Amounts Available for Appropriation | 129,568 | 129,568 | 128,602 | (966) |
| Charges to Appropriation (Outflow): | | | | |
| Public services | 1,109 | 1,109 | 2,349 | (1,240) |
| Transfers out | 126,253 | 126,253 | 126,253 | - |
| Total Charges to Appropriations | 127,362 | 127,362 | 128,602 | (1,240) |
| Budgetary Fund Balance, June 30 | \$ 2,206 | \$ 2,206 | \$ - | \$ (2,206) |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|--|-------------------|--------------------|----------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 101,706 | \$ 101,706 | \$ 101,706 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 3,977 | 3,977 |
| Amounts Available for Appropriation | 101,706 | 101,706 | 105,683 | 3,977 |
| Charges to Appropriation (Outflow): | | | | |
| General government | - | 152,209 | - | 152,209 |
| Transfers out | - | - | 105,683 | (105,683) |
| Total Charges to Appropriations | - | 152,209 | 105,683 | 46,526 |
| Budgetary Fund Balance, June 30 | \$ 101,706 | \$ (50,503) | \$ - | \$ 50,503 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 FACILITIES CONSTRUCTION
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|--|-----------------------|------------------|------------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 4,152,173 | \$ 4,152,173 | \$ 4,152,173 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 65,000 | - | 29,190 | 29,190 |
| Amounts Available for Appropriation | 4,217,173 | 4,152,173 | 4,181,363 | 29,190 |
| Charges to Appropriation (Outflow): | | | | |
| Public services | - | - | 4,181,363 | (4,181,363) |
| Transfers out | 6,244,258 | 4,152,173 | - | 4,152,173 |
| Total Charges to Appropriations | 6,244,258 | 4,152,173 | 4,181,363 | (29,190) |
| Budgetary Fund Balance, June 30 | \$ (2,027,085) | \$ - | \$ - | \$ - |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 PUBLIC FINANCING AUTHORITY
 YEAR ENDED JUNE 30, 2019**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 220,705,697 | \$ 220,705,697 | \$ 220,705,697 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 10,459,960 | 10,742,410 | 10,558,589 | (183,821) |
| Amounts Available for Appropriations | 231,165,657 | 231,448,107 | 231,264,286 | (183,821) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 5,000 | 287,450 | 287,224 | 226 |
| Debt service: | | | | |
| Principal retirement | 8,315,000 | 17,730,000 | 29,840,000 | (12,110,000) |
| Interest and fiscal charges | 10,062,370 | 10,062,370 | 10,513,890 | (451,520) |
| Total Charges to Appropriations | 18,382,370 | 28,079,820 | 40,641,114 | (12,561,294) |
| Budgetary Fund Balance, June 30 | \$ 212,783,287 | \$ 203,368,287 | \$ 190,623,172 | \$(12,745,115) |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 RECREATION AUTHORITY
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 1,825,634 | \$ 1,825,634 | \$ 1,825,634 | \$ - |
| Resources (Inflows): | | | | |
| Revenue from lease/rent | 1,144,100 | 1,144,100 | 528,383 | (615,717) |
| Amounts Available for Appropriations | 2,969,734 | 2,969,734 | 2,354,017 | (615,717) |
| Charges to Appropriation (Outflow): | | | | |
| General government | - | - | 3,162 | (3,162) |
| Debt service: | | | | |
| Principal retirement | 635,000 | 635,000 | 635,000 | - |
| Interest and fiscal charges | 493,100 | 493,100 | 493,100 | - |
| Total Charges to Appropriations | 1,128,100 | 1,128,100 | 1,131,262 | (3,162) |
| Budgetary Fund Balance, June 30 | \$ 1,841,634 | \$ 1,841,634 | \$ 1,222,755 | \$ (618,879) |

CITY OF LAKE ELSINORE

**BUDGETARY COMPARISON SCHEDULE
 FACILITIES FINANCING AUTHORITY
 YEAR ENDED JUNE 30, 2019**

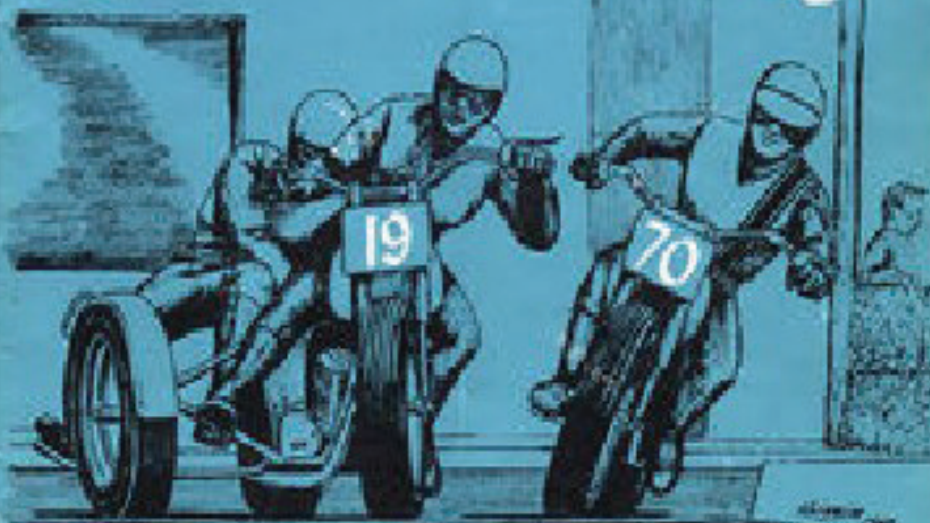
| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|---------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 7,665,573 | \$ 7,665,573 | \$ 7,665,573 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 559,380 | 559,380 | 622,394 | 63,014 |
| Transfers in | - | - | 10,090,000 | 10,090,000 |
| Amounts Available for Appropriations | 8,224,953 | 8,224,953 | 18,377,967 | 10,153,014 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 1,000 | 350,881 | 92,777 | 258,104 |
| Debt service: | | | | |
| Principal retirement | 245,000 | 3,250,000 | 3,355,000 | (105,000) |
| Interest and fiscal charges | 314,240 | 314,240 | 524,375 | (210,135) |
| Total Charges to Appropriations | 560,240 | 3,915,121 | 3,972,152 | (57,031) |
| Budgetary Fund Balance, June 30 | \$ 7,664,713 | \$ 4,309,832 | \$ 14,405,815 | \$ 10,095,983 |

CITY OF LAKE ELSINORE

BUDGETARY COMPARISON SCHEDULE
 ENDOWMENT TRUST - ADOLPH KORN
 YEAR ENDED JUNE 30, 2019

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Budgetary Fund Balance, July 1 | \$ 31,527 | \$ 31,527 | \$ 31,527 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 200 | 200 | 1,233 | 1,033 |
| Amounts Available for Appropriations | 31,727 | 31,727 | 32,760 | 1,033 |
| Budgetary Fund Balance, June 30 | \$ 31,727 | \$ 31,727 | \$ 32,760 | \$ 1,033 |

3rd ANNUAL
EL SINORE
GRAND PRIX



**SOUVENIR
PROGRAM
75¢**



CITY OF LAKE ELSINORE
Internal Service Funds

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

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

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

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

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

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

| | Governmental Activities - Internal Service Funds | | | |
|---|--|-------------------|------------------|---------------------|
| | Insurance | Info Systems | Support Services | Fleet Services |
| Assets: | | | | |
| Current: | | | | |
| Cash and investments | \$ 817,021 | \$ 579,297 | \$ 38,727 | \$ - |
| Receivables: | | | | |
| Accounts | - | 26 | - | 34 |
| Accrued interest | 5,303 | 1,732 | 84 | - |
| Prepaid costs | 582,440 | 20,827 | - | 1,586 |
| Total Current Assets | 1,404,764 | 601,882 | 38,811 | 1,620 |
| Noncurrent: | | | | |
| Capital assets - net of accumulated depreciation | - | 207,018 | 3,419 | 1,092,411 |
| Total Noncurrent Assets | - | 207,018 | 3,419 | 1,092,411 |
| Total Assets | 1,404,764 | 808,900 | 42,230 | 1,094,031 |
| Deferred Outflows of Resources: | | | | |
| Pension related items | 4,511 | 125,642 | - | 131,343 |
| OPEB related items | - | 24,641 | - | 12,321 |
| Total Deferred Outflows of Resources | 4,511 | 150,283 | - | 143,664 |
| Total Assets and Deferred Outflows of Resources | \$ 1,409,275 | \$ 959,183 | \$ 42,230 | \$ 1,237,695 |
| Liabilities, Deferred Inflows of Resources, and Net Position: | | | | |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable | \$ 1,197 | \$ 24,937 | \$ 4,662 | \$ 43,325 |
| Accrued liabilities | 916 | 9,333 | - | 3,546 |
| Total Current Liabilities | 2,113 | 34,270 | 4,662 | 46,871 |
| Noncurrent: | | | | |
| Net pension liability | 14,171 | 381,415 | - | 461,114 |
| Total OPEB liability | - | 889,514 | - | 444,757 |
| Total Noncurrent Liabilities | 14,171 | 1,270,929 | - | 905,871 |
| Total Liabilities | 16,284 | 1,305,199 | 4,662 | 952,742 |
| Deferred Inflows of Resources: | | | | |
| Pension related items | 5,121 | 32,379 | - | 28,309 |
| OPEB related items | - | 72,137 | - | 36,069 |
| Total Deferred Inflows of Resources | 5,121 | 104,516 | - | 64,378 |
| Net Position: | | | | |
| Net investment in capital assets | - | 207,018 | 3,419 | 1,092,411 |
| Unrestricted | 1,387,870 | (657,550) | 34,149 | (871,836) |
| Total Net Position | 1,387,870 | (450,532) | 37,568 | 220,575 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 1,409,275 | \$ 959,183 | \$ 42,230 | \$ 1,237,695 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

| | Governmental Activities - Internal Service Funds | |
|---|---|---------------------|
| | Facilities | Totals |
| Assets: | | |
| Current: | | |
| Cash and investments | \$ 744,445 | \$ 2,179,490 |
| Receivables: | | |
| Accounts | - | 60 |
| Accrued interest | 2,768 | 9,887 |
| Prepaid costs | 5,124 | 609,977 |
| Total Current Assets | 752,337 | 2,799,414 |
| Noncurrent: | | |
| Capital assets - net of accumulated depreciation | 254,415 | 1,557,263 |
| Total Noncurrent Assets | 254,415 | 1,557,263 |
| Total Assets | 1,006,752 | 4,356,677 |
| Deferred Outflows of Resources: | | |
| Pension related items | 83,501 | 344,997 |
| OPEB related items | 6,160 | 43,122 |
| Total Deferred Outflows of Resources | 89,661 | 388,119 |
| Total Assets and Deferred Outflows of Resources | \$ 1,096,413 | \$ 4,744,796 |
| Liabilities, Deferred Inflows of Resources, and Net Position: | | |
| Liabilities: | | |
| Current: | | |
| Accounts payable | \$ 25,308 | \$ 99,429 |
| Accrued liabilities | 1,081 | 14,876 |
| Total Current Liabilities | 26,389 | 114,305 |
| Noncurrent: | | |
| Net pension liability | 123,023 | 979,723 |
| Total OPEB liability | 222,379 | 1,556,650 |
| Total Noncurrent Liabilities | 345,402 | 2,536,373 |
| Total Liabilities | 371,791 | 2,650,678 |
| Deferred Inflows of Resources: | | |
| Pension related items | 8,132 | 73,941 |
| OPEB related items | 18,035 | 126,241 |
| Total Deferred Inflows of Resources | 26,167 | 200,182 |
| Net Position: | | |
| Net investment in capital assets | 254,415 | 1,557,263 |
| Unrestricted | 444,040 | 336,673 |
| Total Net Position | 698,455 | 1,893,936 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 1,096,413 | \$ 4,744,796 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

| | Governmental Activities - Internal Service Funds | | | |
|---|--|---------------------|------------------|-------------------|
| | Insurance | Info Systems | Support Services | Fleet Services |
| Operating Revenues: | | | | |
| Charges for services | \$ 745,628 | \$ 1,248,253 | \$ 97,426 | \$ 1,039,212 |
| Miscellaneous | 83,212 | 2 | - | - |
| Total Operating Revenues | 828,840 | 1,248,255 | 97,426 | 1,039,212 |
| Operating Expenses: | | | | |
| Personnel Services | 70,620 | 625,209 | - | 309,117 |
| Contractual Services | - | 86,320 | 25,207 | 34,797 |
| Utilities | - | 156,033 | - | - |
| Maintenance and Operation | 2,522 | 333,932 | 63,084 | 325,697 |
| Cost of sales and services | 20 | - | - | - |
| Depreciation expense | - | 38,627 | 2,159 | 248,028 |
| Insurance | 673,768 | - | - | - |
| Total Operating Expenses | 746,930 | 1,240,121 | 90,450 | 917,639 |
| Operating Income (Loss) | 81,910 | 8,134 | 6,976 | 121,573 |
| Nonoperating Revenues (Expenses): | | | | |
| Interest revenue | 47,430 | 17,015 | 738 | - |
| Gain (loss) on disposal of capital assets | - | - | - | (21,489) |
| Total Nonoperating Revenues (Expenses) | 47,430 | 17,015 | 738 | (21,489) |
| Income (Loss) Before Transfers | 129,340 | 25,149 | 7,714 | 100,084 |
| Transfers in | - | - | - | 140,263 |
| Transfers out | (140,263) | - | - | - |
| Changes in Net Position | (10,923) | 25,149 | 7,714 | 240,347 |
| Net Position: | | | | |
| Beginning of Year | 1,398,793 | (475,681) | 29,854 | (19,772) |
| End of Fiscal Year | \$ 1,387,870 | \$ (450,532) | \$ 37,568 | \$ 220,575 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

| | Governmental Activities - Internal Service Funds | |
|---|---|---------------------|
| | Facilities | Totals |
| Operating Revenues: | | |
| Charges for services | \$ 529,261 | \$ 3,659,780 |
| Miscellaneous | - | 83,214 |
| Total Operating Revenues | 529,261 | 3,742,994 |
| Operating Expenses: | | |
| Personnel Services | 107,777 | 1,112,723 |
| Contractual Services | 197,238 | 343,562 |
| Utilities | 71,383 | 227,416 |
| Maintenance and Operation | 99,458 | 824,693 |
| Cost of sales and services | - | 20 |
| Depreciation expense | 57,154 | 345,968 |
| Insurance | - | 673,768 |
| Total Operating Expenses | 533,010 | 3,528,150 |
| Operating Income (Loss) | (3,749) | 214,844 |
| Nonoperating Revenues (Expenses): | | |
| Interest revenue | 24,511 | 89,694 |
| Gain (loss) on disposal of capital assets | - | (21,489) |
| Total Nonoperating Revenues (Expenses) | 24,511 | 68,205 |
| Income (Loss) Before Transfers | 20,762 | 283,049 |
| Transfers in | - | 140,263 |
| Transfers out | - | (140,263) |
| Changes in Net Position | 20,762 | 283,049 |
| Net Position: | | |
| Beginning of Year | 677,693 | 1,610,887 |
| End of Fiscal Year | \$ 698,455 | \$ 1,893,936 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

| | Governmental Activities - Internal Service Funds | | | |
|---|---|---------------------|-------------------------|-----------------------|
| | Insurance | Info Systems | Support Services | Fleet Services |
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers and users | \$ 828,840 | \$ 1,248,229 | \$ 97,426 | \$ 1,039,178 |
| Cash paid to suppliers for goods and services | (629,560) | (848,360) | (23,168) | (367,310) |
| Cash paid to employees for services | 7,539 | (291,866) | (63,084) | (298,677) |
| Net Cash Provided (Used) by Operating Activities | 206,819 | 108,003 | 11,174 | 373,191 |
| Cash Flows from Non-Capital Financing Activities: | | | | |
| Cash transfers out | (140,263) | - | - | - |
| Cash transfers in | - | - | - | 140,263 |
| Cash paid - due to other funds | - | - | - | - |
| Cash received - due from other funds | - | - | - | (143,366) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (140,263) | - | - | (3,103) |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | - | (179,424) | - | (370,088) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | (179,424) | - | (370,088) |
| Cash Flows from Investing Activities: | | | | |
| Interest received | 46,781 | 17,146 | 654 | - |
| Net Cash Provided (Used) by Investing Activities | 46,781 | 17,146 | 654 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 113,337 | (54,275) | 11,828 | - |
| Cash and Cash Equivalents at Beginning of Year | 703,684 | 633,572 | 26,899 | - |
| Cash and Cash Equivalents at End of Year | \$ 817,021 | \$ 579,297 | \$ 38,727 | \$ - |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ 81,910 | \$ 8,134 | \$ 6,976 | \$ 121,573 |
| Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities: | | | | |
| Depreciation | - | 38,627 | 2,159 | 248,028 |
| (Increase) decrease in accounts receivable | - | (26) | - | (34) |
| (Increase) decrease in deferred outflows from pensions | 5,063 | 31,738 | - | 19,130 |
| (Increase) decrease in deferred outflows OPEB | - | 5,394 | - | 2,697 |
| (Increase) decrease in prepaid expense | 113,695 | (2,811) | - | (1,586) |
| Increase (decrease) in accounts payable | 1,153 | 22,013 | 2,039 | (21,810) |
| Increase (decrease) in accrued liabilities | 70 | 496 | - | 186 |
| Increase (decrease) in net pension liability | 259 | (25,998) | - | (12,546) |
| Increase (decrease) in Total OPEB liability | - | 13,638 | - | 6,820 |
| Increase (decrease) in deferred inflows from OPEB | - | (6,546) | - | (3,273) |
| Increase (decrease) in deferred inflows from pensions | 4,669 | 23,344 | - | 14,006 |
| Total Adjustments | 124,909 | 99,869 | 4,198 | 251,618 |
| Net Cash Provided (Used) by Operating Activities | \$ 206,819 | \$ 108,003 | \$ 11,174 | \$ 373,191 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

| | Governmental Activities - Internal Service Funds | |
|---|---|---------------------|
| | Facilities | Totals |
| Cash Flows from Operating Activities: | | |
| Cash received from customers and users | \$ 529,261 | \$ 3,742,934 |
| Cash paid to suppliers for goods and services | (380,706) | (2,249,104) |
| Cash paid to employees for services | (83,906) | (729,994) |
| Net Cash Provided (Used) by Operating Activities | 64,649 | 763,836 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Cash transfers out | - | (140,263) |
| Cash transfers in | - | 140,263 |
| Cash paid - due to other funds | 143,366 | 143,366 |
| Cash received - due from other funds | - | (143,366) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | 143,366 | - |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition and construction of capital assets | (18,295) | (567,807) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (18,295) | (567,807) |
| Cash Flows from Investing Activities: | | |
| Interest received | 24,815 | 89,396 |
| Net Cash Provided (Used) by Investing Activities | 24,815 | 89,396 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 214,535 | 285,425 |
| Cash and Cash Equivalents at Beginning of Year | 529,910 | 1,894,065 |
| Cash and Cash Equivalents at End of Year | \$ 744,445 | \$ 2,179,490 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ (3,749) | \$ 214,844 |
| Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities: | | |
| Depreciation | 57,154 | 345,968 |
| (Increase) decrease in accounts receivable | - | (60) |
| (Increase) decrease in deferred outflows from pensions | 6,526 | 62,457 |
| (Increase) decrease in deferred outflows OPEB | 1,349 | 9,440 |
| (Increase) decrease in prepaid expense | (1,471) | 107,827 |
| Increase (decrease) in accounts payable | (2,837) | 558 |
| Increase (decrease) in accrued liabilities | 103 | 855 |
| Increase (decrease) in net pension liability | 1,130 | (37,155) |
| Increase (decrease) in Total OPEB liability | 3,410 | 23,868 |
| Increase (decrease) in deferred inflows from OPEB | (1,635) | (11,454) |
| Increase (decrease) in deferred inflows from pensions | 4,669 | 46,688 |
| Total Adjustments | 68,398 | 548,992 |
| Net Cash Provided (Used) by Operating Activities | \$ 64,649 | \$ 763,836 |



CITY OF LAKE ELSINORE
Agency Funds

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

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

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

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

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2019

| | Developer Deposit Trust | Assessment Districts | Lake Maintenance |
|--|------------------------------------|---------------------------------|-----------------------------|
| Assets: | | | |
| Pooled cash and investments | \$ 2,691,364 | \$ 13,909,690 | \$ - |
| Receivables: | | | |
| Accrued interest | - | 51,146 | - |
| Due from other governments | - | 354,339 | - |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | - | 6,948,169 | 1,883,017 |
| Deposits with other agencies | - | 16,865,352 | - |
| Total Assets | \$ 2,691,364 | \$ 38,128,696 | \$ 1,883,017 |
| Liabilities: | | | |
| Accounts payable | \$ 110,828 | \$ 7,137 | \$ - |
| Deposits payable | 2,580,536 | 536,005 | 1,883,017 |
| Due to bondholders | - | 37,585,554 | - |
| Total Liabilities | \$ 2,691,364 | \$ 38,128,696 | \$ 1,883,017 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2019

| | Destratification Equipment Replacement | Totals |
|--|---|----------------------|
| Assets: | | |
| Pooled cash and investments | \$ 408,318 | \$ 17,009,372 |
| Receivables: | | |
| Accrued interest | 1,496 | 52,642 |
| Due from other governments | 52,350 | 406,689 |
| Restricted assets: | | |
| Cash and investments with fiscal agents | - | 8,831,186 |
| Deposits with other agencies | - | 16,865,352 |
| Total Assets | \$ 462,164 | \$ 43,165,241 |
| Liabilities: | | |
| Accounts payable | \$ 14,026 | \$ 131,991 |
| Deposits payable | 448,138 | 5,447,696 |
| Due to bondholders | - | 37,585,554 |
| Total Liabilities | \$ 462,164 | \$ 43,165,241 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

| | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---|-------------------------|----------------------|----------------------|--------------------------|
| <u>Developer Deposit Trust</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,540,130 | \$ 1,308,668 | \$ 157,434 | \$ 2,691,364 |
| Total Assets | \$ 1,540,130 | \$ 1,308,668 | \$ 157,434 | \$ 2,691,364 |
| Liabilities: | | | | |
| Accounts payable | \$ 1,000 | \$ 265,646 | \$ 155,818 | \$ 110,828 |
| Deposits payable | 1,539,130 | 2,103,548 | 1,062,142 | 2,580,536 |
| Total Liabilities | \$ 1,540,130 | \$ 2,369,194 | \$ 1,217,960 | \$ 2,691,364 |
| <u>Assessment Districts</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 18,047,185 | \$ 25,161,313 | \$ 29,298,808 | \$ 13,909,690 |
| Receivables: | | | | |
| Accounts | 31,968 | 272,608 | 304,576 | - |
| Accrued interest | 82,730 | 51,147 | 82,731 | 51,146 |
| Due from other governments | 274,614 | 449,265 | 369,540 | 354,339 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 5,303,527 | 61,630,410 | 59,985,768 | 6,948,169 |
| Deposits with other agencies | 17,754,116 | 948,061 | 1,836,825 | 16,865,352 |
| Total Assets | \$ 41,494,140 | \$ 88,512,804 | \$ 91,878,248 | \$ 38,128,696 |
| Liabilities: | | | | |
| Accounts payable | \$ 13,470 | \$ 18,423,842 | \$ 18,430,175 | \$ 7,137 |
| Deposits payable | 451,659 | 453,588 | 369,242 | 536,005 |
| Due to bondholders | 41,029,011 | 67,279,363 | 70,722,820 | 37,585,554 |
| Total Liabilities | \$ 41,494,140 | \$ 86,156,793 | \$ 89,522,237 | \$ 38,128,696 |
| <u>Lake Maintenance</u> | | | | |
| Assets: | | | | |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | \$ 1,380,033 | \$ 1,586,285 | \$ 1,083,301 | \$ 1,883,017 |
| Total Assets | \$ 1,380,033 | \$ 1,586,285 | \$ 1,083,301 | \$ 1,883,017 |
| Liabilities: | | | | |
| Deposits payable | \$ 1,380,033 | \$ 568,444 | \$ 65,460 | \$ 1,883,017 |
| Total Liabilities | \$ 1,380,033 | \$ 568,444 | \$ 65,460 | \$ 1,883,017 |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

| | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
|--|-------------------------|----------------------|----------------------|--------------------------|
| <u>Destratification Equipment Replacement</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 339,869 | \$ 138,346 | \$ 69,897 | \$ 408,318 |
| Receivables: | | | | |
| Accrued interest | 1,519 | 1,518 | 1,541 | 1,496 |
| Due from other governments | 48,189 | 52,350 | 48,189 | 52,350 |
| Total Assets | \$ 389,577 | \$ 192,214 | \$ 119,627 | \$ 462,164 |
| Liabilities: | | | | |
| Accounts payable | \$ 4,690 | \$ 71,654 | \$ 62,318 | \$ 14,026 |
| Deposits payable | 384,887 | 120,720 | 57,469 | 448,138 |
| Total Liabilities | \$ 389,577 | \$ 192,374 | \$ 119,787 | \$ 462,164 |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 19,927,184 | \$ 26,608,327 | \$ 29,526,139 | \$ 17,009,372 |
| Receivables: | | | | |
| Accounts | 31,968 | 272,608 | 304,576 | - |
| Accrued interest | 84,249 | 52,665 | 84,272 | 52,642 |
| Due from other governments | 322,803 | 501,615 | 417,729 | 406,689 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 6,683,560 | 63,216,695 | 61,069,069 | 8,831,186 |
| Deposits with other agencies | 17,754,116 | 948,061 | 1,836,825 | 16,865,352 |
| Total Assets | \$ 44,803,880 | \$ 91,599,971 | \$ 93,238,610 | \$ 43,165,241 |
| Liabilities: | | | | |
| Accounts payable | \$ 19,160 | \$ 18,761,142 | \$ 18,648,311 | \$ 131,991 |
| Deposits payable | 3,755,709 | 3,246,300 | 1,554,313 | 5,447,696 |
| Due to bondholders | 41,029,011 | 67,279,363 | 70,722,820 | 37,585,554 |
| Total Liabilities | \$ 44,803,880 | \$ 89,286,805 | \$ 90,925,444 | \$ 43,165,241 |



CITY OF LAKE ELSINORE
Private - Purpose Trust Funds

Carl Graves Trust - to account for assets held by the City as a trustee of the Carl Graves Trust Estate. Money is to fund scholarships to graduates of the Lake Elsinore School system. Scholarships provide funds for a four-year college degree program.

Successor Agency Trust - to account for assets held by the City as the Successor Agency of the former Redevelopment Agency. The City distributes remaining assets used to pay enforceable obligations as required.

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2019

| | Private-Purpose Trust Funds | | |
|---|------------------------------------|--|------------------------|
| | Trust - Carl Graves | Successor Agency Private-Purpose Trust Fund | Total |
| Assets: | | | |
| Pooled cash and investments | \$ 52,528 | \$ 10,695,760 | \$ 10,748,288 |
| Receivables: | | | |
| Accounts | 433 | - | 433 |
| Accrued interest | 1,304 | 32,014 | 33,318 |
| Prepaid costs | - | 283,602 | 283,602 |
| Land held for resale | - | 6,081,994 | 6,081,994 |
| Deferred charges | - | 1,160,189 | 1,160,189 |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | - | 20,765 | 20,765 |
| Capital assets: | | | |
| Capital assets, not being depreciated | - | 2,004,419 | 2,004,419 |
| Capital assets, net of accumulated depreciation | - | 14,480,810 | 14,480,810 |
| Deposits with Other Agencies | - | 3,271,124 | 3,271,124 |
| Total Assets | \$ 54,265 | \$ 38,030,677 | \$ 38,084,942 |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 346,029 | \$ 346,029 |
| Accrued interest | - | 756,277 | 756,277 |
| Bonds and loans payable due in one year | - | 3,470,000 | 3,470,000 |
| Long-term liabilities: | | | |
| Bonds and loans payable due in more than one year | - | 77,933,859 | 77,933,859 |
| Total Liabilities | \$ - | \$ 82,506,165 | \$ 82,506,165 |
| Net Position: | | | |
| Held in trust for other purposes | \$ 54,265 | \$ (44,475,488) | \$ (44,421,223) |
| Total Net Position | \$ 54,265 | \$ (44,475,488) | \$ (44,421,223) |

CITY OF LAKE ELSINORE

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2019

| | Private-Purpose Trust Funds | | |
|---------------------------------------|-----------------------------|---|------------------------|
| | Trust - Carl Graves | Successor Agency Private-Purpose Trust Fund | Total |
| Additions: | | | |
| Contributions: | | | |
| Trust Contributions | \$ 2,817 | \$ - | \$ 2,817 |
| Taxes | - | 12,653,427 | 12,653,427 |
| Investment earnings | 28,473 | 260,125 | 288,598 |
| Miscellaneous | - | 26,114 | 26,114 |
| Total Additions | 31,290 | 12,939,666 | 12,970,956 |
| Deductions: | | | |
| Contractual services | 1,000,000 | 2,496,509 | 3,496,509 |
| Interest expense | - | 2,715,400 | 2,715,400 |
| Depreciation expense | - | 1,292,903 | 1,292,903 |
| Costs of issuance | - | 310,780 | 310,780 |
| Total Deductions | 1,000,000 | 6,815,592 | 7,815,592 |
| Changes in Net Position | (968,710) | 6,124,074 | 5,155,364 |
| Net Position - Beginning of the Year | 1,022,975 | (51,520,247) | (50,497,272) |
| Restatements | - | 920,685 | 920,685 |
| Beginning of Fiscal Year, as restated | 1,022,975 | (50,599,562) | (49,576,587) |
| Net Position - End of the Year | \$ 54,265 | \$ (44,475,488) | \$ (44,421,223) |



STATISTICAL SECTION





City of Lake Elsinore, California
Statistical Section Contents
June 30, 2019

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 | 188-198 |
| Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property tax. | 200-207 |
| 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 | 208-214 |
| 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. | 214-216 |
| 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. | 217-220 |

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

| | Fiscal Year | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| GOVERNMENTAL ACTIVITIES | | | | |
| Net Investment in | | | | |
| Capital Assets | \$ 142,968,348 | \$ 141,427,875 | \$ 134,976,102 | \$ 147,176,443 |
| Restricted | 110,984,917 | 134,777,767 | 141,619,986 | 75,129,411 |
| Unrestricted | <u>(93,859,128)</u> | <u>(110,573,961)</u> | <u>(48,524,474)</u> | <u>(2,804,065)</u> |
| Total Governmental | | | | |
| Activities Net Position | <u>\$ 160,094,137</u> | <u>\$ 165,631,681</u> | <u>\$ 228,071,614</u> | <u>\$ 219,501,789</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net Investment in | | | | |
| Capital Assets | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - |
| Unrestricted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Business-type | | | | |
| Activities Net Position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| PRIMARY GOVERNMENT | | | | |
| Net Investment in | | | | |
| Capital Assets | \$ 142,968,348 | \$ 141,427,875 | \$ 134,976,102 | \$ 147,176,443 |
| Restricted | 110,984,917 | 134,777,767 | 141,619,986 | 75,129,411 |
| Unrestricted | <u>(93,859,128)</u> | <u>(110,573,961)</u> | <u>(48,524,474)</u> | <u>(2,804,065)</u> |
| Total Primary | | | | |
| Government Net Position | <u>\$ 160,094,137</u> | <u>\$ 165,631,681</u> | <u>\$ 228,071,614</u> | <u>\$ 219,501,789</u> |

Source: City Finance Department

City of Lake Elsinore, California
Net Position By Component (continued)

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 131,965,428 | \$ 137,914,627 | \$ 145,170,561 | \$ 146,735,654 | \$ 142,754,254 | \$ 147,000,319 |
| 74,462,124 | 90,537,124 | 75,054,285 | 90,363,046 | 92,281,048 | 94,960,776 |
| <u>7,500,328</u> | <u>(12,503,489)</u> | <u>(10,180,146)</u> | <u>(12,062,216)</u> | <u>(13,553,724)</u> | <u>(26,768,225)</u> |
| <u>\$ 213,927,880</u> | <u>\$ 215,948,262</u> | <u>\$ 210,044,700</u> | <u>\$ 225,036,484</u> | <u>\$ 221,481,578</u> | <u>\$ 215,192,870</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,255,744 |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(506,148)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,749,596</u> |
| | | | | | |
| \$ 131,965,428 | \$ 137,914,627 | \$ 145,170,561 | \$ 146,735,654 | \$ 142,754,254 | \$ 164,256,063 |
| 74,462,124 | 90,537,124 | 75,054,285 | 90,363,046 | 92,281,048 | 94,960,776 |
| <u>7,500,328</u> | <u>(12,503,489)</u> | <u>(10,180,146)</u> | <u>(12,062,216)</u> | <u>(13,553,724)</u> | <u>(27,274,373)</u> |
| <u>\$ 213,927,880</u> | <u>\$ 215,948,262</u> | <u>\$ 210,044,700</u> | <u>\$ 225,036,484</u> | <u>\$ 221,481,578</u> | <u>\$ 231,942,466</u> |

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

| | Fiscal Year | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2010 | 2011 | 2012 | 2013 |
| EXPENSES | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 10,252,727 | \$ 11,079,707 | \$ 11,944,507 | \$ 8,833,983 |
| Public Safety | 11,022,531 | 11,212,605 | 11,911,363 | 12,684,631 |
| Community Development | 15,847,532 | 16,060,065 | 4,989,313 | 10,242,652 |
| Community Services | 4,295,719 | 4,704,242 | 7,010,026 | 4,416,500 |
| Public Services | 14,812,199 | 8,145,956 | 9,834,764 | 10,359,134 |
| Interest on Long-term Debt | 10,509,806 | 7,674,342 | 8,835,312 | 6,451,470 |
| Total Governmental Activities | | | | |
| Expenses | 66,740,514 | 58,876,917 | 54,525,285 | 52,988,370 |
| Business-type Activities: | | | | |
| Launch Pointe | - | - | - | - |
| Total Business-type Activities | | | | |
| Expenses | - | - | - | - |
| Total Primary Government Expenses | 66,740,514 | 58,876,917 | 54,525,285 | 52,988,370 |
| PROGRAM REVENUES | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | 3,181,706 | 3,167,346 | 3,035,324 | 456,760 |
| Public Safety | - | - | - | 700,069 |
| Community Development | 924,493 | 1,508,526 | 1,247,117 | 4,381,899 |
| Community Services | 1,578,779 | 1,586,602 | 1,578,318 | 2,822,458 |
| Public Services | - | - | - | 1,117,800 |
| Operating Grants and Contributions | 4,561,669 | 3,292,972 | 3,306,452 | 12,172,208 |
| Capital Grants and Contributions | - | 6,573,426 | 4,539,293 | 9,587,008 |
| Total Governmental Activities | | | | |
| Program Revenues | 10,246,647 | 16,128,872 | 13,706,504 | 31,238,202 |
| Business-type Activities: | | | | |
| Launch Pointe | - | - | - | - |
| Total Business-type Activities | | | | |
| Revenues | - | - | - | - |
| Total Primary Government Revenues | 10,246,647 | 16,128,872 | 13,706,504 | 31,238,202 |
| NET REVENUES (EXPENSES) | | | | |
| Governmental Activities | (56,493,867) | (42,748,045) | (40,818,781) | (21,750,168) |
| Business-Type Activities | - | - | - | - |
| Total Net Revenues (Expenses) | \$ (56,493,867) | \$ (42,748,045) | \$ (40,818,781) | \$ (21,750,168) |

Source: City Finance Department

City of Lake Elsinore, California
Changes in Net Position
Expenses and Program Revenues (continued)

| Fiscal Year | | | | | |
|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 7,836,775 | \$ 8,617,841 | \$ 6,477,776 | \$ 8,904,130 | \$ 5,856,845 | \$ 5,497,097 |
| 14,485,711 | 18,626,488 | 19,098,659 | 21,218,964 | 20,963,229 | 21,143,285 |
| 9,079,863 | 7,391,688 | 4,005,355 | 4,807,685 | 5,000,426 | 5,257,082 |
| 4,819,153 | 4,652,536 | 5,411,152 | 9,791,967 | 3,313,875 | 3,003,809 |
| 10,610,540 | 11,162,854 | 18,668,180 | 14,148,801 | 43,153,162 | 23,303,523 |
| 6,330,889 | 8,097,248 | 11,204,357 | 11,832,732 | 11,463,403 | 11,340,371 |
| 53,162,931 | 58,548,655 | 64,865,479 | 70,704,279 | 89,750,940 | 69,545,167 |
| - | - | - | - | - | 1,588,992 |
| - | - | - | - | - | 1,588,992 |
| 53,162,931 | 58,548,655 | 64,865,479 | 70,704,279 | 89,750,940 | 71,134,159 |
| 460,808 | 1,464,689 | 734,034 | 1,726,741 | 2,666,057 | 1,478,132 |
| 1,067,440 | 1,427,632 | 1,922,602 | 2,665,603 | 1,716,350 | 1,605,806 |
| 5,018,102 | 3,905,472 | 4,660,580 | 8,727,675 | 9,727,246 | 7,534,732 |
| 3,112,662 | 2,405,100 | 2,977,699 | 858,119 | 759,254 | 490,827 |
| 1,574,245 | 2,329,172 | 2,977,138 | 5,504,572 | 2,609,931 | 2,494,149 |
| 20,954,573 | 20,141,320 | 19,883,338 | 5,496,146 | 8,599,061 | 10,045,467 |
| 6,485,279 | 21,044,552 | 5,901,491 | 30,389,367 | 30,754,329 | 20,188,402 |
| 38,673,109 | 52,717,937 | 39,056,882 | 55,368,223 | 56,832,228 | 43,837,515 |
| - | - | - | - | - | 249,194 |
| - | - | - | - | - | 249,194 |
| 38,673,109 | 52,717,937 | 39,056,882 | 55,368,223 | 56,832,228 | 44,086,709 |
| (14,489,822) | (5,830,718) | (25,808,597) | (15,336,056) | (32,918,712) | (25,707,652) |
| - | - | - | - | - | (1,339,798) |
| \$ (14,489,822) | \$ (5,830,718) | \$ (25,808,597) | \$ (15,336,056) | \$ (32,918,712) | \$ (27,047,450) |

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 | | | |
|---|-----------------------|---------------------|----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| GENERAL REVENUES | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property Taxes | \$ 25,904,948 | \$ 24,237,023 | \$ 14,698,032 | \$ 5,804,265 |
| Sales Taxes | 6,236,748 | 7,190,695 | 7,444,947 | 6,935,215 |
| Franchise Taxes | 1,792,699 | 1,913,807 | 2,002,550 | 2,097,081 |
| Other Taxes | 519,001 | 483,556 | 538,402 | 567,560 |
| Fines, Forfeitures and Penalties | 733,792 | 972,457 | 1,850,398 | 592,185 |
| Investment Earnings | 7,470,635 | 7,782,639 | 8,031,256 | 689,149 |
| Miscellaneous | 6,661,239 | 5,705,412 | 6,992,813 | 688,105 |
| Special Item | | | | |
| Loss on CFD and AD Investments | - | - | - | - |
| Extraordinary Item | | | | |
| Gain on Dissolution of | | | | |
| Redevelopment Agency | - | - | 61,700,316 | - |
| Total Governmental Activities | 49,319,062 | 48,285,589 | 103,258,714 | 17,373,560 |
| Business-type Activities | | | | |
| Investment Earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Business-type Activities | - | - | - | - |
| Total General Revenues, Special and Extraordinary Items | 49,319,062 | 48,285,589 | 103,258,714 | 17,373,560 |
| CHANGES IN NET POSITION | | | | |
| Governmental Activities | (7,174,805) | 5,537,544 | 62,439,933 | (4,376,008) |
| Business-Type Activities | - | - | - | - |
| Total Changes in Net Position | <u>\$ (7,174,805)</u> | <u>\$ 5,537,544</u> | <u>\$ 62,439,933</u> | <u>\$ (4,376,008)</u> |

Source: City Finance Department

City of Lake Elsinore, California
Changes in Net Position
General Revenues, Special and Extraordinary Items (continued)

| Fiscal Year | | | | | |
|-----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 5,487,743 | \$ 6,276,548 | \$ 6,537,540 | \$ 7,380,594 | \$ 8,030,862 | \$ 7,986,053 |
| 8,031,486 | 8,572,066 | 9,939,637 | 9,745,714 | 10,071,435 | 11,057,497 |
| 2,275,619 | 2,389,413 | 2,423,707 | 2,297,401 | 2,477,400 | 2,553,006 |
| 760,203 | 767,058 | 838,364 | 598,126 | 560,150 | 577,805 |
| 507,265 | 683,573 | - | - | - | - |
| 574,477 | 966,365 | 925,517 | 11,247,531 | 13,191,802 | 12,468,683 |
| 1,054,958 | 1,022,472 | 706,094 | 2,745,222 | 3,026,724 | 3,785,183 |
| (9,880,891) | (4,502,385) | - | - | - | - |
| - | - | - | - | - | - |
| 8,810,860 | 16,175,110 | 21,370,859 | 34,014,588 | 37,358,373 | 38,428,227 |
| - | - | - | - | - | 160 |
| - | - | - | - | - | 636 |
| - | - | - | - | - | 796 |
| 8,810,860 | 16,175,110 | 21,370,859 | 34,014,588 | 37,358,373 | 38,429,023 |
| (5,678,962) | 10,344,392 | (4,437,738) | 18,678,532 | 4,439,661 | 12,720,575 |
| - | - | - | - | - | (1,339,002) |
| <u>\$ (5,678,962)</u> | <u>\$ 10,344,392</u> | <u>\$ (4,437,738)</u> | <u>\$ 18,678,532</u> | <u>\$ 4,439,661</u> | <u>\$ 11,381,573</u> |

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

| | Fiscal Year | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| GENERAL FUND | | | | |
| Reserved | \$ 8,589,723 | \$ - | \$ - | \$ - |
| Unreserved | 6,327,596 | - | - | - |
| Total General Fund | <u>\$ 14,917,319</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Reserved | \$ 161,473,544 | \$ - | \$ - | \$ - |
| Unreserved, Reported In | | | | |
| Special Revenue Funds | 6,999,090 | - | - | - |
| Debt Service Funds | (28,305,645) | - | - | - |
| Capital Projects Funds | 5,497,137 | - | - | - |
| Total All Other Governmental Funds | <u>\$ 145,664,126</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| GENERAL FUND | | | | |
| Nonspendable | \$ - | \$ 4,027,179 | \$ 2,505,503 | \$ 1,821,906 |
| Unassigned | - | 10,788,602 | 11,826,885 | 12,017,317 |
| Total General Fund | <u>\$ -</u> | <u>\$ 14,815,781</u> | <u>\$ 14,332,388</u> | <u>\$ 13,839,223</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable | \$ - | \$ 84,348,929 | \$ 76,688,811 | \$ 20,003 |
| Restricted | - | 105,281,543 | 79,292,713 | 202,134,812 |
| Assigned | - | 11,255,852 | 12,548,403 | 1,034,681 |
| Unassigned | - | (38,062,318) | (987,601) | (905,426) |
| Total All Other Governmental Funds | <u>\$ -</u> | <u>\$ 162,824,006</u> | <u>\$ 167,542,326</u> | <u>\$ 202,284,070</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

City of Lake Elsinore, California
Fund Balances of Governmental Funds (continued)

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | |
| \$ 1,264,392 | \$ 1,016,468 | \$ 1,029,015 | \$ 1,096,846 | \$ 1,031,385 | \$ 1,077,168 |
| 10,488,843 | 10,954,475 | 11,365,894 | 11,512,307 | 10,807,854 | 11,067,741 |
| <u>\$ 11,753,235</u> | <u>\$ 11,970,943</u> | <u>\$ 12,394,909</u> | <u>\$ 12,609,153</u> | <u>\$ 11,839,239</u> | <u>\$ 12,144,909</u> |
| | | | | | |
| \$ 20,003 | \$ 132,037 | \$ 124,177 | \$ 979,130 | \$ 182,018 | \$ 171,531 |
| 199,162,404 | 335,415,122 | 303,860,121 | 302,110,933 | 293,344,990 | 267,464,772 |
| 1,232,105 | 1,929,497 | 1,548,764 | 9,313,282 | 17,628,221 | 13,188,628 |
| (1,014,226) | (1,316,398) | (891) | (94,936) | - | (770,278) |
| <u>\$ 199,400,286</u> | <u>\$ 336,160,258</u> | <u>\$ 305,532,171</u> | <u>\$ 312,308,409</u> | <u>\$ 311,155,229</u> | <u>\$ 280,054,653</u> |

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

| | Fiscal Year | | | |
|---|-----------------|---------------|---------------|---------------|
| | 2010 | 2011 | 2012 | 2013 |
| REVENUES | | | | |
| Property Taxes | \$ 25,429,344 | \$ 24,443,046 | \$ 14,738,584 | \$ 5,844,498 |
| Other Taxes | 8,517,826 | 9,557,873 | 9,911,400 | 9,572,675 |
| Special Assessments | 1,578,779 | 1,586,602 | 1,578,318 | 1,585,606 |
| Licenses, Permits and Fees | 2,587,918 | 3,291,938 | 2,908,091 | 4,999,154 |
| Intergovernmental Revenues | 7,322,908 | 4,680,095 | 6,193,777 | 5,055,511 |
| Charges for Services | 1,594,774 | 1,383,934 | 1,374,351 | 1,746,713 |
| Fines, Forfeitures and Penalties | 733,792 | 972,457 | 1,850,398 | 927,315 |
| Investment Earnings | 7,928,611 | 7,147,497 | 7,180,018 | 12,122,739 |
| Contributions from Property Owners | - | 5,352,614 | 1,221,184 | 8,079,739 |
| Miscellaneous | 6,910,516 | 5,608,837 | 7,384,749 | 3,469,837 |
| Total Revenues | 62,604,468 | 64,024,893 | 54,340,870 | 53,403,787 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 6,797,320 | 8,904,165 | 7,467,755 | 5,871,649 |
| Public Safety | 11,022,531 | 11,212,605 | 11,911,364 | 12,339,592 |
| Community Development | 3,049,501 | 18,805,484 | 1,608,782 | 2,925,329 |
| Community Services | 3,313,082 | 3,714,646 | 5,963,873 | 4,281,401 |
| Public Services | 12,901,064 | 6,221,286 | 7,800,095 | 6,772,010 |
| Pass-through Payments | 7,782,513 | 7,655,170 | 3,542,473 | - |
| Set Aside Suspension | 3,750,000 | - | - | - |
| SERAF Payments | 6,976,853 | 1,436,411 | - | - |
| Capital Outlay | 4,394,834 | 2,931,038 | 10,268,753 | 10,889,810 |
| Debt Service: | | | | |
| Payment to Escrow Agent | 1,987,745 | 1,832,080 | - | - |
| Bond Issuance Costs | 1,584,965 | 1,874,527 | 238,290 | 1,260,059 |
| Principal Retirement | 6,037,770 | 6,928,822 | 6,091,578 | 5,725,000 |
| Interest and Fiscal Charges | 10,318,720 | 9,046,095 | 7,951,971 | 6,081,766 |
| Total Expenditures | 79,916,898 | 80,562,329 | 62,844,934 | 56,146,616 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (17,312,430) | (16,537,436) | (8,504,064) | (2,742,829) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 4,500,694 | 6,186,205 | 2,509,613 | 2,235,297 |
| Transfers Out | (4,500,694) | (6,186,205) | (2,509,613) | (2,235,297) |
| Debt Issuance | - | - | - | - |
| Loans Issued | 26,290,000 | 47,780,000 | - | - |
| Loan Payments | (23,235,000) | (27,495,000) | - | - |
| Premiums | - | - | - | 120,640 |
| Discounts | (166,785) | (621,302) | (30,000) | (23,125) |
| Refunding Bonds Issued | 26,290,000 | 29,435,000 | 1,405,000 | 27,760,000 |
| Certificates of Participation Issued | - | - | - | - |
| Capital Leases | - | - | - | - |
| Tax Allocation Bonds Issued | - | 10,160,000 | - | - |
| Sale of Capital Assets | - | - | - | - |
| Payment to Refunded Bond Escrow Agent | (22,082,648) | (25,662,920) | (1,345,000) | (3,244,386) |
| Total Other Financing Sources (Uses) | 7,095,567 | 33,595,778 | 30,000 | 24,613,129 |
| Net Change in Fund Balances before Special and Extraordinary Items | (10,216,863) | 17,058,342 | (8,474,064) | 21,870,300 |
| Extraordinary/Special Items | - | - | 11,708,991 | - |
| Net Change in Fund Balances | \$ (10,216,863) | \$ 17,058,342 | \$ 3,234,927 | \$ 21,870,300 |
| Debt Service as a Percentage of Noncapital Expenditures | 26% | 25% | 27% | 29% |

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

City of Lake Elsinore, California
Changes in Fund Balances of Governmental Funds (continued)

| Fiscal Year | | | | | |
|----------------|----------------|-----------------|--------------|----------------|-----------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 5,495,091 | \$ 6,249,786 | \$ 6,551,939 | \$ 7,380,594 | \$ 8,030,862 | \$ 7,986,053 |
| 11,043,792 | 11,705,293 | 13,178,135 | 12,697,359 | 13,108,985 | 14,188,308 |
| 1,641,557 | 1,671,595 | 1,680,980 | 1,790,941 | 2,407,266 | 4,140,542 |
| 5,936,900 | 4,655,325 | 6,894,107 | 7,465,474 | 4,524,328 | 3,582,357 |
| 5,582,705 | 5,812,486 | 6,807,169 | 6,846,125 | 9,585,606 | 9,627,086 |
| 2,409,558 | 3,189,138 | 2,453,380 | 2,826,491 | 5,402,235 | 3,349,474 |
| 931,168 | 1,088,411 | 1,103,154 | 2,289,357 | 913,658 | 874,765 |
| 10,315,842 | 7,972,858 | 11,117,857 | 10,410,765 | 10,364,291 | 13,644,848 |
| 5,985,053 | 22,535,167 | 6,219,934 | 29,339,769 | 28,853,494 | 17,974,870 |
| 3,545,812 | 4,099,189 | 3,574,278 | 6,630,285 | 8,102,050 | 7,316,907 |
| 52,887,478 | 68,979,248 | 59,580,933 | 87,677,160 | 91,292,775 | 82,685,210 |
| 4,788,505 | 4,611,722 | 5,318,933 | 6,345,498 | 5,233,031 | 5,323,480 |
| 14,093,095 | 18,163,150 | 18,614,077 | 20,751,331 | 20,507,870 | 20,724,268 |
| 3,407,415 | 6,200,761 | 4,164,059 | 4,395,026 | 4,730,692 | 5,198,035 |
| 4,363,257 | 4,174,545 | 4,984,422 | 3,963,912 | 2,577,291 | 2,242,136 |
| 7,107,120 | 6,551,578 | 6,345,398 | 13,968,654 | 34,578,033 | 16,849,015 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 8,992,686 | 11,123,256 | 20,106,238 | 21,241,461 | 13,364,601 | 31,718,978 |
| - | - | 982,386 | - | - | - |
| 1,485,399 | 2,445,261 | 6,515 | - | - | - |
| 18,385,000 | 7,165,000 | 7,375,000 | 8,315,000 | 8,935,000 | 34,065,000 |
| 6,091,389 | 6,231,581 | 11,468,287 | 11,797,719 | 11,882,322 | 11,796,303 |
| 68,713,866 | 66,666,854 | 79,365,315 | 90,778,601 | 101,808,840 | 127,917,215 |
| (15,826,388) | 2,312,394 | (19,784,382) | (3,101,441) | (10,516,065) | (45,232,005) |
| 1,851,084 | 10,947,946 | 18,142,559 | 24,483,943 | 11,523,931 | 16,851,815 |
| (1,851,084) | (10,947,946) | (19,791,262) | (24,802,020) | (11,523,931) | (8,510,790) |
| - | - | - | 10,410,000 | 7,975,000 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 14,460,000 | 12,151,673 | - | - | - | - |
| (149,044) | (96,307) | - | - | - | - |
| 25,335,000 | 137,845,000 | - | - | - | - |
| - | 7,965,000 | - | - | - | - |
| - | - | - | - | - | 3,459,380 |
| - | - | - | - | - | - |
| - | 13,362 | 14,743 | - | 14,502 | 3,557,379 |
| (19,013,502) | (18,542,280) | - | - | - | - |
| 20,632,454 | 139,336,448 | (1,633,960) | 10,091,923 | 7,989,502 | 15,357,784 |
| 4,806,066 | 141,648,842 | (21,418,342) | 6,990,482 | (2,526,563) | (29,874,221) |
| (9,880,891) | (4,502,385) | (7,319,955) | - | - | - |
| \$ (5,074,825) | \$ 137,146,457 | \$ (28,738,297) | \$ 6,990,482 | \$ (2,526,563) | \$ (29,874,221) |
| 40% | 24% | 28% | 29% | 23% | 48% |

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 |
|---------------------------------|-------------------|--------------|--------------------|-------------|---------------|
| 2010 | \$ 25,904,948 | \$ 6,236,748 | \$ 1,792,699 | \$ 519,001 | \$ 34,453,396 |
| 2011 | 24,237,023 | 7,190,695 | 1,913,807 | 483,556 | 33,825,081 |
| 2012 | 14,698,032 | 7,444,947 | 2,002,550 | 538,402 | 24,683,931 |
| 2013 | 5,804,265 | 6,935,215 | 2,097,081 | 567,560 | 15,404,121 |
| 2014 | 5,487,743 | 8,031,486 | 2,275,619 | 760,203 | 16,555,051 |
| 2015 | 6,276,548 | 8,572,066 | 2,389,413 | 767,058 | 18,005,085 |
| 2016 | 6,537,540 | 9,939,637 | 2,423,707 | 838,364 | 19,739,248 |
| 2017 | 7,380,594 | 9,745,714 | 2,297,401 | 598,126 | 20,021,835 |
| 2018 | 8,030,862 | 10,071,435 | 2,477,400 | 560,150 | 21,139,847 |
| 2019 | 7,986,053 | 11,057,497 | 2,553,006 | 577,805 | 22,174,361 |

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



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

| Fiscal Year Ended June 30 | General Consumer Goods | Autos and Transportation | Business and Industry | Restaurants and Hotels | Building and Construction |
|---------------------------------|------------------------------|--------------------------------|-----------------------------|------------------------------|---------------------------------|
| 2010 | 2,235,363 | 794,700 | 167,078 | 651,995 | 596,944 |
| 2011 | 2,361,769 | 890,865 | 175,895 | 641,608 | 602,028 |
| 2012 | 2,419,664 | 962,971 | 253,830 | 678,111 | 618,795 |
| 2013 | 2,528,412 | 1,014,135 | 213,857 | 711,110 | 650,148 |
| 2014 | 2,473,302 | 1,040,650 | 406,542 | 783,964 | 768,931 |
| 2015 | 2,547,975 | 1,428,726 | 430,417 | 857,198 | 838,876 |
| 2016 | 2,634,703 | 1,614,074 | 426,315 | 903,775 | 923,941 |
| 2017 | 2,641,653 | 1,758,829 | 526,084 | 978,920 | 989,062 |
| 2018 | 2,650,429 | 1,690,269 | 584,903 | 1,047,324 | 801,425 |
| 2019 | 2,907,744 | 1,633,711 | 781,105 | 1,219,300 | 984,751 |

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: HdL Companies

City of Lake Elsinore, California
Taxable Sales by Major Industry Groups (continued)

| Fuel and Service Stations | Food and Drugs | Other and Transfers | Total |
|---------------------------------|----------------------|---------------------------|-----------|
| 964,291 | 444,685 | 4,209 | 5,859,265 |
| 1,033,721 | 437,268 | 4,073 | 6,147,227 |
| 1,046,935 | 558,890 | 5,759 | 6,544,955 |
| 990,747 | 656,593 | 5,279 | 6,770,281 |
| 1,023,468 | 622,414 | (138) | 7,119,133 |
| 925,698 | 641,504 | 133 | 7,670,527 |
| 901,585 | 633,606 | (3,586) | 8,034,413 |
| 977,729 | 510,667 | 30 | 8,382,974 |
| 975,064 | 497,074 | (1,388) | 8,245,100 |
| 1,372,455 | 550,154 | 144 | 9,449,364 |

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

| AGENCY | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City Basic Levy ¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Lake Elsinore Unified | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.01900 | 0.01900 |
| Menifee School Dist. | 0.03254 | 0.03436 | 0.03486 | 0.03543 | 0.03421 | 0.03275 | 0.03010 | 0.03269 | 0.06080 | 0.06303 |
| Metro Water East | 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | - | - | - |
| Metro Water West | 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | - | - | - |
| Metro Water Original Area | - | - | - | - | - | - | - | 0.00350 | 0.00350 | 0.00350 |
| Mt. San Jacinto Jr. College | - | - | - | - | - | - | 0.01394 | 0.01320 | 0.01320 | 0.01320 |
| Perris School Dist. | 0.02485 | 0.01983 | 0.01983 | 0.01800 | 0.02524 | 0.05588 | 0.04699 | 0.05491 | 0.06000 | 0.05754 |
| Perris Union High School | 0.02686 | 0.03126 | 0.03429 | 0.03429 | 0.06970 | 0.06303 | 0.06236 | 0.06092 | 0.05675 | 0.05243 |
| Total Direct & Overlapping ² Tax Rates | 1.09285 | 1.09285 | 1.09638 | 1.09472 | 1.13615 | 1.15866 | 1.16039 | 1.16522 | 1.21325 | 1.20870 |
| 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 | 0.07576 | 0.05007 |
| GENERAL OBLIGATION DEBT RATE | | | | | | | | | | |
| RDA Basic Rate ⁴ | 1.00430 | 1.00370 | 1.00370 | - | - | - | - | - | - | - |
| Total Direct Rate ⁵ | <u>0.53513</u> | <u>0.53306</u> | <u>0.52110</u> | <u>0.51923</u> | <u>0.08908</u> | <u>0.08528</u> | <u>0.08349</u> | <u>0.08181</u> | <u>0.08025</u> | <u>0.07862</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 2009/10 - 2018/19 Tax Rate Table

City of Lake Elsinore, California
Principal Property Tax Payers
Current Year Compared to 2010

| TAXPAYER | Fiscal Year 2019 | | | Fiscal Year 2010 | | |
|--|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value ⁽¹⁾ | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value ⁽²⁾ |
| Plaza Apartments Investment | \$ 51,010,937 | 1 | 0.82% | \$ - | | 0.00% |
| Rivers Edge Apartments | 25,760,723 | 2 | 0.42% | - | | 0.00% |
| Pacific Castle Lake Elsinore PTNRS LLC | 25,475,733 | 3 | 0.41% | - | | 0.00% |
| Helf Canyon Hills Market Place I | 24,854,334 | 4 | 0.40% | - | | 0.00% |
| Walmart Stores Inc | 24,752,992 | 5 | 0.40% | - | | 0.00% |
| Mohr Affinity, LLC | 24,535,474 | 6 | 0.40% | - | | 0.00% |
| HGEF Holding Company LLC | 24,497,377 | 7 | 0.40% | - | | 0.00% |
| Pardee Homes | 21,543,805 | 8 | 0.35% | 20,375,351 | 8 | 0.50% |
| Costco Wholesale Corporation | 18,663,162 | 9 | 0.30% | | | 0.00% |
| Parker Equity Fund LLC | 17,947,030 | 10 | 0.29% | - | | 0.00% |
| Fairfield Ramsgate LP | - | | 0.00% | 50,680,569 | 1 | 1.25% |
| Castle and Cooke Lake Elsinore Outlet | - | | 0.00% | 43,214,483 | 2 | 1.06% |
| Castle and Cooke Lake Elsinore West | - | | 0.00% | 38,596,665 | 3 | 0.95% |
| Centex Homes | - | | 0.00% | 33,611,677 | 4 | 0.83% |
| Castle and Cooke Alberhill Ranch | - | | 0.00% | 30,216,161 | 5 | 0.74% |
| Broadstone Rivers Edge Alliance | - | | 0.00% | 28,109,172 | 6 | 0.69% |
| Harbor Grand Apartments Investment | - | | 0.00% | 24,923,963 | 7 | 0.61% |
| Deutsche Bank National Trust Company | - | | 0.00% | 19,076,900 | 9 | 0.47% |
| Laing CP Lake Elsinore | - | | 0.00% | 17,998,123 | 10 | 0.44% |
| | <u>\$ 259,041,567</u> | | <u>4.19%</u> | <u>\$ 306,803,064</u> | | <u>7.55%</u> |

(1) 2018-19 Total City Taxable Assessed Valuation: \$ 6,189,494,979

(2) 2009-10 Local Secured Assessed Valuation: \$ 4,062,119,890

Source: Riverside County Assessor 2018/19 and 2009/10 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 |
| 2010 | 1,894,552 | 1,643,583 | 86.75% | 121,988 | 1,765,570 | 97.84% |
| 2011 | 1,900,256 | 1,767,798 | 93.03% | 67,549 | 1,835,347 | 99.45% |
| 2012 | 1,874,319 | 1,770,492 | 94.46% | 64,528 | 1,835,020 | 98.06% |
| 2013 | 1,844,800 | 1,767,808 | 95.83% | 50,284 | 1,818,092 | 99.32% |
| 2014 | 1,935,629 | 1,822,844 | 94.17% | 43,741 | 1,866,585 | 96.77% |
| 2015 | 2,171,126 | 2,074,751 | 95.56% | 61,115 | 2,135,866 | 97.58% |
| 2016 | 2,308,803 | 2,192,912 | 94.98% | 66,383 | 2,259,295 | 97.86% |
| 2017 | 2,434,193 | 2,334,855 | 95.92% | 67,441 | 2,402,296 | 98.69% |
| 2018 | 2,553,532 | 2,465,681 | 96.56% | 43,212 | 2,508,893 | 98.25% |
| 2019 | 2,719,663 | 2,638,238 | 97.01% | - | 2,638,238 | 97.01% |

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

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



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

| Fiscal Year Ended June 30 | City | | | Taxable Assessed Value |
|---------------------------------|---------------|-------------|---------------------|------------------------------|
| | Secured | Unsecured | Less: Exemptions | |
| 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 |
| 2017 | 5,177,285,267 | 130,180,313 | (95,434,240) | 5,212,031,340 |
| 2018 | 5,573,186,823 | 125,275,157 | (99,693,567) | 5,598,768,413 |
| 2019 | 6,131,330,394 | 121,282,148 | (109,102,106) | 6,143,510,436 |

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 at the purchase price of the property sold. The assessed valuation data shown above represents the only data is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed 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 2018/19 Combined Tax Rolls

City of Lake Elsinore, California
Assessed Value and Estimated Actual Value
of Taxable Property (continued)

| Successor Agency for the Redevelopment Agency | | | | Total Direct Tax Rate |
|---|-------------|---------------------|------------------------------|-----------------------------|
| Secured | Unsecured | Less: Exemptions | Taxable Assessed Value | |
| 2,077,411,999 | 83,367,167 | n/a | 2,160,779,166 | 0.51775% |
| 1,998,889,644 | 79,994,003 | n/a | 2,078,883,647 | 0.53513% |
| 1,955,649,172 | 78,927,893 | n/a | 2,034,577,065 | 0.53306% |
| 1,880,967,030 | 110,109,381 | n/a | 1,991,076,411 | 0.52110% |
| 1,938,704,040 | 89,830,332 | n/a | 2,028,534,372 | 0.51923% |
| 2,135,333,435 | 83,968,122 | (71,673,963) | 2,147,627,594 | 0.08908% |
| n/a | n/a | n/a | n/a | 0.08528% |
| n/a | n/a | n/a | n/a | 0.08349% |
| n/a | n/a | n/a | n/a | 0.08181% |
| n/a | n/a | n/a | n/a | 0.07862% |

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

| Fiscal Year Ended June 30 | Governmental Activities | | | | |
|---------------------------------|----------------------------------|----------------------------|--|--|-----------------------------------|
| | Local Agency Revenue Bonds | Tax Allocation Bonds | Subordinate Tax Allocation Bonds | Revenue/ Revenue Refunding Bonds | Developer/ Owner Agreements |
| 2010 | 53,725,000 | 54,545,000 | - | 13,740,000 | 3,263,574 |
| 2011 | 64,220,000 | 60,080,000 | 4,610,000 | 13,365,000 | 3,070,763 |
| 2012 | 61,835,000 | 58,580,000 | - | 12,975,000 | - |
| 2013 | 83,470,000 | 56,125,000 | - | 12,565,000 | - |
| 2014 | 80,570,000 | 53,605,000 | - | 13,895,000 | - |
| 2015 | 205,598,458 | 50,450,128 | - | 13,295,152 | - |
| 2016 | 196,377,233 | 44,262,600 | - | 12,717,253 | - |
| 2017 | 190,449,105 | 42,490,000 | - | 22,449,354 | - |
| 2018 | 192,410,294 | 39,848,344 | - | 21,676,445 | - |
| 2019 | 173,355,665 | 25,467,316 | - | 20,795,511 | - |

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

City of Lake Elsinore, California
Ratios of Outstanding Debt by Type (continued)

| Governmental Activities (Continued) | | | | Percentage of Personal Income | Debt per Capita |
|-------------------------------------|-------------------------|----------------------|-------------------------------------|-------------------------------------|-----------------------|
| Certificates of Participation | Notes/ Loans Payable | Capitalized Lease | Total Governmental Activities | | |
| - | 256,720 | - | 125,530,294 | 11.78% | 2,494 |
| - | 204,046 | - | 145,549,809 | 14.79% | 2,855 |
| - | - | - | 133,390,000 | 12.40% | 2,516 |
| - | - | - | 152,160,000 | 13.95% | 2,745 |
| - | - | - | 148,070,000 | 13.49% | 2,611 |
| 7,859,283 | - | - | 277,203,022 | 25.55% | 4,890 |
| 7,644,938 | - | - | 261,002,024 | 22.08% | 4,278 |
| 7,420,593 | - | - | 262,809,052 | 22.16% | 4,233 |
| 7,191,248 | - | - | 261,126,331 | 22.02% | 4,205 |
| 6,946,903 | - | - | 226,565,395 | 19.10% | 3,649 |

City of Lake Elsinore, California
Direct and Overlapping Bonded Debt
June 30, 2019

2018-19 Assessed Valuation

\$ 6,143,510,436

| | Percentage Applicable (1) | Outstanding Debt 6/30/19 | City's Share of Overlapping Debt 6/30/19 |
|---|------------------------------|-----------------------------|--|
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT | | | |
| City of Lake Elsinore Community Facilities District No.88-3 | 100% | 4,385,000 | 4,385,000 |
| City of Lake Elsinore Community Facilities District No. 90-2 | 100% | 5,745,000 | 5,745,000 |
| City of Lake Elsinore Community Facilities District No. 95-1 | 100% | 755,000 | 755,000 |
| City of Lake Elsinore Community Facilities District No. 98-1 | 100% | 11,130,000 | 11,130,000 |
| City of Lake Elsinore Community Facilities District No. 2003-2 I-A A, B, C, D & E | 100% | 68,515,000 | 68,515,000 |
| City of Lake Elsinore Community Facilities District No. 2004-3 | 100% | 41,280,000 | 41,280,000 |
| City of Lake Elsinore Community Facilities District No. 2005-1 | 100% | 7,265,000 | 7,265,000 |
| City of Lake Elsinore Community Facilities District No. 2005-2 | 100% | 19,655,000 | 19,655,000 |
| City of Lake Elsinore Community Facilities District No. 2005-5 | 100% | 3,100,000 | 3,100,000 |
| City of Lake Elsinore Community Facilities District No. 2005-6 | 100% | 2,620,000 | 2,620,000 |
| City of Lake Elsinore Community Facilities District No. 2006-1 Improvement Areas | 100% | 23,740,000 | 23,740,000 |
| City of Lake Elsinore Community Facilities District No. 2006-2 | 100% | 5,460,000 | 5,460,000 |
| City of Lake Elsinore Community Facilities District No. 2007-4 | 18.549% | 2,645,000 | 490,621 |
| City of Lake Elsinore Community Facilities District No. 2007-5 | 100% | 1,740,000 | 1,740,000 |
| City of Lake Elsinore Community Facilities District No. 2015-5 | 100% | 2,205,000 | 2,205,000 |
| City of Lake Elsinore Community Facilities District No. 2016-2 | 100% | 19,745,000 | 19,745,000 |
| City of Lake Elsinore 1915 Act Bonds | 100% | 12,065,000 | 12,065,000 |
| TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT | | | 229,895,621 |
| OTHER OVERLAPPING TAX AND ASSESSMENT DEBT | | | |
| Riverside County Flood Control District, Zone No. 4 | 0.938% | 14,690,000 | \$ 137,792 |
| Metropolitan Water District | 0.212% | 48,050,000 | 101,866 |
| Mount San Jacinto Community College District | 6.799% | 172,650,000 | 11,738,474 |
| Perris Union High School District | 3.043% | 103,008,693 | 3,134,555 |
| Menifee Union School District | 4.981% | 98,644,720 | 4,913,494 |
| Perris School District | 0.071% | 28,546,242 | 20,268 |
| Lake Elsinore Unified School District CFDs | 44.527% | 30,590,000 | 13,620,809 |
| Lake Elsinore Unified School District Community Facilities Districts | 100% | 36,581,027 | 36,581,027 |
| Perris Union High School District CFD No. 92-1 | 8.987% | 34,040,000 | 3,059,175 |
| Elsinore Valley Metropolitan Water District CFD No. 2003-1 | 100% | 3,043,000 | 3,043,000 |
| TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 76,350,459 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$306,246,080 |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | | |
| DIRECT GENERAL FUND DEBT | | | |
| City of Lake Elsinore General Fund Obligation | 100% | \$ 226,565,395 | \$226,565,395 |
| TOTAL DIRECT GENERAL FUND DEBT | | | \$226,565,395 |
| OVERLAPPING GENERAL FUND DEBT | | | |
| Riverside County General Fund Obligations | 2.211% | \$ 760,133,611 | \$ 16,806,554 |
| Riverside County Pension Obligations | 2.211% | 243,850,000 | 5,391,524 |
| Lake Elsinore Unified School District Certificates of Participation | 44.527% | 31,275,000 | 13,925,819 |
| Perris Union High School District General Fund Obligations | 3.043% | 42,375,065 | 1,289,473 |
| Menifee and Perris School District Certificates of Participation | 4.981 & 0.071% | 54,067,926 | 2,365,627 |
| Western Municipal Water District | 4.72% | 9,020,960 | 426,150 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | | \$ 40,205,147 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$266,770,542 |
| Less: Riverside County General Fund Self-supporting Obligations | | | 38,407 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$266,732,135 |
| OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY): | 100.000% | \$ 50,770,000 | \$ 50,770,000 |
| Total Direct General Fund Debt | | | \$226,565,395 |
| Total Gross Overlapping Debt | | | \$397,221,227 |
| Total Net Overlapping Debt | | | \$397,182,820 |
| Gross Combined Total Debt (2) | | | \$623,786,622 |
| Net Combined Total Debt | | | \$623,748,215 |
| <u>Ratios to 2018-19 Assessed Valuation:</u> | | | |
| Total Direct Debt (\$226,565,395) | 3.69% | | |
| Gross Combined Total Debt | 10.15% | | |
| Net Combined Total Debt | 10.15% | | |
| <u>Ratios to Redevelopment Incremental Valuation (\$2,721,027,498):</u> | | | |
| Total Overlapping Tax Increment Debt | 1.87% | | |

City of Lake Elsinore, California
Direct and Overlapping Bonded Debt
June 30, 2019

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 debt, of each overlapping government.

Source: California Municipal Statistics

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| Assessed Valuation | \$ 4,062,119,890 | \$ 3,928,751,948 | \$ 3,923,526,176 | \$ 3,834,397,783 |
| Conversion Percentage | 25% | 25% | 25% | 25% |
| Adjusted Assessed Valuation | 1,015,529,973 | 982,187,987 | 980,881,544 | 958,599,446 |
| Debt Limit Percentage | 15% | 15% | 15% | 15% |
| Debt Limit | 152,329,496 | 147,328,198 | 147,132,232 | 143,789,917 |
| Total Net Debt Applicable to Limitation | - | - | - | - |
| Legal Debt Margin | <u>\$ 152,329,496</u> | <u>\$ 147,328,198</u> | <u>\$ 147,132,232</u> | <u>\$ 143,789,917</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

City of Lake Elsinore, California
Legal Debt Margin Information (continued)

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 4,031,499,407 | \$ 4,494,905,138 | \$ 4,804,948,961 | \$ 5,212,031,340 | \$ 5,598,768,413 | \$ 6,143,510,436 |
| 25% | 25% | 25% | 25% | 25% | 25% |
| 1,007,874,852 | 1,123,726,285 | 1,201,237,240 | 1,303,007,835 | 1,399,692,103 | 1,535,877,609 |
| 15% | 15% | 15% | 15% | 15% | 15% |
| 151,181,228 | 168,558,943 | 180,185,586 | 195,451,175 | 209,953,815 | 230,381,641 |
| - | - | - | - | - | - |
| <u>\$ 151,181,228</u> | <u>\$ 180,185,586</u> | <u>\$ 180,185,586</u> | <u>\$ 195,451,175</u> | <u>\$ 209,953,815</u> | <u>\$ 230,381,641</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 | Tax Allocation Bonds | | | | | Tax Allocation Bonds |
|---------------------------------|--|--------------|--------------|----------|---------------|----------------------------|
| | Successor Redevelopment Tax Increment Revenue | Debt Service | | Coverage | | |
| | | Principal | Interest | | | |
| 2010 | \$ 19,877,054 | \$ 1,295,000 | \$ 3,304,802 | 4.32 | \$ 54,545,000 | |
| 2011 | 19,004,495 | 1,195,000 | 2,315,314 | 5.41 | 60,080,000 | |
| 2012 | 9,451,004 | 1,500,000 | 1,071,681 | 3.68 | 58,580,000 | |
| 2013 | 10,090,329 | 2,455,000 | 1,050,131 | 2.88 | 56,125,000 | |
| 2014 | 10,864,084 | 2,520,000 | 2,333,745 | 2.24 | 53,605,000 | |
| 2015 | 10,070,883 | 2,590,000 | 2,262,351 | 2.08 | 51,015,000 | |
| 2016 | 12,245,321 | 2,760,000 | 2,361,749 | 2.39 | 52,770,000 | |
| 2017 | 8,891,703 | 2,945,000 | 2,149,445 | 1.75 | 49,825,000 | |
| 2018 | 10,063,122 | 2,995,000 | 2,069,501 | 1.99 | 57,150,000 | |
| 2019 | 11,349,440 | 15,640,000 | 2,306,830 | 0.63 | 50,770,000 | |

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) |
|---------------------------------|---------------------|---|---|-------------------------------|
| 2010 | 50,324 | 1,065,544 | 21,174 | 13.2% |
| 2011 | 50,983 | 984,074 | 19,302 | 14.3% |
| 2012 | 53,024 | 1,075,380 | 20,281 | 13.2% |
| 2013 | 55,430 | 1,090,807 | 19,679 | 9.3% |
| 2014 | 56,718 | 1,097,663 | 19,353 | 8.1% |
| 2015 | 56,688 | 1,085,008 | 19,140 | 8.8% |
| 2016 | 61,006 | 1,182,026 | 19,375 | 7.2% |
| 2017 | 62,092 | 1,185,907 | 19,099 | 6.5% |
| 2018 | 63,365 | 1,276,340 | 20,142 | 6.0% |
| 2019 | 62,949 | 1,360,031 | 21,605 | 4.0% |

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 2010

| | 2019 | | 2010 | |
|--|------------------------|------------------------------------|------------------------|------------------------------------|
| | Number of Employees | Percent of Total Employment* | Number of Employees | Percent of Total Employment* |
| EMPLOYMENT | | | | |
| Estimated Total Employment | 29,800 (1) | | 23,900 (1) | |
| EMPLOYER | | | | |
| Lake Elsinore Unified School District | 2,520 | 8.46% | 1,060 | 4.44% |
| M & M Framing | 500 | 1.68% | - (2) | 0.00% |
| Stater Bros (3 locations) | 352 | 1.18% | 140 | 0.59% |
| Lake Elsinore Hotel & Casino | 275 | 0.92% | 150 | 0.63% |
| Costco | 275 | 0.92% | 200 | 0.84% |
| Walmart Store | 234 | 0.79% | 200 | 0.84% |
| Riverside County - Department of Social Services | 163 | 0.55% | 160 | 0.67% |
| EVMWD (Elsinore Valley Mun Water Dist) | 154 | 0.52% | 120 | 0.50% |
| Home Depot | 135 | 0.45% | 160 | 0.67% |
| Target | 130 | 0.44% | 160 | 0.67% |
| Total Top 10 Employers | 4,738 | 15.90% | 2,350 | 9.83% |

Notes:

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

(2) Data not available or Company not in business for 2010

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 | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 20 | 17 | 24 | 22 | 24 | 20 | 20 | 21 | 22 | 19 |
| Community Services (Includes Public Works) | 42 | 47 | 42 | 43 | 47 | 45 | 51 | 61 | 53 | 72 |
| Community Development | 14 | 11 | 10 | 14 | 14 | 18 | 20 | 19 | 21 | 28 |
| Total | <u>76</u> | <u>75</u> | <u>76</u> | <u>79</u> | <u>85</u> | <u>83</u> | <u>91</u> | <u>101</u> | <u>96</u> | <u>101</u> |

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

Source: City Finance Department

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

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

n/a=not available

Source: City of Lake Elsinore, Various Departments

City of Lake Elsinore, California
Operating Indicators by Function (continued)

| Fiscal Year | | | | | | |
|-------------|------------|-----------|------------|------------|------------|------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 204 | 425 | 419 | 597 | 134 | 51 | 105 |
| 2,155 | 2,848 | 3,338 | 3,711 | 4,141 | 2,821 | 3,445 |
| 216 | 197 | 179 | 137 | 140 | 111 | 133 |
| 4,554 | 4,484 | 4,456 | 5,110 | 5,249 | 5,868 | 5,923 |
| 4 | 4 | 4 | 4 | 3 | 3 | 3 |
| 189 | 189 | 189 | 254 | 254 | 254 | 254 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 360 | 414 | 227 | 204 | 116 | 68 | 54 |
| 909 | 972 | 735 | 2,022 | 2,933 | 3,455 | 3,455 |
| \$ 124,755 | \$ 121,773 | \$ 71,664 | \$ 104,923 | \$ 188,892 | \$ 195,698 | \$ 195,698 |
| 660 | 626 | 346 | 410 | 449 | 534 | 143 |
| 21,413 | 20,183 | 14,996 | 11,427 | 11,278 | 14,394 | 10,319 |

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

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Fire Stations | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 3 |
| Public Works Street Miles | 157 | 157 | 157 | 157 | 157 | 157 | 254 | 254 | 254 | 254 |
| Lake, Parks, & Recreation Parks and River Walk | 17 | 17 | 17 | 17 | 17 | 17 | 18 | 18 | 18 | 18 |
| Beaches and Recreation Facilities | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Libraries | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Stadium Amphitheater Seats | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 | 6,600 |
| Lake Surface Acres | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 |
| Lakeshore Miles | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 |

Source: City of Lake Elsinore, Various Departments



CITY OF LAKE ELSINORE, CALIFORNIA