



CITY OF LAKE ELSINORE, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2025

PREPARED BY: DEPARTMENT OF ADMINISTRATION



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City of Lake Elsinore

Lake Elsinore, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by the Finance Department



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City of Lake Elsinore
For the Fiscal Year Ended June 30, 2025
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Introductory Section





TRANSMITTAL LETTER

November 26, 2025

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

We are pleased to submit June 30, 2025, Annual Comprehensive Financial Report (ACFR) 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 accounting principles generally accepted in the United States of America (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. The Pun Group, 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, 2025, 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 is 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 2012 dissolution of Redevelopment Agencies by the State, the Successor Agency is presented as a private purpose trust fund within the financial statements.

City Profile

Incorporated in 1888, the City of Lake Elsinore is in the Elsinore Valley of Western Riverside County on Historic Highway 395. 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 71,452, the city-limits fall on the Easterly shores of Lake Elsinore, the largest natural freshwater lake of Southern California. The City currently occupies 43 square miles with 5 square miles being water. Residents enjoy perfect climate, blue sky, clean air, world-famous thermal winds for aerial sports, water sports, and off-road motor sports. All of this is set against the spectacular Cleveland National Forest, providing opportunities for hiking, biking, bird watching or relaxing in the beauty that abounds in this outdoor recreation destination.

The City is incorporated as a general law city with a council/manager form of municipal government, which consists of five council members who are elected to four-year staggered terms. The City is a By-District election system with five Districts. The mayor and mayor pro-term 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. The City is also empowered by state statutes to extend its corporate limits by annexation, which has been done from time to time.

The City provides a range of municipal services for citizens throughout the community that include maintenance of 20 parks, 3 public beaches, fire prevention, code enforcement, 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 Riverside County for both Police and Fire services. The Lake Elsinore Unified School District provides 25 schools for approximately 21,000 students within the city limits and sphere of influence areas. Elsinore Valley Municipal Water District provides water and sewer services.

**CITY OF
LAKE ELSINORE**
DREAM EXTREME

**Action Sports
Capital of the
World**

VISION STATEMENT

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

City Profile (Continued)

Termed the “*Action Sports Capital of the World*”, management works to support sports on and around the lake. Centrally located within the city limits, lays our 3,000 surface-acre recreational lake with campgrounds and boat launches where water sport players can play. Some events centered around the lake include fishing tournaments, kids fishing derby, National Water Ski races, jet skiing, kite surfing, paragliding, and 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. Near the airport, visitors can ride their motorcross bikes at the Lake Elsinore Raceway on the south end of the lake. Golfing enthusiasts can visit the Links at Summerly, a championship 18-hole “Scottish Links” golf course with dining, and an event venue for celebrations.

Owned by the City, residents can visit our Diamond Stadium, a state-of-the-art baseball facility with the capacity of 7,000 spectators. Home base for the Storm Minor League Baseball Team, other events are held such as high school graduations, music concerts, off-road vehicle races, car shows, drive-in concerts, movies, and more. The Diamond Club facility within the Stadium can be rented as a venue for banquets, weddings, and seminars and provides event catering.

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.

For boating enthusiasts, visitors can experience water sports by launching their vessels, paddle boards, canoes, or jet skis at the Launch Pointe Recreation Destination & RV Park. The launch facility provides docks for launching, parking, restrooms, covered picnic areas, and access to the beach. Visitors can dine at The Bobber Restaurant or shop at the Bait & Tackle Shop. If you do not have a boat, you can rent one! Boat Rentals include fishing boats to luxury pontoon boats with reservations made online.

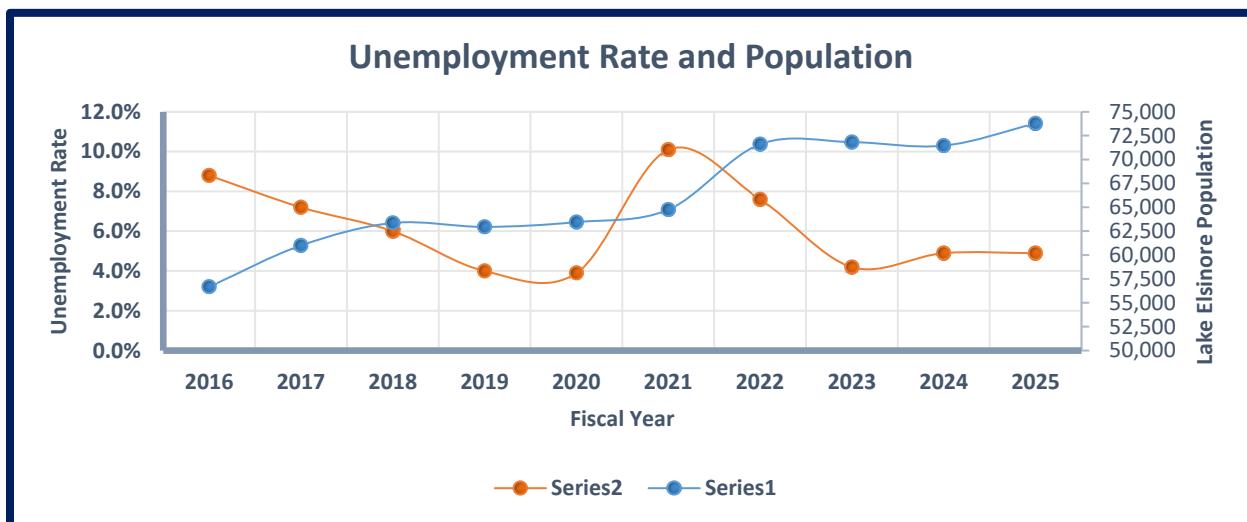
Visitors can experience the City owned Launch Pointe Recreation Destination & RV Park, located on the North shore of the Lake. This resort includes amenities such as picnic areas, shade structures, splash pad, playground, pool, RV hookups, RV or boat storage, laundry facility, administrative building, general store, and a large community hall. The resort also provides a private beach for guests. This lovely resort also includes Vintage Village, a vintage trailer area with a central fireplace in which vintage trailers can be rented by groups or individuals. Yurt Village provides rentable furnished yurts of various sizes. Launch Pointe’s Community Hall is available for events such as weddings, banquets, or parties and includes a barbecue, full kitchen, fireplace, and viewing deck of the lake.

The City skate parks serve skateboarding, scooter, and BMX enthusiasts at three locations. The Summerly Community Park, the newest skate park, is a 16,000 square feet concrete park perfect for all riders and skill levels. The Skate Zone at Serenity Park provides a fun bowl complete with 4” mini-ramp sections, rounded hips and a 6’ circular deep end for carving. Additionally, Serenity includes a Pump Track, ideal for BMX enthusiasts. McVicker Canyon Park provides a bowl and snake run with a mix of street and transition-style ramps.

Local Economy

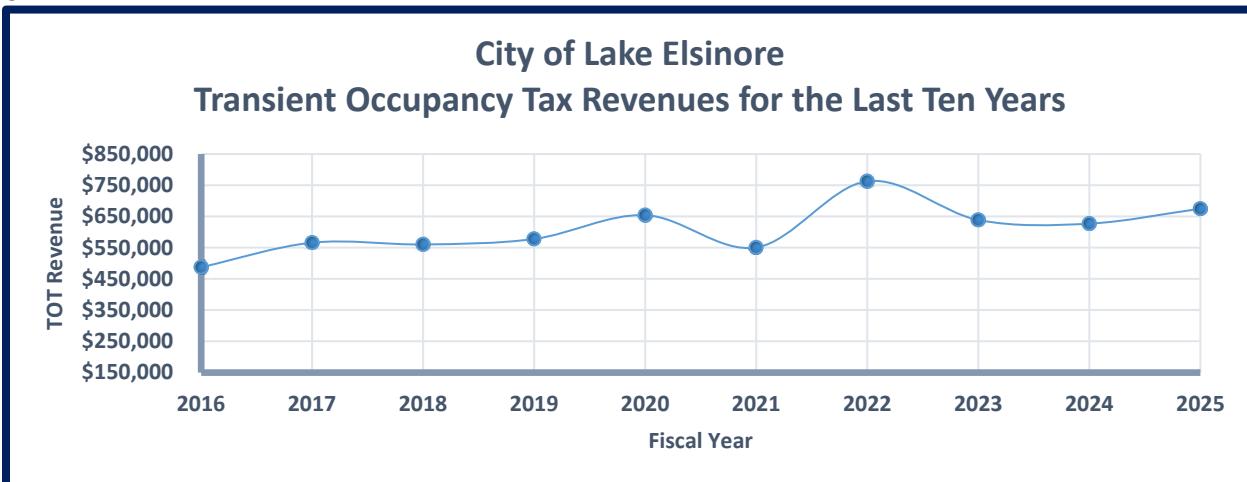
The City offers easy access to major freeways, available industrial and commercial land, quality labor force of both skilled and semi-skilled workers, and an economic philosophy of assisting local businesses for future growth. The region's geographic location, competitive cost structure and sophisticated logistics facilitates one of the fastest growing communities in the area. The City's median age is 33.4 with a per capital personal income of \$33,510. As shown in Chart 1, this is a slight increase from the prior year of \$32,121 with the unemployment rate at 4.9%, which is flat or the same from the prior year of 4.9%. The median housing price in the City is approximately \$595,000, which is a slight median decrease of 0.67% from the prior year of \$599,000. The median price paid for Riverside County homes is \$620,000, which is a 1.64% increase from the previous year.

Chart 1.



The TOT revenue is the City's 10% tax received for short-term rental properties such as (but not limited to) hotels, motels, vacation homes, and RV parks. The City experienced a slight increase of 1.08% in the transient occupancy tax (TOT) revenues for a total of \$674,495 for the fiscal year from \$627,022 of the prior year (shown in Chart 2).

Chart 2.



Local Economy (Continued)

The City's Economic Development Department works with the Chamber of Commerce and the Visitor's Bureau in effort to encourage the expansion and relocation of industries that generate local sales tax and employment opportunities. The sales tax revenue category includes Public Safety ½% sales tax, Retail Sales and Use Tax, and Measure Z Retail Sales and Use Tax. This category's current year revenue slightly decreased to \$31,090,547 as shown in Chart 3.

Chart 3.

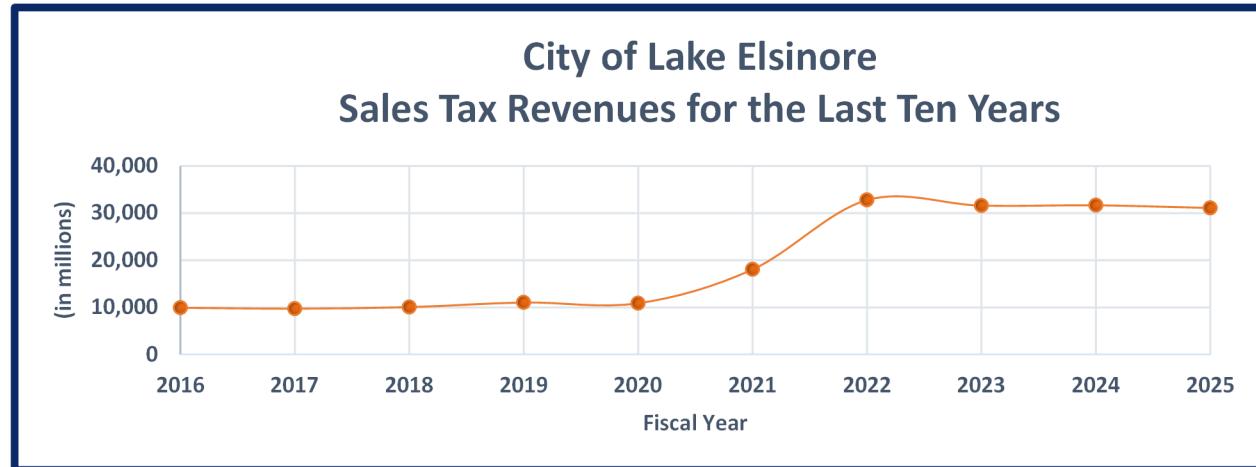
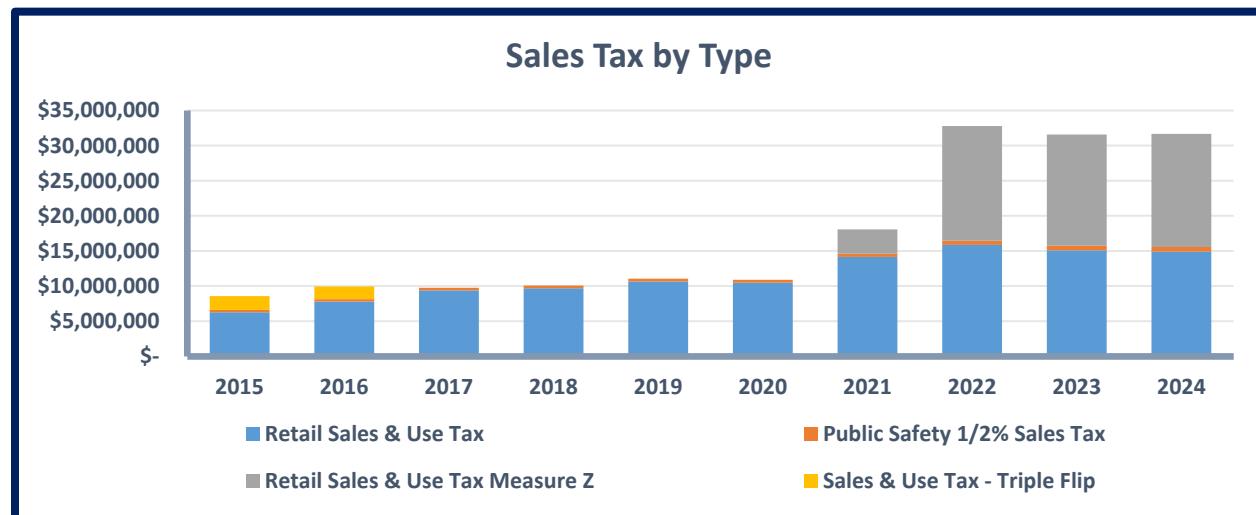


Chart 4 (below) presents the same information but shows the breakdown by revenue type of the Sales Tax category. The chart shows the benefits realized by the Measure Z initiative, which came in at \$15,969,353. This a slight decrease from prior year of \$16,101,819. For the category as a whole, sales tax is flat or slightly down across the board.

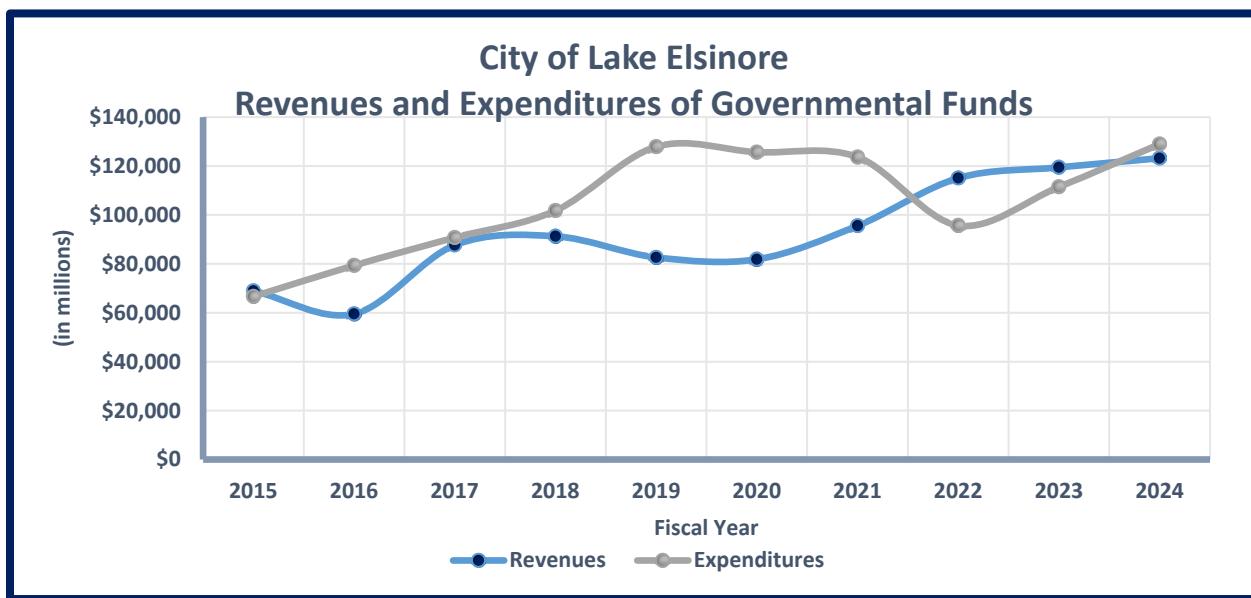
Chart 4.



Local Economy (Continued)

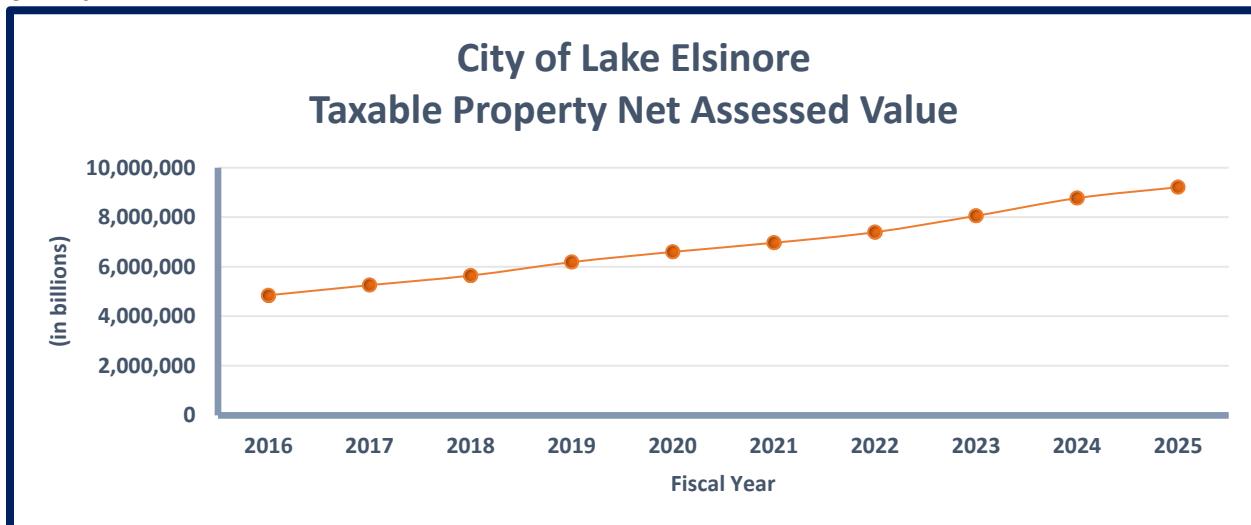
The City's total governmental funds experienced an increase in net position due to both revenue and expenditure increasing (as shown in Chart 5). Expenditure increased by \$13.5 million because of increased costs across the board for all categories. Revenues increased by \$15.2 million, which is largely because of intergovernmental activities, increased special assessments, increased charges for services, and increased investment earnings.

Chart 5.



With only a little more than 1/3 built out, taxable property net assessed values continue to grow as shown in Chart 6. The remaining 2/3 of vacant land includes open frontage along California's Interstate 15 Highway available for commercial development. This continual rise constitutes 5.04% increase from prior year.

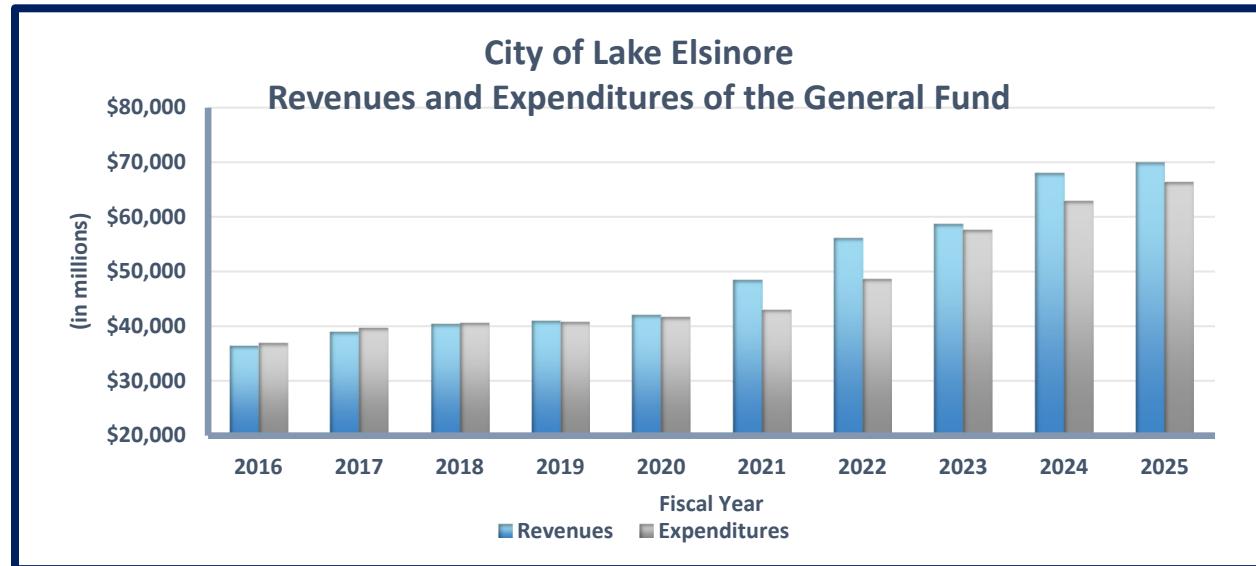
Chart 6.



Local Economy (Continued)

The City's main operating fund (General Fund) used to account for financial resources not accounted for in another fund, experienced an increase in revenues by 3% while the expenditures increased by 5% for the fiscal year as shown by Chart 7 below. This chart reflects how the City experienced continued growth of the local economy. As the City grows, revenue increases as does the required level of service to the Citizens. This chart also demonstrates compliance with budgetary controls by "living within the means."

Chart 7.



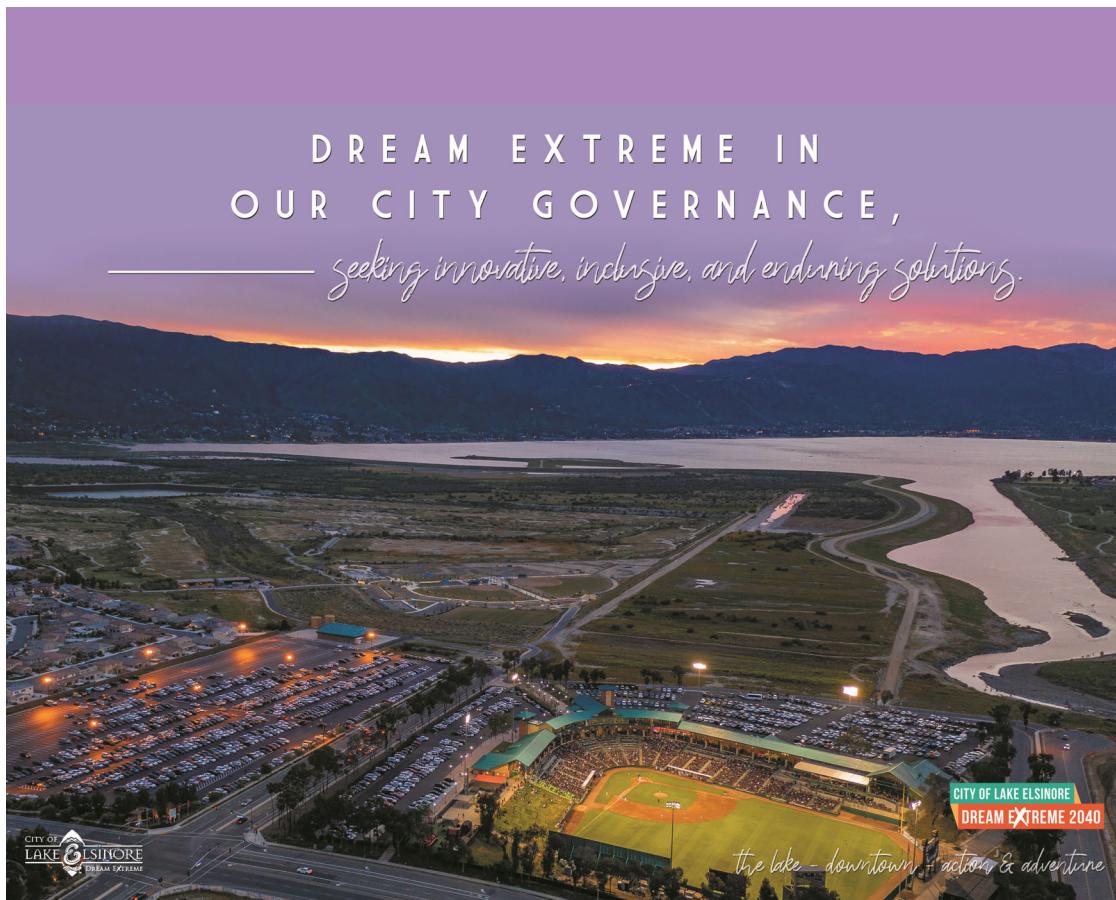
Vision Statement and Major Initiatives

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. The budget guidelines for FY24-25 were presented in the Operating Budget as fiscal stability and community responsibility as they relate to the City's vision statement and Council's established strategic key initiatives for the fiscal year.

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



Long-Term Financial Planning

Dream Extreme 2040 Plan

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 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 communication tool outlining the City Council's vision and key initiatives for the year that make the City the desirable place as the 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 forecast and is currently set at 20%.

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, Capital Improvement Project Funds, and Enterprise Fund. 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 where Department heads may transfer resources within a department as they see fit. Transfers between departments or funds; however, need special approval from Council.

Long-Term Financial Planning (Continued)

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.

Things to Come

The City Hall project construction continues with estimated completion of mid-2026. The goal of the project is to promote revitalization of downtown and increase space from our 1888 facility. The new facility will have room for all administrative staff; thus, improving productivity and work synergy.



The downtown City Library broke ground this year with grading and retaining walls underway. Our previous facility was opened in 1908 and is now named the Altha Merrifield Memorial Library after our very first librarian. As the current library attracts an average of 5,800 monthly visitors and organizes several educational and social programs every year, we found it was time to enhance the experience with a new building on Main Street.

Along with the downtown revitalization theme, the Downtown Parking & Landscape Improvement project continues, which will include additional parking areas and entrance archway. A newly approved City Park Improvements project will add parking to the Main Street City Park, increase security features, and improve ADA compliance.



Internal Controls

Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets, 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 by purchase orders, and contract review to ascertain valid and sufficient appropriations exist for payment of ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditure 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 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

Governmental Funds

General Fund
Special Revenue Funds
Debt Service Funds
Capital Project Funds

Proprietary Funds

Internal Service Funds
Insurance Services
Information Systems Services
Support Services
Fleet Services
Facilities Services
Enterprise Fund
Launch Pointe

Fiduciary Funds

Private-Purpose Trust Funds
Agency Funds

Honorable Mayor and City Council
November 26, 2025

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Elsinore for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report (ACFR) 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 for 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 Assistant City Manager for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,



Jason Simpson
City Manager

Honorable Mayor and City Council
November 26, 2025

**Certificate of Achievement for Excellence in Financial Reporting
For the fiscal year 2023-2024**



Government Finance Officers Association

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

Presented to

**City of Lake Elsinore
California**

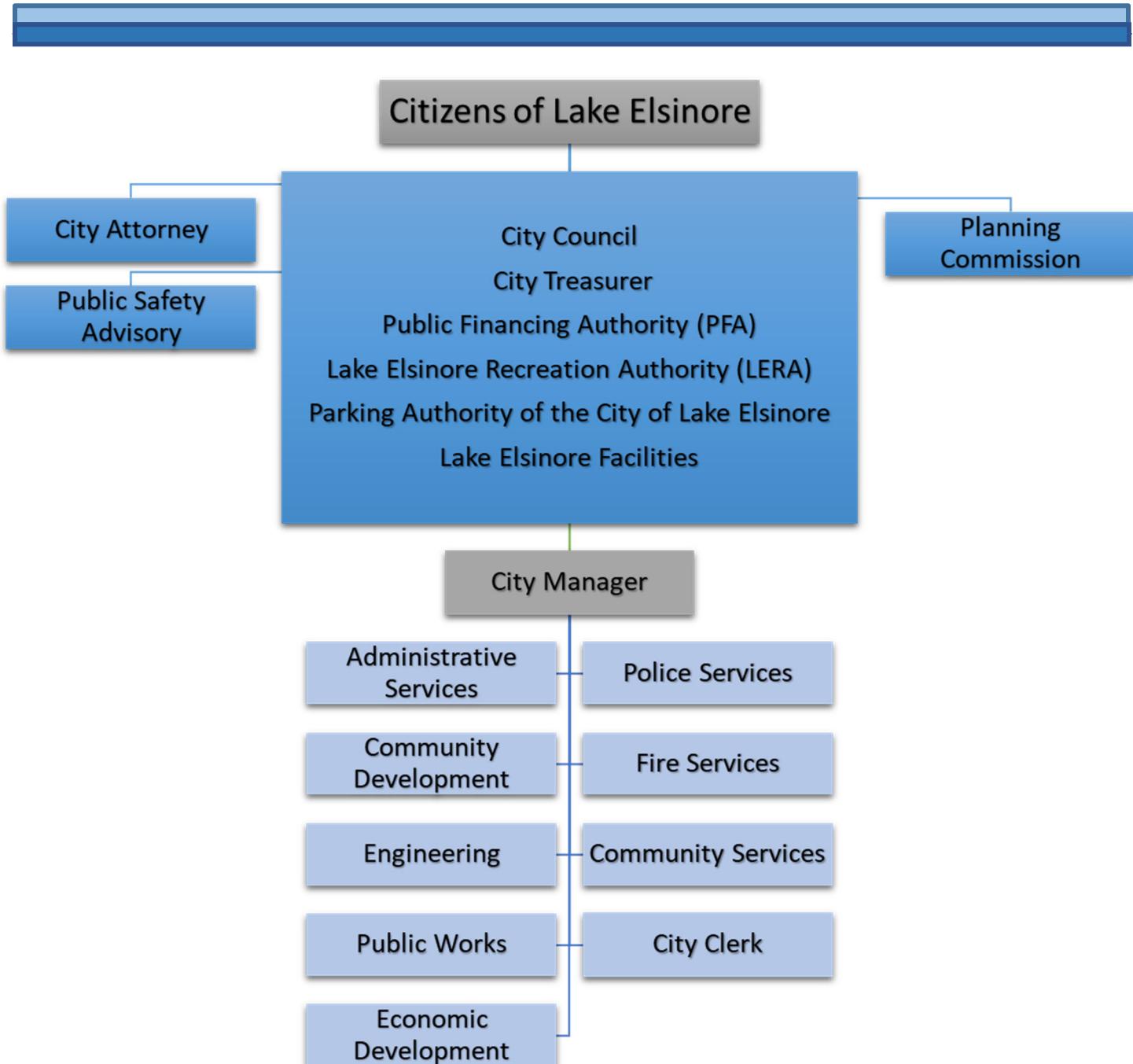
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF LAKE ELSINORE



CITY OF LAKE ELSINORE DIRECTORY

ELECTED OFFICIALS

Brian Tisdale, Mayor
Edwin Castro, Treasurer
Robert E. Magee, Mayor Pro Tem
Steve Manos, Mayor
Timothy J. Sheridan, Councilmember
Michael Caroll, Councilmember
(Elected to four-year staggered terms)

ADMINISTRATION

Jason Simpson, City Manager
Shannon Buckley, Assistant City Manager
Barbara Leibold, City Attorney
Candice Alvarez, City Clerk
Marcus Boydd, Police Chief
Dustin Reed, Fire Chief
Yu Tagai, City Engineer
Johnathan Skinner, Director of Community Services
Damaris Abraham, Director of Community Development
Gina Gonzalez, Director of Economic & Legislative Affairs

ACFR TEAM

Brendan Rafferty, Assistant Admin Services Director
Nancy Lassey, Finance Manager
Domenico Piazza, Fiscal Officer
Andrew Zavala, Sr. Accountant
Savannah Fernandez, Accountant
Joanne Jackson, Accounting Specialist II
Matthew Maternowski, Accounting Specialist II

*As of November 2025

CITY VALUE STATEMENT

CITY OF LAKE ELSINORE *Expressions of Extreme Customer Service*

C.A.A.R.E.

CUSTOMER SERVICE PERSPECTIVE

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

AUTHENTIC BEST

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

ANTICIPATE CUSTOMER NEEDS

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

RESPOND TO CUSTOMER'S NEEDS

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

EXTREME CUSTOMER SERVICE

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



Location Map



Financial Section





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 the City of Lake Elsinore, California (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. The adoption of this standard resulted in the restatement of the City's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

To the Honorable Mayor and the Members of the City Council

of the City of Lake Elsinore

Lake Elsinore, California

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Honorable Mayor and the Members of the City Council

of the City of Lake Elsinore

Lake Elsinore, California

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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, low moderate income housing and measure Z fund, the schedule of proportionate share in net pension liability, the schedule of plan contributions, and the schedule of changes in the total OPEB liability and related ratios, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and the Members of the City Council

of the City of Lake Elsinore

Lake Elsinore, California

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, 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.

The PwC Group, LLP

Santa Ana, California

November 26, 2025

City of Lake Elsinore, California
Management's Discussion and Analysis (Unaudited)
June 30, 2025

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, 2025. 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 Measure Z Sales and Use Tax passed and went into effect on April 1, 2021. The Citizen Committee provides review, advice, and transparency on this unrestricted general fund dollars to address public safety, public service needs, and local recovery efforts. During this fiscal year, the City received \$15.9 million.
- The City's capital assets, net of depreciation and amortization, increased by \$18.7 million resulting from increased road improvements, park improvements, and infrastructure improvements.
- At the end of the current fiscal year, the City's Total Net Position increased overall by \$18 million. Governmental activities net position increased by \$21 million and Business-Type activities net position decreased by \$3 million.
- The City's total long-term debt had a net decrease of \$20.8 million during the current fiscal year. The net decrease is largely due to Local Agency Revenue Refunding Series 2025 bond issuance as well as other principal retirements of other 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 \$354 million, which is a 5.1% 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 Annual Comprehensive Financial Report (ACFR) is intended to provide the reader with information on 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.

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances, in the manner of private-sector businesses. 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 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 is improving or deteriorating.

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.

Government-wide Financial Statements – Continued

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, 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 18-21 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 funds of the City 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 22-27 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 major funds: General Fund, Cost Recovery System Fund, Measure Z Fund, Low-and-Moderate-Income Housing Fund, Capital Improvement, Public Financing Authority Debt Service Fund, and Facility Financing Authority Debt Service Fund. 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.

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 to demonstrate compliance with the budget.

Proprietary funds are handled by the City and there are two types 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 government-wide financial statements. The proprietary fund financial statements can be found on pages 28-32 of this report.

Governmental Funds – Continued

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 service funds and the enterprise fund are separated into two columns in the proprietary fund financial statements on pages 28-32 of this report. Individual fund data for the internal service funds is provided in the form of combining statements on pages 119-125 of this report.

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 funds is much like that used by the proprietary funds, accrual basis of accounting. The basic fiduciary fund financial statements can be found on page 33 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 37-98 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 99-108 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 112-125 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As shown in Table 1, for Governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$344 million at the close of the most recent fiscal year. 58.9% of the net position from Governmental activities reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The decrease in *restricted net position* is driven by principal refunding and retirement of long-term debt and decreased development activities presented in the Net Position section of the Statement of Net Position. The deficit balance of \$136 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 total net position for Governmental activities increased by \$21 million primarily a result of capital improvement construction such as the Civic Center and Citywide Park Improvements. The current and other assets decreased by \$32 million as a result of increased improvements to the City's facilities and capital improvement projects.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type Activities

For Business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9.3 million at the close of the most recent fiscal year.

The deficit balance of \$11.7 million is *unrestricted net position* and reflects the fact that Business-type 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 total net position for Business-type activities decreased by \$3.1 million as shown in Table 2 below. This decrease in net position resulted from a decrease in revenues related to reservations while operating costs increased, which is the typical economic environment state-wide.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$354,940	\$386,934	(\$9,320)	(\$7,919)	\$345,620	\$379,014
Capital assets	239,147	220,411	21,046	22,155	260,194	242,566
Total Assets	594,087	607,345	11,727	14,236	605,814	621,581
Deferred Outflows of Resources	11,518	15,037	527,968	402,297	12,046	15,439
Liabilities:						
Long-term liabilities	221,558	244,363	1,988	1,272	223,546	245,634
Other liabilities	26,927	44,224	453	409	27,380	44,633
Total Liabilities	248,485	288,586	2,441	1,681	250,926	290,267
Deferred Inflows of Resources	12,858	10,717	533	522	13,392	11,239
Net Position:						
Net investment in capital assets	187,042	182,491	21,046	22,155	208,088	204,646
Restricted	293,880	315,320	-	-	293,880	315,320
Unrestricted (deficit)	(136,661)	(174,732)	(11,766)	(9,720)	(148,427)	(184,452)
Total Net Position	\$344,261	\$323,079	\$9,280	\$12,435	\$353,541	\$335,514

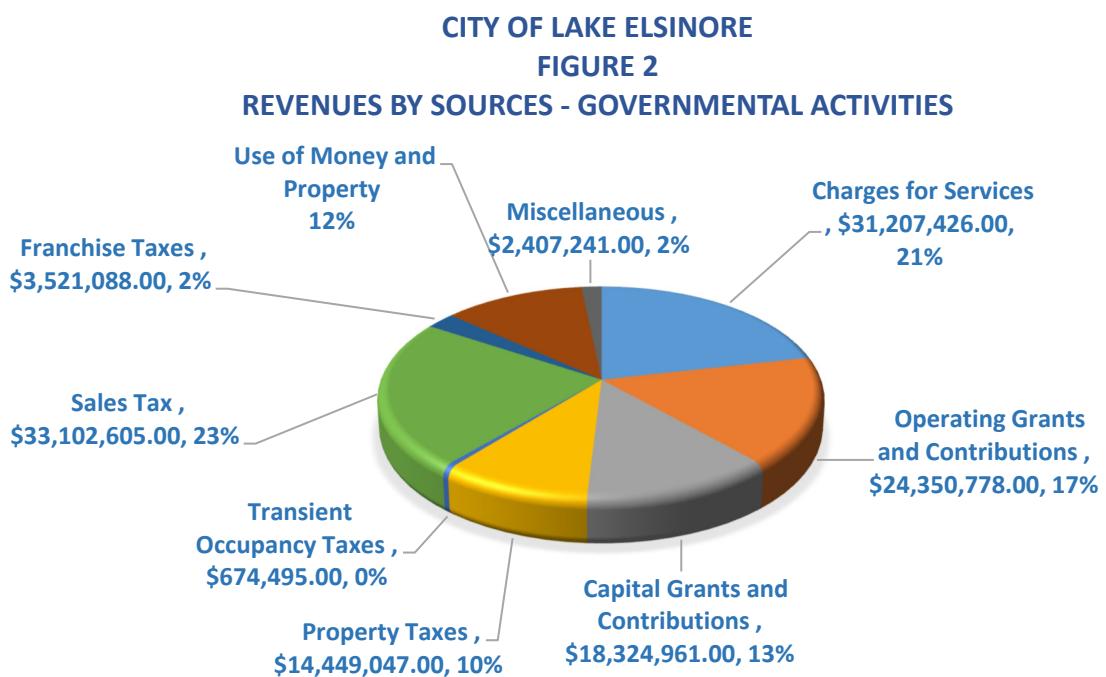
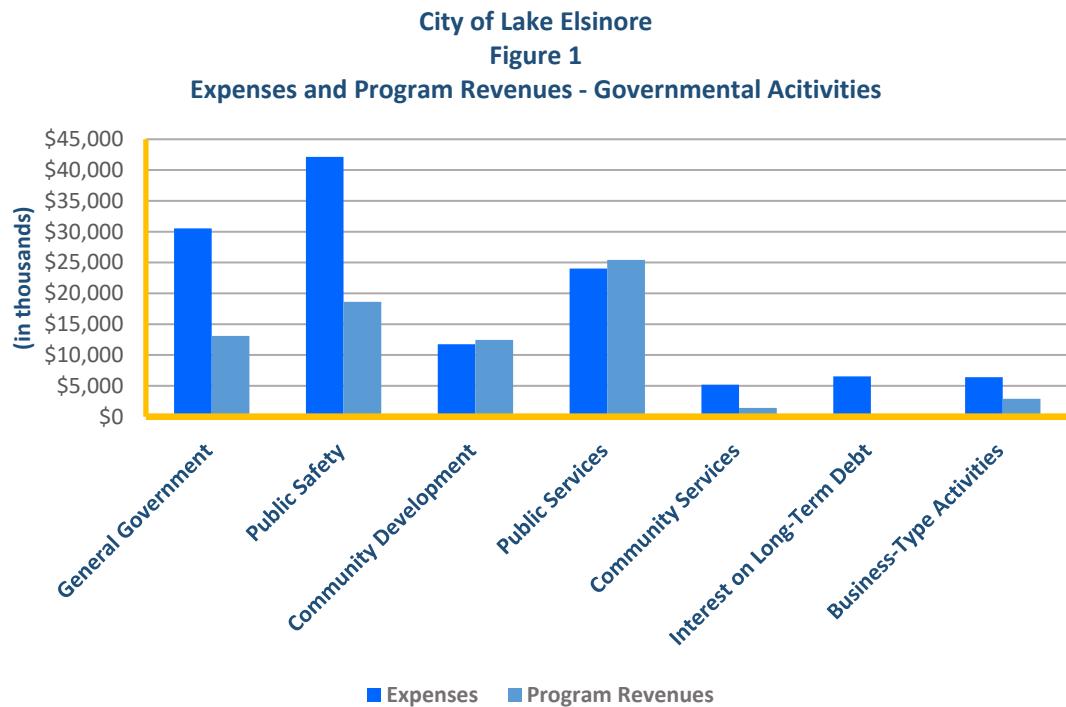
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Table 2 presents the Statement of Activities and provides details of how the City's net position changed from the prior year governmental activities. Generally, it indicates whether the financial health of the City is better or worse than in the prior year. The cost of governmental and business-type activities in fiscal year 2025 was \$127 million, which was recovered through program revenues, taxes, and investment earnings of \$145 million.

Figure 1 shows expenses in relation to program revenues while Figure 2 shows the makeup of revenues. Overall, revenue increased by \$176 thousand, primarily due to fewer resort reservations.

City of Lake Elsinore Table 2 Statement of Activities (in thousands)						
	Governmental		Business-Type Activities		Total	
	Activities	2025	2024	2025	2024	2025
Revenues:						
Program revenues:						
Charges for services	\$28,317	\$23,503	\$2,890	\$3,042	\$31,207	\$26,545
Operating contributions and grants	24,351	26,317	-	-	24,351	26,317
Capital contributions and grants	18,325	6,807	-	-	18,325	6,807
General revenues:						
Property taxes	14,449	13,923	-	-	14,449	13,923
Transient occupancy taxes	674	627	-	-	674	627
Sales taxes	33,103	33,638	-	-	33,103	33,638
Franchise taxes	3,521	3,405	-	-	3,521	3,405
Use of money and property	16,994	15,623	1	25	16,995	15,649
Miscellaneous	2,407	370	-	-	2,407	370
Total revenues	142,141	124,214	2,891	3,067	145,032	127,281
Expenses:						
General Government	30,547	15,247	-	-	30,547	15,247
Public Safety	42,132	39,446	-	-	42,132	39,446
Community Development	11,761	7,653	-	-	11,761	7,653
Community Services	5,194	4,143	-	-	5,194	4,143
Public Services	24,036	31,741	-	-	24,036	31,741
Interest and fiscal charges	6,538	8,384	287	293	6,825	8,677
Launch Pointe RV Resort	-	-	6,392	5,214	6,392	5,214
Total expenses	120,207	106,615	6,679	5,506	126,886	112,121
Excess (Deficiency) of Revenues Over Expenditures						
	21,934	17,599	(3,788)	(2,439)	18,146	15,160
Other Financing Sources (Uses):						
Transfers	(675)	(684)	675	684	-	-
Changes in net position	21,259	16,915	(3,113)	(1,755)	18,146	15,160
Net position-beginning of year, as previously reported	323,079	306,164	12,435	14,190	335,514	320,354
Restatement of net position (Note 19)	(77)	-	(41)	-	(118)	-
Net position, beginning of year, as restated	323,002	306,164	12,393	14,190	335,395	320,354
Net position, end of year	\$344,261	\$323,079	\$9,280	\$12,435	\$688,937	\$655,867

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued



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. *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 \$310 million, a decrease of \$16 million in comparison with the prior year. Of the \$310 million ending fund balance, a net \$23 million, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable by \$2 million; restricted by \$267 million; and assigned by \$17 million. For additional information, please see Note 12 for fund balances.

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 \$23 million, while total fund balance was \$24 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 35% of total General Fund expenditures, while total fund balance represents 37% of that same amount. The fund balance of the City's General Fund experienced an increase of \$4 million during the current fiscal year. The primary factor for this overall 14% increase is because of increased sales tax, property tax, and charges for services.

For the major funds, the Public Financing Authority Debt Service Funds restricted fund balance decreased by \$99 million as the result of the annual debt service retirements and the issuance of Facilities Authority's 2025A Local Agency Revenue Refunding Bonds that defeased the Public Financing Authority's Bonds. The Cost Recovery System Fund had no change in fund balance. The Measure Z Fund's fund balance decreased by \$4 million due to \$13 million being transferred out for capital projects. The Low-and-Moderate Income Housing Fund increased by \$2 million in the restricted fund balance from additions to interest receivable on loans. The Capital Improvement Plan had an increase in fund balance of \$3 million resulting from a increase in contributions & charges for services.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original - versus - Final: The original general fund budget versus the final budget reflects increases in revenue of \$1 million and increases in expenditures of \$2 million as well. Budget adjustments are completed to match shortfalls in estimated revenue and increased costs. The final budgeted expenditures of \$72 million is \$4 million more from the prior year, while the actual expenditures of \$66 million of this year is more than the prior year by \$3 million.

Revenue Variances: Miscellaneous revenue, which is often used to recuperate city damage returns, was more than estimated by \$68 thousand of the final budget. The actual revenue received via taxes was \$450 thousand over the final budget due to retail sales tax, used tax, and property tax. Charges for services' original budget was decreased by \$2 million resulting from fewer costs to recoup from the internal service funds.

Expenditure Variances: General fund actual expenditures were less than budgeted by \$664 thousand. This is partially because expenditures were less than budgeted in most all departments because of staff retirements, staff resignations, reduced spending as well as good budgetary controls. The costs for Police services was \$198 thousand less than budgeted. Likewise, costs for Fire Suppression were less than budgeted by \$2 million.

MAJOR FUND BUDGETARY HIGHLIGHTS

Original - versus - Final: The original Measure Z fund budget versus the final budget reflects a decrease in revenue of \$331 thousand and decreases in expenditures of \$1.3 million. The final budgeted expenditures of \$9.3 million is \$2.8 million less from the prior year, while the actual expenditures of \$8.8 million of this year is less than the prior year by \$318 thousand due to the decrease in public safety costs.

Original - versus - Final: The Low-and-Moderate-Income Housing (Housing) fund is related to the winding down of the Redevelopment Agency (RDA) and its recognized obligations. Expenditures actual to budget variances was less by \$2.4 million resulting in a reduction of developer reimbursements and legal services.

Original - versus - Final: The Capital Improvement Plan Capital Projects funds original budget totaled \$30.4 million, while actual revenues totaled \$20.3 million. Original budget expenditures totaled \$91.6 million, with an actual total of \$42.3 million which is an increase of \$8.7 million from prior year due to the timing of various projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$239 million (net of accumulated depreciation and amortization), which is an increase of \$19 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 8.8%. Major or notable capital asset events during the current fiscal year included the following:

- Civic Center
- Citywide Park Improvements
- Main Street Pedestrian Safety and IT Infrastructure Improvements
- Main Street Interchange
- City Library
- Highway Safety Improvements
- Murrieta Creek Regional Trail Connection
- Lake Water Quality Projects



Capital Assets – Continued

City of Lake Elsinore Table 3 Capital Assets at Year-End (net of depreciation and amortization) (in thousands)							
	Governmental Activities		Business-Type Activities		Total		% Change
	2025	2024	2025	2024	2025	2024	
Land	\$8,033	\$6,855	-	-	\$8,033	\$6,855	17.2
Construction in progress	74,020	56,822	-	-	74,020	56,822	30.3
Buildings and structures	20,277	18,830	437	323	20,714	19,153	8.1
Improvements other than buildings	8,927	7,894	19,960	21,082	28,887	28,976	(0.3)
Machinery and equipment	1,276	1,439	89	126	1,365	1,565	(12.8)
Furniture and fixtures	359	325	184	230	543	555	(2.3)
Automotive equipment	1,390	1,740	376	393	1,767	2,133	(17.2)
Technology Equipment	-18	3	-	-	-18	3	(718.8)
Infrastructure	124,679	126,331	-	-	124,679	126,331	(1.3)
Subscription Assets	185	172	-	-	185	172	7.3
Total Capital Assets	\$239,147	\$220,411	\$21,046	\$22,155	\$260,174	\$242,566	(99.9)

Additional information on the City of Lake Elsinore's capital assets can be found in Note 7 in 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 \$187.9 million as shown below in Table 4. Additional information on the City of Lake Elsinore's long-term debt can be found in Note 8 of the Notes to the Basic Financial Statements section of this report.

The City's other long-term obligations for pension and compensated absences was \$17.0 million. The City's net pension liability experienced a decrease of \$412 thousand based on actuarial assumptions, which include employee details, long-term investment returns, and inflation. Additional information regarding the pension plan can be found in Note 13 of the Notes to the Basic Financial Statements section of this report.

The City's compensated absences liability increased by \$63 thousand. This year the City implemented GASB 101 Standard in which salary-related costs were added to this liability. Additional information regarding compensated absences can be found in Note 10 of the Notes to the Basic Financial Statements section of this report.



Long-Term Debt – Continued

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

	Fiscal Year		
	2025	2024	% Change
Local agency revenue bonds	\$120,885	\$138,395	(12.7)
Tax allocation revenue bonds	11,605	12,875	(9.9)
Lease revenue bonds	37,535	39,130	(4.1)
Certificate of participation bonds	5,215	5,490	(5.0)
Net of bond discounts and premiums	9,765	9,639	1.3
Capital Loan - Street Lights	2,413	2,658	(9.2)
Lease Liability	21	81	(74.1)
Subscription Liability	156	159	97,948.4
Total Outstanding Debt	\$187,596	\$208,428	89,904.9

Other Liabilities at Year-End

(in thousands)

	Fiscal Year		
	2025	2024	% Change
Net pension liability	\$15,420	\$15,832	(2.6)
Compensated absences	1,609	1,664	(3.3)
Total Outstanding Debt	\$17,030	\$17,496	(3.3)



Long-Term Debt – Continued

As the Successor Agency to the Lake Elsinore Redevelopment Agency (SARDA), the City assumed responsibility of debt management of the former the Agency's long-term liabilities. Considered enforceable obligations, SARDA's outstanding debt at year-end is listed below in Table 5.

City of Lake Elsinore
Table 5
Outstanding Debt at Year-End
for the Successor Agency to the Lake Elsinore Redevelopment Agency

Debt Issue	Rating	Ending Balance
Loans Payable		
2020A Tax Allocation Revenue Refunding Bonds	AA-	\$ 11,605,000
Subordinated Bonds Payable		
2015 Subordinated Tax Allocation Refunding Bonds	AA	2,825,000
2019A Subordinated Tax Allocation Refunding Bonds	AA	7,920,000
2019B Subordinated Tax Allocation Refunding Bonds	N/A	705,000
Premiums		919,155
Third-lien Bonds Payable		
2018A Third-lien Tax Allocation Bonds	AA	1,670,000
2018B Third-lien Tax Allocation Bonds	AA	5,255,000
2020B Third-lien Tax Allocation Refunding Bonds	AA	4,375,000
2020C Third-lien Tax Allocation Refunding Bonds	AA	2,430,000
Discounts	N/A	(118,492)
Premiums	N/A	663,024
	Total	<u><u>\$ 38,248,687</u></u>



Management's Discussion and Analysis
June 30, 2025



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The below factors were considered in preparing the City of Lake Elsinore's budget for fiscal year 2025-26.

- Sales and Use Tax is projected to decrease 2.98% compared to prior fiscal year due to increases in costs.
- Property taxes are estimated to increase slightly as a result of increases in building activity and increased assessed valuation.
- Licenses, permits, and fees are estimated to increase due to development activity.
- 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 projects that the City will experience a structural deficit as expenditures increase at a faster rate than revenues. Anticipated increases in Public Safety contracts are the main cause of rising expenditures. The City continues to implement expenditure reduction measures and revenue enhancement implementation to mitigate the issue.

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



Government-wide Financial Statements



City of Lake Elsinore
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 124,966,046	\$ 433,953	\$ 125,399,999
Receivables:			
Accounts, net	3,842,074	48,584	3,890,658
Lease receivable, due in one year	157,086	-	157,086
Interest	6,809,027	-	6,809,027
Internal balances	1,805,550	(1,805,550)	-
Prepaid items	1,241,226	-	1,241,226
Deposits	-	1,000	1,000
Due from other governments	16,201,858	-	16,201,858
Inventories	-	17,427	17,427
Total current assets	155,022,867	(1,304,586)	153,718,281
Noncurrent assets:			
Restricted cash and investments:			
Cash with fiscal agent	24,174,398	-	24,174,398
Investment in bonds	126,389,714	-	126,389,714
Internal balances	8,015,000	(8,015,000)	-
Lease receivable, due in more than one year	95,795	-	95,795
Notes receivable, due in more than one year	40,823,500	-	40,823,500
Land held for resale	418,369	-	418,369
Capital assets:			
Nondepreciable/amortizable	82,052,667	-	82,052,667
Depreciable/amortizable, net	157,094,541	21,046,449	178,140,990
Total capital assets	239,147,208	21,046,449	260,193,657
Total noncurrent assets	439,063,984	13,031,449	452,095,433
Total assets	594,086,851	11,726,863	605,813,714
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	2,427,126	-	2,427,126
Related to pensions	5,258,666	283,378	5,542,044
Related to other postemployment benefits	3,831,897	244,590	4,076,487
Total deferred outflows of resources	11,517,689	527,968	12,045,657

(Continued)

City of Lake Elsinore
Statement of Net Position (Continued)
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	10,853,610	197,799	11,051,409
Accrued liabilities	1,943,038	44,133	1,987,171
Interest payable	982,560	70,828	1,053,388
Unearned revenue	3,932,367	-	3,932,367
Deposits payable	9,215,642	139,874	9,355,516
Compensated absences - due within one year	1,252,267	67,345	1,319,612
Total OPEB liability - due within one year	727,000	13,000	740,000
Long-term debt - due within one year	5,882,334	-	5,882,334
Total current liabilities	34,788,818	532,979	35,321,797
Noncurrent liabilities:			
Compensated absences - due in more than one year	274,888	14,782	289,670
Long-term debt - due in more than one year	181,713,191	-	181,713,191
Net pension liability	14,649,283	771,015	15,420,298
Total OPEB liability - due in more than one year	17,059,100	1,122,283	18,181,383
Total noncurrent liabilities	213,696,462	1,908,080	215,604,542
Total liabilities	248,485,280	2,441,059	250,926,339
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	349,455	18,394	367,849
Related to other postemployment benefits	8,069,767	515,092	8,584,859
Related to leases	223,052	-	223,052
Deferred gain on refunding	4,215,986	-	4,215,986
Total deferred inflows of resources	12,858,260	533,486	13,391,746
NET POSITION			
Net investment in capital assets	187,041,640	21,046,449	208,088,089
Restricted for:			
Capital projects	37,888,581	-	37,888,581
Debt service	167,456,743	-	167,456,743
Community development	69,912,975	-	69,912,975
Community services	9,346,536	-	9,346,536
Public services	6,835,006	-	6,835,006
Development	2,440,619	-	2,440,619
Total restricted	293,880,460	-	293,880,460
Unrestricted (deficit)	(136,661,100)	(11,766,163)	(148,427,263)
Total net position	\$ 344,261,000	\$ 9,280,286	\$ 353,541,286

(Concluded)

City of Lake Elsinore
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 30,546,810	\$ 4,827,422	\$ 8,280,077	\$ -
Public safety	42,131,842	12,734,008	5,882,016	-
Community development	11,761,489	7,997,609	4,442,578	-
Community services	5,193,764	594,354	817,967	-
Public services	24,035,763	2,163,991	4,928,140	18,324,961
Interest and fiscal charges	6,537,536	-	-	-
Total governmental activities	120,207,204	28,317,384	24,350,778	18,324,961
Business-type Activities:				
Launch Pointe	6,391,639	2,890,042	-	-
Total business-type activities	6,391,639	2,890,042	-	-
Total primary government	\$ 126,598,843	\$ 31,207,426	\$ 24,350,778	\$ 18,324,961

(Continued)

City of Lake Elsinore
Statement of Activities (Continued)
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (17,439,311)	\$ -	\$ (17,439,311)
Public safety	(23,515,818)	-	(23,515,818)
Community development	678,698	-	678,698
Community services	(3,781,443)	-	(3,781,443)
Public services	1,381,329	-	1,381,329
Interest and fiscal charges	(6,537,536)	(287,363)	(6,824,899)
Total governmental activities	<u>(49,214,081)</u>	<u>(287,363)</u>	<u>(49,501,444)</u>
Business-type Activities:			
Launch Pointe	-	(3,501,597)	(3,501,597)
Total business-type activities	<u>-</u>	<u>(3,501,597)</u>	<u>(3,501,597)</u>
Total primary government	<u>(49,214,081)</u>	<u>(3,788,960)</u>	<u>(53,003,041)</u>
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes, levied for general purposes	14,449,047	-	14,449,047
Transient occupancy taxes	674,495	-	674,495
Sales and use taxes	33,102,605	-	33,102,605
Franchise taxes	3,521,088	-	3,521,088
Total taxes	<u>51,747,235</u>	<u>-</u>	<u>51,747,235</u>
Use of money and property	16,993,778	812	16,994,590
Miscellaneous	<u>2,407,241</u>	<u>-</u>	<u>2,407,241</u>
Total general revenue	<u>71,148,254</u>	<u>812</u>	<u>71,149,066</u>
Transfers			
Total general revenues and transfers	<u>(675,050)</u>	<u>675,050</u>	<u>-</u>
Change in net position	<u>21,259,123</u>	<u>(3,113,098)</u>	<u>18,146,025</u>
Net position - beginning of year, as previously reported	<u>323,078,789</u>	<u>12,434,756</u>	<u>335,513,545</u>
Restatement (Note 19)	<u>(76,912)</u>	<u>(41,372)</u>	<u>(118,284)</u>
Net position - beginning of year, as restated	<u>323,001,877</u>	<u>12,393,384</u>	<u>335,395,261</u>
Net position - end of year	<u>\$ 344,261,000</u>	<u>\$ 9,280,286</u>	<u>\$ 353,541,286</u>

(Concluded)

Fund Financial Statements



Governmental Fund Financial Statements



City of Lake Elsinore
Balance Sheet
Governmental Funds
June 30, 2025

	Major Special Revenue Funds					Major Capital Projects Fund	
	General Fund	Cost Recovery System	Measure Z	Low and Moderate Income Housing	Capital Improvement Plan		
				Capital			
ASSETS							
Cash and investments	\$ 22,634,392	\$ 6,001,554	\$ 5,578,566	\$ 41,738,650	\$ 18,766,637		
Receivables:							
Accounts, net	3,420,892	269,868	-	-	-		
Notes	1,000,000	-	-	24,876,276	-		
Leases	252,881	-	-	-	-		
Interest	618,385	-	135,387	5,428,783	102,399		
Prepaid items	139,774	-	-	-	4,000		
Due from other governments	3,352,084	-	2,781,394	-	6,765,418		
Due from other funds	3,201,495	-	-	-	-		
Due from fiduciary funds	106,404	-	-	-	-		
Advances to other funds	-	-	-	-	-		
Land held for resale	-	-	-	418,369	-		
Restricted cash and investments:							
Cash and investments with fiscal agents	-	-	-	-	-		
Investment in bonds	-	-	-	-	-		
Total assets	\$ 34,726,307	\$ 6,271,422	\$ 8,495,347	\$ 72,462,078	\$ 25,638,454		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 6,278,112	\$ 51,407	\$ -	\$ 49,777	\$ 3,877,315		
Accrued liabilities	1,227,149	212,065	-	-	-		
Unearned revenue	111,672	-	-	-	3,820,695		
Deposits payable	3,725	6,007,950	-	2,648,673	-		
Due to other funds	-	-	-	-	-		
Total liabilities	\$ 7,620,658	\$ 6,271,422	\$ -	\$ 2,698,450	\$ 7,698,010		
Deferred inflows of resources:							
Unavailable revenue	2,512,712	-	-	5,114,587	490,695		
Related to leases	223,052	-	-	-	-		
Total deferred inflows of resources	\$ 2,735,764	\$ -	\$ -	\$ 5,114,587	\$ 490,695		
Fund balances:							
Nonspendable	1,139,774	-	-	-	4,000		
Restricted:							
Public works	-	-	-	-	-		
Community development	-	-	-	64,649,041	-		
Retirement	-	-	-	-	-		
Capital projects	-	-	8,495,347	-	-		
Debt service	-	-	-	-	-		
Assigned	-	-	-	-	17,445,749		
Unassigned (deficit)	23,230,111	-	-	-	-		
Total fund balances	\$ 24,369,885	\$ -	\$ 8,495,347	\$ 64,649,041	\$ 17,449,749		
Total liabilities, deferred inflows of resources, and fund balances	\$ 34,726,307	\$ 6,271,422	\$ 8,495,347	\$ 72,462,078	\$ 25,638,454		

See accompanying Notes to the Basic Financial Statements.

(Continued)

City of Lake Elsinore
Balance Sheet (Continued)
Governmental Funds
June 30, 2025

	Major Debt Service Funds				Total Governmental Funds
	Public Financing Authority	Facilities Financing Authority	Other Governmental Funds		
ASSETS					
Cash and investments	\$ -	\$ -	\$ 19,381,016	\$ 114,100,815	
Receivables:					
Accounts, net	- -	- -	151,314	3,842,074	
Notes	- -	11,605,000	3,342,224	40,823,500	
Leases	- -	- -	- -	252,881	
Interest	- -	60,419	390,935	6,736,308	
Prepaid items	- -	928,805	- -	1,072,579	
Due from other governments	- -	1,456,509	1,740,049	16,095,454	
Due from other funds	- -	- -	- -	3,201,495	
Due from fiduciary funds	- -	- -	- -	106,404	
Advances to other funds	- -	8,290,000	- -	8,290,000	
Land held for resale	- -	- -	- -	418,369	
Restricted cash and investments:					
Cash and investments with fiscal agents	37,718	19,243,872	4,892,808	24,174,398	
Investment in bonds	- -	126,389,714	- -	126,389,714	
Total assets	\$ 37,718	\$ 167,974,319	\$ 29,898,346	\$ 345,503,991	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ - -	\$ - -	\$ 286,336	\$ 10,542,947	
Accrued liabilities	- - -	- - -	- - -	1,439,214	
Unearned revenue	- - -	- - -	- - -	3,932,367	
Deposits payable	- - -	555,294	- - -	9,215,642	
Due to other funds	- - -	- - -	1,670,945	1,670,945	
Total liabilities	- - -	555,294	1,957,281	26,801,115	
Deferred inflows of resources:					
Unavailable revenue	- - -	- - -	475,979	8,593,973	
Related to leases	- - -	- - -	- - -	223,052	
Total deferred inflows of resources	- - -	- - -	475,979	8,817,025	
Fund balances:					
Nonspendable	- -	928,805	20,000	2,092,579	
Restricted:					
Public works	- - -	- - -	7,286,626	7,286,626	
Community development	- - -	- - -	6,846,536	71,495,577	
Retirement	- - -	- - -	1,386,039	1,386,039	
Capital projects	- - -	- - -	11,943,485	20,438,832	
Debt service	37,718	166,490,220	- - -	166,527,938	
Assigned	- - -	- - -	17,359	17,463,108	
Unassigned (deficit)	- - -	- - -	(34,959)	23,195,152	
Total fund balances	37,718	167,419,025	27,465,086	309,885,851	
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,718	\$ 167,974,319	\$ 29,898,346	\$ 345,503,991	

See accompanying Notes to the Basic Financial Statements.

(Concluded)

City of Lake Elsinore
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 309,885,851

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. Those assets consist of:

Amount reported in government-wide statement of position:

Nondepreciable assets	\$ 82,052,667
Depreciable and amortizable assets	157,094,541
Less: amount reported in Internal Service Funds	<u>(2,566,247)</u>

236,580,961

Unavailable revenues are not available to pay for current period expenditures and therefore are deferred in the funds but recognized as revenue in the Statement of Activities.

8,593,973

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. Governmental funds report the effect of premiums, discounts and gains or losses on debt refundings when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Compensated absences (net of \$182,940 in internal service funds)	(1,344,215)
Bonds, loans, and other long term debt (net of \$155,897 in internal service funds)	(187,439,628)

Deferred loss on refunding did not provide current financial resources to the governmental funds. 2,427,126

Deferred gain on refunding did not provide current financial resources to the governmental funds. (4,215,986)

Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. They are reported in the Statement of Net Position.

Net pension liability (net of \$1,079,421 in internal service funds)	(13,569,862)
Deferred outflows of resources (net of \$399,974 in internal service funds)	4,858,692
Deferred inflows of resources (net of \$25,751 in internal service funds)	(323,704)

Net OPEB liability and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. They are reported in the Statement of Net Position.

Total OPEB liability (net of \$1,907,174 in internal service funds)	(15,841,926)
Deferred outflows of resources (net of \$418,862 in internal service funds)	3,413,035
Deferred inflows of resources (net of \$882,096 in internal service funds)	(7,187,671)

Accrued interest payable due on long-term debt not reported in the governmental funds. (982,560)

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are added to the statement of net position.

9,406,914
\$ 344,261,000

Net position of governmental activities

City of Lake Elsinore
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Major Special Revenue Funds				Major Capital Projects Fund
	General Fund	Cost Recovery System	Measure Z	Low and Moderate Income Housing	
REVENUES:					
Taxes	\$ 31,543,977	\$ -	\$ 15,969,353	\$ -	\$ -
Intergovernmental	21,763,448	-	-	250,247	19,440,540
Special assessments	-	-	-	-	-
Licenses and permits	5,229,702	-	-	-	-
Charges for services	3,826,100	-	-	-	-
Investment earnings	1,268,399	-	743,219	2,274,806	826,619
Fines and forfeitures	884,182	-	-	-	-
Miscellaneous	5,382,285	-	-	12,295	52,993
Total revenues	69,898,093	-	16,712,572	2,537,348	20,320,152
EXPENDITURES:					
Current:					
General government	8,945,060	-	-	-	152,536
Public safety	31,648,018	-	7,903,161	-	-
Community development	6,857,731	-	-	78,757	-
Community services	5,123,261	-	-	-	-
Public services	13,718,903	-	-	-	-
Capital outlay	-	-	-	6,000	42,103,946
Debt service:					
Principal retirement	-	-	-	-	60,070
Interest and fiscal charges	-	-	-	-	3,765
Total expenditures	66,292,973	-	7,903,161	84,757	42,320,317
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,605,120	-	8,809,411	2,452,591	(22,000,165)
OTHER FINANCING SOURCES (USES):					
Issuance of debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Deposit to escrow for debt retirement	-	-	-	-	-
Costs of issuance	-	-	-	-	-
Transfers in	781,500	-	-	-	27,606,701
Transfers out	(858,321)	-	(13,084,080)	(64,491)	(1,507,681)
Total other financing sources (uses)	(76,821)	-	(13,084,080)	(64,491)	26,099,020
NET CHANGES IN FUND BALANCES	3,528,299	-	(4,274,669)	2,388,100	4,098,855
FUND BALANCES (DEFICIT):					
Beginning of year	20,841,586	-	12,770,016	62,260,941	13,350,894
End of year	\$ 24,369,885	\$ -	\$ 8,495,347	\$ 64,649,041	\$ 17,449,749

City of Lake Elsinore
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2025

	Major Debt Service Funds			
	Public Financing Authority	Facilities Financing Authority	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ 8,212	\$ 47,521,542
Intergovernmental	- -	- -	14,473,854	55,928,089
Special assessments	- -	- -	2,240,975	2,240,975
Licenses and permits	- -	- -	4,785,702	10,015,404
Charges for services	- -	- -	1,500,000	5,326,100
Investment earnings	4,363,824	2,255,677	1,498,505	13,231,049
Fines and forfeitures	- -	- -	85,999	970,181
Miscellaneous	- -	3,104,867	10,554	8,562,994
Total revenues	4,363,824	5,360,544	24,603,801	143,796,334
EXPENDITURES:				
Current:				
General government	- -	7,153,576	- -	16,251,172
Public safety	- -	- -	302,273	39,853,452
Community development	- -	- -	1,200,496	8,136,984
Community services	- -	- -	- -	5,123,261
Public services	- -	- -	4,286,903	18,005,806
Capital outlay	- -	- -	1,021,389	43,131,335
Debt service:				
Principal retirement	4,165,000	4,680,000	519,983	9,425,053
Interest and fiscal charges	4,326,122	3,312,172	303,105	7,945,164
Total expenditures	8,491,122	15,145,748	7,634,149	147,872,227
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,127,298)	(9,785,204)	16,969,652	(4,075,893)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	- -	77,580,000	- -	77,580,000
Premium on debt issuance	- -	7,555,680	- -	7,555,680
Deposit to escrow for debt retirement	(94,666,609)	- -	- -	(94,666,609)
Costs of issuance	- -	(1,009,120)	- -	(1,009,120)
Transfers in	- -	- -	3,399,221	31,787,422
Transfers out	- -	- -	(17,587,899)	(33,102,472)
Total other financing sources (uses)	(94,666,609)	84,126,560	(14,188,678)	(11,855,099)
NET CHANGES IN FUND BALANCES	(98,793,907)	74,341,356	2,780,974	(15,930,992)
FUND BALANCES (DEFICIT):				
Beginning of year	98,831,625	93,077,669	24,684,112	325,816,843
End of year	\$ 37,718	\$ 167,419,025	\$ 27,465,086	\$ 309,885,851

City of Lake Elsinore
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds: \$ (15,930,992)

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 cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense. This is the amount by which capital expenditures exceeded depreciation in the current period:

Capital outlay expenditures, net of \$578,249 added in Internal Service Funds	28,246,604
Depreciation and amortization expense, net of \$968,085 reported in Internal Service Funds	(8,211,232)
Net effect of disposal of capital assets	(908,977)

Revenues that are measurable but not available and are reported as unavailable revenue under the modified accrual basis of accounting in the governmental funds. (1,217,632)

The net effect of debt repayment and refunding transactions debt decreased long-term liabilities in the Government-Wide Statement of Net Position (net of \$142,404 reported in internal service funds). 10,685,950

Repayment of principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$145,893 reported in internal service funds). 9,425,053

Accrued interest for long-term liabilities is not recorded in the governmental funds. This is the amount by which accrued interest changed for the period. 1,518,010

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

Pension expense	(500,354)
OPEB expense	783,178

The net effect of debt issuance transactions resulted in a deferred gain on refunding. (4,215,986)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in as expenditures in the governmental funds. 95,292

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available:

Amortization of debt premium	733,511
Amortization of debt discount	(15,921)
Amortization of deferred amount on refunding	(796,095)

Internal service funds are used by management to charge the costs of certain activities, such as vehicle, information technology, self-insurance, and facility maintenance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.

1,568,714

Change in net position of governmental activities

\$ 21,259,123

Proprietary Fund Financial Statements



City of Lake Elsinore
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities		Governmental Activities	
	Enterprise Fund	Internal Launch Pointe	Service Funds	
ASSETS				
Current Assets:				
Cash and investments	\$ 433,953		\$ 10,865,231	
Receivables:				
Accounts, net	48,584		-	
Interest	-		72,719	
Prepaid items	-		168,647	
Deposits	1,000		-	
Inventories	17,427		-	
Total current assets	<u>500,964</u>		<u>11,106,597</u>	
Noncurrent assets:				
Capital assets:				
Capital assets, being depreciated, net	21,046,449		2,566,247	
Total capital assets	<u>21,046,449</u>		<u>2,566,247</u>	
Total noncurrent assets	<u>21,046,449</u>		<u>2,566,247</u>	
Total assets	<u>21,547,413</u>		<u>13,672,844</u>	
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	283,378		399,974	
Related to other postemployment benefits	244,590		418,862	
Total deferred outflows of resources	<u>527,968</u>		<u>818,836</u>	

City of Lake Elsinore
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Launch Pointe
	Service Funds	
LIABILITIES		
Current liabilities:		
Accounts payable	197,799	310,663
Accrued liabilities	44,133	503,824
Due to other funds	1,530,550	-
Interest payable	70,828	-
Deposits payable	139,874	-
Advances from other funds	275,000	-
Total OPEB liability - due within one year	13,000	37,000
Long-term debt, due within one year	-	98,800
Compensated absences, due within one year	67,345	133,011
Total current liabilities	2,338,529	1,083,298
Noncurrent liabilities:		
Advances from other funds	8,015,000	-
Net pension liability	771,015	1,079,421
Total OPEB liability - due in more than one year	1,122,283	1,907,174
Long-term debt, due in more than one year	-	57,097
Compensated absences, due in more than one year	14,782	49,929
Total noncurrent liabilities	9,923,080	3,093,621
Total liabilities	12,261,609	4,176,919
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	18,394	25,751
Related to other postemployment benefits	515,092	882,096
Total deferred inflows of resources	533,486	907,847
NET POSITION		
Net investment in capital assets	21,046,449	2,410,350
Unrestricted (deficit)	(11,766,163)	6,996,564
Total net position	\$ 9,280,286	\$ 9,406,914

City of Lake Elsinore
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities	
	Enterprise Fund	Internal Launch Pointe	Service Funds
OPERATING REVENUES:			
Sales and service charges	\$ 2,729,207	\$ 6,309,132	
Miscellaneous	160,835	179,927	
Total operating revenues	2,890,042	6,489,059	
OPERATING EXPENSES:			
Personnel services	1,720,449	1,587,976	
Contractual services	2,376,725	557,368	
Utilities	776,131	605,973	
Maintenance and operation	161,747	1,483,126	
Cost of sales and services	16,936	-	
Insurance	95,737	797,592	
Depreciation and amortization	1,243,914	968,085	
Total operating expenses	6,391,639	6,000,120	
OPERATING INCOME	(3,501,597)	488,939	
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	812	453,497	
Interest expense	(287,363)	(31,877)	
Gain (loss) on disposal of capital assets	-	18,155	
Total nonoperating revenues (expenses)	(286,551)	439,775	
Income (loss) before transfers	(3,788,148)	928,714	
TRANSFERS:			
Transfers in	675,050	640,000	
Total transfers	675,050	640,000	
CHANGES IN NET POSITION	(3,113,098)	1,568,714	
NET POSITION:			
Beginning of the year, as previously reported	12,434,756	8,021,796	
Prior period adjustment (Note 19)	(41,372)	(183,596)	
Beginning of the year, as restated	12,393,384	7,838,200	
End of the year	\$ 9,280,286	\$ 9,406,914	

City of Lake Elsinore
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Activities
	Launch Pointe	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 2,891,743	\$ 6,489,059
Cash paid to suppliers for goods and services	(3,407,463)	(2,882,051)
Cash paid to employees for services	(1,097,074)	(1,367,211)
Net cash provided by (used in) operating activities	(1,612,794)	2,239,797
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	2,205,600	640,000
Paid to other funds	(270,000)	-
Net cash provided by noncapital financing activities	1,935,600	640,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(135,397)	(577,626)
Cash effect of disposal of capital assets	-	18,155
Proceeds from issuance of debt	-	(3,489)
Interest paid on outstanding debt	(341,893)	(31,877)
Net cash (used in) capital and related financing activities	(477,290)	(594,837)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	812	447,263
Net cash provided by investing activities	812	447,263
Net increase (decrease) in cash and cash equivalents	(153,672)	2,732,223
CASH AND CASH EQUIVALENTS:		
Beginning of year	587,625	8,133,008
End of year	\$ 433,953	\$ 10,865,231

City of Lake Elsinore
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
<hr/>		
Operating income (loss)	\$ (3,501,597)	\$ 488,939
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,243,914	968,085
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(10,074)	-
Prepaid items	-	479,954
Inventories	(3,904)	-
Pension-related deferred outflows	(144,386)	220,710
OPEB-related deferred outflows	18,715	107,748
Increase (decrease) in liabilities:		
Accounts payable	23,717	82,054
Accrued liabilities	9,504	379,082
Deposits payable	11,775	-
Compensated absences	93,935	(656)
Net pension liability	454,365	(345,499)
Total OPEB liability	180,127	31,861
Pension-related deferred inflows	4,157	(38,310)
OPEB-related deferred inflows	6,958	(134,171)
Total adjustments	<hr/> 1,888,803	<hr/> 1,750,858
Net cash provided by (used in) operating activities	<hr/> <hr/> \$ (1,612,794)	<hr/> <hr/> \$ 2,239,797

Fiduciary Fund Financial Statements



City of Lake Elsinore
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Fund		Private-Purpose
	Assessment Districts	Trust Funds	
ASSETS:			
Cash and investments	\$ 7,006,536	\$ 4,973,789	
Receivables:			
Accounts	-	76,185	
Interest	126,295	14,914	
Prepaid items	35,837	258,212	
Due from other governments	363,173	-	
Land held for resale	-	6,039,994	
Deposits with other agencies	555,294	-	
Restricted assets:			
Cash and investments with fiscal agents	21,117,983	934	
Capital assets:			
Capital assets, not being depreciated	-	2,004,419	
Capital assets, net of accumulated depreciation	-	16,597,356	
Total assets	29,205,118	29,965,803	
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on refunding	-	958,806	
Total deferred outflows of resources	-	958,806	
LIABILITIES:			
Accounts payable	121,178	327,780	
Interest payable	-	484,753	
Due to City	106,404	-	
Deposits payable	129,788	-	
Long-term debt:			
Due within one year	-	4,070,000	
Due in more than one year	-	34,178,687	
Total liabilities	357,370	39,061,220	
NET POSITION (DEFICIT):			
Restricted for:			
Organizations and other governments	28,847,748	(8,136,611)	
Total net position (deficit)	\$ 28,847,748	\$ (8,136,611)	

City of Lake Elsinore
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Fund	
	Assessment Districts	Private-Purpose Trust Funds
ADDITIONS:		
Collection of special taxes	\$ 29,722,338	\$ 34,391
Taxes	-	13,478,613
Investment earnings	1,193,935	25,070
Contributions from City	36,986	-
Bond issuance proceeds	91,959,935	-
Miscellaneous	82,500	51,722
Total additions	122,995,694	13,589,796
DEDUCTIONS:		
Administrative expenses	282,833	394,877
Contractual services	30,948,127	5,103,946
Interest expense	9,774,756	1,485,385
Deposit of bond proceeds to escrow	90,451,592	-
Costs of debt issuance	386,845	-
Depreciation	-	2,407,151
Total deductions	131,844,153	9,391,359
Change in net position	(8,848,459)	4,198,437
NET POSITION (DEFICIT):		
Beginning of year	37,696,207	(12,335,048)
End of year	\$ 28,847,748	\$ (8,136,611)

Notes to the Basic Financial Statements



City of Lake Elsinore
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For the Year Ended June 30, 2025

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City of Lake Elsinore
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For the Year Ended June 30, 2025

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City of Lake Elsinore
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Lake Elsinore (the "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 include the financial activities of the City, the Successor Agency to the Lake Elsinore Redevelopment Agency, 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, 2025, 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. The following is a brief review of each component unit included in the primary government's reporting entity.

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 reports 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 service 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 installments 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

The Lake Elsinore Public Financing Authority - The "Public Financing 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 Public Financing Authority does not have taxing power. The City Council also acts as the governing body of the Public Financing Authority. The Public Financing 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 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 no longer has transactions to report.

The Lake Elsinore Facilities Financing Authority - On September 13, 2016, the City Council formed the Lake Elsinore Facilities Financing Authority ("Facilities Financing Authority") which is a joint powers agreement between the City and the Lake Elsinore Parking Authority to issue bonds. The use of 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 ("U.S. GAAP"). The Government Accounting Standards Board ("GASB") 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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (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 custodial 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.

The City's fiduciary funds are reported using the economic resources measurement focus and the accrual basis for reporting its assets, deferred outflows/inflows of resources, and liabilities.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 Cost Recovery System Special Revenue Fund is used 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.

The Measure Z Special Revenue Fund is used to account for revenues derived from a locally controlled one-cent sales transaction and use tax and to account for expenditures that address City services, public safety, health, or catastrophic emergencies.

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 Public Financing Authority.

The Facilities Financing Authority Debt Service Fund is used to account for debt service transactions and payments of principal and interest on long-term obligations of the Facilities Financing Authority.

The City reports the following enterprise fund as a major proprietary fund:

The Launch Pointe Fund 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.

Fiduciary Activities

The City presents its fiduciary activity information for assessing its accountability and financial reporting in their role as fiduciaries. The definition of a “fiduciary” is:

- The organization acts on behalf of another person or persons to manage assets;
- Fiduciary responsibility refers to the obligation that one party has in relationship with another one to act entirely on the other party’s behalf and best interest. It is considered to be the standard of the highest care.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fiduciary Activities (Continued)

Included within the reporting entity as fiduciary activities are the following:

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.

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.

The Custodial Fund uses the economic measurement focus to account for special assessments and taxes received by the City as a custodian for individuals, other governments and other entities and is used to pay interest, principal, and services on community facilities and assessment district bonds.

D. Cash, Cash Equivalents, and Investments

Investments of pooled cash consist primarily of pooled investment funds, liquidity funds and governmental bonds. Investments are stated at fair value, which is based on quoted market price. Money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

For purposes of the statement of cash flows, all highly liquid temporary investments purchased with a maturity of three months or less are considered cash equivalents.

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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents, and Investments (Continued)

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

GASB Statement No. 72, *Fair Value Measurement and Application*, defined fair value, established a framework for measuring fair value and established disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

E. Inventory

Inventories are valued at the weighted average unit cost.

F. Prepaid Items and Other Costs

Prepaid items contain payments to vendors that reflect costs applicable to future accounting periods in both government-wide and fund financial statements. The City accounts for these items using the consumption method.

G. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in our financial statements with an initial, individual value of \$10,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Leases (Continued)

Lessee (Continued)

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in our financial statements with an initial, individual value of \$10,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported on the statement of net position.

Lessor

The City is a lessor for leases of buildings and land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Leases (Continued)

Lessor (Continued)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the LAIF rate and the incremental borrowing rate (IBR) provided by its financial institutions at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$10,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported on the statement of net position.

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:

Assets	Years
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. Construction-in-Progress

Costs incurred for construction associated with projects are capitalized as construction-in-progress until such time as they are complete and operational. Upon completion, they are capitalized to depreciable assets. Depreciation commences at the time of capitalization.

K. 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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Employee Compensated Absences

The City accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is recognized for leave benefits (such as vacation and sick leave) when the benefits are attributable to services already rendered, accumulate for use in future periods, and are more likely than not to be used or paid. The liability is measured using the employee's pay rate in effect at the financial statement date and includes salary-related payments.

M. 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").

N. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The General Fund is typically used to liquidate the pension liability related to the City's governmental activities.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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

O. 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.

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Other Post-Employment Benefits (OPEB) (Continued)

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.

P. 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss 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. Second, the City has deferred outflows related to pensions, which arise only under a full accrual basis of accounting. Accordingly, this item 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, which are amortized by an actuarial determined period. Third, 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 and governmental balance sheet 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has five types of items for reporting in this category. First, the City has deferred inflows of resources related to pensions, which arise 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 are amortized by an actuarial determined period. Secondly, 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. Third, the City also has deferred inflows of resources related to OPEB, which arise only under a full accrual basis of accounting. Fourth, the City has deferred inflows of resources relating to lessor leases. Last, the City has deferred gain on refunding, which 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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. 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 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.

R. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

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

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

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

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

Unassigned Fund Balance - Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Fund Balances (Continued)

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.

S. Net Position

For the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by any debt outstanding and any deferred outflows/inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.

Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources.

T. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2025

The requirements of the following accounting standard is effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2025. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement had a moderate effect on the City's fiscal year ended June 30, 2025. See Note 19.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Implementation of New GASB Pronouncement for the Year Ended June 30, 2025 (Continued)

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. Application of this statement did not have an effect on the City's fiscal year ended June 30, 2025.

V. Upcoming GASB Pronouncements Implementation

In the next two years, the City will implement the following GASB Pronouncements:

GASB Statement No. 103 – In December 2023, GASB issued Statement No. *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

Note 2 – Stewardship, Compliance, and Accountability

A. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in progress at year-end are completed. They do not constitute expenditures or estimated liabilities.

The following funds have encumbrances at June 30, 2025:

	<u>Encumbrances</u>
Governmental Funds:	
General Fund	\$ 74,196
Capital Improvement Plan	16,517
The Anchor	46,129
LLMD No. 1	220
Fiduciary Funds:	
Successor Agency	35,850

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Stewardship, Compliance, and Accountability (Continued)

B. Deficit Fund Balance/Net Position

The following funds have deficit fund balance or net position at June 30, 2025:

Fund	Balance
Non-major Funds:	
CDBG Special Revenue Fund	\$ (34,959)
Fiduciary Funds:	
Successor Agency	
Private-Purpose Trust Fund	(8,206,552)

Deficit balances in governmental funds are expected to be covered by future revenues. The deficit fund balance in the Successor Agency private-purpose trust fund is expected to be covered by receipt of tax increment funding.

C. Excess of Expenditures over Appropriations

Excess expenditures over appropriations were as follows:

Fund	Expenditures	Appropriations	Excess
Major Funds:			
General Fund			
City Manager	\$ 1,428,957	\$ 1,389,040	\$ 39,917
General government - non-departmental	3,052,534	2,809,800	242,734
Code enforcement/graffiti	2,276,423	2,269,360	7,063
Lake services	1,917,528	1,433,160	484,368
Non-major Funds:			
City-wide Lighting and Landscaping Fund	2,308,685	2,109,162	199,523
The Anchor	1,141,867	1,020,980	120,887
Total Road Improvement	502,625	491,675	10,950

Note 3 – Cash and Investments

The City had the following cash and investments at June 30, 2025:

	Governmental Activities	Business-Type Activities	Primary Government	Fiduciary Activities	Total
Cash and investments	\$ 124,966,046	\$ 433,953	\$ 125,399,999	\$ 11,980,325	\$ 137,380,324
Restricted cash and investments with fiscal agent	150,564,112	-	150,564,112	21,118,917	171,683,029
Total cash and investments	\$ 275,530,158	\$ 433,953	\$ 275,964,111	\$ 33,099,242	\$ 309,063,353

Cash and investments consisted of the following at June 30:

Petty cash	\$ 2,750
Deposits with financial institutions	2,121,113
Investments	306,939,490
Total cash and investments	\$ 309,063,353

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

Demand Deposits

As of June 30, 2025, the carrying amount of demand deposits was \$2,121,113 and the bank balance was \$2,087,294, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

All cash accounts are pooled and swept nightly to a concentration account. Funds required to be held by fiscal agents under the provisions of bond indentures are not included in the pooled cash account.

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 Deposits	5 years	None	5%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	30 days	None	5%
Reverse Repurchase Agreements	92 days	10%	5%
Medium-Term Corporate Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	None	\$ 150,000,000
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.

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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

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	\$ 79,239,446	\$ 79,239,446	\$ -	\$ -	\$ -
Corporate Notes	12,109,424	-	1,062,318	9,520,841	1,526,265
Asset Backed Securities	7,214,981	-	214	4,661,243	2,553,524
Federal Agency Securities	10,647,748	-	2,977,387	6,977,189	693,172
U.S. Treasury Notes	23,205,717	-	73,128	23,132,589	-
Municipal Bonds	825,749	-	623,304	202,445	-
Bank Notes	531,270	-	-	531,270	-
Certificates of Deposit	1,189,013	285,826	-	903,187	-
California Asset Management Program Pool (CAMP)	293,111	293,111	-	-	-
Investments with Fiscal Agents:					
Money Market Mutual Funds	45,293,317	45,293,317	-	-	-
Local Obligation Bonds	126,389,714	126,389,714	-	-	-
Total	\$ 306,939,490	\$ 251,501,414	\$ 4,736,351	\$ 45,928,764	\$ 4,772,961

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk (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. In the event of a decline in property values and general economic conditions, the District may experience an increase in delinquent special assessment collections resulting from foreclosures. However, these special assessment taxes are fully recovered when foreclosed properties are purchased.

Investment Type	Total	Minimum Legal					Not Rated
		Rating	AAA	AA+	Other		
Local Agency Investment Fund	\$ 79,239,446	N/A	\$ -	\$ -	\$ -	\$ 79,239,446	-
Corporate Notes	12,109,424	AA	742,295	758,265	10,608,864	-	-
Asset Backed Securities	7,214,981	N/A	5,357,255	-	-	-	1,857,726
Federal Agency Securities	10,647,748	N/A	-	10,647,748	-	-	-
US Treasury Notes	23,205,717	N/A	-	23,205,717	-	-	-
Municipal Bonds	825,749	N/A	99,696	-	596,457	129,596	-
Bank Notes	531,270	N/A	-	-	531,270	-	-
Certificate of Deposit	1,189,013	N/A	-	-	903,187	285,826	-
California Asset Management Program Pool (CAMP)	293,111	N/A	-	-	293,111	-	-
Investments with Fiscal Agents:							
Money Market Mutual Funds	45,293,317		-	-	-	45,293,317	
Local Obligation Bonds	126,389,714		-	-	-	126,389,714	
Total	\$ 306,939,490		\$ 6,199,246	\$ 34,611,730	\$ 12,932,889	\$ 253,195,625	

The ratings for the “other” category above are as follows:

Other Category:		
AAAm	\$ 293,111	
AA-	2,231,497	
AA	772,983	
A-1	451,517	
A+	2,789,322	
A-	3,298,063	
A	2,690,799	
BBB+	405,597	
	\$ 12,932,889	

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 2004-3 IA-2 Local Agency Revenue Refunding Bonds, 2025 Series A	Local Obligation Bonds	\$ 22,359,874
CFD 2005-2 IA-A Local Agency Revenue Refunding Bonds, 2025 Series A	Local Obligation Bonds	\$ 15,618,474

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – 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, 2025, \$1,835,289 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 City is a participant in the State of California Local Agency Investment Fund ("LAIF"), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the City had \$79,239,446 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

Investment in California Asset Management Program

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

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

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

Investment in California Asset Management Program (Continued)

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.

As of June 30, 2025, the City had \$239,111 invested in CAMP.

Investment in Bonds

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

At June 30, 2025, the City had the following investment in bonds:

Investment Type	Fair Value
CFD 98-1 Local Agency Revenue Refunding Bonds, 2021 Series (Federally Taxable)	\$ 8,285,102
CFD 2003-2 IA-B Special Tax Refunding Bonds, 2017 Series	3,728,885
CFD 2003-2 IA-C Local Agency Revenue Refunding Bonds, 2021 Series (Federally Taxable)	5,744,999
CFD 2003-2 IA-D Local Agency Revenue Refunding Bonds, 2021 Series (Federally Taxable)	8,543,081
CFD 2005-5 Local Agency Revenue Refunding Bonds, 2021 Series (Federally Taxable)	2,827,849
CFD 2006-1 IA-A Local Agency Revenue Refunding Bonds, 2021 Series (Federally Taxable)	3,661,321
CFD 2006-1 IA-B Local Agency Revenue Bonds, 2021 Series B	2,541,764
CFD 2006-1 IA-FF Local Agency Revenue Bonds, 2021 Series B	3,286,421
CFD 2007-4 Local Agency Revenue Bonds, 2021 Series B	2,303,473
CFD 2015-5 Local Agency Revenue Bonds, 2021 Series B	1,787,177
CFD 2003-2 IA-A Local Agency Revenue Refunding Bonds, 2025 Series A	6,962,517
CFD 2003-2 IA-B Local Agency Revenue Refunding Bonds, 2025 Series A	11,223,082
CFD 2003-2 IA-C Local Agency Revenue Refunding Bonds, 2025 Series A	4,751,338
CFD 2004-3 IA-1 Local Agency Revenue Refunding Bonds, 2025 Series A	12,366,423
CFD 2004-3 IA-2 Local Agency Revenue Refunding Bonds, 2025 Series A	22,359,874
CFD 2005-1 Local Agency Revenue Refunding Bonds, 2025 Series A	4,929,311
CFD 2005-2 IA-A Local Agency Revenue Refunding Bonds, 2025 Series A	15,618,474
CFD 2005-6 Local Agency Revenue Refunding Bonds, 2025 Series A	1,763,550
CFD 2006-2 Local Agency Revenue Refunding Bonds, 2025 Series A	3,705,073
	\$ 126,389,714

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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

Fair Value Measurements (Continued)

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.

Fair value of assets measured on a recurring basis at June 30, 2025, are as follows:

Investment Type	Fair Value	Significant Other Observable Inputs (Level 2)	Uncategorized
Local Agency Investment Fund	\$ 79,239,446	\$ -	\$ 79,239,446
Corporate Notes	12,109,424	12,109,424	-
Asset Backed Securities	7,214,981	7,214,981	-
Federal Agency Securities	10,647,748	10,647,748	-
US Treasury Notes	23,205,717	23,205,717	-
Municipal Bonds	825,749	825,749	-
Bank Notes	531,270	531,270	-
Certificate of Deposits	1,189,013	1,189,013	-
California Asset Management Program Pool (CAMP)	293,111	-	293,111
Held by Bond Trustee:			
Money Market Mutual Bonds	45,293,317	45,293,317	-
Local Obligations Bonds	126,389,714	126,389,714	-
Total	<u>\$ 306,939,490</u>	<u>\$ 227,406,933</u>	<u>\$ 79,532,557</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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Loans Receivable from Successor Agency

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.

1995 Loan from Housing Fund

These 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 loan from the Low and Moderate-Income Housing Special Revenue Fund was repayable from all available revenues of the Successor Agency after payment of senior indebtedness in accordance with the governing loan agreement. As of June 30, 2025, loan and accrued interest were paid in full.

The following table represents the outstanding balance of loans receivable from the Successor Agency at June 30, 2025:

	Tax Allocation Revenue Bonds		Loans Receivable Balance	
	2020 Series A		\$	11,605,000

Note 5 – Notes Receivable

The City has the following notes receivable outstanding at June 30, 2025:

Description	Principal	Interest	Total Owed	Date of Note	Interest Rate	Maturity	Estimated Payoff Date
<u>General Fund</u>							
Pottery Court Housing Associates	\$ 1,000,000	\$ 450,000	\$ 1,450,000	12/10/2009	3.00%	55 Years	8/1/2067
Subtotal General Fund	1,000,000	450,000	1,450,000				
<u>Low and Moderate Income Housing Fund</u>							
Mission Trail Apartments	7,520,000	267,012	7,787,012	5/1/2018	0.50%	55 Years	5/1/2073
Mortgage Assistance	35,000	-	35,000	10/7/2020	0.00%	45 Years	10/7/2065
Pottery Court Apartments	9,737,000	3,876,242	13,613,242	3/10/2011	3.00%	55 Years	8/1/2067
Cottages at Mission Trail	5,074,276	951,322	6,025,598	4/1/2019	3.00%	55 Years	4/1/2074
Camberrn Ave Apartments	2,510,000	20,011	2,530,011	3/1/2025	3.00%	55 Years	12/31/2082
Subtotal Low and Moderate Income Housing Fund	24,876,276	5,114,587	29,990,863				
<u>Facilities Financing Authority Fund</u>							
2020 Series A loan agreement	11,605,000	-	11,605,000	9/1/2020	4.00%	10 years	3/1/2031
Subtotal Facilities Financing Authority	11,605,000	-	11,605,000				
<u>Affordable Housing Fund</u>							
Mission Trail Apartments	2,000,000	71,014	2,071,014	5/1/2018	0.50%	55 Years	5/1/2073
Mission Trail Apartments	695,250	24,686	719,936	5/1/2018	0.50%	55 Years	5/1/2073
Cottages at Mission Trail	646,974	121,294	768,268	4/1/2019	3.00%	55 Years	4/1/2074
Subtotal Affordable Housing Fund	3,342,224	216,994	3,559,218				
Total notes receivable	\$ 40,823,500	\$ 5,781,581	\$ 46,605,081				

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Notes Receivable (Continued)

General Fund - Pottery Court Housing Associates

The City has a note receivable in the amount of \$1,000,000 from Pottery Court Housing Associates, L.P. dated December 9, 2009. The proceeds of the loan assisted with the development of the Pottery Court Affordable Housing Project. This loan was funded with HOPE VI grant funds from the United States Department of Housing and Urban Development. The loan is to be repaid with interest in arrears in annual installments on July 1, commencing on July 1 in the calendar year immediately following the calendar year in which the deed of trust securing the permanent loan is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the loan in annual payments equal to 75 percent of the residual receipts as defined in the loan agreement. Notwithstanding any other provision, unless the loan is paid earlier, the outstanding principal and accrued unpaid interest is payable 55 years from the date of recording of the release of construction covenants. The release of construction covenants was recorded on August 8, 2012. At June 30, 2025, the total outstanding balance of \$1,450,000 includes accrued interest of \$450,000.

Affordable Housing - Mission Trail Apartments

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 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 Loan until the 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, 2025, the total outstanding balance of \$719,936 includes accrued interest of \$24,686.

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 completion of the Development. All residual receipts payments to the City shall be paid toward the Loan until the 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, 2025, the total outstanding balance of \$2,071,014 includes accrued interest of \$71,014.

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 Loan until the Loan is paid in full. After the 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, 2025, the total outstanding balance of \$7,787,012 includes accrued interest of \$267,012.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Notes Receivable (Continued)

Low and Moderate Income Housing - Pottery Court Apartments

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, 2025, the total outstanding balance of \$13,613,242 includes accrued interest of \$3,876,242.

2020 Series A Loan Agreement

The Public Financing Authority entered into loan agreements with the former Redevelopment Agency ("Agency") whereby the Public Financing 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 Public Financing 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 Public Financing Authority was transferred to the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore ("Successor Agency"). The 2010 Series A and B Tax Allocation Revenue Bonds were fully refunded with the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore Subordinated Tax Allocation Refunding Bonds Series, 2019A and the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore Tax Allocation Refunding Bonds, Series 2019B, respectively. In addition, the 2010 Series C Tax Allocation Revenue Bonds were fully refunded with the Facilities Financing Authority (Rancho Laguna Redevelopment Project Areas No. 1 and No. 11) Tax Allocation Revenue Refunding Bonds, Series 2020A. At June 30, 2025, the total outstanding balance of \$11,605,000.

Affordable Housing - Cottages at Mission Trail

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 Loan until the 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, 2025 the total outstanding balance of \$6,025,598 includes accrued interest of \$951,322.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Notes Receivable (Continued)

Affordable Housing - Cottages at Mission Trail (Continued)

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 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 Loan until the 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 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, 2025, the total outstanding balance of \$768,268 includes accrued interest of \$121,294.

Low and Moderate Income Housing - Mortgage Assistance

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$35,000 to the qualified buyer of the affordable unit and is secured by the affordable unit. The agreement was approved August 14, 2018 with the promissory note completed and recorded on October 7, 2020. The purpose for assistance was to supply a portion of the purchase price of the property to the qualified buyer. The First Mortgage was entered into concurrently with the sale of the affordable unit to the qualified buyer. The Second Mortgage Assistance by the Habitat for Humanity and the City's Third Mortgage Assistance did not result in any cash proceeds to the Developer. The affordable Unit was built on the City's property for the appraised value of \$35,000. The City assistance was converted to a grant upon completion of construction and sale to the qualified buyer. The City Third Lien Loan bears no interest and payments are not due during the dwelling's affordability covenants period of forty-five (45) years unless an event of acceleration occurs such as a prohibited transfer of property. As of June 30, 2025, the total outstanding balance is \$35,000.

Low and Moderate Income Housing - Cambern Ave. Apartments

The City's Low and Moderate-Income Housing Asset Special Revenue Fund has a note receivable in the amount of \$7,015,482 or such lesser amount as disbursed by the City to Cambern Avenue Housing Associates, L.P. dated May 1, 2025. The proceeds of the loan shall be used for the purpose of land acquisition and eligible predevelopment costs for the Cambern Avenue Apartments Affordable Housing Project. The City anticipates upon satisfaction of the conditions that all principal construction draws, less than 10% retention, will be disbursed within the Fiscal Year 2025-2026 along with the conversion to a new LMIHAF Loan for permanent financing. As of June 30, 2025, the outstanding loan balance of \$2,510,000 was used to purchase land. The total outstanding balance of \$2,530,011 includes accrued interest of \$20,011.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Leases Receivable

The City leases land to various companies for installation and operation of cellular towers. The term of these agreements is five years with renewal options of five to twenty years. The City also leases land and buildings to various companies and individuals for commercial purposes. The terms of these agreements are between nine and twenty-three years with various extension periods.

For the fiscal year ended June 30, 2025, the City recognized \$141,483 in lease revenue and \$21,086 in interest revenue, and the outstanding receivable amount was \$252,881.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

				Balance June 30, 2025	Classification	
	July 1, 2024	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 397,620	\$ -	\$ (144,739)	\$ 252,881	\$ 157,086	\$ 95,795
Total	\$ 397,620	\$ -	\$ (144,739)	\$ 252,881	\$ 157,086	\$ 95,795

As of June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 157,086	\$ 11,439	\$ 168,525
2027	72,537	4,751	77,288
2028	12,154	1,260	13,414
2029	3,584	332	3,916
2030	3,691	225	3,916
2031-2033	3,829	114	3,943
Total	\$ 252,881	\$ 18,121	\$ 271,002

As of June 30, 2025, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	
2026	\$ 141,483
2027	61,663
2028	9,585
2029	3,441
2030	6,880
2031-2033	-
Total	\$ 223,052

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Capital Assets

Governmental Activities

The following is a summary of changes in the governmental activities capital assets for the year ended June 30, 2025:

Governmental Activities:	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated/amortized:					
Land	\$ 6,855,275	\$ 1,177,799	\$ -	\$ -	\$ 8,033,074
Construction-in-progress	56,822,094	26,737,719	(719,853)	(8,820,367)	74,019,593
Total capital assets, not being depreciated/amortized	63,677,369	27,915,518	(719,853)	(8,820,367)	82,052,667
Capital assets being depreciated:					
Building and structures	28,428,676	-	-	2,086,340	30,515,016
Improvement and other than buildings	15,649,908	-	-	1,445,840	17,095,748
Machinery and equipment	3,713,055	325,804	(181,997)	-	3,856,862
Furniture and fixtures	1,252,355	93,536	-	-	1,345,891
Automotive equipment	5,673,739	192,723	(163,894)	-	5,702,568
Technology equipment and software	945,290	-	-	-	945,290
Infrastructure	265,757,839	-	-	5,288,187	271,046,026
Total capital assets being depreciated	321,420,862	612,063	(345,891)	8,820,367	330,507,401
Less accumulated depreciation:					
Building and structures	(9,598,865)	(639,438)	-	-	(10,238,303)
Improvement and other than buildings	(7,756,071)	(412,318)	-	-	(8,168,389)
Machinery and equipment	(2,273,900)	(306,866)	-	-	(2,580,766)
Furniture and fixtures	(927,412)	(59,635)	-	-	(987,047)
Automotive equipment	(3,933,687)	(535,380)	156,767	-	(4,312,300)
Technology equipment and software	(942,359)	(21,067)	-	-	(963,426)
Infrastructure	(139,426,723)	(6,940,501)	-	-	(146,367,224)
Total accumulated depreciation	(164,859,017)	(8,915,205)	156,767	-	(173,617,455)
Total capital assets, being depreciated, net	156,561,845	(8,303,142)	(189,124)	8,820,367	156,889,946
Capital assets being amortized:					
Right-to-use assets - building	-	119,517	-	-	119,517
Subscription assets	370,062	177,133	-	-	547,195
Total capital assets being amortized	370,062	296,650	-	-	666,712
Less accumulated amortization for:					
Right-to-use assets - building	-	(99,597)	-	-	(99,597)
Subscription assets	(198,005)	(164,515)	-	-	(362,520)
Total accumulated amortization	(198,005)	(264,112)	-	-	(462,117)
Total capital assets, being amortized, net	172,057	32,538	-	-	204,595
Governmental Activities					
Capital assets, net	\$ 220,411,271	\$ 19,644,914	\$ (908,977)	\$ -	\$ 239,147,208

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Capital Assets (Continued)

Governmental Activities (Continued)

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

Governmental Activities:	
General government	\$ 7,130,589
Public safety	417,070
Public services	407,138
Community services	256,435
Internal Service Funds	968,085
	<hr/>
	<hr/>
	\$ 9,179,317

Business-type Activities

The following is a summary of changes in the business-type activities capital assets for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type Activities:					
Capital assets, being depreciated:					
Building and structures	\$ 470,767	\$ 135,397	\$ -	\$ -	\$ 606,164
Improvement other than buildings	28,017,426	-	-	-	28,017,426
Machinery and equipment	341,454	-	-	-	341,454
Furniture and fixtures	440,676	-	-	-	440,676
Automotive equipment	494,272	-	-	-	494,272
Total capital assets being depreciated	<hr/> 29,764,595	<hr/> 135,397	<hr/> -	<hr/> -	<hr/> 29,899,992
Less accumulated depreciation:					
Building and structures	(147,359)	(21,448)	-	-	(168,807)
Improvement other than buildings	(6,935,204)	(1,122,441)	-	-	(8,057,645)
Machinery and equipment	(215,262)	(37,153)	-	-	(252,415)
Furniture and fixtures	(210,254)	(46,397)	-	-	(256,651)
Automotive equipment	(101,550)	(16,475)	-	-	(118,025)
Total accumulated depreciation	<hr/> (7,609,629)	<hr/> (1,243,914)	<hr/> -	<hr/> -	<hr/> (8,853,543)
Total capital assets, being depreciated, net	<hr/> 22,154,966	<hr/> (1,108,517)	<hr/> -	<hr/> -	<hr/> 21,046,449
Business-type Activities					
Capital assets, net	<hr/> \$ 22,154,966	<hr/> \$ (1,108,517)	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 21,046,449

Business-type activities depreciation expense for capital assets for year ended June 30, 2025, was \$1,243,914.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Capital Assets (Continued)

Fiduciary Activities

The following is a summary of changes in the fiduciary activities capital assets for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,004,419	\$ -	\$ -	\$ 2,004,419
Total capital assets, not being depreciated	<u>2,004,419</u>	<u>-</u>	<u>-</u>	<u>2,004,419</u>
Capital assets, being depreciated:				
Building and structures	33,763,761	933,860	-	34,697,621
Improvement other than buildings	531,302	1,084,175	-	1,615,477
Machinery and equipment	407,514	-	-	407,514
Furniture and fixtures	1,037,585	193,691	-	1,231,276
Total capital assets, Being depreciated	<u>35,740,162</u>	<u>2,211,726</u>	<u>-</u>	<u>37,951,888</u>
Less accumulated depreciation:				
Building and structures	(17,803,495)	(2,272,549)	-	(20,076,044)
Improvement other than buildings	(531,302)	-	-	(531,302)
Machinery and equipment	(275,843)	(29,343)	-	(305,186)
Furniture and fixtures	(336,741)	(105,259)	-	(442,000)
Total accumulated depreciation	<u>(18,947,381)</u>	<u>(2,407,151)</u>	<u>-</u>	<u>(21,354,532)</u>
Total capital assets, being depreciated, net	<u>16,792,781</u>	<u>(195,425)</u>	<u>-</u>	<u>16,597,356</u>
Fiduciary Activities				
Capital assets, net	<u>\$ 18,797,200</u>	<u>\$ (195,425)</u>	<u>\$ -</u>	<u>\$ 18,601,775</u>

Fiduciary activities depreciation expense for capital assets for year ended June 30, 2025, was \$2,407,151.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities

Governmental Activities

The following is a summary of changes in the long-term liability activity in the governmental activities for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Refunding	Ending Balance	Due Within One Year	Due in More Than One Year
Bonds Payable (Direct Borrowings):							
Public Financing Authority:							
Local Agency Revenue Bonds:							
2014 Series B	\$ 13,860,000	\$ -	\$ (720,000)	\$ (13,140,000)	\$ -	\$ -	\$ -
2015 Series	73,435,000	-	(3,125,000)	(70,310,000)	-	-	-
2019 Series A	5,980,000	-	(320,000)	(5,660,000)	-	-	-
Facilities Financing Authority:							
Local Agency Revenue Bonds:							
2017 Series	4,175,000	-	(150,000)	-	4,025,000	150,000	3,875,000
2021 Series B	10,155,000	-	(165,000)	-	9,990,000	180,000	9,810,000
Lease Revenue Bonds:							
2016 Series A	8,560,000	-	(270,000)	-	8,290,000	275,000	8,015,000
2021 Series A	7,875,000	-	(930,000)	-	6,945,000	940,000	6,005,000
2022 Series A	22,695,000	-	(395,000)	-	22,300,000	410,000	21,890,000
Tax Allocation Revenue Refunding Bonds:							
2020 Series A	12,875,000	-	(1,270,000)	-	11,605,000	1,750,000	9,855,000
Local Agency Revenue Refunding Bonds:							
2021 Series	30,790,000	-	(1,500,000)	-	29,290,000	1,525,000	27,765,000
2025 Series A	-	-	-	77,580,000	77,580,000	-	77,580,000
Certificates of Participation :							
2014 Series A	5,490,000	-	(275,000)	-	5,215,000	280,000	4,935,000
Subtotal	195,890,000	-	(9,120,000)	(11,530,000)	175,240,000	5,510,000	169,730,000
Add (less) deferred amounts:							
Bond premiums	9,973,512	-	(733,511)	844,050	10,084,051	-	10,084,051
Bond discounts	(334,563)	-	15,921	-	(318,642)	-	(318,642)
Subtotal	9,638,949	-	(717,590)	844,050	9,765,409	-	9,765,409
Total bonds	205,528,949	-	(9,837,590)	(10,685,950)	185,005,409	5,510,000	179,495,409
Loans Payable:							
2021 Loans Payable - So Cal Edison	2,658,230	-	(244,983)	-	2,413,247	252,562	2,160,685
Total loans payable	2,658,230	-	(244,983)	-	2,413,247	252,562	2,160,685
Lease Liability							
Lease liability	81,042	-	(60,070)	-	20,972	20,972	-
Total lease liability	81,042	-	(60,070)	-	20,972	20,972	-
Subscription Liability:							
Subscription liability	159,386	142,404	(145,893)	-	155,897	98,800	57,097
Total subscription liability	159,386	142,404	(145,893)	-	155,897	98,800	57,097
Total long-term debt	\$ 208,427,607	\$ 142,404	\$ (10,288,536)	\$ (10,685,950)	\$ 187,595,525	\$ 5,882,334	\$ 181,713,191

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Governmental Activities (Continued)

The issuance information for governmental activities bonds, including maturity, interest rate, and amount issued is detailed below:

	Date of Issue	Years of Maturity	Rate of Interest	Amount Authorized
Local Agency Revenue Bonds:				
2014 Series B	1/2014	2016-2041	3.00 - 5.00%	\$ 18,210,000
2015 Series	1/2015	2016-2041	2.00 - 5.00%	108,845,000
2017 Series	1/2017	2019-2045	2.00 - 4.00%	7,975,000
2019 Series A	1/2019	2021-2037	2.73%	7,145,000
2021 Series Refunding	1/2021	2021-2044	0.21 - 3.21%	34,970,000
2021 Series B	1/2021	2023-2048	4.00%	10,405,000
2025 Series A	1/2025	2034-2040	2.86 - 4.12%	77,580,000
Lease Revenue Bonds:				
2016 Series A	1/2016	2017-2046	1.25 - 3.75%	10,410,000
2021 Series A	1/2021	2022-2032	2.15%	10,470,000
2022 Series A	1/2022	2023-2052	4.13 - 5.25%	23,695,000
Tax Allocation Revenue Bonds:				
2020 Series A	1/2020	2025-2031	4.00%	12,875,000
Certificates of Participation:				
2014 Series A	1/2014	2015-2039	2.00 - 5.00%	7,965,000

Local Agency Revenue Bonds

2014 Series B

In July 2014, \$18,210,000 principal amount of 2014 Local Agency Revenue Bonds, Series B, was issued in accordance with the indenture described above. The bonds are due in annual installments of \$260,000 to \$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, 2025, the Bonds were refunded via the issuance of the Facilities Financing Authority 2025 Series A Local Agency Revenue Refunding Bonds.

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. On December 24, 2019, the bonds were partially redeemed in the amount of \$6,780,000. At June 30, 2025, the Bonds were refunded via the issuance of the Facilities Financing Authority 2025 Series A Local Agency Revenue Refunding Bonds.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Local Agency Revenue Bonds (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, 2025, the cash reserve balance of \$321,617 is sufficient to cover the Reserve Requirement of \$295,331.

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Future debt requirements for the 2017 Series Local Agency Revenue Bonds are as follows:

2017 Local Agency Revenue Refunding Bonds			
Year Ending June 30	Principal	Interest	Total
2026	\$ 150,000	\$ 139,894	\$ 289,894
2027	155,000	135,984	290,984
2028	155,000	131,819	286,819
2029	165,000	127,213	292,213
2030	165,000	122,263	287,263
2031-2035	910,000	527,106	1,437,106
2036-2040	1,050,000	358,150	1,408,150
2041-2045	1,275,000	131,500	1,406,500
Totals	\$ 4,025,000	\$ 1,673,929	\$ 5,698,929

2019 Series A

In December 2019, \$7,145,000 principal amount of 2019 Series Local Agency Revenue Bonds, was issued in accordance with the indenture. The bonds are due in annual installments of \$260,000 to \$600,000 from September 1, 2020 through September 1, 2036. Interest payments 2.73% per annum are due from March 1, 2020 through September 1, 2036. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2026 at specified redemption prices. At June 30, 2025, the Bonds were refunded via the issuance of the Facilities Financing Authority 2025 Series A Local Agency Revenue Refunding Bonds.

2021 Series A

In May 2021, \$34,970,000 principal amount of Local Agency Revenue Refunding Bonds, Series 2021, was issued to acquire special tax refunding obligations of community facilities districts, purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the bonds, purchase debt service reserve insurance policy for deposit on the reserve fund, and pay certain costs of issuance of the bonds. The bonds are due in annual installments of \$1,295,000 to \$2,115,000 from September 1, 2021 through September 1, 2044. Interest payments ranging from 0.212% to 3.212% are due from September 1, 2021 through September 1, 2021. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2036 at specified redemption prices. The reserve fund is fully funded by the deposit of the reserve surety policy. The City completed the refunding to reduce its total service payments by \$9,939,091 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$3,800,607.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Local Agency Revenue Bonds (Continued)

2021 Series A (Continued)

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Future debt requirements for the 2021 Series Local Agency Revenue Refunding Bonds are as follows:

Year Ending June 30	2021 Local Agency Revenue Refunding Bonds		
	Principal	Interest	Total
2026	\$ 1,525,000	\$ 734,997	\$ 2,259,997
2027	1,575,000	716,155	2,291,155
2028	1,610,000	692,814	2,302,814
2029	1,670,000	664,257	2,334,257
2030	1,720,000	630,375	2,350,375
2031-2035	8,535,000	2,517,164	11,052,164
2036-2040	5,745,000	1,566,849	7,311,849
2041-2045	6,910,000	493,042	7,403,042
Totals	<u>\$ 29,290,000</u>	<u>\$ 8,015,653</u>	<u>\$ 37,305,653</u>

2021 Series B

In July 2021, \$10,405,000 principal amount of Local Agency Revenue Bonds, Series 2021, was issued to acquire special tax refunding obligations of community facilities districts, purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the bonds, purchase debt service reserve insurance policy for deposit on the reserve fund, and pay certain costs of issuance of the bonds. The bonds are due in annual installments of \$105,000 to \$3,755,000 from September 1, 2022 through September 1, 2047.

Interest payments ranging from 0.212% to 3.212% are due from September 1, 2022 through September 1, 2047. The bonds are subject to call and redemption prior to their stated maturity commencing September 1, 2036 at specified redemption prices. The reserve fund is fully funded by the deposit of the reserve surety policy.

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Future debt requirements for the 2021 Series B Local Agency Revenue Refunding Bonds are as follows:

Year Ending June 30	2021 Local Agency Revenue Refunding Bonds		
	Principal	Interest	Total
2026	\$ 180,000	\$ 396,000	\$ 576,000
2027	195,000	388,500	583,500
2028	210,000	380,400	590,400
2029	230,000	371,600	601,600
2030	255,000	361,900	616,900
2031-2035	1,635,000	1,631,100	3,266,100
2036-2040	2,355,000	1,233,700	3,588,700
2041-2045	3,225,000	679,300	3,904,300
2046-2048	1,705,000	104,700	1,809,700
Totals	<u>\$ 9,990,000</u>	<u>\$ 5,547,200</u>	<u>\$ 15,537,200</u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Local Agency Revenue Bonds (Continued)

2025 Series A

In May 2025, \$77,580,000 principal amount of Local Agency Revenue Bonds, Series 2025A, was issued to (i) acquire certain special tax refunding obligations of community facilities districts formed by the City (the “Local Obligations”); (ii) to purchase a municipal bond insurance policy to guarantee payment of principal of and interest on the bond; (iii) purchase a debt service reserve insurance policy for deposit in the reserve fund to fund the initial reserve requirement; and (iv) pay costs of issuance of the bonds, including the premium for an insurance policy insuring the bonds. The Local Obligations are being issued to refund nine outstanding series of bonds issued by the community facilities districts, and with respect to certain series, were issued in connection with the Lake Elsinore Public Financing Authority’s Local Agency Revenue Bonds (Canyon Hills Improvement Areas A and C Refunding), 2014 Series B, the Local Agency Revenue Refunding Bonds, Series 2015, and the Local Agency Revenue Refunding Bonds, Series 2019A. The bonds are due in annual installments of \$815,000 to \$7,830,000 from September 1, 2026 through September 1, 2040 and carry an interest rate of 5.0%.

Future debt requirements for the 2025 Series A Local Agency Revenue Refunding Bonds are as follows:

Year Ending June 30	2025A Local Agency Revenue Refunding Bonds		
	Principal	Interest	Total
2026	\$ -	\$ 2,726,075	\$ 2,726,075
2027	3,425,000	3,793,375	7,218,375
2028	4,555,000	3,593,875	8,148,875
2029	4,935,000	3,356,625	8,291,625
2030	5,350,000	3,099,500	8,449,500
2031-2035	33,935,000	10,841,125	44,776,125
2036-2040	24,565,000	2,795,625	27,360,625
2041	815,000	20,375	835,375
Totals	\$ 77,580,000	\$ 30,226,575	\$ 107,806,575

Lease Revenue Bonds

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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Lease Revenue Bonds (Continued)

2016 Series A (Continued)

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the 2016 Series A Lease Refunding Bonds are as follows:

2016A Lease Revenue Bonds				
Year Ending June 30	Principal	Interest	Total	
2026	\$ 275,000	\$ 283,313	\$ 558,313	
2027	285,000	272,313	557,313	
2028	300,000	260,913	560,913	
2029	310,000	248,913	558,913	
2030	325,000	236,213	561,213	
2031-2035	1,760,000	1,030,331	2,790,331	
2036-2040	2,060,000	730,431	2,790,431	
2041-2045	2,435,000	355,381	2,790,381	
2046	540,000	18,900	558,900	
Totals	\$ 8,290,000	\$ 3,436,708	\$ 11,726,708	

2021 Series A

In December 2021, \$10,470,000 principal amount of Lease Revenue Refunding Bonds, Series 2021A, 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 \$840,000 to \$1,045,000 from February 1, 2022 through February 1, 2032. Interest payments of 2.15% are due from February 1, 2022 through February 1, 2032. The reserve fund is fully funded by the deposit of the reserve surety policy.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the 2021 Series A Lease Revenue Refunding Bonds are as follows:

2021A Lease Revenue Refunding Bonds				
Year Ending June 30	Principal	Interest	Total	
2026	\$ 940,000	\$ 118,065	\$ 1,058,065	
2027	960,000	102,085	1,062,085	
2028	975,000	85,765	1,060,765	
2029	990,000	69,190	1,059,190	
2030	1,010,000	52,360	1,062,360	
2031-2032	2,070,000	52,955	2,122,955	
Totals	\$ 6,945,000	\$ 480,420	\$ 7,425,420	

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Lease Revenue Bonds (Continued)

2022 Series A

In June 2022, \$23,695,000 principal amount of Lease Revenue Bonds, Series 2022A, 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 \$375,000 to \$1,435,000 from April 1, 2023 through April 1, 2052. Interest payments of 5.00% are due from April 1, 2023 through April 1, 2052. The certificates are subject to call and redemption prior to their stated maturity commencing April 1, 2036, at specified redemption prices. The reserve fund is fully funded by the deposit of the reserve surety policy.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the 2022 Series A Lease Refunding Bonds are as follows:

Year Ending June 30	2022A Lease Revenue Bonds		
	Principal	Interest	Total
2026	\$ 410,000	\$ 1,084,900	\$ 1,494,900
2027	435,000	1,064,400	1,499,400
2028	455,000	1,042,650	1,497,650
2029	475,000	1,019,900	1,494,900
2030	500,000	996,150	1,496,150
2031-2035	2,905,000	4,579,750	7,484,750
2036-2040	3,660,000	3,932,200	7,592,200
2041-2045	4,665,000	2,821,988	7,486,988
2046-2050	5,990,000	1,490,438	7,480,438
2051-2052	2,805,000	190,800	2,995,800
Totals	<u>\$ 22,300,000</u>	<u>\$ 18,223,176</u>	<u>\$ 40,523,176</u>

2020 Series A

In June 2020, \$12,875,000 principal amount of Tax Allocation Revenue Refunding Bonds, Series 2020A, was issued to make two separate loans to the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore for the purpose of refinancing certain obligations, to purchase debt service reserve insurance policies for the Bonds, and to pay certain costs of issuance. The bonds are due in annual installments of \$1,270,000 to \$9,475,000 from September 1, 2024 through September 1, 2030. Interest payments at 4% per annum are due from September 1, 2020 through September 1, 2030. The bonds are not subject to redemption prior to their stated maturity. The reserve fund is fully funded by the deposit of the reserve surety policy.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Tax Allocation Bonds

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Future debt requirements for the 2020 Series A Tax Allocation Revenue Refunding Bonds are as follows:

2020A Tax Allocation Revenue Bonds			
Year Ending June 30	Principal	Interest	Total
2026	\$ 1,750,000	\$ 429,200	\$ 2,179,200
2027	1,820,000	357,800	2,177,800
2028	1,895,000	283,500	2,178,500
2029	1,965,000	206,300	2,171,300
2030	2,045,000	126,100	2,171,100
2031	2,130,000	42,600	2,172,600
Totals	<u>\$ 11,605,000</u>	<u>\$ 1,445,500</u>	<u>\$ 13,050,500</u>

Certificates of Participation

2014 Series A

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.

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Future debt requirements for the Certificates of Participation, Series 2014 A, are as follows:

2014 Certificates of Participation			
Year Ending June 30	Principal	Interest	Total
2026	\$ 280,000	\$ 215,800	\$ 495,800
2027	290,000	207,400	497,400
2028	300,000	198,700	498,700
2029	315,000	183,700	498,700
2030	330,000	169,750	499,750
2031-2035	1,895,000	598,250	2,493,250
2036-2039	1,805,000	184,200	1,989,200
Totals	<u>\$ 5,215,000</u>	<u>\$ 1,757,800</u>	<u>\$ 6,972,800</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 \$6,972,800, payable through fiscal year 2039. For the current year, principal and interest paid by Measure A revenues were \$275,000 and \$223,363, respectively.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Loan Payable - Southern California Edison Equipment Purchase Agreement

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. On November 1, 2018, the City entered into an Equipment Purchase Agreement with Banc of America Leasing & Capital, LLC to finance the acquisition, installation, and retrofitting of these streetlights. The acquisition amount was \$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.

On August 17, 2021, The City and Banc of America amended and restated the Equipment Purchase Agreement effectively refinancing the 2018 Purchase and Sale Agreement. The new Equipment Purchase Agreement was issued for \$3,371,468 with payments due in bi-annual installments of \$162,363 from December 1, 2021 through December 1, 2033. The contract rate is 3.07% per annum. The balance on the lease payable at June 30, 2025, was \$2,413,247.

Future debt requirements for the equipment purchase agreement are as follows:

Year Ending June 30	2021 So Cal Edison Loan		
	Principal	Interest	Total
2026	\$ 252,562	\$ 72,163	\$ 324,725
2027	260,375	64,350	324,725
2028	268,430	56,295	324,725
2029	276,734	47,991	324,725
2030	285,295	39,430	324,725
2031-2034	1,069,851	66,689	1,136,540
Totals	<u>\$ 2,413,247</u>	<u>\$ 346,918</u>	<u>\$ 2,760,165</u>

Lease Liability

The City has entered into leases for building use. The remaining terms on the leases are 16 months and the calculated interest rates used were 5.825%.

Principal and interest payments to maturity as of June 30, 2025 are as follows:

Year Ending June 30	Lease Liability		
	Principal	Interest	Total
2026	\$ 20,972	\$ 306	\$ 21,278
Totals	<u>\$ 20,972</u>	<u>\$ 306</u>	<u>\$ 21,278</u>

Subscription Liability

The City has entered into subscription-based information technology arrangements (“SBITA”s) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 3 years. The calculated interest rate used ranges between 2.40% and 2.50%, depending on the length of the SBITA and date of the agreement.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Subscription Liability (Continued)

As of June 30, 2025, the capitalized right-to-use assets related to SBITAs were \$184,675 and the total subscription liability was \$155,897, of which \$98,800 is reported as a current liability representing the amount due within the next fiscal year.

Principal and interest payments to maturity as of June 30, 2025 are as follows:

Year Ending June 30	Subscription Liability		
	Principal	Interest	Total
2026	\$ 98,800	\$ 20,610	\$ 119,410
2027	25,953	11,419	37,372
2028	31,144	6,229	37,373
Totals	<u>\$ 155,897</u>	<u>\$ 38,258</u>	<u>\$ 194,155</u>

Fiduciary Activities

The following is a summary of changes in the long-term liability activity in the fiduciary activities for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loans Payable (Direct Borrowings) :					
City of Lake Elsinore	\$ 4,812,985	\$ -	\$ (4,812,985)	\$ -	\$ -
Lake Elsinore Facilities Financing Authority	12,875,000	-	(1,270,000)	11,605,000	1,750,000
Subtotal	<u>17,687,985</u>	<u>-</u>	<u>(6,082,985)</u>	<u>11,605,000</u>	<u>1,750,000</u>
Subordinate Tax Allocation Bonds :					
2015 Series	3,065,000	-	(240,000)	2,825,000	250,000
2019 Series A	8,235,000	-	(315,000)	7,920,000	330,000
2019 Series B	1,400,000	-	(695,000)	705,000	705,000
Premiums	1,026,355	-	(107,200)	919,155	-
Subtotal	<u>13,726,355</u>	<u>-</u>	<u>(1,357,200)</u>	<u>12,369,155</u>	<u>1,285,000</u>
Third Lien Tax Allocation Bonds :					
2018 Series A	1,770,000	-	(100,000)	1,670,000	105,000
2018 Series B	5,630,000	-	(375,000)	5,255,000	390,000
2020 Series B	4,500,000	-	(125,000)	4,375,000	130,000
2020 Series C	2,835,000	-	(405,000)	2,430,000	410,000
Discounts	(127,269)	-	8,777	(118,492)	-
Premiums	716,067	-	(53,043)	663,024	-
Subtotal	<u>15,323,798</u>	<u>-</u>	<u>(1,049,266)</u>	<u>14,274,532</u>	<u>1,035,000</u>
Total	<u>\$ 46,738,138</u>	<u>\$ -</u>	<u>\$ (8,489,451)</u>	<u>\$ 38,248,687</u>	<u>\$ 4,070,000</u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

Fiduciary Activities (Continued)

The issuance information for bonds, including maturity, interest rate and amount issued is detailed below:

	Date of Issue	Years of Maturity	Rate of Interest	Authorized
Loans payable				
Facilities Financing Authority	Various	Various	Various	\$ 12,875,000
Subordinate Tax				
Allocation Revenue Bonds:				
2015 Series	08/15	2017 - 2039	2.00 - 5.00%	8,065,000
2019 Series A	06/19	2020 - 2033	5.00%	9,260,000
2019 Series B	10/19	2021 - 2025	1.99%	4,050,000
Third Lien Tax Allocation Bonds				
2018A&B	02/18	2019-2038	Various	10,320,000
2020B&C	12/20	2022-2038	3.00 - 4.00%	9,390,000

A. Loans Payable

Facilities Financing Authority

The Facilities Financing Authority issued Tax Allocation Revenue Refunding Bonds to make two separate loans to the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore ("the Successor Agency") for the purpose of refinancing certain obligations of the former Redevelopment Agency of the City of Lake Elsinore (the "Former Agency"). The Former Agency previously entered into Project Area I and Project Area II loan agreements with the Lake Elsinore Public Financing Authority (the "Public Financing Authority"). The Successor Agency assumed responsibility of all debt management with respect to the Former Agency and the Successor may refinance outstanding bonds with approval from the County Oversight Board and the California Department of Finance ("DOF"), provided that the total interest costs, principal amount, and final maturity on the refunding bonds do not exceed that of the prior bonds. Both the County Oversight Board and the DOF approved the refinancing.

The proceeds of the bonds were loaned to the Successor Agency pursuant to the loan agreements with the Authority in the principal amount of the bonds. The Successor Agency property tax increment is pledged for payment of the debt issued.

At June 30, 2025, outstanding principal under loan agreements between the Successor Agency and the Authority totaled \$11,605,000 based on 2020 Series A, Tax Allocation Revenue Refunding Bonds.

2020 Series A

In June 2021, \$12,875,000 principal amount of Tax Allocation Revenue Refunding Bonds, Series 2020A, was issued by the Facilities Financing Authority. The proceeds were used to make two separate loans to the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore for the purpose of refinancing certain obligations, to purchase debt service reserve insurance policies for the Bonds, and to pay certain costs of issuance. The loan is payable in annual installments of \$1,270,000 to \$2,130,000 from September 1, 2024, through September 1, 2030; and bears interest at 4.00%.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

A. Loans Payable (Continued)

2020 Series A (Continued)

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture.

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

Year Ending June 30	Lake Elsinore Facilities Financing Authority		
	Principal	Interest	Total
2026	\$ 1,750,000	\$ 429,200	\$ 2,179,200
2027	1,820,000	357,800	2,177,800
2028	1,895,000	283,500	2,178,500
2029	1,965,000	206,300	2,171,300
2030	2,045,000	126,100	2,171,100
2031	2,130,000	42,600	2,172,600
Totals	<u>\$ 11,605,000</u>	<u>\$ 1,445,500</u>	<u>\$ 13,050,500</u>

B. 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, 2025, is \$2,825,000.

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture.

Year Ending June 30	2015 Subordinate Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 250,000	\$ 97,156	\$ 347,156
2027	260,000	86,956	346,956
2028	275,000	74,881	349,881
2029	285,000	63,731	348,731
2030	290,000	54,925	344,925
2031-2035	1,295,000	125,516	1,420,516
2036-2039	170,000	12,688	182,688
Totals	<u>\$ 2,825,000</u>	<u>\$ 515,853</u>	<u>\$ 3,340,853</u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

B. Tax Allocation Revenue Bonds (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, 2025, is \$7,920,000.

In the event of a default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Future debt requirements for the Subordinated Tax Allocation Refunding Bonds, Series 2019A, are as follows:

Year Ending June 30	2019A Subordinate Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 330,000	\$ 387,750	\$ 717,750
2027	340,000	371,000	711,000
2028	365,000	353,375	718,375
2029	380,000	334,750	714,750
2030	400,000	315,250	715,250
2031-2034	6,105,000	662,375	6,767,375
Totals	\$ 7,920,000	\$ 2,424,500	\$ 10,344,500

2019 Series B

In October 2019, \$4,050,000 principal amount of Subordinated Tax Allocation Refunding Bonds, Series 2019B 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 \$650,000 to \$705,000 from September 1, 2020 through September 1, 2025; interest at 1.99%. The balance at June 30, 2025, is \$705,000.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the Subordinated Tax Allocation Refunding Bonds, Series 2019B, are as follows:

Year Ending June 30	2019B Subordinate Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 705,000	\$ 7,015	\$ 712,015
Totals	\$ 705,000	\$ 7,015	\$ 712,015

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

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, 2025, is \$1,670,000.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the Subordinated Tax Allocation Refunding Bonds, Series 2018 A, are as follows:

Year Ending June 30	2018A Third Lien Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 105,000	\$ 50,544	\$ 155,544
2027	105,000	48,181	153,181
2028	105,000	45,556	150,556
2029	110,000	42,800	152,800
2030	115,000	39,775	154,775
2031-2035	880,000	143,469	1,023,469
2036-2038	250,000	16,944	266,944
Totals	<u>\$ 1,670,000</u>	<u>\$ 387,269</u>	<u>\$ 2,057,269</u>

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, 2025, is \$5,255,000.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the Subordinated Tax Allocation Refunding Bonds, Series 2018 B, are as follows:

Year Ending June 30	2018B Third Lien Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 390,000	\$ 202,881	\$ 592,881
2027	405,000	189,231	594,231
2028	415,000	174,550	589,550
2029	435,000	159,506	594,506
2030	450,000	142,650	592,650
2031-2035	2,525,000	436,206	2,961,206
2036-2038	635,000	51,400	686,400
Totals	<u>\$ 5,255,000</u>	<u>\$ 1,356,424</u>	<u>\$ 6,611,424</u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

C. Third Lien Tax Allocation Bonds (Continued)

2020 Series B

In December 2020, \$4,835,000 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 \$100,000 to \$705,000 from March 1, 2022 through March 1, 2038; interest at 3.000% to 4.000%. The balance at June 30, 2025, is \$4,375,000.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the Subordinated Tax Allocation Refunding Bonds, Series 2020 B, are as follows:

Year Ending June 30	2020B Third Lien Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 130,000	\$ 175,000	\$ 305,000
2027	135,000	169,800	304,800
2028	140,000	164,400	304,400
2029	145,000	158,800	303,800
2030	150,000	153,000	303,000
2031-2035	2,950,000	533,400	3,483,400
2036-2038	725,000	58,800	783,800
Totals	<u>\$ 4,375,000</u>	<u>\$ 1,413,200</u>	<u>\$ 5,788,200</u>

2020 Series C

In December 2020, \$4,555,000 principal amount of Tax Allocation Bonds, Series C, 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 \$260,000 to \$310,000 from March 1, 2021 through March 1, 2031; interest at 0.0473% to 2.473%. The balance at June 30, 2025, is \$2,430,000.

In the event of default, the Trustee will be entitled to sue to enforce payment and receive any and all amounts from any monies available for such purpose in any manner provided by law. Future debt requirements for the Subordinated Tax Allocation Refunding Bonds, Series 2020 C, are as follows:

Year Ending June 30	2020C Third Lien Tax Allocation Bonds		
	Principal	Interest	Total
2026	\$ 410,000	\$ 49,447	\$ 459,447
2027	415,000	43,092	458,092
2028	425,000	35,829	460,829
2029	430,000	27,231	457,231
2030	440,000	17,888	457,888
2031	310,000	7,666	317,666
Totals	<u>\$ 2,430,000</u>	<u>\$ 181,153</u>	<u>\$ 2,611,153</u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

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 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 \$8,065,000 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, 2025, is \$0. In addition, property tax increment accrued as of June 30, 2025 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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Long-Term Liabilities (Continued)

E. Commitments and Contingencies (Continued)

Lake Elsinore Stadium (Continued)

The Successor Agency and the Lake Elsinore Storm entered into a Stadium Interim Management Agreement dated January 1, 2013 to provide for the performance by 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 \$1,196,253 for the 2025 fiscal year. This amount is net of payments owed to the Successor Agency pursuant to a License Agreement, as amended, and includes payments by the Successor Agency due pursuant to a Stadium Field and Maintenance Agreement, as amended, and assignment of revenues pursuant to a Concession License Agreement, as amended. The Management Agreement was amended and expires on September 30, 2026.

Other Matters

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

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate- Income Housing set-aside and pass-through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. 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 \$13,478,613 and the required debt service obligation on the bonds was \$5,048,444.

Unused Line of Credit

The City entered into an agreement with the State of California, Department of Fish and Wildlife in 2007. The Stream or Lake Alteration agreement is for the Lake Elsinore Boat Launch Facility project. The agreement includes stipulations that require measures that ensure protection of fish, wildlife, and habitat of the areas affected by the project. Stipulations also require the City to obtain an Irrevocable Standby Letter of Credit in the amount of \$277,000 with the Department of Fish and Wildlife as the beneficiary. This letter of credit serves as a security device for the performance by the City. At June 30, 2025, the letter of credit is still held as required by the State and no funds have been withdrawn.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Community Facilities District Bonds

The Community Facilities District 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. Neither the faith and credit nor taxing power of the City 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 Community Facilities District Bonds outstanding are as follows:

	Original Issue	Outstanding Amount at June 30, 2025
CFD 2003-2 IA-A Canyon Hills (2025 Series A)	\$ 6,455,000	\$ 6,455,000
CFD 2003-2 IA-B Canyon Hills (2017 Series)	7,975,000	4,025,000
CFD 2003-2 IA-B Canyon Hills (2025 Series A)	10,405,000	10,405,000
CFD 2003-2 IA-C Canyon Hills (2021 Series)	6,260,000	5,790,000
CFD 2003-2 IA-C Canyon Hills (2025 Series A)	4,405,000	4,405,000
CFD 2003-2 IA-D Canyon Hills (2016 Series A)	16,495,000	15,150,000
CFD 2003-2 IA-D Canyon Hills (FFA 2021 Series)	9,455,000	8,610,000
CFD 2003-2 IA-E Canyon Hills (2018 Series)	2,655,000	2,395,000
CFD 2004-3 IA-1 Rosetta Canyon (2025 Series A)	11,465,000	11,465,000
CFD 2004-3 IA-2 Rosetta Canyon (2025 Series A)	20,730,000	20,730,000
CFD 2005-1 Serenity (2025 Series A)	4,570,000	4,570,000
CFD 2005-2 IA-A Alberhill Ranch (2025 Series A)	14,480,000	14,480,000
CFD 2005-5 Wasson Canyon (FFA 2021 Series)	3,465,000	2,850,000
CFD 2005-6 City Center (2025 Series A)	1,635,000	1,635,000
CFD 2006-1 IA-A Summerly (FFA 2021 Series)	4,095,000	3,690,000
CFD 2006-1 IA-B Summerly (FFA 2021 Series B)	2,690,000	2,560,000
CFD 2006-1 IA-CC Summerly (2016 Series A)	3,000,000	2,640,000
CFD 2006-1 IA-EE Summerly (2017 Series A)	5,070,000	4,720,000
CFD 2006-1 IA-FF Summerly (FFA 2021 Series B)	3,420,000	3,310,000
CFD 2006-1 IA-HH Summerly (2019 Series)	5,395,000	5,295,000
CFD 2006-1 IA-II Summerly (2020 Series)	7,790,000	7,610,000
CFD 2006-1 IA-JJ Summerly (2018 Series)	5,370,000	5,160,000
CFD 2006-1 IA-KK Summerly (Special Tax 2021 Series)	5,265,000	5,160,000
CFD 2006-2 Viscaya (2025 Series A)	3,435,000	3,435,000
CFD 2006-4 Rosetta Hills (2024 Series)	5,090,000	5,025,000
CFD 2006-6 Tessera (2022 Series)	3,535,000	3,510,000
CFD 2006-8 Running Deers (2023 Series)	3,615,000	3,615,000
CFD 2007-4 Makenna Court (FFA 2021 Series B)	2,390,000	2,320,000
CFD 2007-5 Red Kite (2018 Series)	1,740,000	1,535,000
CFD 2015-5 Trieste (FFA 2021 Series B)	1,905,000	1,800,000
CFD 2016-2 Canyon Hills (2018 Series)	19,745,000	19,000,000
CFD 2016-2 Canyon Hills (2022 Sub Series)	1,411,480	1,399,200
CFD 2019-1 Westlake (Special Tax 2021 Series)	6,610,000	6,480,000
CFD 2019-2 Nichols Ranch (Special Tax 2024 Series)	7,815,000	7,815,000
CFD 98-1 Summerhill (FFA 2021 Series)	11,695,000	8,350,000
	\$ 231,531,480	\$ 217,394,200

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2025:

	Balance July 1, 2024	Restatement	Net Change	Balance June 30, 2025	Due Within One Year
Governmental Activities	\$ 1,546,191	\$ 76,912	\$ (95,948)	\$ 1,527,155	\$ 1,252,267
Business-Type Activities	-	41,372	40,755	82,127	67,345
Total	\$ 1,546,191	\$ 118,284	\$ (55,193)	\$ 1,609,282	\$ 1,319,612

Compensated absences do not have a fixed repayment schedule and become payable when leave is used by employees.

Note 11 – Inter-fund Receivables, Payables, Transfers, and Advances

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 Other Funds

Due to and from other funds are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 3,201,495	\$ -
Traffic Safety Special Revenue Fund	-	(18,972)
CDBG Special Revenue Fund	-	(184,434)
Animal Shelter Special Revenue Fund	-	(872)
NPDES Special Revenue Fund	-	(252,896)
PEG Grant Special Revenue Fund	-	(1,839)
Pedestrian Sidewalk SB821 Special Revenue Fund	-	(113,998)
TUMF Capital Projects Fund	-	(1,097,934)
Launch Point Enterprise Fund	-	(1,530,550)
Total	\$ 3,201,495	\$ (3,201,495)

The outstanding balances above between funds are to provide cash flows for expenditures or to cover negative cash balances at June 30.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Inter-fund Receivables, Payables, Transfers, and Advances (Continued)

Transfers In/Out

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

	Transfers In					
	General Fund	Capital Improvement Plan Fund	Non-Major Governmental Funds	Launch Pointe Enterprise Fund	Fleet Services Internal Service Fund	Total
Transfers Out						
Governmental Funds:						
General Fund	\$ -	\$ -	\$ 858,321	\$ -	\$ -	\$ 858,321
Measure Z Fund	-	11,369,362	1,074,718	-	640,000	13,084,080
Low and Moderate Income Housing Fund	-	64,491	-	-	-	64,491
Capital Improvement Plan Fund	-	-	832,631	675,050	-	1,507,681
Non-Major Governmental Funds	781,500	16,172,848	633,551	-	-	17,587,899
Total	\$ 781,500	\$ 27,606,701	\$ 3,399,221	\$ 675,050	\$ 640,000	\$ 33,102,472

The transfers between the General Fund, Low and Moderate Income Housing 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 to fund capital related projects. The transfers between the Measure Z Fund and the General Fund and Capital Improvement Fund were to fund various Measure Z approved projects. The transfers between the Capital Improvement Plan Capital Project Fund and the Other Government Funds were made to fund construction costs.

Advances To/From Other Funds

The Facilities Financing 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, 2020, the campground has become fully operational and a new business-type Fund, Launch Pointe, was 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, 2025 is \$8,290,000, which is to be paid according to the following schedule:

	Principal	Interest	Total
2026	\$ 275,000	\$ 283,312	\$ 558,312
2027	285,000	272,312	557,312
2028	300,000	260,912	560,912
2029	310,000	248,913	558,913
2030	325,000	236,513	561,513
2031-2035	1,760,000	1,030,331	2,790,331
2036-2040	2,060,000	730,431	2,790,431
2041-2045	2,435,000	355,381	2,790,381
2046	540,000	18,900	558,900
	\$ 8,290,000	\$ 3,437,005	\$ 11,727,005

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Fund Balance and Net Position

The details of the fund balances in the governmental funds as of June 30, 2025, are presented below:

	General Fund	Cost Recovery System Special Revenue Fund	Measure Z Special Revenue Fund	Low and Moderate Income Housing Special	Capital Improvement Plan Capital Projects Fund	Public Financing Authority Debt Service Fund	Facilities Financing Authority	Non - Major Governmental Funds	Total Governmental Funds
Fund balances:									
Nonspendable:									
Prepaid items	\$ 139,774	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ 928,805	\$ -	\$ 1,072,579
Notes and loans receivable	1,000,000	-	-	-	-	-	-	-	1,000,000
Endowment principal	-	-	-	-	-	-	-	20,000	20,000
Total nonspendable	1,139,774	-	-	-	4,000	-	928,805	20,000	2,092,579
Restricted for:									
Debt service	-	-	-	-	-	37,718	166,490,220	-	166,527,938
Public facilities and improvements	-	-	-	-	-	-	-	13,084,137	13,084,137
Low and moderate income housing	-	-	-	64,649,041	-	-	-	4,768,633	69,417,674
Transportation and public works	-	-	-	-	-	-	-	4,744,550	4,744,550
Capital projects	-	-	-	8,495,347	-	-	-	241,812	8,737,159
Lighting and landscape maintenance	-	-	-	-	-	-	-	2,182,935	2,182,935
Development	-	-	-	-	-	-	-	2,440,619	2,440,619
Other purposes	-	-	-	-	-	-	-	-	-
Total restricted	-	-	8,495,347	64,649,041	-	37,718	166,490,220	27,462,686	267,135,012
Assigned for:									
Construction	-	-	-	-	17,445,749	-	-	-	17,445,749
Scholarships	-	-	-	-	-	-	-	17,359	17,359
Total assigned	-	-	-	-	17,445,749	-	-	17,359	17,463,108
Unassigned (deficit)	23,230,111	-	-	-	-	-	-	(34,959)	23,195,152
Total fund balances	\$ 24,369,885	\$ -	\$ 8,495,347	\$ 64,649,041	\$ 17,449,749	\$ 37,718	\$ 167,419,025	\$ 27,465,086	\$ 309,885,851

The details of net investment in capital assets in the Statement of Net Position as of June 30, 2025, are presented below:

	Governmental Activities	Internal Service Funds	Total Governmental Activities	Business-Type Activities/ Enterprise Funds
Capital assets, not being depreciated	\$ 82,052,667	\$ -	\$ 82,052,667	\$ -
Capital assets, net of depreciation and amortization	154,528,294	2,566,247	157,094,541	21,046,449
Less: debt related to capital assets *	(69,120,525)	(155,897)	(69,276,422)	-
Less: retentions payable	(459,455)	-	(459,455)	-
Less: capital-related accounts payable	(3,417,860)	-	(3,417,860)	-
Plus: deferred amount on capital debt	2,427,126	-	2,427,126	-
Plus: unspent capital debt proceeds	18,621,043	-	18,621,043	-
Net investment in capital assets	\$ 184,631,290	\$ 2,410,350	\$ 187,041,640	\$ 21,046,449

* Includes the 2017 and 2021B Local Agency Revenue Bonds, the 2016A, 2021A, and 2022A Lease Revenue Bonds, the 2014A Certificates of Participation, the 2021 So Cal Edison Loans Payable, the lease liability, and the subscription liability.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Pension Plans

A summary of pension-related items in the financial statements as of June 30, 2025 is as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS M iscellaneous	\$ 2,347,458	\$ 130,158	\$ 2,477,616
Total pension contribution made after measurement date	<u>2,347,458</u>	<u>130,158</u>	<u>2,477,616</u>
Changes in assumptions			
CalPERS M iscellaneous	376,433	19,812	396,245
CalPERS Safety	81	4	85
Total change in assumptions	<u>376,514</u>	<u>19,816</u>	<u>396,330</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS M iscellaneous	843,153	44,377	887,530
CalPERS Safety	158	8	166
Total projected earnings on pension plan investments in excess of actual earnings	<u>843,311</u>	<u>44,385</u>	<u>887,696</u>
Adjustment due to difference in proportions			
CalPERS M iscellaneous	75,838	3,991	79,829
CalPERS Safety	27	1	28
Total adjustment due to difference in proportions	<u>75,865</u>	<u>3,992</u>	<u>79,857</u>
Difference between expected and actual experience			
CalPERS M iscellaneous	1,266,283	66,646	1,332,929
CalPERS Safety	267	14	281
Total difference between expected and actual experience	<u>1,266,550</u>	<u>66,660</u>	<u>1,333,210</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS M iscellaneous	345,716	18,196	363,912
CalPERS Safety	3,252	171	3,423
Total employer contributions in excess of proportionate share of contribution	<u>348,968</u>	<u>18,367</u>	<u>367,335</u>
Total deferred outflows of resources			
CalPERS M iscellaneous	5,254,881	283,180	5,538,061
CalPERS Safety	3,785	198	3,983
Total deferred outflows of resources	<u>\$ 5,258,666</u>	<u>\$ 283,378</u>	<u>\$ 5,542,044</u>
Net pension liabilities:			
CalPERS M iscellaneous	\$ 14,646,018	\$ 770,843	\$ 15,416,861
CalPERS Safety	3,265	172	3,437
Total net pension liabilities	<u>\$ 14,649,283</u>	<u>\$ 771,015</u>	<u>\$ 15,420,298</u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Pension Plans (Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources:			
Adjustment due to difference in proportions			
CalPERS Miscellaneous	\$ 276,970	\$ 14,577	\$ 291,547
CalPERS Safety	6,802	358	7,160
Total adjustment due to difference in proportions	<u>283,772</u>	<u>14,935</u>	<u>298,707</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Miscellaneous	15,029	791	15,820
CalPERS Safety	1,236	65	1,301
Total employer contributions in excess of proportionate share of contribution	<u>16,265</u>	<u>856</u>	<u>17,121</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	49,409	2,601	52,010
CalPERS Safety	9	-	9
Total difference between expected and actual experience	<u>49,418</u>	<u>2,601</u>	<u>52,019</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	341,408	17,969	359,377
CalPERS Safety	8,047	425	8,470
Total deferred inflows of resources	<u>\$ 349,455</u>	<u>\$ 18,394</u>	<u>\$ 367,847</u>
Pension expense (credit):			
CalPERS Miscellaneous	\$ 2,942,234	\$ 154,854	\$ 3,097,088
CalPERS Safety	(3,346)	(176)	(3,522)
Total net pension expense (credit)	<u>\$ 2,938,888</u>	<u>\$ 154,678</u>	<u>\$ 3,093,566</u>

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

The rate plan provisions and benefits in effect at the measurement date, are summarized as follows:

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	2.5% 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	7.96%	6.92%	6.75%
Required normal employer contribution rates	14.92%	10.10%	7.68%
Required employer payment of unfunded liability	\$0	\$0	\$0

Safety Plan		
	Prior to January 1, 2013	On or After January 1, 2013
Hire date	January 1, 2013	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, 2025, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$2,477,616.

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$15,420,298.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Pension Plans (Continued)

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, 2024, 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, 2023, rolled forward to June 30, 2024, 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.

Proportion		Change
June 30, 2025	June 30, 2024	Increase
0.12715%	0.12691%	0.00024%

For the year ended June 30, 2025, the City recognized pension expense (credit) of \$3,093,566. At June 30, 2025, 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
Contributions after the measurement date	\$ 2,477,616	\$ -
Change of assumptions	396,330	-
Difference between expected and actual experience	1,333,210	(52,019)
Difference between projected and actual earnings on investments	887,696	-
Differences between actual contributions vs. proportionate share of contributions	367,335	(17,121)
Change in employer proportion	79,857	(298,707)
Total	\$ 5,542,044	\$ (367,847)

The \$2,477,616 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, 2026. 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:

Year Ending June 30	Deferred Outflows/Inflows of Resources
2026	\$ 937,845
2027	2,057,588
2028	20,935
2029	(319,787)
2030	-
Thereafter	-
Total	\$ 2,696,581

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Pension Plans (Continued)

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

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68.
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from November 2021, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Pension Plans (Continued)

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

Discount Rate (Continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (“PERF C”) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 PERF C 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class	Strategic Allocation	Real Return
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate -1%	Current	Discount Rate +1%
	5.90%	Discount 6.90%	7.90%
Miscellaneous	\$ 24,368,399	\$ 15,416,861	\$ 8,048,428
Safety	6,852	3,437	645
Total net pension liability	\$ 24,375,251	\$ 15,420,298	\$ 8,049,073

Net pension liability is liquidated by the General Fund and are reported as a liability of the governmental activities.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Other Post-Employment Benefits (OPEB)

A summary of OPEB-related items included in the financial statements at June 30, 2025 is as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Contributions made after measurement date	\$ 953,309	\$ 60,850	\$ 1,014,159
Changes in assumptions	2,735,058	174,578	2,909,636
Difference between expected and actual experience	143,530	9,162	152,692
Total deferred outflows of resources	<u><u>\$ 3,831,897</u></u>	<u><u>\$ 244,590</u></u>	<u><u>\$ 4,076,487</u></u>
Total OPEB liability	<u><u>\$ 17,786,100</u></u>	<u><u>\$ 1,135,283</u></u>	<u><u>\$ 18,921,383</u></u>
Deferred inflows of resources:			
Changes in assumptions	\$ 6,473,325	\$ 413,191	\$ 6,886,516
Difference between expected and actual experience	1,596,442	101,901	1,698,343
Total deferred inflows of resources	<u><u>\$ 8,069,767</u></u>	<u><u>\$ 515,092</u></u>	<u><u>\$ 8,584,859</u></u>
OPEB expense (credit):	<u><u>\$ 17,566</u></u>	<u><u>\$ 26,653</u></u>	<u><u>\$ 44,219</u></u>

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.

Other post-employment benefit obligations are liquidated by the General Fund and are reported as a liability of the governmental activities.

Employees Covered

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

	<u><u>Participants</u></u>
Active	106
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to, but not yet receiving benefits	-
	<u><u>165</u></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, 2024, the City's cash contributions were \$953,309 in total payments, which were recognized as a reduction to the OPEB liability.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Other Post-Employment Benefits (OPEB) (Continued)

Total OPEB Liability

The City's Total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 3, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	4.09%
Inflation	2.30%
Salary Increases	2.80% per annum, in aggregate
Investment Rate of Return	N/A
Mortality Rate	Based on assumptions for Public Agency Miscellaneous
Pre-Retirement Turnover	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2023_1b" using baseline assumptions. Applied to both claims and premiums.

Discount Rate

The discount rate used to measure the Total OPEB liability was 4.09%. 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 3.86% to 4.09% based on updated 20-year municipal bond rates.

Changes in the Total OPEB Liability

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

	<u>Increase (Decrease)</u>
	<u>Total OPEB Liability</u>
Balance at June 30, 2023 (measurement date)	\$ 19,103,128
Changes recognized for the measurement period:	
Service cost	537,778
Interest	739,546
Differences between expected and actual experience	71,459
Changes in assumptions	(567,126)
Benefit payments	(778,975)
Implicit subsidy	(184,427)
Balance at June 30, 2024 (Measurement Date)	<u><u>\$ 18,921,383</u></u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Other Post-Employment Benefits (OPEB) (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, 2024:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	<u>\$21,589,351</u>	<u>\$18,921,383</u>	<u>\$16,729,841</u>

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, 2024:

	1% Decrease	Current Healthcare Cost Trent Rates	1% Increase
Total OPEB Liability	<u>\$16,357,550</u>	<u>\$18,921,383</u>	<u>\$22,119,969</u>

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$44,219. As of fiscal year ended June 30, 2025, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 1,014,159	\$ -
Changes of assumptions	2,909,636	(6,886,516)
Difference between projected and actual experience	152,692	(1,698,343)
Total	<u>\$ 4,076,487</u>	<u>\$ (8,584,859)</u>

The \$1,014,159 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, 2026. 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:

Year Ending June 30,	
2026	\$ (812,554)
2027	(924,967)
2028	(1,198,305)
2029	(1,445,151)
2030	(433,298)
Thereafter	(708,256)
Total	<u><u>\$ (5,522,531)</u></u>

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 15 – 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 16 – Liability, Property and Protection

The City is a member of the California Joint Powers Insurance Authority (“Authority”). The Authority is composed of 124 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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpi.org/coverage/risk-sharing-pools/>.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 16 – 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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2025 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$135,854,962. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

Pollution Liability Insurance

The City 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. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 fiscal year 2025.

Note 17 – 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.

City of Lake Elsinore
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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 San Jacinto Watersheds Authority received \$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.

Note 19 – Prior Period Adjustments

In order to implement GASB Statement No. 101, *Compensated Absences*, beginning net position on the Government-wide Statement of Activities has been restated as follows:

	Governmental Activities	Business-type Activities
Net position beginning of year, as previously reported	\$ 323,078,789	\$ 12,434,756
Compensated absences - GASB 101 implementation		
General long-term debt account group	106,684	-
Internal service funds	(183,596)	-
Enterprise fund	-	(41,372)
Beginning of year, as restated net position	<u>\$ 323,001,877</u>	<u>\$ 12,393,384</u>

Beginning net position was also restated at the fund level as follows:

	Business-Type Activities					Governmental Activities - Internal Service Funds				
	Launch Pointe Enterprise Fund	Insurance Internal Service Fund		Info Systems Internal Service Fund		Fleet Services Internal Service Fund		Facilities Internal Service Fund		
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Net position beginning of year, as previously reported	\$ 12,434,756	\$ 802,902	\$ 2,295,958	\$ 2,836,760	\$ 2,016,834					
Compensated absences - GASB 101 implementation	(41,372)	(3,694)	(136,600)	(27,827)	(15,475)					
Beginning of year, as restated net position	<u>\$ 12,393,384</u>	<u>\$ 799,208</u>	<u>\$ 2,159,358</u>	<u>\$ 2,808,933</u>	<u>\$ 2,001,359</u>					

Required Supplementary Information (Unaudited)



City of Lake Elsinore
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2025

Budget and Budgetary Accounting

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

The City's basis of budgeting for its governmental fund groups (General Fund, Special Revenue Funds, Debt Service Funds (where applicable) and Capital Projects Funds) is modified accrual.

Revenues are budgeted according to when they are both measurable and available. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities of the current period. The City considers property taxes, franchise taxes, licenses, and interest associated with the current fiscal year period susceptible to accrual if they are collected within 60 days of the end of the current fiscal year. 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. Expenditures are budgeted according to when the liability is incurred, regardless of the timing of related cash flow. The exceptions are debt service, compensated absences, claims and judgments, which are budgeted as expenditures according to when the payments are due.

The following procedures establish the budgetary data reflected in the financial statements:

The City Council approves two year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the City Council. Supplemental appropriations, where required during the period, are also approved by the City Council. Budget transfers that affect the total appropriations for any fund require City Council approval. Budget transfers within a budget code with no change in appropriation are approved by the City Manager only and do not require approval by the City Council.

A budget code could be a program or a division of a department or a department. In most cases, expenditures may not legally exceed appropriations at the budget code level for the General fund, and fund level for Special Revenue, Capital Projects, Debt Service, and Permanent Funds.

Legally adopted budgets for all governmental funds are established on a basis consistent with accounting principles generally accepted in the United States of America. At fiscal year-end, all operating budget appropriations lapse with the exception of encumbered and continuing appropriations. During the fiscal year, several supplementary appropriations were necessary.

City of Lake Elsinore
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 32,603,540	\$ 32,308,140	\$ 31,543,977	\$ (764,163)
Intergovernmental	20,984,890	21,517,990	21,763,448	245,458
Licenses and permits	4,487,070	5,442,170	5,229,702	(212,468)
Charges for services	5,784,260	5,643,460	3,826,100	(1,817,360)
Investment earnings	423,330	823,330	1,268,399	445,069
Fines and forfeitures	1,005,600	905,600	884,182	(21,418)
Miscellaneous	5,764,200	5,832,600	5,382,285	(450,315)
Total revenues	71,052,890	72,473,290	69,898,093	(2,575,197)
EXPENDITURES:				
Current:				
General government:				
City Council	354,770	386,560	332,126	54,434
Community support	604,260	645,280	583,271	62,009
City Clerk	1,095,020	1,124,900	871,818	253,082
City Attorney	675,190	675,190	273,419	401,771
City Manager	1,333,230	1,389,040	1,428,957	(39,917)
Administrative services	2,456,840	2,578,120	2,402,935	175,185
Non-departmental	1,457,000	2,809,800	3,052,534	(242,734)
Total general government	7,976,310	9,608,890	8,945,060	663,830
Public safety:				
Police services - contracted	19,531,030	19,531,910	19,333,735	198,175
Suppression - contracted	12,136,450	12,176,720	9,886,729	2,289,991
Fire prevention	894,900	910,740	805,407	105,333
Emergency services - contracted	431,460	441,420	395,505	45,915
Animal services - contracted	1,209,040	1,230,040	1,226,642	3,398
Total public safety	34,202,880	34,290,830	31,648,018	2,642,812
Community development:				
Planning & zoning	2,242,660	2,309,960	1,855,052	454,908
Building & safety	1,729,510	1,812,220	1,626,327	185,893
Code enforcement/graffiti	2,201,690	2,269,360	2,276,423	(7,063)
Economic development	1,103,010	1,122,930	1,099,929	23,001
Total community development	7,276,870	7,514,470	6,857,731	656,739
Community services:				
Administration	2,297,450	2,384,170	2,318,803	65,367
Recreation	1,395,710	1,449,220	1,130,869	318,351
Senior center	910,810	956,560	832,080	124,480
Neighborhood center	1,039,070	1,094,620	841,509	253,111
Total community services	5,643,040	5,884,570	5,123,261	761,309
Public services:				
Engineering	4,133,950	4,241,200	3,197,532	1,043,668
Administration	4,808,110	5,022,100	4,888,594	133,506
Park maintenance	4,031,600	4,053,500	3,715,249	338,251
Lake services	1,362,060	1,433,160	1,917,528	(484,368)
Total public services	14,335,720	14,749,960	13,718,903	1,031,057
Capital outlay	1,238,530	30	-	30
Total expenditures	70,673,350	72,048,750	66,292,973	5,755,777
EXCESS OF REVENUES OVER EXPENDITURES				
OTHER FINANCING SOURCES (USES):	379,540	424,540	3,605,120	3,180,580
Proceeds from sale of capital assets	2,060	2,060	-	(2,060)
Transfers in	73,400	73,400	781,500	708,100
Transfers out	(500,000)	(500,000)	(858,321)	(358,321)
Total other financing sources (uses)	(424,540)	(424,540)	(76,821)	347,719
NET CHANGE IN FUND BALANCE	\$ (45,000)	\$ -	3,528,299	\$ 3,528,299
FUND BALANCE:				
Beginning of year			20,841,586	
End of year			\$ 24,369,885	

City of Lake Elsinore
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Measure Z Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 16,794,000	\$ 16,794,000	\$ 15,969,353	\$ (824,647)
Investment earnings	250,000	250,000	743,219	493,219
Total revenues	17,044,000	17,044,000	16,712,572	(331,428)
EXPENDITURES:				
Current:				
Public safety	9,253,310	9,253,310	7,903,161	1,350,149
Total expenditures	9,253,310	9,253,310	7,903,161	1,350,149
EXCESS OF REVENUES OVER EXPENDITURES	7,790,690	7,790,690	8,809,411	1,018,721
OTHER FINANCING SOURCES (USES):				
Transfers out	(17,272,716)	(10,646,268)	(13,084,080)	(2,437,812)
Total other financing sources (uses)	(17,272,716)	(10,646,268)	(13,084,080)	(2,437,812)
NET CHANGE IN FUND BALANCE	\$ (9,482,026)	\$ (2,855,578)	(4,274,669)	\$ (1,419,091)
FUND BALANCE:				
Beginning of year			12,770,016	
End of year			\$ 8,495,347	

City of Lake Elsinore
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Low and Moderate Income Housing Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 6,627,550	\$ 4,707,550	\$ 250,247	\$ (4,457,303)
Investment earnings	400,000	2,280,000	2,274,806	(5,194)
Miscellaneous	50,000	90,000	12,295	(77,705)
Total revenues	7,077,550	7,077,550	2,537,348	(4,540,202)
EXPENDITURES:				
Current:				
Community development	1,050,000	2,475,000	78,757	2,396,243
Capital outlay	-	25,000	6,000	19,000
Total expenditures	1,050,000	2,500,000	84,757	2,415,243
EXCESS OF REVENUES OVER EXPENDITURES	6,027,550	4,577,550	2,452,591	(2,124,959)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(100,000)	(64,491)	35,509
Total other financing sources (uses)	-	(100,000)	(64,491)	35,509
NET CHANGE IN FUND BALANCE	\$ 6,027,550	\$ 4,477,550	2,388,100	\$ (2,089,450)
FUND BALANCE:				
Beginning of year			62,260,941	
End of year			\$ 64,649,041	

City of Lake Elsinore
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Pension Plan

Measurement Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
City's proportion of the net pension liability/(asset)	0.13030%	0.12479%	0.12991%	0.12126%	0.12082%
City's proportionate Share of the net pension liability/(asset)	\$ 8,943,640	\$ 10,798,127	\$ 12,189,277	\$ 11,684,999	\$ 12,380,535
City's covered payroll	\$ 4,751,199	\$ 3,804,985	\$ 5,605,231	\$ 5,975,932	\$ 6,052,501
Proportionate share of the net pension liability/(asset) as percentage of covered payroll	188.24%	283.79%	217.46%	195.53%	204.55%
Plan's proportionate share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	79.82%	75.87%	73.31%	75.26%	75.26%

City of Lake Elsinore
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Pension Plan

Measurement Date	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
City's proportion of the net pension liability/(asset)	0.11984%	0.13538%	0.12662%	0.12691%	0.12715%
City's proportionate Share of the net pension liability/(asset)	\$ 13,038,918	\$ 7,321,553	\$ 14,625,483	\$ 15,832,441	\$ 15,420,298
City's covered payroll	<u>\$ 6,349,041</u>	<u>\$ 6,710,307</u>	<u>\$ 8,073,190</u>	<u>\$ 10,454,367</u>	<u>\$ 11,236,211</u>
Proportionate share of the net pension liability/(asset) as percentage of covered payroll	205.37%	109.11%	181.16%	151.44%	137.24%
Plan's proportionate share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	<u>75.10%</u>	<u>88.29%</u>	<u>74.31%</u>	<u>73.93%</u>	<u>76.76%</u>

City of Lake Elsinore
Required Supplementary Information (Unaudited) (Continued)
Schedule of Plan Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Pension Plan

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 1,101,283	\$ 1,238,462	\$ 1,340,596	\$ 1,532,147	\$ 1,720,330
Contributions in relation to the actuarially determined contribution	<u>(1,101,283)</u>	<u>(1,238,462)</u>	<u>(1,340,596)</u>	<u>(1,532,147)</u>	<u>(1,720,330)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 5,128,894</u>	<u>\$ 5,795,148</u>	<u>\$ 6,218,376</u>	<u>\$ 6,201,506</u>	<u>\$ 6,521,618</u>
Contributions as a percentage of covered payroll	21.47%	21.37%	21.56%	24.71%	26.38%

Notes to Schedule:

Change in Benefit Terms: There were no change in benefit term.

Changes of Assumptions: In 2023, the discount rate was changed from 7.15 percent to 6.90 percent. In 2020 and 2021, there were no 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 2017, the discount rate was 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, amounts reported were based on the 7.5 percent discount rate.

City of Lake Elsinore
Required Supplementary Information (Unaudited) (Continued)
Schedule of Plan Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Pension Plan

Fiscal Year	2020-21	2021-2022	2022-2023	2023-2024	2024-2025
Actuarially determined contribution	\$ 1,530,885	\$ 1,778,247	\$ 2,014,941	\$ 2,371,464	\$ 2,477,616
Contributions in relation to the actuarially determined contribution	<u>(1,530,885)</u>	<u>(2,128,883)</u>	<u>(2,014,941)</u>	<u>(2,371,464)</u>	<u>(2,477,616)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (350,636)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,710,307	\$ 8,073,190	\$ 10,454,367	\$ 10,694,817	\$ 10,940,798
Contributions as a percentage of covered payroll	22.81%	26.37%	24.40%	22.17%	22.65%

City of Lake Elsinore
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years¹

Other Postemployment Benefit Plan

Measurement period	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Total OPEB liability					
Service cost	\$ 841,236	\$ 747,127	\$ 764,792	\$ 728,572	\$ 890,781
Interest	700,306	788,486	814,609	726,138	647,402
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	-	(1,305,728)	(43,169)	(3,167,021)
Changes of assumptions	(2,304,484)	(203,573)	1,410,007	2,563,159	4,894,908
Benefit payments, including refunds of employee contributions	(964,068)	(991,074)	(999,280)	(903,028)	(925,838)
Net change in total OPEB liability	(1,727,010)	340,966	684,400	3,071,672	2,340,232
Total OPEB liability - beginning	23,623,894	21,896,884	22,237,850	22,922,250	25,993,922
Total OPEB liability - ending (a)	\$ 21,896,884	\$ 22,237,850	\$ 22,922,250	\$ 25,993,922	\$ 28,334,154
OPEB fiduciary net position					
Contributions - employer	\$ 964,068	\$ 991,074	\$ 999,280	\$ 903,028	\$ 925,838
Benefit payments, including refunds of employee contributions	(964,068)	(991,074)	(999,280)	(903,028)	(925,838)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -				
Plan net OPEB liability - ending (a) - (b)	\$ 21,896,884	\$ 22,237,850	\$ 22,922,250	\$ 25,993,922	\$ 28,334,154
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 4,726,797	\$ 4,962,874	\$ 5,058,783	\$ 7,043,350	\$ 5,700,324
Plan net OPEB liability as a percentage of covered-employee payroll	463.25%	448.08%	453.12%	369.06%	497.06%

¹ Historical information is presented only for measurement periods after GASB 75 implementation in fiscal year of 2017-18 (measurement period of 2016-17). Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: In 2023, the discount rate changed from 3.69% to 3.86%. In 2021, the discount rate changed from select and ultimate discount rates based on funding policy to 6.25%. In 2019 and 2020, the discount rate changed from select & ultimate discount rates based on funding policy to 6.75%.

City of Lake Elsinore
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years¹

Other Postemployment Benefit Plan

Measurement period	2021-2022	2022-2023	2023-2024
Total OPEB liability			
Service cost	\$ 948,018	\$ 615,789	\$ 537,778
Interest	553,616	810,842	739,546
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(329,556)	117,222	71,459
Changes of assumptions	(6,753,385)	(3,304,583)	(567,126)
Benefit payments, including refunds of employee contributions	(900,248)	(988,741)	(963,402)
Net change in total OPEB liability	(6,481,555)	(2,749,471)	(181,745)
Total OPEB liability - beginning	28,334,154	21,852,599	19,103,128
Total OPEB liability - ending (a)	\$ 21,852,599	\$ 19,103,128	\$ 18,921,383
OPEB fiduciary net position			
Contributions - employer	\$ 900,248	\$ 988,741	\$ 963,402
Benefit payments, including refunds of employee contributions	(900,248)	(988,741)	(963,402)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
Plan net OPEB liability - ending (a) - (b)	\$ 21,852,599	\$ 19,103,128	\$ 18,921,383
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 6,503,310	\$ 9,500,449	\$ 11,261,359
Plan net OPEB liability as a percentage of covered-employee payroll	336.02%	201.08%	168.02%

Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with the law or administrative regulations for a specific purpose.

Affordable Housing In-Lieu Fund - This fund accounts for collection of fees assessed to developers and for expenditures made on affordable housing projects.

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

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

Gas Tax Fund - This fund accounts for receipts and expenditures of money apportioned under the Street and Highway Code of the State of California.

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

SB1186 CAS Education Fund - This fund accounts for required state fees imposed on business licenses for the development of educational resources on federal and state disability laws for businesses.

Traffic Safety Fund - This fund accounts 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 Landscaping Fund - This fund accounts for revenues derived from annual assessments which are used to pay the costs incurred by the City for landscape maintenance and streetlight maintenance.

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

Geothermal Fund - This fund accounts for cash bonds 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 Fund - This fund accounts for South Coast Air Quality Board receipts, reporting 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.) Fund - This fund accounts for grant monies received from a federal pass-through agency not accounted for in the other funds.

Developer Agreement Revenue/Trust Fund - This fund accounts for development fees based on developer agreements.

City Hall/Public Works Fund - This fund accounts for the collection of fees assessed to developers and for expenditures made on City Hall and Public Works facilities projects.

Community Center Fund - This fund accounts for the collection of fees assessed to developers and expenditures made on Community Center facilities projects.

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued):

Lakeside Facilities Fund - This fund accounts for the collection of fees assessed to developers and for expenditures made on Lakeside facilities projects.

Animal Shelter Fund - This fund accounts for the collection of fees assessed to developers and for expenditures made on animal shelter facilities projects.

National Pollutant Discharge System (NPDES) Fund - This fund accounts 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 Fund - This fund accounts for public access cable channel grant revenue provided by cable franchises based on subscribers. Funds are used for PEG access equipment, production equipment, as well as renovation or construction of PEG access facilities.

The Anchor Fund - This fund accounts for expenditures funded by the Homeless Emergency Aid Program and Project Homekey used for crisis stabilization housing complexes owned by the City and operated by the Social Work Action Group serving chronic homeless individuals from the Lake Elsinore and adjacent county areas.

American Rescue Plan Act Fund - This fund accounts for expenditures funded by the American Rescue Plan Act.

Pedestrian Sidewalk SB 821 Fund - This fund accounts expenditures funded by the Local Transportation Commission grant funding used for the SB 821 Bicycle and Pedestrian Facility Program.

Lake Desratification and Water Fund - This fund accounts for expenditures and receipts jointly made by Elsinore Valley Municipal Water District, Riverside County, and the City to jointly fund and maintain the desratification project, axial flow equipment, and stabilize the water level of the lake.

Nonmajor Capital Projects Funds:

Capital Projects Funds are used to account for bond resources used for the acquisition and construction of capital facilities by the City, except those financed by Proprietary Funds.

Park Quimby Development Fund - This fund accounts the improvement and development of parks that are financed by developer fees.

Storm Drains Fund - This fund accounts for the capital improvement of upgrading the storm drains within the City that are financed by development fees.

Library Facilities Fund - This fund accounts for projects related to library facilities.

Traffic Impact Fund - This fund accounts for projects related to traffic improvements, financed by development fees.

Fire Facilities Fund - This fund accounts for the construction of fire facilities, financed by development fees.

Park Improvement In-Lieu Fund - This fund accounts for special designated improvements, financed by development fees.

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Capital Project Funds (Continued):

Total Road Improvement Program Fund - This fund accounts for projects related to road improvements, financed by debt proceeds.

Transportation Uniform Mitigation Fee (T.U.M.F.) Fund - This fund accounts multi-jurisdictional development impact fee paid for by new development to provide the transportation infrastructure necessary to accommodate new development.

La Strada RBBD Fund - This fund accounts for projects related to La Strada Road and Bridge Improvement, financed by development fees.

Nonmajor Permanent Fund:

Endowment Trust - Adolph Korn Fund - This Fund accounts for assets held by the City as a trustee capacity for the Adolph Korn Estate. Money is held for the purpose of building a nurse's home for a proposed hospital within the City. Until that time, interest earning 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, 2025

	Special Revenue Funds						
	Supplemental						
	Affordable Housing In-Lieu	Law Enforcement Service	Traffic Offender	Gas Tax	Transportation Measure A		
ASSETS							
Cash and investments	\$ 1,411,623	\$ -	\$ -	\$ 1,906,167	\$ 1,114,429		
Receivables:							
Accounts	-	-	-	-	-		
Notes	3,342,224	-	-	-	-		
Interest	231,780	-	-	30,823	12,944		
Due from other governments	-	-	-	334,908	334,901		
Restricted cash and investments:							
Cash and investments with fiscal agents	-	-	-	-	-		
Total assets	\$ 4,985,627	\$ -	\$ -	\$ 2,271,898	\$ 1,462,274		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 40,070	\$ -		
Due to other funds	-	-	-	-	-		
Total liabilities	-	-	-	40,070	-		
Deferred Inflows of Resources:							
Unavailable revenue	216,994	-	-	-	-		
Total deferred inflows of resources	216,994	-	-	-	-		
Fund Balances (Deficit):							
Nonspendable	-	-	-	-	-		
Restricted:							
Community development	4,768,633	-	-	-	-		
Community services	-	-	-	-	-		
Public services	-	-	-	-	-		
Capital projects	-	-	-	2,231,828	1,462,274		
Assigned	-	-	-	-	-		
Unassigned (deficit)	-	-	-	-	-		
Total fund balances (deficit)	4,768,633	-	-	2,231,828	1,462,274		
Total liabilities, deferred inflows of resources and fund balances	\$ 4,985,627	\$ -	\$ -	\$ 2,271,898	\$ 1,462,274		

(Continued)

City of Lake Elsinore
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

Special Revenue Funds

	Special Revenue Funds				
	SB1186 CAS Education	Traffic Safety	City-wide Lighting and Landscaping	LLMD No. 1	Geothermal
ASSETS					
Cash and investments	\$ 82,735	\$ -	\$ 146,611	\$ 2,200,815	\$ 14,906
Receivables:					
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Interest	634	-	-	15,491	101
Due from other governments	-	18,972	81,617	3,478	-
Restricted cash and investments:					
Cash and investments with fiscal agents	-	-	22,333	-	-
Total assets	\$ 83,369	\$ 18,972	\$ 250,561	\$ 2,219,784	\$ 15,007
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 336	\$ -	\$ 187,349	\$ 36,849	\$ -
Due to other funds	-	18,972	-	-	-
Total liabilities	336	18,972	187,349	36,849	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	63,212	-	-
Total deferred inflows of resources	-	-	63,212	-	-
Fund Balances (Deficit):					
Nonspendable	-	-	-	-	-
Restricted:					
Community development	-	-	-	2,182,935	15,007
Community services	-	-	-	-	-
Public services	83,033	-	-	-	-
Capital projects	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	83,033	-	-	2,182,935	15,007
Total liabilities, deferred inflows of resources and fund balances	\$ 83,369	\$ 18,972	\$ 250,561	\$ 2,219,784	\$ 15,007

(Continued)

City of Lake Elsinore
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

Special Revenue Funds

	AB2766 Air Pollution	CDBG	Developer Agreement Revenue/Trust	City Hall/ Public Works	Community Center
ASSETS					
Cash and investments	\$ 219,509	\$ -	\$ 317,573	\$ 699,012	\$ 662,760
Receivables:					
Accounts	-	149,475	-	-	-
Notes	-	-	-	-	-
Interest	1,561	-	2,478	5,157	4,972
Due from other governments	24,871	34,958	-	-	-
Restricted cash and investments:					
Cash and investments with fiscal agents	-	-	-	-	-
Total assets	\$ 245,941	\$ 184,433	\$ 320,051	\$ 704,169	\$ 667,732
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	184,434	-	-	-
Total liabilities	-	184,434	-	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	34,958	-	-	-
Total deferred inflows of resources	-	34,958	-	-	-
Fund Balances (Deficit):					
Nonspendable	-	-	-	-	-
Restricted:					
Community development	-	-	320,051	-	-
Community services	-	-	-	-	667,732
Public services	245,941	-	-	704,169	-
Capital projects	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	(34,959)	-	-	-
Total fund balances (deficit)	245,941	(34,959)	320,051	704,169	667,732
Total liabilities, deferred inflows of resources and fund balances	\$ 245,941	\$ 184,433	\$ 320,051	\$ 704,169	\$ 667,732

(Continued)

City of Lake Elsinore
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

Special Revenue Funds

	Lakeside Facilities	Animal Shelter	NPDES	PEG Grant	The Anchor
ASSETS					
Cash and investments	\$ 932,647	\$ -	\$ -	\$ -	\$ 15,811
Receivables:					
Accounts	-	-	-	1,839	-
Notes	-	-	-	-	-
Interest	6,993	970	-	-	-
Due from other governments	-	-	366,228	-	18,452
Restricted cash and investments:					
Cash and investments with fiscal agents	-	-	-	-	-
Total assets	\$ 939,640	\$ 970	\$ 366,228	\$ 1,839	\$ 34,263
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 2,248	\$ -	\$ 15,811
Due to other funds	-	872	252,896	1,839	-
Total liabilities	-	872	255,144	1,839	15,811
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	18,452
Total deferred inflows of resources	-	-	-	-	18,452
Fund Balances (Deficit):					
Nonspendable	-	-	-	-	-
Restricted:					
Community development	-	-	-	-	-
Community services	939,640	98	-	-	-
Public services	-	-	111,084	-	-
Capital projects	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	939,640	98	111,084	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 939,640	\$ 970	\$ 366,228	\$ 1,839	\$ 34,263

(Continued)

City of Lake Elsinore
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds					Capital Projects Funds	
	American Rescue Plan Act	Pedestrian Sidewalk SB821	Lake Desratification and Water		Park Quimby Development	Storm Drains	
ASSETS							
Cash and investments	\$ 235,968	\$ 59,270	\$ 375,283	\$ -	\$ -	\$ 1,991,121	
Receivables:							
Accounts	-	-	-	-	-	-	
Notes	-	-	-	-	-	-	
Interest	5,844	-	3,054	-	-	19,898	
Due from other governments	-	109,457	87,634	-	-	-	
Restricted cash and investments:							
Cash and investments with fiscal agents	-	-	4,864,402	-	-	-	
Total assets	\$ 241,812	\$ 168,727	\$ 5,330,373	\$ -	\$ -	\$ 2,011,019	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 3,673	\$ -	\$ -	\$ -	
Due to other funds	-	113,998	-	-	-	-	
Total liabilities	-	113,998	3,673	-	-	-	
Deferred Inflows of Resources:							
Unavailable revenue	-	54,729	87,634	-	-	-	
Total deferred inflows of resources	-	54,729	87,634	-	-	-	
Fund Balances (Deficit):							
Nonspendable	-	-	-	-	-	-	
Restricted:							
Community development	-	-	-	-	-	-	
Community services	-	-	5,239,066	-	-	-	
Public services	241,812	-	-	-	-	-	
Capital projects	-	-	-	-	-	2,011,019	
Assigned	-	-	-	-	-	-	
Unassigned (deficit)	-	-	-	-	-	-	
Total fund balances (deficit)	241,812	-	5,239,066	-	-	2,011,019	
Total liabilities, deferred inflows of resources and fund balances	\$ 241,812	\$ 168,727	\$ 5,330,373	\$ -	\$ -	\$ 2,011,019	

(Continued)

City of Lake Elsinore
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

Capital Projects Funds						
	Library	Traffic	Fire	Public	Total Road	
	Facilities	Impact	Facilities	Improvement In-Lieu	Improvement Program	
ASSETS						
Cash and investments	\$ 1,068,100	\$ 774,541	\$ 1,345,037	\$ 2,967,793	\$ 2,563	
Receivables:						
Accounts	-	-	-	-	-	
Notes	-	-	-	-	-	
Interest	8,708	6,300	10,177	22,533	23	
Due from other governments	-	-	-	-	-	
Restricted cash and investments:						
Cash and investments with fiscal agents	-	-	-	-	6,073	
Total assets	\$ 1,076,808	\$ 780,841	\$ 1,355,214	\$ 2,990,326	\$ 8,659	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	-	-	
Total liabilities	-	-	-	-	-	
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	
Fund Balances (Deficit):						
Nonspendable	-	-	-	-	-	
Restricted:						
Community development	-	-	-	-	-	
Community services	-	-	-	-	-	
Public services	-	-	-	-	-	
Capital projects	1,076,808	780,841	1,355,214	2,990,326	8,659	
Assigned	-	-	-	-	-	
Unassigned (deficit)	-	-	-	-	-	
Total fund balances (deficit)	1,076,808	780,841	1,355,214	2,990,326	8,659	
Total liabilities, deferred inflows of resources and fund balances	\$ 1,076,808	\$ 780,841	\$ 1,355,214	\$ 2,990,326	\$ 8,659	

(Continued)

City of Lake Elsinore
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Capital Projects Funds			Permanent Fund		Total Nonmajor Governmental Funds
			La Strada RBBB	Endowment Trust - Adolph Korn		
	TUMF					
ASSETS						
Cash and investments	\$ 773,361	\$ 26,311	\$ 37,070			\$ 19,381,016
Receivables:						
Accounts	-	-	-			151,314
Notes	-	-	-			3,342,224
Interest	-	205	289			390,935
Due from other governments	324,573	-	-			1,740,049
Restricted cash and investments:						
Cash and investments with fiscal agents	-	-	-			4,892,808
Total assets	\$ 1,097,934	\$ 26,516	\$ 37,359			\$ 29,898,346
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -			\$ 286,336
Due to other funds	1,097,934	-	-			1,670,945
Total liabilities	1,097,934	-	-			1,957,281
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-			475,979
Total deferred inflows of resources	-	-	-			475,979
Fund Balances (Deficit):						
Nonspendable	-	-	20,000			20,000
Restricted:						
Community development	-	-	-			7,286,626
Community services	-	-	-			6,846,536
Public services	-	-	-			1,386,039
Capital projects	-	26,516	-			11,943,485
Assigned	-	-	17,359			17,359
Unassigned (deficit)	-	-	-			(34,959)
Total fund balances (deficit)	-	26,516	37,359			27,465,086
Total liabilities, deferred inflows of resources and fund balances	\$ 1,097,934	\$ 26,516	\$ 37,359			\$ 29,898,346

(Concluded)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Affordable Housing In-Lieu	Supplemental			
		Law Service	Enforcement Service	Traffic Offender	Gas Tax
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	623,164	216,274	-	-	3,955,607
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	90,264	-	-	188,218	63,078
Fines and forfeitures	-	-	19,000	-	-
Miscellaneous	-	-	-	-	-
Total revenues	713,428	216,274	19,000	4,143,825	2,311,993
EXPENDITURES:					
Current:					
Public safety	-	216,274	19,000	-	-
Community development	-	-	-	-	-
Public services	-	-	-	623,926	-
Capital outlay	-	-	-	1,000,000	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	216,274	19,000	1,623,926	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	713,428	-	-	2,519,899	2,311,993
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(640,000)	-	-	(2,705,395)	(1,769,610)
Total other financing sources (uses)	(640,000)	-	-	(2,705,395)	(1,769,610)
NET CHANGE IN FUND BALANCES	73,428	-	-	(185,496)	542,383
FUND BALANCES (DEFICIT):					
Beginning of year	4,695,205	-	-	2,417,324	919,891
End of year	\$ 4,768,633	\$ -	\$ -	\$ 2,231,828	\$ 1,462,274

(Continued)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	SB1186 CAS Education	Traffic Safety	City-wide Lighting and Landscaping	LLMD No. 1	Geothermal
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	- -	- -	4,054	- -	- -
Special assessments	- -	- -	1,437,882	803,093	- -
Licenses and permits	12,212	- -	- -	- -	- -
Charges for services	- -	- -	- -	- -	- -
Investment earnings	4,063	- -	- -	97,589	681
Fines and forfeitures	- -	66,999	- -	- -	- -
Miscellaneous	- -	- -	8,427	- -	- -
Total revenues	16,275	66,999	1,450,363	900,682	681
EXPENDITURES:					
Current:					
Public safety	- -	66,999	- -	- -	- -
Community development	- -	- -	- -	- -	- -
Public services	1,770	- -	1,983,960	409,672	- -
Capital outlay	- -	- -	- -	21,389	- -
Debt service:					
Principal retirement	- -	- -	244,983	- -	- -
Interest and fiscal charges	- -	- -	79,742	- -	- -
Total expenditures	1,770	66,999	2,308,685	431,061	- -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,505	- -	(858,322)	469,621	681
OTHER FINANCING SOURCES (USES):					
Transfers in	- -	- -	858,322	- -	- -
Transfers out	- -	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	858,322	- -	- -
NET CHANGE IN FUND BALANCES	14,505	- -	- -	469,621	681
FUND BALANCES (DEFICIT):					
Beginning of year	68,528	- -	- -	1,713,314	14,326
End of year	\$ 83,033	\$ - -	\$ - -	\$ 2,182,935	\$ 15,007

(Continued)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	AB2766 Air Pollution	CDBG	Developer Agreement Revenue/Trust	City Hall/ Public Works	Community Center
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	119,455	178,155	-	-	-
Special assessments	-	-	-	-	-
Licenses and permits	-	-	406,500	299,401	201,791
Charges for services	-	-	-	-	-
Investment earnings	8,784	-	28,086	36,509	29,983
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	128,239	178,155	434,586	335,910	231,774
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Community development	-	28,681	-	-	-
Public services	6,201	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	6,201	28,681	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	122,038	149,474	434,586	335,910	231,774
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	141,500	-	-
Transfers out	-	(149,475)	(790,634)	(276,316)	-
Total other financing sources (uses)	-	(149,475)	(649,134)	(276,316)	-
NET CHANGE IN FUND BALANCES	122,038	(1)	(214,548)	59,594	231,774
FUND BALANCES (DEFICIT):					
Beginning of year	123,903	(34,958)	534,599	644,575	435,958
End of year	\$ 245,941	\$ (34,959)	\$ 320,051	\$ 704,169	\$ 667,732

(Continued)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Special Revenue Funds

	Lakeside Facilities	Animal Shelter	NPDES	PEG Grant	The Anchor
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 8,212	\$ -
Intergovernmental	- -	- -	697,104	- -	306,680
Special assessments	- -	- -	- -	- -	- -
Licenses and permits	289,111	128,167	- -	- -	- -
Charges for services	- -	- -	- -	- -	- -
Investment earnings	42,071	3,885	- -	196	- -
Fines and forfeitures	- -	- -	- -	- -	- -
Miscellaneous	- -	- -	- -	- -	- -
Total revenues	331,182	132,052	697,104	8,408	306,680
EXPENDITURES:					
Current:					
Public safety	- -	- -	- -	- -	- -
Community development	- -	- -	- -	- -	1,141,867
Public services	- -	- -	212,258	- -	- -
Capital outlay	- -	- -	- -	- -	- -
Debt service:					
Principal retirement	- -	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -	- -
Total expenditures	- -	- -	212,258	- -	1,141,867
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	331,182	132,052	484,846	8,408	(835,187)
OTHER FINANCING SOURCES (USES):					
Transfers in	- -	- -	- -	- -	1,074,718
Transfers out	(2,188)	(141,500)	(153,969)	(12,754)	- -
Total other financing sources (uses)	(2,188)	(141,500)	(153,969)	(12,754)	1,074,718
NET CHANGE IN FUND BALANCES	328,994	(9,448)	330,877	(4,346)	239,531
FUND BALANCES (DEFICIT):					
Beginning of year	610,646	9,546	(219,793)	4,346	(239,531)
End of year	\$ 939,640	\$ 98	\$ 111,084	\$ -	\$ -

(Continued)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Capital Projects Funds	
	American Rescue Plan Act	Pedestrian Sidewalk SB821	Lake Destratification and Water	Park Quimby Development	Storm Drains
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,452,711	20,494	-	-	-
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	78,762	1,834,288
Charges for services	-	-	1,500,000	-	-
Investment earnings	177,859	-	262,468	(211)	149,892
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	2,127
Total revenues	5,630,570	20,494	1,762,468	78,551	1,986,307
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Public services	-	-	1,044,854	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	1,044,854	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,630,570	20,494	717,614	78,551	1,986,307
OTHER FINANCING SOURCES (USES):					
Transfers in	-	59,270	-	-	-
Transfers out	(5,388,758)	(6,223)	-	(81,318)	(3,359,171)
Total other financing sources (uses)	(5,388,758)	53,047	-	(81,318)	(3,359,171)
NET CHANGE IN FUND BALANCES	241,812	73,541	717,614	(2,767)	(1,372,864)
FUND BALANCES (DEFICIT):					
Beginning of year	-	(73,541)	4,521,452	2,767	3,383,883
End of year	\$ 241,812	\$ -	\$ 5,239,066	\$ -	\$ 2,011,019

(Continued)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Funds				
	Library Facilities	Traffic Impact	Fire Facilities	Public Improvement In-Lieu	Total Road Improvement Program
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Special assessments	-	-	-	-	-
Licenses and permits	58,319	486,908	285,393	704,850	-
Charges for services	-	-	-	-	-
Investment earnings	60,311	43,176	63,749	142,630	1,799
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	118,630	530,084	349,142	847,480	1,799
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Community development	-	29,948	-	-	-
Public services	-	-	-	-	4,262
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	275,000
Interest and fiscal charges	-	-	-	-	223,363
Total expenditures	-	29,948	-	-	502,625
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	118,630	500,136	349,142	847,480	(500,826)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	492,050
Transfers out	(143,783)	(407,747)	-	-	-
Total other financing sources (uses)	(143,783)	(407,747)	-	-	492,050
NET CHANGE IN FUND BALANCES	(25,153)	92,389	349,142	847,480	(8,776)
FUND BALANCES (DEFICIT):					
Beginning of year	1,101,961	688,452	1,006,072	2,142,846	17,435
End of year	\$ 1,076,808	\$ 780,841	\$ 1,355,214	\$ 2,990,326	\$ 8,659

(Continued)

City of Lake Elsinore
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Funds		Permanent Fund		Total Governmental Funds
	TUMF	La Strada RBBB	Endowment Trust - Adolph Korn		
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	8,212
Intergovernmental	651,241	-	-	-	14,473,854
Special assessments	-	-	-	-	2,240,975
Licenses and permits	-	-	-	-	4,785,702
Charges for services	-	-	-	-	1,500,000
Investment earnings	89	1,385	1,951	1,951	1,498,505
Fines and forfeitures	-	-	-	-	85,999
Miscellaneous	-	-	-	-	10,554
Total revenues	651,330	1,385	1,951		24,603,801
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	302,273
Community development	-	-	-	-	1,200,496
Public services	-	-	-	-	4,286,903
Capital outlay	-	-	-	-	1,021,389
Debt service:					
Principal retirement	-	-	-	-	519,983
Interest and fiscal charges	-	-	-	-	303,105
Total expenditures	-	-	-		7,634,149
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	651,330	1,385	1,951		16,969,652
OTHER FINANCING SOURCES (USES):					
Transfers in	773,361	-	-	-	3,399,221
Transfers out	(1,559,058)	-	-	-	(17,587,899)
Total other financing sources (uses)	(785,697)	-	-		(14,188,678)
NET CHANGE IN FUND BALANCES	(134,367)	1,385	1,951		2,780,974
FUND BALANCES (DEFICIT):					
Beginning of year	134,367	25,131	35,408	24,684,112	
End of year	\$ -	\$ 26,516	\$ 37,359	\$ 27,465,086	

(Concluded)

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Affordable Housing In-Lieu Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 440,000	\$ 459,600	\$ 623,164	\$ 163,564
Investment earnings	60,000	90,400	90,264	(136)
Total revenues	500,000	550,000	713,428	163,428
EXPENDITURES:				
Current:				
General government	50,000	50,000	-	50,000
Total expenditures	50,000	50,000	-	50,000
EXCESS OF REVENUES OVER EXPENDITURES				
	450,000	500,000	713,428	213,428
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,890,533)	(500,000)	(640,000)	(140,000)
Total other financing sources (uses)	(4,890,533)	(500,000)	(640,000)	(140,000)
NET CHANGE IN FUND BALANCE				
	\$ (4,440,533)	\$ -	73,428	\$ 73,428
FUND BALANCE:				
Beginning of year			4,695,205	
End of year			\$ 4,768,633	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 267,000	\$ 267,000	\$ 216,274	\$ (50,726)
Total revenues	<u>267,000</u>	<u>267,000</u>	<u>216,274</u>	<u>(50,726)</u>
EXPENDITURES:				
Current:				
Public safety	267,000	267,000	216,274	50,726
Total expenditures	<u>267,000</u>	<u>267,000</u>	<u>216,274</u>	<u>50,726</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year				-
End of year				<u><u>\$ -</u></u>

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Traffic Offender Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures	\$ 30,570	\$ 30,570	\$ 19,000	\$ (11,570)
Total revenues	<u>30,570</u>	<u>30,570</u>	<u>19,000</u>	<u>(11,570)</u>
EXPENDITURES:				
Current:				
Public safety	30,570	30,570	19,000	11,570
Total expenditures	<u>30,570</u>	<u>30,570</u>	<u>19,000</u>	<u>11,570</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year				-
End of year				<u><u>\$ -</u></u>

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Gas Tax Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 3,829,207	\$ 3,853,867	\$ 3,955,607	\$ 101,740
Investment earnings	40,000	117,284	188,218	70,934
Total revenues	3,869,207	3,971,151	4,143,825	172,674
EXPENDITURES:				
Current:				
Public services	622,000	696,500	623,926	72,574
Capital outlay	1,000,000	1,000,000	1,000,000	-
Total expenditures	1,622,000	1,696,500	1,623,926	72,574
EXCESS OF REVENUES OVER EXPENDITURES				
	2,247,207	2,274,651	2,519,899	245,248
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,473,495)	(2,754,116)	(2,705,395)	48,721
Total other financing sources (uses)	(4,473,495)	(2,754,116)	(2,705,395)	48,721
NET CHANGE IN FUND BALANCE				
	\$ (2,226,288)	\$ (479,465)	(185,496)	\$ 293,969
FUND BALANCE:				
Beginning of year			2,417,324	
End of year			\$ 2,231,828	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Transportation Measure A Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,278,000	\$ 2,153,000	\$ 2,248,915	\$ 95,915
Investment earnings	25,000	25,000	63,078	38,078
Total revenues	2,303,000	2,178,000	2,311,993	133,993
EXCESS OF REVENUES OVER EXPENDITURES				
	2,303,000	2,178,000	2,311,993	133,993
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,059,373)	(2,230,698)	(1,769,610)	461,088
Total other financing sources (uses)	(3,059,373)	(2,230,698)	(1,769,610)	461,088
NET CHANGE IN FUND BALANCE	\$ (756,373)	\$ (52,698)	542,383	\$ 595,081
FUND BALANCE:				
Beginning of year			919,891	
End of year			\$ 1,462,274	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - SB1186 CAS Education Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 12,212	\$ (7,788)
Investment earnings	2,000	2,000	4,063	2,063
Total revenues	22,000	22,000	16,275	(5,725)
EXPENDITURES:				
Current:				
Public services	2,100	2,100	1,770	330
Total expenditures	2,100	2,100	1,770	330
NET CHANGE IN FUND BALANCE	\$ 19,900	\$ 19,900	14,505	\$ (5,395)
FUND BALANCE:				
Beginning of year			68,528	
End of year			\$ 83,033	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Fines and forfeitures	230,000	230,000	66,999	(163,001)
Total revenues	235,000	235,000	66,999	(168,001)
EXPENDITURES:				
Current:				
Public safety	235,000	235,000	66,999	168,001
Total expenditures	235,000	235,000	66,999	168,001
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year				-
End of year				\$ -

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - City-wide Lighting and Landscaping Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 2,700	\$ 4,054	\$ 1,354
Special assessments	1,450,809	1,438,059	1,437,882	(177)
Miscellaneous	-	8,450	8,427	(23)
Total revenues	1,450,809	1,449,209	1,450,363	1,154
EXPENDITURES:				
Current:				
Public services	2,213,250	2,109,162	1,983,960	125,202
Debt service:				
Principal retirement	-	-	244,983	(244,983)
Interest and fiscal charges	-	-	79,742	(79,742)
Total expenditures	2,213,250	2,109,162	2,308,685	(199,523)
EXCESS OF REVENUES OVER EXPENDITURES				
	(762,441)	(659,953)	(858,322)	(198,369)
OTHER FINANCING SOURCES (USES):				
Transfers in	658,353	659,953	858,322	198,369
Total other financing sources (uses)	658,353	659,953	858,322	198,369
NET CHANGE IN FUND BALANCE				
	\$ (104,088)	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year				-
End of year				<u>\$ -</u>

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - LLMD No. 1 Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Special assessments	\$ 821,140	\$ 803,590	\$ 803,093	\$ (497)
Investment earnings	-	17,550	97,589	80,039
Total revenues	821,140	821,140	900,682	79,542
EXPENDITURES:				
Current:				
Public services	799,083	787,083	409,672	377,411
Capital outlay	10,037	22,037	21,389	648
Total expenditures	809,120	809,120	431,061	378,059
NET CHANGE IN FUND BALANCE	\$ 12,020	\$ 12,020	469,621	\$ 457,601
FUND BALANCE:				
Beginning of year			1,713,314	
End of year			\$ 2,182,935	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Geothermal Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ 300	\$ 600	\$ 681	\$ 81
Total revenues	<u>300</u>	<u>600</u>	<u>681</u>	<u>81</u>
EXPENDITURES:				
Current:				
General government	14,339	-	-	-
Total expenditures	<u>14,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (14,039)</u></u>	<u><u>\$ 600</u></u>	681	<u><u>\$ 81</u></u>
FUND BALANCE:				
Beginning of year			14,326	
End of year			<u><u>\$ 15,007</u></u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - AB2766 Air Pollution Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 60,000	\$ 68,135	\$ 119,455	\$ 51,320
Investment earnings	6,000	9,000	8,784	(216)
Total revenues	66,000	77,135	128,239	51,104
EXPENDITURES:				
Current:				
Public services	6,000	6,201	6,201	-
Total expenditures	6,000	6,201	6,201	-
EXCESS OF REVENUES OVER EXPENDITURES	60,000	70,934	122,038	51,104
OTHER FINANCING SOURCES (USES):				
Transfers out	(176,655)	-	-	-
Total other financing sources (uses)	(176,655)	-	-	-
NET CHANGE IN FUND BALANCE	\$ (116,655)	\$ 70,934	122,038	\$ 51,104
FUND BALANCE:				
Beginning of year			123,903	
End of year			\$ 245,941	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - CDBG Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,317,890	\$ 1,317,890	\$ 178,155	\$ (1,139,735)
Total revenues	<u>1,317,890</u>	<u>1,317,890</u>	<u>178,155</u>	<u>(1,139,735)</u>
EXPENDITURES:				
Current:				
Community development	29,000	29,000	28,681	319
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>28,681</u>	<u>319</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,288,890</u>	<u>1,288,890</u>	<u>149,474</u>	<u>(1,139,416)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,288,890)	(1,288,890)	(149,475)	1,139,415
Total other financing sources (uses)	<u>(1,288,890)</u>	<u>(1,288,890)</u>	<u>(149,475)</u>	<u>1,139,415</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(34,958)	
End of year			<u>\$ (34,959)</u>	

City of Lake Elsinore
Supplementary Information

Budgetary Comparison Schedule - Developer Agreement Revenue/Trust Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 200,000	\$ 628,146	\$ 406,500	\$ (221,646)
Investment earnings	4,000	31,000	28,086	(2,914)
Total revenues	204,000	659,146	434,586	(224,560)
EXCESS OF REVENUES OVER EXPENDITURES				
	204,000	659,146	434,586	(224,560)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	145,000	141,500	(3,500)
Transfers out	(649,134)	(850,146)	(790,634)	59,512
Total other financing sources (uses)	(649,134)	(705,146)	(649,134)	56,012
NET CHANGE IN FUND BALANCE	<u>\$ (445,134)</u>	<u>\$ (46,000)</u>	<u>(214,548)</u>	<u>\$ (168,548)</u>
FUND BALANCE:				
Beginning of year			534,599	
End of year			<u>\$ 320,051</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - City Hall/Public Works Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 200,000	\$ 400,000	\$ 299,401	\$ (100,599)
Investment earnings	4,000	54,000	36,509	(17,491)
Total revenues	204,000	454,000	335,910	(118,090)
EXCESS OF REVENUES OVER EXPENDITURES				
	204,000	454,000	335,910	(118,090)
OTHER FINANCING SOURCES (USES):				
Transfers out	(276,316)	(1,098,574)	(276,316)	822,258
Total other financing sources (uses)	(276,316)	(1,098,574)	(276,316)	822,258
NET CHANGE IN FUND BALANCE	\$ (72,316)	\$ (644,574)	59,594	\$ 704,168
FUND BALANCE:				
Beginning of year			644,575	
End of year			\$ 704,169	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Community Center Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 100,000	\$ 245,000	\$ 201,791	\$ (43,209)
Investment earnings	4,000	34,000	29,983	(4,017)
Total revenues	104,000	279,000	231,774	(47,226)
EXCESS OF REVENUES OVER EXPENDITURES				
	104,000	279,000	231,774	(47,226)
OTHER FINANCING SOURCES (USES):				
Transfers out	(400,000)	-	-	-
Total other financing sources (uses)	(400,000)	-	-	-
NET CHANGE IN FUND BALANCE	\$ (296,000)	\$ 279,000	231,774	\$ (47,226)
FUND BALANCE:				
Beginning of year			435,958	
End of year			\$ 667,732	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Lakeside Facilities Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 150,000	\$ 310,000	\$ 289,111	\$ (20,889)
Investment earnings	15,000	90,000	42,071	(47,929)
Total revenues	165,000	400,000	331,182	(68,818)
EXCESS OF REVENUES OVER EXPENDITURES				
	165,000	400,000	331,182	(68,818)
OTHER FINANCING SOURCES (USES):				
Transfers out	(220,032)	(1,010,646)	(2,188)	1,008,458
Total other financing sources (uses)	(220,032)	(1,010,646)	(2,188)	1,008,458
NET CHANGE IN FUND BALANCE	\$ (55,032)	\$ (610,646)	328,994	\$ 939,640
FUND BALANCE:				
Beginning of year			610,646	
End of year			\$ 939,640	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Animal Shelter Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 40,000	\$ 136,400	\$ 128,167	\$ (8,233)
Investment earnings	600	4,410	3,885	(525)
Total revenues	<u>40,600</u>	<u>140,810</u>	<u>132,052</u>	<u>(8,758)</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>40,600</u>	<u>140,810</u>	<u>132,052</u>	<u>(8,758)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(40,600)	(150,356)	(141,500)	8,856
Total other financing sources (uses)	<u>(40,600)</u>	<u>(150,356)</u>	<u>(141,500)</u>	<u>8,856</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ (9,546)</u></u>	<u><u>(9,448)</u></u>	<u><u>\$ 98</u></u>
FUND BALANCE:				
Beginning of year				9,546
End of year				<u><u>\$ 98</u></u>

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - NPDES Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,548,650	\$ 1,548,650	\$ 697,104	\$ (851,546)
Total revenues	<u>1,551,150</u>	<u>1,551,150</u>	<u>697,104</u>	<u>(854,046)</u>
EXPENDITURES:				
Current:				
Public services	284,952	280,150	212,258	67,892
Total expenditures	<u>285,952</u>	<u>281,150</u>	<u>212,258</u>	<u>68,892</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,265,198</u>	<u>1,270,000</u>	<u>484,846</u>	<u>(785,154)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,270,000)	(1,270,000)	(153,969)	1,116,031
Total other financing sources (uses)	<u>(1,270,000)</u>	<u>(1,270,000)</u>	<u>(153,969)</u>	<u>1,116,031</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (4,802)</u></u>	<u><u>\$ -</u></u>	<u><u>330,877</u></u>	<u><u>\$ 330,877</u></u>
FUND BALANCE (DEFICIT):				
Beginning of year			(219,793)	
End of year			<u>\$ 111,084</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - PEG Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 15,000	\$ 15,000	\$ 8,212	\$ (6,788)
Investment earnings	600	600	196	(404)
Total revenues	15,600	15,600	8,408	(7,192)
EXCESS OF REVENUES OVER EXPENDITURES				
	15,600	15,600	8,408	(7,192)
OTHER FINANCING SOURCES (USES):				
Transfers out	(23,823)	(19,946)	(12,754)	7,192
Total other financing sources (uses)	(23,823)	(19,946)	(12,754)	7,192
NET CHANGE IN FUND BALANCE	\$ (8,223)	\$ (4,346)	(4,346)	\$ -
FUND BALANCE:				
Beginning of year				4,346
End of year				\$ -

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - The Anchor Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 57,850	\$ 57,850	\$ 306,680	\$ 248,830
Total revenues	<u>57,850</u>	<u>57,850</u>	<u>306,680</u>	<u>248,830</u>
EXPENDITURES:				
Current:				
Community development	1,020,980	1,020,980	1,141,867	(120,887)
Total expenditures	<u>1,020,980</u>	<u>1,020,980</u>	<u>1,141,867</u>	<u>(120,887)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(963,130)</u>	<u>(963,130)</u>	<u>(835,187)</u>	<u>127,943</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	963,130	963,130	1,074,718	111,588
Total other financing sources (uses)	<u>963,130</u>	<u>963,130</u>	<u>1,074,718</u>	<u>111,588</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>239,531</u>	<u>\$ 239,531</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(239,531)	
End of year			<u>\$ -</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - American Rescue Plan Act Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 4,612,435	\$ 5,568,710	\$ 5,452,711	\$ (115,999)
Investment earnings	150,000	184,000	177,859	(6,141)
Total revenues	4,762,435	5,752,710	5,630,570	(122,140)
EXCESS OF REVENUES OVER EXPENDITURES				
	4,762,435	5,752,710	5,630,570	(122,140)
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,762,435)	(4,525,519)	(5,388,758)	(863,239)
Total other financing sources (uses)	(4,762,435)	(4,525,519)	(5,388,758)	(863,239)
NET CHANGE IN FUND BALANCE	\$ -	\$ 1,227,191	241,812	\$ (985,379)
FUND BALANCE:				
Beginning of year				-
End of year				\$ 241,812

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Pedestrian Sidewalk SB821 Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 20,494	\$ (129,506)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>20,494</u>	<u>(129,506)</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	150,000	150,000	20,494	(129,506)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	59,270	59,270
Transfers out	(150,000)	(150,000)	(6,223)	143,777
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>53,047</u>	<u>203,047</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>73,541</u></u>	<u><u>\$ 73,541</u></u>
FUND BALANCE (DEFICIT):				
Beginning of year			(73,541)	
End of year			<u><u>\$ -</u></u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Lake Desratification and Water Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
Investment earnings	150,000	172,900	262,468	89,568
Miscellaneous	100,000	77,100	-	(77,100)
Total revenues	1,750,000	1,750,000	1,762,468	12,468
EXPENDITURES:				
Current:				
General government	23,977	-	-	-
Public services	5,520,039	5,502,316	1,044,854	4,457,462
Total expenditures	5,544,016	5,502,316	1,044,854	4,457,462
NET CHANGE IN FUND BALANCE	\$ (3,794,016)	\$ (3,752,316)	717,614	\$ 4,469,930
FUND BALANCE:				
Beginning of year			4,521,452	
End of year			\$ 5,239,066	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Capital Improvement Plan Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 30,065,378	\$ 29,675,378	\$ 19,440,540	\$ (10,234,838)
Investment earnings	335,000	840,000	826,619	(13,381)
Miscellaneous	-	55,000	52,993	(2,007)
Total revenues	<u>30,400,378</u>	<u>30,570,378</u>	<u>20,320,152</u>	<u>(10,250,226)</u>
EXPENDITURES:				
Current:				
General government	-	-	152,536	(152,536)
Capital outlay	91,602,230	83,547,894	42,103,946	41,443,948
Debt service:				
Principal retirement	-	61,000	60,070	930
Interest and fiscal charges	-	4,000	3,765	235
Total expenditures	<u>91,602,230</u>	<u>83,612,894</u>	<u>42,320,317</u>	<u>41,292,577</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(61,201,852)</u>	<u>(53,042,516)</u>	<u>(22,000,165)</u>	<u>31,042,351</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	52,325,237	52,325,237	27,606,701	(24,718,536)
Transfers out	(12,405,099)	(8,884,767)	(1,507,681)	7,377,086
Total other financing sources (uses)	<u>39,920,138</u>	<u>43,440,470</u>	<u>26,099,020</u>	<u>(17,341,450)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (21,281,714)</u>	<u>\$ (9,602,046)</u>	<u>4,098,855</u>	<u>\$ 13,700,901</u>
FUND BALANCE:				
Beginning of year			13,350,894	
End of year			<u>\$ 17,449,749</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Park Quimby Development Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 125,000	\$ 125,000	\$ 78,762	\$ (46,238)
Investment earnings	3,500	3,500	(211)	(3,711)
Total revenues	128,500	128,500	78,551	(49,949)
EXCESS OF REVENUES OVER EXPENDITURES	128,500	128,500	78,551	(49,949)
OTHER FINANCING SOURCES (USES):				
Transfers out	(131,364)	(131,266)	(81,318)	49,948
Total other financing sources (uses)	(131,364)	(131,266)	(81,318)	49,948
NET CHANGE IN FUND BALANCE	\$ (2,864)	\$ (2,766)	(2,767)	\$ (1)
FUND BALANCE:				
Beginning of year			2,767	
End of year			\$ -	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Storm Drains Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 200,000	\$ 1,446,825	\$ 1,834,288	\$ 387,463
Investment earnings	60,000	150,000	149,892	(108)
Miscellaneous	-	2,200	2,127	(73)
Total revenues	260,000	1,599,025	1,986,307	387,282
EXCESS OF REVENUES OVER EXPENDITURES				
	260,000	1,599,025	1,986,307	387,282
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,676,359)	(3,414,342)	(3,359,171)	55,171
Total other financing sources (uses)	(3,676,359)	(3,414,342)	(3,359,171)	55,171
NET CHANGE IN FUND BALANCE	\$ (3,416,359)	\$ (1,815,317)	(1,372,864)	\$ 442,453
FUND BALANCE:				
Beginning of year			3,383,883	
End of year			\$ 2,011,019	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Library Facilities Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 40,000	\$ 60,000	\$ 58,319	\$ (1,681)
Investment earnings	11,000	56,000	60,311	4,311
Total revenues	51,000	116,000	118,630	2,630
EXCESS OF REVENUES OVER EXPENDITURES				
	51,000	116,000	118,630	2,630
OTHER FINANCING SOURCES (USES):				
Transfers out	(934,546)	(130,000)	(143,783)	(13,783)
Total other financing sources (uses)	(934,546)	(130,000)	(143,783)	(13,783)
NET CHANGE IN FUND BALANCE	\$ (883,546)	\$ (14,000)	(25,153)	\$ (11,153)
FUND BALANCE:				
Beginning of year			1,101,961	
End of year			\$ 1,076,808	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Traffic Impact Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 450,000	\$ 690,000	\$ 486,908	\$ (203,092)
Investment earnings	6,000	56,000	43,176	(12,824)
Total revenues	456,000	746,000	530,084	(215,916)
EXPENDITURES:				
Current:				
Community development	-	30,000	29,948	52
Total expenditures	-	30,000	29,948	52
EXCESS OF REVENUES OVER EXPENDITURES				
	456,000	716,000	500,136	(215,864)
OTHER FINANCING SOURCES (USES):				
Transfers out	(627,912)	(638,453)	(407,747)	230,706
Total other financing sources (uses)	(627,912)	(638,453)	(407,747)	230,706
NET CHANGE IN FUND BALANCE	\$ (171,912)	\$ 77,547	92,389	\$ 14,842
FUND BALANCE:				
Beginning of year			688,452	
End of year			\$ 780,841	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Fire Facilities Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 100,000	\$ 380,000	\$ 285,393	\$ (94,607)
Investment earnings	20,000	75,000	63,749	(11,251)
Total revenues	120,000	455,000	349,142	(105,858)
EXCESS OF REVENUES OVER EXPENDITURES				
	120,000	455,000	349,142	(105,858)
OTHER FINANCING SOURCES (USES):				
Transfers out	(948,879)	-	-	-
Total other financing sources (uses)	(948,879)	-	-	-
NET CHANGE IN FUND BALANCE	\$ (828,879)	\$ 455,000	349,142	\$ (105,858)
FUND BALANCE:				
Beginning of year				1,006,072
End of year				\$ 1,355,214

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Public Improvement In-Lieu Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 40,000	\$ (625,000)	\$ 704,850	\$ 1,329,850
Investment earnings	<u>60,000</u>	<u>160,000</u>	<u>142,630</u>	<u>(17,370)</u>
Total revenues	<u>100,000</u>	<u>(465,000)</u>	<u>847,480</u>	<u>1,312,480</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>100,000</u>	<u>(465,000)</u>	<u>847,480</u>	<u>1,312,480</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,930,067)	(865,000)	-	865,000
Total other financing sources (uses)	<u>(1,930,067)</u>	<u>(865,000)</u>	<u>-</u>	<u>865,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,830,067)</u>	<u>\$ (1,330,000)</u>	<u>847,480</u>	<u>\$ 2,177,480</u>
FUND BALANCE:				
Beginning of year			2,142,846	
End of year			<u>\$ 2,990,326</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Total Road Improvement Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ 1,815	\$ 1,799	\$ (16)
Total revenues	<u>-</u>	<u>1,815</u>	<u>1,799</u>	<u>(16)</u>
EXPENDITURES:				
Current:				
Public services	- -	- -	4,262	(4,262)
Principal retirement	265,000	265,000	275,000	(10,000)
Interest and fiscal charges	226,675	226,675	223,363	3,312
Total expenditures	<u>491,675</u>	<u>491,675</u>	<u>502,625</u>	<u>(10,950)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(491,675)</u>	<u>(489,860)</u>	<u>(500,826)</u>	<u>(10,966)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	- -	472,425	492,050	19,625
Total other financing sources (uses)	<u>- -</u>	<u>472,425</u>	<u>492,050</u>	<u>19,625</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (491,675)</u></u>	<u><u>\$ (17,435)</u></u>	<u><u>(8,776)</u></u>	<u><u>\$ 8,659</u></u>
FUND BALANCE:				
Beginning of year				17,435
End of year				<u><u>\$ 8,659</u></u>

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - TUMF Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 10,000,000	\$ 10,000,000	\$ 651,241	\$ (9,348,759)
Investment earnings	-	-	89	89
Total revenues	<u>10,000,000</u>	<u>10,000,000</u>	651,330	(9,348,670)
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,000,000</u>	<u>10,000,000</u>	651,330	(9,348,670)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	773,361	773,361
Transfers out	(10,000,000)	(10,134,367)	(1,559,058)	8,575,309
Total other financing sources (uses)	<u>(10,000,000)</u>	<u>(10,134,367)</u>	(785,697)	9,348,670
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (134,367)</u>	(134,367)	<u>\$ -</u>
FUND BALANCE (DEFICIT):				
Beginning of year			134,367	
End of year			<u>\$ -</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - La Strada RBBD Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ 2,500	\$ 1,385	\$ (1,115)
Total revenues	<u>-</u>	<u>2,500</u>	<u>1,385</u>	<u>(1,115)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ 2,500</u></u>	1,385	<u><u>\$ (1,115)</u></u>
FUND BALANCE:				
Beginning of year				25,131
End of year				<u><u>\$ 26,516</u></u>

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Public Financing Authority Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ 4,463,840	\$ 4,363,840	\$ 4,363,824	\$ (16)
Total revenues	<u>4,463,840</u>	<u>4,363,840</u>	<u>4,363,824</u>	<u>(16)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	4,165,009	4,165,009	4,165,000	9
Interest and fiscal charges	4,363,831	4,363,831	4,326,122	37,709
Total expenditures	<u>8,528,840</u>	<u>8,528,840</u>	<u>8,491,122</u>	<u>37,718</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(4,065,000)</u>	<u>(4,165,000)</u>	<u>(4,127,298)</u>	<u>37,702</u>
OTHER FINANCING SOURCES (USES):				
Deposit to escrow for debt retirement	-	-	(94,666,609)	(94,666,609)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(94,666,609)</u>	<u>(94,666,609)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (4,065,000)</u></u>	<u><u>\$ (4,165,000)</u></u>	<u><u>(98,793,907)</u></u>	<u><u>\$ (94,628,907)</u></u>
FUND BALANCE:				
Beginning of year			98,831,625	
End of year			<u>\$ 37,718</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Facilities Financing Authority Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ 3,420,105	\$ 3,148,105	\$ 2,255,677	\$ (892,428)
Miscellaneous	<u>3,799,890</u>	<u>4,071,890</u>	<u>3,104,867</u>	<u>(967,023)</u>
Total revenues	<u>7,219,995</u>	<u>7,219,995</u>	<u>5,360,544</u>	<u>(1,859,451)</u>
EXPENDITURES:				
Current:				
General government	21,316,170	21,308,583	7,153,576	14,155,007
Debt service:				
Principal retirement	3,410,000	3,410,000	4,680,000	(1,270,000)
Interest and fiscal charges	<u>4,593,460</u>	<u>4,593,460</u>	<u>3,312,172</u>	<u>1,281,288</u>
Total expenditures	<u>29,319,630</u>	<u>29,312,043</u>	<u>15,145,748</u>	<u>14,166,295</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(22,099,635)</u>	<u>(22,092,048)</u>	<u>(9,785,204)</u>	<u>12,306,844</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	77,580,000	77,580,000
Premium on debt issuance	-	-	7,555,680	7,555,680
Costs of issuance	<u>-</u>	<u>-</u>	<u>(1,009,120)</u>	<u>(1,009,120)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>84,126,560</u>	<u>84,126,560</u>
NET CHANGE IN FUND BALANCE	<u>\$ (22,099,635)</u>	<u>\$ (22,092,048)</u>	<u>74,341,356</u>	<u>\$ 96,433,404</u>
FUND BALANCE:				
Beginning of year			93,077,669	
End of year			<u>\$ 167,419,025</u>	

City of Lake Elsinore
Supplementary Information
Budgetary Comparison Schedule - Endowment Trust - Adolph Korn Permanent Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ 1,500	\$ 1,500	\$ 1,951	\$ 451
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,951</u>	<u>451</u>
EXPENDITURES:				
Current:				
General government	630	630	-	630
Total expenditures	<u>630</u>	<u>630</u>	<u>-</u>	<u>630</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 870</u></u>	<u><u>\$ 870</u></u>	1,951	<u><u>\$ 1,081</u></u>
FUND BALANCE:				
Beginning of year			35,408	
End of year			<u>\$ 37,359</u>	

Internal Service Funds

Internal service funds are used to account for transactions related to the City's vehicle & equipment maintenance/replacement, information technology, for its self-insurance programs, and facilities maintenance. These services are provided to other departments on a cost reimbursement basis.

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

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

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

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

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

City of Lake Elsinore
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Insurance	Info Systems	Support Services	Fleet Services	Facilities	Total
ASSETS						
Current Assets:						
Cash and investments	\$ 1,456,541	\$ 3,637,360	\$ 84,710	\$ 2,465,009	\$ 3,221,611	\$ 10,865,231
Receivables:						
Interest	11,155	25,468	497	11,423	24,176	72,719
Prepaid items	4,915	163,732	-	-	-	168,647
Total current assets	1,472,611	3,826,560	85,207	2,476,432	3,245,787	11,106,597
Noncurrent assets:						
Capital assets						
Capital assets, being depreciated, net	-	203,968	-	2,289,847	72,432	2,566,247
Total capital assets, net	-	203,968	-	2,289,847	72,432	2,566,247
Total noncurrent assets	-	203,968	-	2,289,847	72,432	2,566,247
Total assets	1,472,611	4,030,528	85,207	4,766,279	3,318,219	13,672,844
DEFERRED OUTFLOWS OF RESOURCES						
Pension-related	42,429	174,202	-	120,874	62,469	399,974
OPEB-related	11,211	203,825	-	122,295	81,531	418,862
Total deferred outflows of resources	53,640	378,027	-	243,169	144,000	818,836
LIABILITIES						
Current liabilities:						
Accounts payable	4,148	179,765	4,808	78,595	43,347	310,663
Accrued liabilities	468,894	16,645	-	10,175	8,110	503,824
Total OPEB liability - due within one year	2,000	10,000	-	10,000	15,000	37,000
Long-term debt - due within one year	-	98,800	-	-	-	98,800
Compensated absences - due within one year	2,519	117,443	-	1,889	11,160	133,011
Total current liabilities	477,561	422,653	4,808	100,659	77,617	1,083,298
Noncurrent liabilities:						
Long-term debt - due in more than one year	-	57,097	-	-	-	57,097
Net pension liability	154,203	462,609	-	308,406	154,203	1,079,421
Total OPEB liability - due in more than one year	50,034	936,070	-	557,642	363,428	1,907,174
Compensated absences - due in more than one year	554	25,780	-	21,146	2,449	49,929
Total noncurrent liabilities	204,791	1,481,556	-	887,194	520,080	3,093,621
Total liabilities	682,352	1,904,209	4,808	987,853	597,697	4,176,919
DEFERRED INFLOWS OF RESOURCES						
Pension-related	3,679	11,036	-	7,357	3,679	25,751
OPEB-related	23,609	429,243	-	257,546	171,698	882,096
Total deferred inflows of resources	27,288	440,279	-	264,903	175,377	907,847
NET POSITION						
Net investment in capital assets	-	48,071	-	2,289,847	72,432	2,410,350
Unrestricted	816,611	2,015,996	80,399	1,466,845	2,616,713	6,996,564
Total net position	\$ 816,611	\$ 2,064,067	\$ 80,399	\$ 3,756,692	\$ 2,689,145	\$ 9,406,914

City of Lake Elsinore
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Insurance	Info Systems	Support Services	Fleet Services	Facilities	Total
OPERATING REVENUES:						
Charges for services	\$ 858,687	\$ 2,347,664	\$ 118,344	\$ 1,800,662	\$ 1,183,775	\$ 6,309,132
Miscellaneous	-	-	-	31	179,896	179,927
Total operating revenues	858,687	2,347,664	118,344	1,800,693	1,363,671	6,489,059
OPERATING EXPENSES:						
Personnel services	63,557	1,114,338	-	375,691	34,390	1,587,976
Contractual services	10,705	100,965	55,351	64,204	326,143	557,368
Utilities	-	208,405	-	196,134	201,434	605,973
Maintenance and operation	21,129	977,369	51,206	189,415	244,007	1,483,126
Insurance	797,592	-	-	-	-	797,592
Depreciation/amortization	-	181,073	4,006	757,531	25,475	968,085
Total operating expenses	892,983	2,582,150	110,563	1,582,975	831,449	6,000,120
OPERATING INCOME (LOSS)	(34,296)	(234,486)	7,781	217,718	532,222	488,939
NON-OPERATING REVENUES/(EXPENSES):						
Interest income	51,699	171,072	3,276	71,886	155,564	453,497
Interest expense	-	(31,877)	-	-	-	(31,877)
Gain/(loss) on disposal of capital assets	-	-	-	18,155	-	18,155
Total non-operating revenues/(expenses)	51,699	139,195	3,276	90,041	155,564	439,775
INCOME (LOSS) BEFORE TRANSFERS	17,403	(95,291)	11,057	307,759	687,786	928,714
TRANSFERS:						
Transfers in	-	-	-	640,000	-	640,000
Total transfers	-	-	-	640,000	-	640,000
CHANGES IN NET POSITION	17,403	(95,291)	11,057	947,759	687,786	1,568,714
NET POSITION:						
Beginning of the year, as previously reported	802,902	2,295,958	69,342	2,836,760	2,016,834	8,021,796
Prior period adjustment (Note 19)	(3,694)	(136,600)	-	(27,827)	(15,475)	(183,596)
Beginning of the year, as restated	799,208	2,159,358	69,342	2,808,933	2,001,359	7,838,200
End of the year	\$ 816,611	\$ 2,064,067	\$ 80,399	\$ 3,756,692	\$ 2,689,145	\$ 9,406,914

City of Lake Elsinore
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Insurance	Info Systems	Support Services	Fleet Services	Facilities	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers and users	\$ 858,687	\$2,347,664	\$ 118,344	\$ 1,800,693	\$ 1,363,671	\$ 6,489,059
Cash paid to suppliers for goods and services	(323,798)	(1,155,905)	(110,521)	(523,215)	(768,612)	(2,882,051)
Cash paid to employees for services	317,329	(797,998)	-	(492,301)	(394,241)	(1,367,211)
Net cash provided by operating activities	852,218	393,761	7,823	785,177	200,818	2,239,797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	-	(176,511)	-	(401,115)	-	(577,626)
Prinicpal payments on long-term debt	-	(3,489)	-	-	-	(3,489)
Cash effect of disposal of capital assets	-	-	-	18,155	-	18,155
Interest paid on outstanding debt	-	(31,877)	-	-	-	(31,877)
Net cash (used in) capital and related financing activities	-	(211,877)	-	(382,960)	-	(594,837)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	51,570	174,754	3,196	64,012	153,731	447,263
Net cash provided by investing activities	51,570	174,754	3,196	64,012	153,731	447,263
Changes in cash and cash equivalents	903,788	356,638	11,019	1,106,229	354,549	2,732,223
CASH AND CASH EQUIVALENTS:						
Beginning of year	552,753	3,280,722	73,691	1,358,780	2,867,062	8,133,008
End of year	<u>\$ 1,456,541</u>	<u>\$3,637,360</u>	<u>\$ 84,710</u>	<u>\$ 2,465,009</u>	<u>\$ 3,221,611</u>	<u>\$ 10,865,231</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ (34,296)	\$ (234,486)	\$ 7,781	\$ 217,718	\$ 532,222	\$ 488,939
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation/amortization	-	181,073	4,006	757,531	25,475	968,085
Change in assets and liabilities:						
Prepaid items	501,480	(24,519)	-	2,825	168	479,954
Pension-related deferred outflows	91,790	(35,212)	-	87,611	76,521	220,710
OPEB-related deferred outflows	(11,211)	6,819	-	35,688	76,452	107,748
Accounts payable	4,148	155,353	(3,964)	(76,287)	2,804	82,054
Accrued liabilities	400,288	(9,331)	-	(1,768)	(10,107)	379,082
Compensated absences	(621)	6,623	-	(4,792)	(1,866)	(656)
Net pension liability	(162,446)	145,960	-	(166,567)	(162,446)	(345,499)
Total OPEB liability	50,034	181,945	-	(5,452)	(194,666)	31,861
Pension-related deferred inflows	(10,557)	(3,200)	-	(13,996)	(10,557)	(38,310)
OPEB-related deferred inflows	23,609	22,736	-	(47,334)	(133,182)	(134,171)
Total adjustments	886,514	628,247	42	567,459	(331,404)	1,750,858
Net cash provided by operating activities	\$ 852,218	\$ 393,761	\$ 7,823	\$ 785,177	\$ 200,818	\$ 2,239,797

Private - Purpose Trust Funds

Trust Carl Graves - This fund is used 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 - This fund is used 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, 2025

	Trust - Carl Graves	Successor Agency	Total
ASSETS:			
Cash and investments	\$ 69,235	\$ 4,904,554	\$ 4,973,789
Receivables:			
Accounts	167	76,018	76,185
Interest	539	14,375	14,914
Prepaid items	-	258,212	258,212
Land held for resale	-	6,039,994	6,039,994
Restricted assets:			
Cash and investments with fiscal agents	-	934	934
Capital assets:			
Capital assets, not being depreciated	-	2,004,419	2,004,419
Capital assets, net of accumulated depreciation	-	16,597,356	16,597,356
Total assets	69,941	29,895,862	29,965,803
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on refunding	-	958,806	958,806
Total deferred outflows of resources	-	958,806	958,806
LIABILITIES:			
Accounts payable	-	327,780	327,780
Interest payable	-	484,753	484,753
Long-term debt:			
Due within one year	-	4,070,000	4,070,000
Due in more than one year	-	34,178,687	34,178,687
Total liabilities	-	39,061,220	39,061,220
NET POSITION (DEFICIT):			
Restricted for:			
Organizations and other governments	69,941	(8,206,552)	(8,136,611)
Total net position (deficit)	\$ 69,941	\$ (8,206,552)	\$ (8,136,611)

City of Lake Elsinore
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2025

	Trust - Carl Graves	Successor Agency	Total
ADDITIONS:			
Taxes	\$ -	\$ 13,478,613	\$ 13,478,613
Investment earnings	3,595	21,475	25,070
Miscellaneous	2,000	49,722	51,722
Total additions	5,595	13,584,201	13,589,796
DEDUCTIONS:			
Administrative expenses	-	394,877	394,877
Contractual services	-	5,103,946	5,103,946
Interest expense	-	1,485,385	1,485,385
Depreciation	-	2,407,151	2,407,151
Total deductions	-	9,391,359	9,391,359
Change in net position	5,595	4,192,842	4,198,437
NET POSITION (DEFICIT) :			
Beginning of year	64,346	(12,399,394)	(12,335,048)
End of year	\$ 69,941	\$ (8,206,552)	\$ (8,136,611)

Statistical Section



City of Lake Elsinore, California
Description of Statistical Section Contents
June 30, 2025

The City of Lake Elsinore's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health. The statistical section offers operational, economic, and historical data that provide a context for assessing the City's economic condition.

CONTENTS	PAGES
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and financial health have changed over time.	170-171
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property tax.	172-180
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	181-193
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.	194-195
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.	196-200

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

	Fiscal Year				
	2016	2017	2018	2019	2020
GOVERNMENTAL ACTIVITIES					
Net Investment in					
Capital Assets	\$ 145,170,561	\$ 146,735,654	\$ 142,754,254	\$ 147,000,319	\$ 147,522,397
Restricted	75,054,285	90,363,046	92,281,048	94,960,776	105,362,660
Unrestricted (deficit)	(10,180,146)	(12,062,216)	(13,553,724)	(26,768,225)	(31,045,124)
Total Governmental Activities Net Position	<u><u>\$ 210,044,700</u></u>	<u><u>\$ 225,036,484</u></u>	<u><u>\$ 221,481,578</u></u>	<u><u>\$ 215,192,870</u></u>	<u><u>\$ 221,839,933</u></u>
BUSINESS-TYPE ACTIVITIES					
Net Investment in					
Capital Assets	\$ -	\$ -	\$ -	\$ 17,255,744	\$ 27,049,079
Unrestricted (deficit)	-	-	-	(506,148)	(10,434,316)
Total Business-type Activities Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,749,596</u></u>	<u><u>\$ 16,614,763</u></u>
PRIMARY GOVERNMENT					
Net Investment in					
Capital Assets	\$ 145,170,561	\$ 146,735,654	\$ 142,754,254	\$ 164,256,063	\$ 174,571,476
Restricted	75,054,285	90,363,046	92,281,048	94,960,776	105,362,660
Unrestricted (deficit)	(10,180,146)	(12,062,216)	(13,553,724)	(27,274,373)	(41,479,440)
Total Primary Government Net Position	<u><u>\$ 210,044,700</u></u>	<u><u>\$ 225,036,484</u></u>	<u><u>\$ 221,481,578</u></u>	<u><u>\$ 231,942,466</u></u>	<u><u>\$ 238,454,696</u></u>

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

	Fiscal Year				
	2021	2022	2023	2024	2025
GOVERNMENTAL ACTIVITIES					
Net Investment in					
Capital Assets	\$ 153,408,107	\$ 161,286,962	\$ 163,396,517	\$ 182,490,924	\$ 187,041,640
Restricted	263,683,834	302,436,092	323,071,895	315,320,036	293,880,460
Unrestricted (deficit)	(169,103,017)	(177,109,868)	(180,304,336)	(174,732,171)	(136,661,100)
Total Governmental Activities Net Position	<u><u>\$ 247,988,924</u></u>	<u><u>\$ 286,613,186</u></u>	<u><u>\$ 306,164,076</u></u>	<u><u>\$ 323,078,789</u></u>	<u><u>\$ 344,261,000</u></u>
BUSINESS-TYPE ACTIVITIES					
Net Investment in					
Capital Assets	\$ 26,613,234	\$ 24,693,433	\$ 23,248,976	\$ 22,154,966	\$ 21,046,449
Unrestricted (deficit)	(9,568,742)	(9,131,820)	(9,059,455)	(9,720,210)	(11,766,163)
Total Business-type Activities Net Position	<u><u>\$ 17,044,492</u></u>	<u><u>\$ 15,561,613</u></u>	<u><u>\$ 14,189,521</u></u>	<u><u>\$ 12,434,756</u></u>	<u><u>\$ 9,280,286</u></u>
PRIMARY GOVERNMENT					
Net Investment in					
Capital Assets	\$ 180,021,341	\$ 185,980,395	\$ 186,645,493	\$ 204,645,890	\$ 208,088,089
Restricted	263,683,834	302,436,092	323,071,895	315,320,036	293,880,460
Unrestricted (deficit)	(178,671,759)	(186,241,688)	(189,363,791)	(184,452,381)	(148,427,263)
Total Primary Government Net Position	<u><u>\$ 265,033,416</u></u>	<u><u>\$ 302,174,799</u></u>	<u><u>\$ 320,353,597</u></u>	<u><u>\$ 335,513,545</u></u>	<u><u>\$ 353,541,286</u></u>

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

	Fiscal Year				
	2016	2017	2018	2019	2020
EXPENSES					
Governmental Activities:					
General Government	\$ 6,477,776	\$ 8,904,130	\$ 5,856,845	\$ 5,497,097	\$ 7,415,903
Public Safety	19,098,659	21,218,964	20,963,229	21,143,285	22,051,425
Community Development	4,005,355	4,807,685	5,000,426	5,257,082	4,874,909
Community Services	5,411,152	9,791,967	3,313,875	3,003,809	2,751,936
Public Services	18,668,180	14,148,801	43,153,162	23,303,523	21,486,942
Interest on Long-term Debt	11,204,357	11,832,732	11,463,403	11,340,371	14,659,186
Total Governmental Activities Expenses	<u>64,865,479</u>	<u>70,704,279</u>	<u>89,750,940</u>	<u>69,545,167</u>	<u>73,240,301</u>
Business-type Activities:					
Launch Pointe	-	-	-	1,588,992	4,219,772
Total Business-type Activities Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,588,992</u>	<u>4,219,772</u>
Total Primary Government Expenses	<u>\$ 64,865,479</u>	<u>\$ 70,704,279</u>	<u>\$ 89,750,940</u>	<u>\$ 71,134,159</u>	<u>\$ 77,460,073</u>
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	734,034	1,726,741	2,666,057	1,478,132	2,288,038
Public Safety	1,922,602	2,665,603	1,716,350	1,605,806	1,468,446
Community Development	4,660,580	8,727,675	9,727,246	7,534,732	7,916,155
Community Services	2,977,699	858,119	759,254	490,827	435,120
Public Services	2,977,138	5,504,572	2,609,931	2,494,149	4,146,898
Operating Grants and Contributions	19,883,338	5,496,146	8,599,061	10,045,467	16,522,110
Capital Grants and Contributions	5,901,491	30,389,367	30,754,329	20,188,402	11,440,911
Total Governmental Activities Program Revenues	<u>39,056,882</u>	<u>55,368,223</u>	<u>56,832,228</u>	<u>43,837,515</u>	<u>44,217,678</u>
Business-type Activities:					
Launch Pointe	-	-	-	249,194	2,105,505
Total Business-type Activities Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,194</u>	<u>2,105,505</u>
Total Primary Government Revenues	<u>\$ 39,056,882</u>	<u>\$ 55,368,223</u>	<u>\$ 56,832,228</u>	<u>\$ 44,086,709</u>	<u>\$ 46,323,183</u>
NET REVENUES (EXPENSES)					
Governmental Activities	(25,808,597)	(15,336,056)	(32,918,712)	(25,707,652)	(29,022,623)
Business-type Activities	-	-	-	(1,339,798)	(2,114,267)
Total Net Revenues (Expenses)	<u>\$ (25,808,597)</u>	<u>\$ (15,336,056)</u>	<u>\$ (32,918,712)</u>	<u>\$ (27,047,450)</u>	<u>\$ (31,136,890)</u>

Source: City Finance Department

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

	Fiscal Year				
	2021	2022	2023	2024	2025
EXPENSES					
Governmental Activities:					
General Government	\$ 7,192,106	\$ 5,107,567	\$ 9,172,842	\$ 15,247,408	\$ 30,546,810
Public Safety	22,583,417	25,501,850	32,879,462	39,641,502	42,131,842
Community Development	5,675,292	8,049,582	7,658,800	7,653,401	11,761,489
Community Services	2,359,364	3,555,069	3,635,488	4,143,392	5,193,764
Public Services	24,952,498	26,549,937	31,912,202	31,545,220	24,035,763
Interest on Long-term Debt	5,151,588	7,721,648	8,528,626	8,384,271	6,537,536
Total Governmental Activities Expenses	<u>67,914,265</u>	<u>76,485,653</u>	<u>93,787,420</u>	<u>106,615,194</u>	<u>120,207,204</u>
Business-type Activities:					
Launch Pointe	3,967,463	5,940,262	4,414,720	5,213,529	6,391,639
Total Business-type Activities Expenses	<u>3,967,463</u>	<u>5,940,262</u>	<u>4,414,720</u>	<u>5,213,529</u>	<u>6,391,639</u>
Total Primary Government Expenses	<u><u>\$ 71,881,728</u></u>	<u><u>\$ 82,425,915</u></u>	<u><u>\$ 98,202,140</u></u>	<u><u>\$ 111,828,723</u></u>	<u><u>\$ 126,598,843</u></u>
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	1,901,893	6,115,447	2,974,857	1,201,032	4,827,422
Public Safety	1,546,880	1,421,517	9,509,364	13,058,049	12,734,008
Community Development	8,564,938	10,133,005	3,779,315	7,171,851	7,997,609
Community Services	605,248	853,775	440,928	528,501	594,354
Public Services	7,434,970	8,815,764	1,892,579	1,543,596	2,163,991
Operating Grants and Contributions	16,799,986	22,058,808	29,601,505	26,316,771	24,350,778
Capital Grants and Contributions	14,106,537	14,438,375	4,550,058	6,806,993	18,324,961
Total Governmental Activities Program Revenues	<u>50,960,452</u>	<u>63,836,691</u>	<u>52,748,606</u>	<u>56,626,793</u>	<u>70,993,123</u>
Business-type Activities:					
Launch Pointe	3,728,501	3,384,588	3,057,715	3,042,086	2,890,042
Total Business-type Activities Revenues	<u>3,728,501</u>	<u>3,384,588</u>	<u>3,057,715</u>	<u>3,042,086</u>	<u>2,890,042</u>
Total Primary Government Revenues	<u><u>\$ 54,688,953</u></u>	<u><u>\$ 67,221,279</u></u>	<u><u>\$ 55,806,321</u></u>	<u><u>\$ 59,668,879</u></u>	<u><u>\$ 73,883,165</u></u>
NET REVENUES (EXPENSES)					
Governmental Activities	(16,953,813)	(12,648,962)	(41,038,814)	(49,988,401)	(49,214,081)
Business-type Activities	(238,962)	(2,555,674)	(1,357,005)	(2,464,131)	(3,788,960)
Total Net Revenues (Expenses)	<u><u>\$ (17,192,775)</u></u>	<u><u>\$ (15,204,636)</u></u>	<u><u>\$ (42,395,819)</u></u>	<u><u>\$ (52,452,532)</u></u>	<u><u>\$ (53,003,041)</u></u>

Source: City Finance Department

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				
	2016	2017	2018	2019	2020
GENERAL REVENUES					
Governmental Activities					
Taxes					
Property Taxes	\$ 6,537,540	\$ 7,380,594	\$ 8,030,862	\$ 7,986,053	\$ 8,990,543
Sales Taxes	9,939,637	9,745,714	10,071,435	11,057,497	10,896,995
Franchise Taxes	2,423,707	2,297,401	2,477,400	2,553,006	2,587,128
Other Taxes	838,364	598,126	560,150	577,805	654,044
Investment Earnings	925,517	11,247,531	13,191,802	12,468,683	11,258,137
Miscellaneous	706,094	2,745,222	3,026,724	3,785,183	2,960,909
Total Governmental Activities	<u>21,370,859</u>	<u>34,014,588</u>	<u>37,358,373</u>	<u>38,428,227</u>	<u>37,347,756</u>
Business-type Activities					
Investment Earnings	-	-	-	160	255
Miscellaneous	-	-	-	636	6,107
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>796</u>	<u>6,362</u>
Total General Revenues, Special and Extraordinary Items	<u>21,370,859</u>	<u>34,014,588</u>	<u>37,358,373</u>	<u>38,429,023</u>	<u>37,354,118</u>
CHANGES IN NET POSITION					
Governmental Activities	6,034,803	1,095,876	11,650,721	9,405,604	6,352,063
Business-type Activities	-	-	(1,339,798)	(2,113,471)	(134,833)
Total Changes in Net Position	<u>\$ 6,034,803</u>	<u>\$ 1,095,876</u>	<u>\$ 11,650,721</u>	<u>\$ 7,292,133</u>	<u>\$ 6,217,230</u>

Source: City Finance Department

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

	Fiscal Year				
	2021	2022	2023	2024	2025
GENERAL REVENUES					
Governmental Activities					
Taxes					
Property Taxes	\$ 9,677,646	\$ 10,228,341	\$ 13,011,435	\$ 13,922,631	\$ 14,449,047
Sales Taxes	18,068,365	32,787,974	33,409,294	33,638,353	33,102,605
Franchise Taxes	2,762,725	2,918,685	3,317,255	3,405,394	3,521,088
Other Taxes	550,508	762,896	638,573	627,022	674,495
Investment Earnings	7,205,149	3,563,485	9,099,556	15,623,421	16,993,778
Miscellaneous	2,794,609	2,415,630	1,816,565	370,328	2,407,241
Total Governmental Activities	<u>41,059,001</u>	<u>52,677,011</u>	<u>61,292,678</u>	<u>67,587,149</u>	<u>71,148,254</u>
Business-type Activities					
Investment Earnings	967	(15,010)	21,416	25,331	812
Miscellaneous	14,559	24,975	-	-	-
Total Business-type Activities	<u>15,526</u>	<u>(9,077)</u>	<u>21,416</u>	<u>25,331</u>	<u>812</u>
Total General Revenues, Special and Extraordinary Items	<u>41,074,527</u>	<u>52,667,934</u>	<u>61,314,094</u>	<u>67,612,480</u>	<u>71,149,066</u>
CHANGES IN NET POSITION					
Governmental Activities	24,105,188	40,028,049	11,304,277	16,914,713	21,259,123
Business-type Activities	(223,436)	(2,564,751)	(2,150,027)	(1,754,765)	(3,113,098)
Total Changes in Net Position	<u>\$ 23,881,752</u>	<u>\$ 37,463,298</u>	<u>\$ 9,154,250</u>	<u>\$ 15,159,948</u>	<u>\$ 18,146,025</u>

Source: City Finance Department

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

	Fiscal Year				
	2016	2017	2018	2019	2020
GENERAL FUND					
Nonspendable	\$ 1,029,015	\$ 1,096,846	\$ 1,031,385	\$ 1,077,168	\$ 1,023,165
Unassigned	11,365,894	11,512,307	10,807,854	11,067,741	11,035,706
Total General Fund	<u><u>\$ 12,394,909</u></u>	<u><u>\$ 12,609,153</u></u>	<u><u>\$ 11,839,239</u></u>	<u><u>\$ 12,144,909</u></u>	<u><u>\$ 12,058,871</u></u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 124,177	\$ 979,130	\$ 182,018	\$ 171,532	\$ 239,195
Restricted	303,860,121	302,110,933	293,344,990	267,464,772	246,825,586
Assigned	1,548,764	9,313,282	17,628,221	13,188,627	11,342,404
Unassigned (deficit)	(891)	(94,936)	-	(770,278)	(708,284)
Total All Other Governmental Funds	<u><u>\$ 305,532,171</u></u>	<u><u>\$ 312,308,409</u></u>	<u><u>\$ 311,155,229</u></u>	<u><u>\$ 280,054,653</u></u>	<u><u>\$ 257,698,901</u></u>
TOTAL FUND BALANCE					
Nonspendable	\$ 1,153,192	\$ 2,075,976	\$ 1,213,403	\$ 1,248,700	\$ 1,262,360
Restricted	303,860,121	302,110,933	293,344,990	267,464,772	246,825,586
Assigned	1,548,764	9,313,282	17,628,221	13,188,627	11,342,404
Unassigned	16,550,467	16,550,467	16,550,467	16,550,467	16,550,467
Total Governmental Funds	<u><u>\$ 323,112,544</u></u>	<u><u>\$ 330,050,658</u></u>	<u><u>\$ 328,737,081</u></u>	<u><u>\$ 298,452,566</u></u>	<u><u>\$ 275,980,817</u></u>

Source: City Finance Department

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

	Fiscal Year				
	2021	2022	2023	2024	2025
GENERAL FUND					
Nonspendable	\$ 1,031,847	\$ 1,032,002	\$ 1,033,177	\$ 1,084,169	\$ 1,139,774
Unassigned	13,715,078	17,345,708	18,235,539	19,757,417	23,230,111
Total General Fund	<u><u>\$ 14,746,925</u></u>	<u><u>\$ 18,377,710</u></u>	<u><u>\$ 19,268,716</u></u>	<u><u>\$ 20,841,586</u></u>	<u><u>\$ 24,369,885</u></u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 481,647	\$ 610,101	\$ 39,438,252	\$ 562,299	\$ 952,805
Restricted	248,711,701	294,660,460	264,036,710	291,618,549	267,135,012
Assigned	12,169,776	16,324,360	14,506,322	13,362,302	17,463,108
Unassigned (deficit)	-	(852,676)	(4,349,181)	(567,823)	(34,959)
Total All Other Governmental Funds	<u><u>\$ 261,363,124</u></u>	<u><u>\$ 310,742,245</u></u>	<u><u>\$ 313,632,103</u></u>	<u><u>\$ 304,975,327</u></u>	<u><u>\$ 285,515,966</u></u>
TOTAL FUND BALANCE					
Nonspendable	\$ 1,513,494	\$ 1,642,103	\$ 40,471,429	\$ 1,646,398	\$ 2,092,579
Restricted	248,711,701	294,660,460	264,036,710	291,618,549	267,135,012
Assigned	12,169,776	16,324,360	14,506,322	13,362,302	17,463,108
Unassigned	16,550,467	16,550,467	13,886,358	19,189,594	23,195,152
Total Governmental Funds	<u><u>\$ 278,945,438</u></u>	<u><u>\$ 329,177,390</u></u>	<u><u>\$ 332,900,819</u></u>	<u><u>\$ 325,816,843</u></u>	<u><u>\$ 309,885,851</u></u>

Source: City Finance Department

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

	Fiscal Year				
	2016	2017	2018	2019	2020
REVENUES					
Property Taxes	\$ 6,551,939	\$ 7,380,594	\$ 8,030,862	\$ 7,986,053	\$ 8,990,543
Other Taxes	13,178,135	12,697,359	13,108,985	14,188,308	14,138,167
Special Assessments	1,680,980	1,790,941	2,407,266	4,140,542	4,387,754
Licenses, Permits and Fees	6,894,107	7,465,474	4,524,328	3,582,357	5,429,574
Intergovernmental Revenues	6,807,169	6,846,125	9,585,606	9,627,086	11,276,362
Charges for Services	2,453,380	2,826,491	5,402,235	3,349,474	4,289,633
Fines, Forfeitures and Penalties	1,103,154	2,289,357	913,658	874,765	714,922
Investment Earnings	11,117,857	10,410,765	10,364,291	13,644,848	11,677,989
Contributions from Property Owners	6,219,934	29,339,769	28,853,494	17,974,870	13,222,683
Miscellaneous	3,574,278	6,630,285	8,102,050	7,316,907	7,773,055
Total Revenues	<u>59,580,933</u>	<u>87,677,160</u>	<u>91,292,775</u>	<u>82,685,210</u>	<u>81,900,682</u>
EXPENDITURES					
Current:					
General Government	5,318,933	6,345,498	5,233,031	5,323,480	6,408,283
Public Safety	18,614,077	20,751,331	20,507,870	20,724,268	21,627,645
Community Development	4,164,059	4,395,026	4,730,692	5,198,035	4,911,754
Community Services	4,984,422	3,963,912	2,577,291	2,242,136	2,433,529
Public Services	6,345,398	13,968,654	34,578,033	16,849,015	14,483,225
Capital Outlay	20,106,238	21,241,461	13,364,601	31,718,978	21,291,104
Debt Service:					
Payment to Escrow Agent	982,386	-	-	-	-
Bond Issuance Costs	6,515	-	-	-	-
Principal Retirement	7,375,000	8,315,000	8,935,000	34,065,000	40,110,811
Interest and Fiscal Charges	11,468,287	11,797,719	11,882,322	11,796,303	14,406,554
Total Expenditures	<u>79,365,315</u>	<u>90,778,601</u>	<u>101,808,840</u>	<u>127,917,215</u>	<u>125,672,905</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(19,784,382)</u>	<u>(3,101,441)</u>	<u>(10,516,065)</u>	<u>(45,232,005)</u>	<u>(43,772,223)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	18,142,559	24,483,943	11,523,931	16,851,815	12,958,707
Transfers Out	(19,791,262)	(24,802,020)	(11,523,931)	(8,510,790)	(14,658,799)
Debt Issuance	-	10,410,000	7,975,000	-	-
Loan Payments	-	-	-	-	-
Premiums	-	-	-	-	2,715,525
Refunding Bonds Issued	-	-	-	-	20,020,000
Costs of Issuance	-	-	-	-	-
Capital Leases	-	-	-	3,459,380	-
Sale of Capital Assets	14,743	-	14,502	3,557,379	-
Deposit to escrow for debt retirement	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,633,960)</u>	<u>10,091,923</u>	<u>7,989,502</u>	<u>15,357,784</u>	<u>21,035,433</u>
Net Change in Fund Balances before					
Special and Extraordinary Items	<u>(21,418,342)</u>	<u>6,990,482</u>	<u>(2,526,563)</u>	<u>(29,874,221)</u>	<u>(22,736,790)</u>
Extraordinary/Special Items	<u>(7,319,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (28,738,297)</u>	<u>\$ 6,990,482</u>	<u>\$ (2,526,563)</u>	<u>\$ (29,874,221)</u>	<u>\$ (22,736,790)</u>
Debt Service as a Percentage of					
Noncapital Expenditures	28%	29%	23%	48%	52%

Source: City Finance Department

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

	Fiscal Year				
	2021	2022	2023	2024	2025
REVENUES					
Property Taxes	\$ 9,677,646	\$ 10,228,341	\$ 13,011,435	\$ 13,922,631	\$ 14,449,047
Other Taxes	21,381,597	36,469,555	37,365,122	33,438,414	33,072,495
Special Assessments	8,113,712	11,739,830	2,189,661	2,268,403	2,240,975
Licenses, Permits and Fees	6,275,936	6,709,538	3,899,120	8,688,730	10,015,404
Intergovernmental Revenues	12,492,435	16,643,561	41,342,148	43,201,939	55,928,089
Charges for Services	5,638,830	7,114,906	5,221,247	4,973,707	5,326,100
Fines, Forfeitures and Penalties	447,431	1,048,332	1,150,646	1,104,634	970,181
Investment Earnings	11,105,726	5,363,520	8,409,776	12,231,195	13,231,049
Contributions from Property Owners	11,984,476	12,052,826	-	-	-
Miscellaneous	8,473,591	7,752,706	6,887,567	8,820,581	8,562,994
Total Revenues	<u>95,591,380</u>	<u>115,123,115</u>	<u>119,476,722</u>	<u>128,650,234</u>	<u>143,796,334</u>
EXPENDITURES					
Current:					
General Government	6,068,984	5,263,576	8,326,912	15,592,307	16,251,172
Public Safety	22,184,865	25,098,499	32,997,418	38,612,088	39,853,452
Community Development	5,737,871	7,665,913	7,906,896	7,970,042	8,136,984
Community Services	2,043,707	2,897,598	3,594,294	4,077,897	5,123,261
Public Services	18,264,438	19,684,541	16,775,998	17,043,126	18,005,806
Capital Outlay	11,984,842	14,580,865	26,135,791	35,182,519	43,131,335
Debt Service:					
Payment to Escrow Agent	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Principal Retirement	47,879,713	12,463,960	7,405,501	7,646,107	9,425,053
Interest and Fiscal Charges	9,496,748	8,075,238	8,343,894	8,296,259	7,945,164
Total Expenditures	<u>123,661,168</u>	<u>95,730,190</u>	<u>111,486,704</u>	<u>134,420,345</u>	<u>147,872,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,069,788)</u>	<u>19,392,925</u>	<u>7,990,018</u>	<u>(5,770,111)</u>	<u>(4,075,893)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	13,100,724	18,821,127	19,874,296	21,275,014	31,787,422
Transfers Out	(16,353,889)	(23,747,924)	(20,154,260)	(22,708,396)	(33,102,472)
Debt Issuance	-	23,695,000	-	119,517	77,580,000
Loan Payments	-	3,371,468	-	-	-
Premiums	-	974,763	-	-	7,555,680
Refunding Bonds Issued	34,970,000	20,875,000	-	-	-
Costs of Issuance	-	-	-	-	(1,009,120)
Capital Leases	-	-	-	-	-
Sale of Capital Assets	8,262	-	-	-	-
Deposit to escrow for debt retirement	-	(10,315,018)	-	-	(94,666,609)
Total Other Financing Sources (Uses)	<u>31,725,097</u>	<u>33,674,416</u>	<u>(279,964)</u>	<u>(1,313,865)</u>	<u>(11,855,099)</u>
Net Change in Fund Balances before Special and Extraordinary Items	<u>3,655,309</u>	<u>53,067,341</u>	<u>7,710,054</u>	<u>(7,083,976)</u>	<u>(15,930,992)</u>
Extraordinary/Special Items	-	-	-	-	-
Net Change in Fund Balances	<u>\$ 3,655,309</u>	<u>\$ 53,067,341</u>	<u>\$ 7,710,054</u>	<u>\$ (7,083,976)</u>	<u>\$ (15,930,992)</u>
Debt Service as a Percentage of Noncapital Expenditures	51%	25%	17%	15%	14%

Source: City Finance Department

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

Fiscal Year Ended June 30	Property Taxes	Sales Taxes (1)	Franchise Taxes	Other Taxes	Total
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
2020	8,990,543	10,896,995	2,587,128	654,044	23,128,710
2021	9,677,646 *	18,068,364	2,762,725	550,508	31,059,243
2022	10,228,341 *	32,787,974	2,918,685	762,896	46,697,896
2023	13,011,435 *	33,409,294	3,317,255	638,573	50,376,557
2024	13,922,631 *	33,638,353	3,405,394	627,022	51,593,400
2025	14,449,047 *	33,102,605	3,521,088	674,495	51,747,235

(1) Measure Z Sales and Use Tax was passed by voters and went into effect April 2021. Measure Z is one percent transaction and use tax. For 2025, Measure Z added \$15,969,353 to Sales Tax Revenue.

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
2016	\$ 2,634,703	\$ 1,614,074	\$ 426,315	\$ 903,775
2017	2,641,653	1,758,829	526,084	978,920
2018	2,650,429	1,690,269	584,903	1,047,324
2019	2,907,744	1,633,711	781,105	1,219,300
2020	2,887,048	1,681,429	666,683	1,142,999
2021	3,526,083	2,581,550	832,335	1,364,860
2022	3,707,919	2,688,811	964,545	1,636,027
2023	3,537,721	2,472,822	1,096,019	1,739,957
2024	3,364,714	2,511,815	1,204,916	1,711,745
2025	3,172,907	2,741,517	1,141,353	1,731,533

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.

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

Building and Construction	Fuel and Service Stations	Food and Drugs	Other and Transfers	Total
\$ 923,941	\$ 901,585	\$ 633,606	\$ (3,586)	\$ 8,034,413
989,062	977,729	510,667	30	8,382,974
801,425	975,064	497,074	(1,388)	8,245,100
984,751	1,372,455	550,154	144	9,449,364
1,029,994	1,088,448	693,530	(12,093)	9,178,038
1,291,157	1,174,322	1,115,975	(2,678)	11,883,604
1,447,676	1,762,016	1,449,198	295	13,656,487
1,410,155	1,599,413	1,175,644	4,168	13,035,899
1,327,140	1,612,888	989,887	6,440	12,731,569
1,300,473	1,491,625	906,523	22,186	12,508,117

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.

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

AGENCY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	0.01900	0.01900	0.01900	0.01900	0.01900	0.01900	0.01900	0.01900
Menifee School Dist.	0.03010	0.03269	0.06080	0.06303	0.06277	0.06111	0.06319	0.06201	0.06063	0.05080
Metro Water East	0.00350	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metro Water West	0.00350	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metro Water Original Area	0.00000	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00700
Mt. San Jacinto Jr. College	0.01394	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.00268
Perris School Dist.	0.04699	0.05491	0.06000	0.05754	0.05867	0.06000	0.06000	0.06000	0.06000	0.05415
Perris Union High School	0.06236	0.06092	0.05675	0.05243	0.08244	0.08569	0.08859	0.08859	0.08173	0.06850
Total Direct & Overlapping ² Tax Rates	1.16039	1.16522	1.21325	1.20870	1.23958	1.24250	1.24748	1.24630	1.23806	1.20213
City's Share of 1% Levy Per Prop 13 ³	0.17415	0.17415	0.07576	0.05007	0.05007	0.05007	0.05007	0.05007	0.05007	0.05007
GENERAL OBLIGATION DEBT RATE										
Total Direct Rate ⁴	<u>0.08349</u>	<u>0.08181</u>	<u>0.08025</u>	<u>0.07862</u>	<u>0.07755</u>	<u>0.07703</u>	<u>0.07638</u>	<u>0.07576</u>	<u>0.07426</u>	<u>0.07371</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 2015/16 - 2024/25 Tax Rate Table

City of Lake Elsinore, California

Principal Property Tax Payers

Current Year Compared to 2016

TAXPAYER	Fiscal Year 2025			Fiscal Year 2016		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value ⁽²⁾
			Value ⁽¹⁾			Value ⁽²⁾
Rivers Edge At Lake Elsinore LLC	\$ 65,869,492	1	0.71%	\$ -	-	0.00%
Alberhill Development LLC	64,392,032	2	0.70%	-	-	0.00%
RidgeStone Partners LP	55,633,248	3	0.60%	-	-	0.00%
Walmart Stores Inc	53,484,861	4	0.58%	-	-	0.00%
15150 Grand Avenue LLC	47,968,697	5	0.52%	-	-	0.00%
Half Canyon Hills Market Place I	29,933,507	6	0.32%	-	-	0.00%
MHC 186	27,661,983	7	0.30%	-	-	0.00%
Mohr Affinity, LLC	27,353,246	8	0.30%	-	-	0.00%
Prism Lake LP	24,977,675	9	0.27%	-	-	0.00%
Costco Wholesale Corporation	24,882,181	10	0.27%	-	-	0.00%
Plaza Apartments Investment	-		0.00%	48,322,624	1	1.00%
Pacific Aggregates, Inc.	-		0.00%	31,154,009	2	0.64%
Rivers Edge Apartments LLC	-		0.00%	24,582,856	3	0.51%
Mohr Affinity, LLC	-		0.00%	23,485,000	4	0.48%
Half Canyon Hills Market Place	-		0.00%	23,236,130	5	0.48%
Walmart Stores Inc	-		0.00%	22,936,165	6	0.47%
Lake Elsinore Marketplace	-		0.00%	20,826,854	7	0.43%
Costco Wholesale Corporation	-		0.00%	20,232,089	8	0.42%
Castle and Cooke Lake Elsinore West Inc	-		0.00%	17,593,627	9	0.36%
Elsinore VETO	-		0.00%	17,424,711	10	0.36%
	<u>\$ 422,156,922</u>		<u>4.58%</u>	<u>\$ 249,794,065</u>		<u>5.15%</u>

(1) 2024-25 Total City Taxable Assessed Valuation: \$ 9,216,366,115

(2) 2015-16 Total City Taxable Assessed Valuation: \$ 4,848,355,214

Source: Riverside County Assessor 2024/25 and 2015/16 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
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%	50,111	2,688,349	98.85%
2020	3,032,233	2,910,460	95.98%	63,596	2,974,056	98.08%
2021	3,088,305	2,948,611	95.48%	43,404	2,992,015	96.88%
2022	3,194,209	3,146,417	98.50%	36,553	3,182,970	99.65%
2023	3,383,035	3,302,036	97.61%	50,248	3,302,036	97.61%
2024	3,640,498	3,526,216	96.86%	66,096	3,526,216	96.86%
2025	3,742,301	3,635,380	97.14%	74,593	3,709,973	99.14%

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		
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	
2020	6,550,002,491	117,440,229	(114,493,687)	6,552,949,033	
2021	6,924,168,897	128,326,411	(129,757,835)	6,922,737,473	
2022	7,359,819,567	132,056,791	(136,831,201)	7,355,045,157	
2023	8,029,561,384	137,500,128	(153,569,787)	8,013,491,725	
2024	8,757,116,372	149,952,411	(135,835,131)	8,771,233,652	
2025	9,208,250,892	172,655,208	(209,848,858)	9,171,057,242	

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 2023/24 Combined Tax Rolls

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

Fiscal Year Ended June 30	Successor Agency for the Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions		
2016	n/a	n/a	n/a	n/a	0.08349%
2017	n/a	n/a	n/a	n/a	0.08181%
2018	n/a	n/a	n/a	n/a	0.08025%
2019	n/a	n/a	n/a	n/a	0.07862%
2020	n/a	n/a	n/a	n/a	0.07755%
2021	n/a	n/a	n/a	n/a	0.07703%
2022	n/a	n/a	n/a	n/a	0.07638%
2023	n/a	n/a	n/a	n/a	0.07576%
2024	n/a	n/a	n/a	n/a	0.07426%
2025	n/a	n/a	n/a	n/a	0.07371%

Source: Riverside County Assessor 2023/24 Combined Tax Rolls

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

Fiscal Year Ended June 30	Governmental Activities					Certificates of Participation	Notes/ Loans Payable
	Local Agency Revenue Bonds	Tax Allocation Bonds	Revenue/ Revenue Refunding Bonds				
2016	\$ 196,377,233	\$ 44,262,600	\$ 12,717,253	\$ 7,644,938	\$ -		
2017	190,449,105	42,490,000	22,449,354	7,420,593			
2018	192,410,294	39,848,344	21,676,445	7,191,248			
2019	173,355,665	25,467,316	20,795,511	6,946,903			
2020	166,796,580	15,590,525	19,889,578	6,697,558			
2021	154,747,038	15,013,853	18,958,642	6,438,213			
2022	157,068,668	14,778,812	43,457,613	6,173,868			
2023	160,893,076	12,875,000	46,788,771	5,904,522			
2024	145,213,840	14,578,375	40,106,557	5,630,177			
2025	128,122,037	13,061,509	38,476,030	5,345,833			

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)
Last Ten Fiscal Years

Governmental Activities (Continued)								
Fiscal Year Ended June 30	Loans Payable	Lease Liability	Subscription Liability	Total Governmental Activities	Percentage of Personal Income	Debt per Capital		
2016	\$ -	\$ -	\$ -	\$ 261,002,024	22.08%	\$ 4,278		
2017	-	-	-	262,809,052	22.16%	4,233		
2018	-	-	-	261,126,331	20.46%	4,121		
2019	3,459,380	-	-	230,024,775	16.91%	3,654		
2020	3,403,569	-	-	212,377,810	14.66%	3,347		
2021	3,228,855	-	-	198,386,601	16.73%	3,063		
2022	3,126,363	-	-	224,605,324	13.20%	3,136		
2023	2,895,862	-	126,986	229,357,232	9.99%	3,210		
2024	2,658,230	81,042	159,386	208,427,607	9.08%	2,917		
2025	2,413,247	20,972	155,897	187,595,525	7.59%	2,543		

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
Direct and Overlapping Bonded Debt
June 30, 2025

2024 - 25 Assessed Valuation

\$ 9,171,057,242

	Percentage Applicable (1)	Outstanding Debt 6/30/25	City's Share of Overlapping Debt 6/30/25
OVERLAPPING TAX AND ASSESSMENT DEBT:			
DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			
City of Lake Elsinore Community Facilities District No. 95-1	100%	120,000	120,000
City of Lake Elsinore Community Facilities District No. 98-1	100%	8,350,000	8,350,000
City of Lake Elsinore Community Facilities District No. 2003-2			
I-A A, B, C, D & E	100%	57,235,000	57,235,000
City of Lake Elsinore Community Facilities District No. 2004-3 IA. No. 1&2	100%	32,195,000	32,195,000
City of Lake Elsinore Community Facilities District No. 2005-1	100%	4,570,000	4,570,000
City of Lake Elsinore Community Facilities District No. 2005-2	100%	14,480,000	14,480,000
City of Lake Elsinore Community Facilities District No. 2005-5	100%	2,850,000	2,850,000
City of Lake Elsinore Community Facilities District No. 2005-6	100%	1,635,000	1,635,000
City of Lake Elsinore Community Facilities District No. 2006-1			
Improvement Areas	100%	40,145,000	40,145,000
City of Lake Elsinore Community Facilities District No. 2006-2	100%	3,435,000	3,435,000
City of Lake Elsinore Community Facilities District No. 2006-4	100%	5,025,000	5,025,000
City of Lake Elsinore Community Facilities District No. 2006-6	100%	3,510,000	3,510,000
City of Lake Elsinore Community Facilities District No. 2006-8	100%	3,615,000	3,615,000
City of Lake Elsinore Community Facilities District No. 2007-4	100%	2,320,000	2,320,000
City of Lake Elsinore Community Facilities District No. 2007-5	100%	1,535,000	1,535,000
City of Lake Elsinore Community Facilities District No. 2015-5	100%	1,800,000	1,800,000
City of Lake Elsinore Community Facilities District No. 2016-2	100%	20,399,200	20,399,200
City of Lake Elsinore Community Facilities District No. 2019-1	100%	6,480,000	6,480,000
City of Lake Elsinore Community Facilities District No. 2019-2	100%	7,815,000	7,815,000
City of Lake Elsinore 1915 Act Bonds	100%	6,310,000	6,310,000
TOTAL DIRECT OVERLAPPING TAX AND ASSESSMENT DEBT			223,824,200
OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	0.226%	17,155,000	38,770
Mount San Jacinto Community College District	6.592%	237,330,000	15,644,794
Perris Union High School District	2.207%	284,456,372	6,277,952
Menifee Union School District	3.568%	184,411,292	6,579,795
Perris School District	0.049%	71,179,571	34,878
Lake Elsinore Unified School District	45.878%	91,520,000	41,987,546
Lake Elsinore Unified School District Community Facilities Districts	100%	68,525,374	68,525,374
Perris Union High School District CFD No. 92-1	7.139%	29,055,000	2,074,236
Elsinore Valley Metropolitan Water District CFD No. 2003-1	100%	2,128,000	2,128,000
TOTAL OTHER OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 143,291,345
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			
\$ 367,115,545			
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
DIRECT GENERAL FUND DEBT			
City of Lake Elsinore General Fund Obligation	100%	\$ 187,595,525	\$ 187,595,525
TOTAL DIRECT GENERAL FUND DEBT			\$ 187,595,525

City of Lake Elsinore, California
Direct and Overlapping Bonded Debt (Continued)
June 30, 2025

OVERLAPPING GENERAL FUND DEBT

Riverside County General Fund Obligations	2.171%	\$ 1,134,209,783	\$ 24,623,694
Riverside County Pension Obligations	2.171%	603,055,000	13,092,324
Perris Union High School District General Fund Obligations	2.207%	39,720,566	876,633
Menifee and Perris School District Certificates of Participation	3.568 - 0.049%	52,025,565	1,721,143
Western Municipal Water District	4.874%	1,377,594	67,144

TOTAL OVERLAPPING GENERAL FUND DEBT

TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT \$ 227,976,463

OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY): 100.000% \$ 36,785,000 \$ 36,785,000

Total Direct General Fund Debt	\$ 187,595,525
Total Gross Overlapping Debt	\$ 444,281,483
Combined Total Debt (2)	\$ 631,877,008

Ratios to 2024-25 Assessed Valuation:

Total Direct Debt (\$102,183,558)	2.05%
Total Overlapping Tax and Assessment Debt	4.84%
Combined Total Debt	6.89%

Ratios to Redevelopment Incremental Valuation (\$4,130,153,303):

Total Overlapping Tax Increment Debt	0.89%
--------------------------------------	-------

Direct and Overlapping Bonded Debt (continued)

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				
	2016	2017	2018	2019	2020
Assessed Valuation	\$ 4,804,948,961	\$ 5,212,031,340	\$ 5,598,768,413	\$ 6,143,510,436	\$ 6,552,949,033
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	1,201,237,240	1,303,007,835	1,399,692,103	1,535,877,609	1,638,237,258
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	180,185,586	195,451,175	209,953,815	230,381,641	245,735,589
Total Net Debt Applicable to Limitation	-	-	-	-	-
Legal Debt Margin	<u>\$ 180,185,586</u>	<u>\$ 195,451,175</u>	<u>\$ 209,953,815</u>	<u>\$ 230,381,641</u>	<u>\$ 245,735,589</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	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.

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Assessed Valuation	\$ 6,922,737,473	\$ 7,355,045,157	\$ 8,013,491,725	\$ 8,771,233,652	\$ 9,171,057,242
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	1,730,684,368	1,838,761,289	2,003,372,931	2,192,808,413	2,292,764,311
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	259,602,655	275,814,193	300,505,940	328,921,262	343,914,647
Total Net Debt Applicable to Limitation	-	-	-	-	-
Legal Debt Margin	<u>\$ 259,602,655</u>	<u>\$ 275,814,193</u>	<u>\$ 300,505,940</u>	<u>\$ 328,921,262</u>	<u>\$ 343,914,647</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	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.

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

Fiscal Year Ended June 30	Successor Redevelopment Tax Increment Revenue	Tax Allocation Bonds				Coverage	Tax Allocation Bonds		
		Debt Service		Interest					
		Principal							
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		
2020	13,699,276	26,340,000	2,661,996			0.47	36,615,000		
2021	12,242,307	2,795,000	1,424,147			2.90	12,875,000		
2022	17,537,120	2,620,000	1,218,015			4.57	44,640,000		
2023	17,126,701	2,135,000	1,666,480			4.51	44,640,000		
2024	17,522,985	2,195,000	1,095,194			5.33	40,310,000		
2025	18,705,856	2,255,000	1,033,844			5.69	36,785,000		

Note: Details regarding the City's outstanding debt can be found in Note 8 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)
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%
2020	63,453	1,449,105	22,837	3.9%
2021	64,762	1,565,248	24,169	10.1%
2022	71,615	1,701,720	23,762	7.6%
2023	71,973	1,949,031	27,080	4.2%
2024	71,452	2,295,179	32,121	4.9%
2025	73,783	2,472,486	33,510	4.9%

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 2016

	2025		2016	
	Number of Employees	Percent of Total Employment*	Number of Employees	Percent of Total Employment*
EMPLOYMENT				
Estimated Total Employment	37,100 (1)		26,900 (1)	
EMPLOYER				
Lake Elsinore Unified School District*	2,379	6.41%	2,618	9.73%
M & M Framing	480	1.29%	500	1.86%
Stater Bros. (3 stores)	330	0.89%	299	1.11%
Costco Wholesale	286	0.77%	236	0.88%
Walmart Superstore #2077	285	0.77%	235	0.87%
Lake Elsinore Hotel & Casino	248	0.67%	253	0.94%
Riverside County - Department of Public Social Services	211	0.57%	196	0.73%
E.V.M.W.D. (Elsinore Valley Municipal Water District)	181	0.49%	154	0.57%
The Home Depot	160	0.43%	143	0.53%
City of Lake Elsinore *	136	0.37%	-	-
Target	-	-	140	0.52%
Total Top 10 Employers	4,696	12.66%	4,774	17.75%

Notes:

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

Source: MuniServices, LLC / Avenu Insights & Analytics

Source: 2015, previously published ACFR

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

* Includes Certificated, Classified & Admin.

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

FUNCTION	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government *	20	21	22	19	21	-	-	-	-	-
Community Services * (Includes Public Works)	51	61	53	72	59	-	-	-	-	-
Community Development *	20	19	21	28	25	-	-	-	-	-
General Government	-	-	-	-	-	24	20	17	24	24
Community Services	-	-	-	-	-	16	31	48	42	20
Emergency Services	-	-	-	-	-	-	-	1	1	1
Public Services	-	-	-	-	-	31	39	45	42	41
Launch Pointe Enterprise	-	-	-	-	-	17	18	20	17	15
Internal Services	-	-	-	-	-	10	10	11	10	10
Community Development	-	-	-	-	-	20	23	22	27	25
Total	91	101	96	119	105	118	141	164	163	136

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				
	2016	2017	2018	2019	2020
Police					
Lake Related Boating Enforcement Citations	597	134	51	105	203
Hazardous Traffic Violations	3,711	4,141	2,821	3,445	2,229
DUI Arrests	137	140	111	133	204
Fire					
Calls	5,110	5,249	5,868	5,923	6,149
Fire Suppression Equipment	4	3	3	3	3
Public Works					
Centerline Miles of Paved Surface Streets Maintained	254	254	254	254	254
Centerline Miles of Dirt Surface Streets Maintained	9	9	9	9	9
Weed Abatement-Lots Cleaned	204	116	68	54	176
Community Development					
Construction Permits Issued	2,022	2,933	3,455	2,174	2,262
Property Value Per Permits (Estimated in 000's)	\$ 104,923	\$ 188,892	\$ 195,698	\$ 90,379	\$ 126,878
New Home Building Permits Issued	410	449	534	143	253
Parks and Recreation					
Daily Lake Use Passes Sold	11,427	11,278	14,394	10,319	23,024

n/a=not available

Source: City of Lake Elsinore, Various Departments

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

FUNCTION	Fiscal Year				
	2021	2022	2023	2024	2025
Police					
Lake Related Boating Enforcement Citations	108	86	190	128	278
Hazardous Traffic Violations	2,802	5,825	3,712	4,113	7,168
DUI Arrests	388	228	201	272	240
Fire					
Calls	5,897	6,180	6,931	6,713	9,791
Fire Suppression Equipment	3	3	4	4	4
Public Works					
Centerline Miles of Paved Surface Streets Maintained	255	256	257	256	256
Centerline Miles of Dirt Surface Streets Maintained	8	7	6	7	7
Weed Abatement-Lots Cleaned	132	112	165	136	122
Community Development					
Construction Permits Issued	2,923	2,990	2,632	2,944	3,025
Property Value Per Permits (Estimated in 000's)	\$ 138,237	\$ 152,187	\$ 87,480	\$ 217,928	\$ 195,966
New Home Building Permits Issued	350	358	115	482	365
Parks and Recreation					
Daily Lake Use Passes Sold	27,056	18,105	8,751	12,269	10,800

n/a=not available

Source: City of Lake Elsinore, Various Departments

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

FUNCTION	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Fire Stations	4	4	3	3	3	3	3	3	3	3
Public Works Street Miles	254	254	254	254	254	254	256	257	256	256
Lake, Parks & Recreation										
Parks and River Walk	18	18	18	19	20	22	22	22	22	22
Beaches and Recreation Facilities	10	10	10	10	11	11	11	11	11	11
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

An aerial photograph of Lake Elsinore, California, showing the city nestled along the shore of Lake Elsinore. In the background, a range of mountains is visible under a clear blue sky.

CITY OF LAKE ELSINORE, CALIFORNIA