



# **CITY OF CANYON LAKE**

## **City Hall**

31516 Railroad Canyon Road  
Canyon Lake, CA 92587

[www.canyonlakeca.gov](http://www.canyonlakeca.gov)

**Chair Kasey Castillo**  
**Member Jennifer Dain**

## **AGENDA**

**Regular Meeting of the Finance & Planning Committee**  
**Wednesday, January 10, 2024**

**4:00 P.M. – City Hall Administration Office – 31526 Railroad Canyon Road, Suite 5**

### **CALL TO ORDER**

### **ROLL CALL**

### **PUBLIC COMMENT**

**LIMIT 3 MINUTES**

### **BUSINESS ITEMS**

- (1) Presentation of Building Department Statistics
- (2) Approval of Finance & Planning Committee Minutes of December 13, 2023
- (3) Receive and File Claims and Demands of the City
- (4) Presentation of Financial Statements
- (5) Presentation of Fiscal Year 2022-23 Audited Financial Statements and Related Reports

### **STAFF COMMENTS**

### **COMMITTEE MEMBER COMMENTS**

### **ADJOURNMENT**

Next Meeting Date: February 14, 2024





# STAFF REPORT

**TO:** Finance and Planning Committee

**FROM:** Nicole Dailey, City Manager

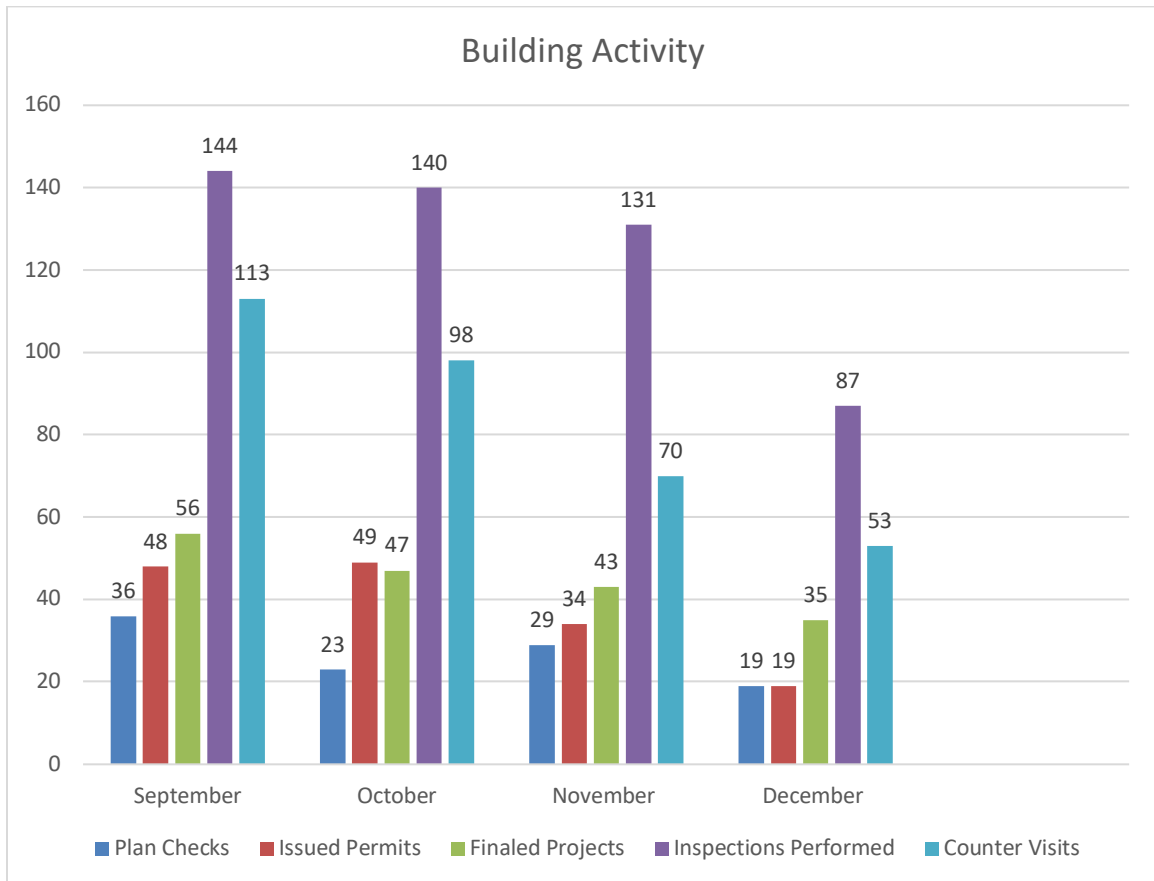
**BY:** David Harnden, Building Official

**DATE:** January 10, 2024

**SUBJECT:** Building Department Activity, December 2023

Activity status within the City of Canyon Lake Building Department for the month of **December 2023**. Regular monthly reports will be submitted for your review.

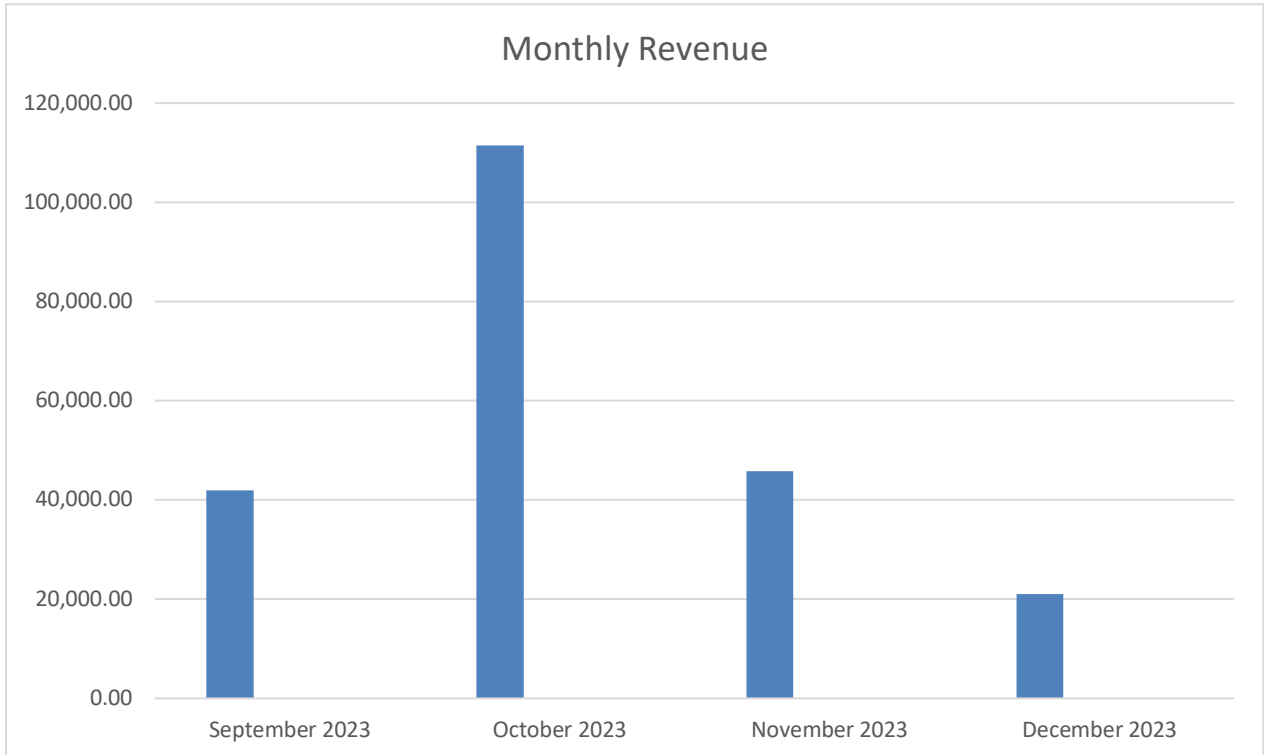
Building & Safety has performed **19** Approved plan checks; Issued **19** permits; Finaled **35** projects and performed **87** Inspections. There were **53** counter visits to the Building Department.



## Revenue

Building & Safety has processed **\$20,982.44** in construction permit fees. (Fire Department Fees not included in this report).

**\*\*Due to holiday closure, fees collected for December 2023, may be incomplete and/or inaccurate.**



## Updates on POA Projects

- **Permit # 20210191 – Lodge Restaurant Renovation**  
**Location:** 22200 Canyon Club Dr  
**Activity:** No activity since last inspection on 11/07/2023 for fireplace blocking.
  
- **Permit # 20230544 – Shade Structures, Retaining Wall and ADA Ramp**  
**Location:** 22210 Canyon Club  
**Activity:** No activity since issuance on 10/11/2023

**MINUTES  
REGULAR MEETING OF THE CANYON LAKE  
FINANCE & PLANNING COMMITTEE  
Wednesday, December 13, 2023  
4:00 p.m.**

**City Hall Administration  
31526 Railroad Canyon Road, Suite 5  
Canyon Lake, CA 92587**

**CALL TO ORDER**

Committee Chair Castillo called the meeting to order at 4:00 p.m.

**ROLL CALL**

**Committee Members Present:** Committee Chair Kasey Castillo, Committee Member Jennifer Dain

**Staff Present:** City Manager Nicole Dailey, Administrative Services Director Mike Borja, Fire Chief Jeff LaTendresse, Finance Director Terry Shea, Deputy Building Official David Harnden

**PUBLIC COMMENTS**

There were no public comments.

**ROUTINE ITEMS**

(1) Presentation of Building Department Statistics

Deputy Building Official Harnden presented the statistics from the Building Department and answered questions from the Committee.

(2) Approval of Finance & Planning Committee Minutes of November 8, 2023

The minutes were approved as is.

(3) Receive and File Claims and Demands of the City

Staff presented the claims and demands and answered questions from the Committee.

(4) Presentation of Financial Statements

Finance Director Shea provided an update on the City's financial statements and answered questions from the Committee.

**STAFF COMMENTS**

None.

**COMMITTEE MEMBER COMMENTS**

None.

**ADJOURNMENT**

The meeting was adjourned at 4:25 p.m.

Respectfully Submitted,

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Sheryl L. Garcia, MMC, CPM  
City Clerk



## ITEM NO. 3

# STAFF REPORT

**TO:** Finance and Planning Committee

**FROM:** Nicole Dailey, City Manager

**BY:** Elizabeth Luna, Executive Assistant and Accounting Technician 1

**DATE:** January 10, 2024

**SUBJECT:** Receive and File Claims and Demands of the City

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### **Recommendation**

Receive and file.

### **Background**

All claims and demands are reported and summarized for review and approval by the City Council on a routine basis at each City Council meeting. The attached claims represent the paid claims and demands since the City Council meeting of December 13, 2023.

### **Fiscal Impact**

All claims and demands are paid from appropriated funds or authorized resources of the City and have been recorded in accordance with the City's policies.

### **Attachments**

1. Resolution No. 2024-01

# **ATTACHMENT 1**



**RESOLUTION NO. 2024-01**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AS SET FORTH IN EXHIBIT A**

**WHEREAS**, the Finance & Planning Committee of the City of Canyon Lake reviewed Exhibit A at their regularly scheduled meeting on January 10, 2024; and

**WHEREAS**, Exhibit A was presented at the regular meeting of the City Council on January 10, 2024, at which all present, were given an opportunity to comment.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:**

Demands are approved as shown on the Demand\Warrant Register of January 10th, in the amount of \$729,279.30 as follows:

Payroll Earnings (Gross)	\$ 148,574.44	(For Month of December)
Payroll Processing Fees	\$ 365.10	(For Month of December)
Payroll Taxes - Employer	3,012.15	(For Month of December)
On-line Retirement	15,999.97	(For Month of December)
On-line Health	22,044.39	(For Month of December)
Principal	394.55	(For Month of December)
Aflac	794.44	(For Month of November)
Nationwide Deferred Comp.	7,038.64	(For Month of December)
Citizens Business Bank Interest	1,949.05	(For the Month of November)
General	\$ 529,106.57	
TOTAL	<u>\$ 729,279.30</u>	

**PASSED, APPROVED AND ADOPTED** this 10th day of January, 2024.

\_\_\_\_\_  
Jeremy Smith, Mayor

ATTEST:

\_\_\_\_\_  
Sheryl L. Garcia, MMC, CPM  
City Clerk

City of Canyon Lake  
Invoices Selected for Payment - COUNCIL CHECK REPORT

<u>Vendor ID</u>	<u>Invoice Description</u>	<u>Cash Required</u>
Yiftee	FY 23/24 Community EGift Card Program for Small Businesses	15,000.00
Report Total		<u>15,000.00</u>

City of Canyon Lake  
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
2 Hot Uniforms	Fire Station Uniforms-Bratt	10.88
Amazon	Fire Station Office Supplies & Donuts with Santa Supplies	418.79
	Fire Station Vehicle & Equip Supplies	12.81
ANIMAL FRIENDS	Animal Control Services November 2023	3,500.00
Bankcard	See Credit Card Review 7235	715.73
	See Credit Card Review 0041	7,333.82
	See Credit Card Review 0066	762.96
	See Credit Card Review 7227	2,843.38
	See Credit Card Review 2637	874.80
	See Credit Card Review 0776	505.35
California PPE	PPE Training for Samuels and Willis	600.00
CL PEST	Monthly Pest Control for Fire Station November 2023	45.00
	Monthly Rodent Bait for Fire Station November 2023	20.00
	Quarterly Pest Control for Storage Units	95.00
Concentra	Reserve Medical Exam - Gordon	314.00
CTAI	Landscape for Fire Station November 2023	250.00
	Landscape Maintenance Fee for Medians & Parkways November 23	4,775.00
Curtis	Fire Station Rope & Rescue Equipment	1,270.55
Dain	Auto Allowance December 2023-Dain	100.00
Empire Partitions and Specialties	Fire Station Bathroom Project Privacy Doors	764.65
Gordon	Reserve Stipend for November 2023	100.00
GOINVEST	Pension Module-Annual Subscription Fee 1/15/2023-1/14/2025	2,184.00
Holt Architecture	City Hall and Council Chamber Renovation Project	6,385.00
In N Out Burger	Extra Burgers provided for 2023 Winter Wonderland	239.30
Jake Stouffer	Reserve Stipend for November 2023	100.00
Jeremy Smith	Auto Allowance December 2023-Smith	100.00
Jim Foley Trucking	Sand for Fire Station, 11/16/23	465.08
John Hancock	EE & ER Contributions for Bi-Weekly Check Date 11/24/23	3,944.48
	EE & ER Contributions for Bi-Weekly Check Date 12/8/23	3,944.48
	EE & ER Contributions for Semi-Monthly Check Date 11/30/23	1,394.11
Kasey Castillo	Auto Allowance December 2023-Castillo	100.00
Koopman	Reserve Stipend for November 2023	50.00
Longobardo	Reserve Stipend for November 2023	100.00
Louie Tozser Design, Inc.	Custom Mayor Award	257.50
Luksch	Reserve Stipend for November 2023	50.00
Maitlund	Reserve Stipend for November 2023	100.00

Date: 12/11/23  
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Page: 1

City of Canyon Lake  
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Mark Terry	Auto Allowance December 2023-Terry	100.00
MedPro Disposal	Fire Station Bio Waste Disposal-18 Gallons	225.00
Michel	Reserve Stipend for November 2023	100.00
Mijares	Reserve Stipend for November 2023	100.00
Nate Volk	Video Broadcast Meeting November 8, 2023	350.00
PARS	Monthly Administrative Fee Ending September 2023	400.00
PERMA	2023-2024 Q3 Liability and Worker's Comp Trust Acct Deposit	31,893.00
PORAC	Membership Dues Check Date 11/24/2023	225.00
RAMS	Accounting Services for October 2023	2,614.00
Rincon	Canyon Lake Housing Element 10/1/23-10/31/23	25,172.25
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Contract Law 8/24/23-9/20/23	148,410.61
Riv Co Treasurer	Supplemental Tax Bill for 31542 RRCR Suite 1-1st Installment	654.56
SanchezJ	Reserve Stipend for November 2023	50.00
SDRMA	Dental & Vision Insurance January 2023	921.65
Sean Rivello	Reserve Stipend for November 2023	100.00
Stoddart	Reserve Stipend for November 2023	100.00
SWRCB	Regional Annual Permit Fee 7/1/23-6/30/24	10,602.00
Syntech	Monthly IT Support Plus SentinelOne 11/1/23-11/30/23	2,875.00
The Code	Plan Check Services for 10/29/2023 to 11/25/2023	12,595.13
The Creative	Floral Arrangements for 2023 9/11 Event and Veterans Day	675.00
The Gas Co	Gas Charges for City Hall 10/27/23-11/29/23	90.37
	Gas Charges for 31520 Railroad Cyn Rd 10/27/23-11/29/23	16.91
The Thomsen Company, Inc.	Fire Station Purchase-Lot Split	3,346.00
	Fire Station Purchase-Lot Split	2,510.00
Time Warner	Internet for Fire Station 11/10/23-12/9/23	306.81
	Digital Converter for City Hall 11/22/23-12/21/23	5.54
Toshiba Business Solutions, USA	Admin B/W & Color Copies 10/26/23-11/25/23	273.67
	Fire Station B/W & Color Copies 10/25/23-11/24/23	59.78
Welty	Auto Allowance December 2023-Welty	100.00
Report Total		289,598.95

City of Canyon Lake  
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
ABILA	Accounting Software 1/1/24-1/31/24	205.69
Amazon	Fire Station Supplies for Donuts With Santa & Wiper Blades	181.45
AMERICAN FORENSIC AMP	Sheriff's Blood Draw - 10/31/23	133.70
	Rent for January 2024-31526 Railroad Canyon Rd., Suite 5	2,834.00
	Rent for January 2024-31526 Railroad Canyon Rd., Suite 4	430.00
AT&T	Lake Elsinore Sheriff's Location Fees, 10/28/23	275.00
BIO-TOX	Blood Analysis - 10/31/23	265.00
Bound Tree	Fire Station Medical Supplies	49.18
	Fire Station Medical Supplies	194.21
CL CHAMBER	Community Youth - Recognition for Good Behavior	1,000.00
CL MERCHANTS	Mermaids of Canyon Lake, 2024 Calendar Fundraiser-Reissue	140.00
Colantuono, Highsmith & Whatley	Attorney Fees for adv. Richard Beck Services thru 11/30/23	1,715.50
Cole Huber	Attorney Services/General October 2023	8,510.00
	Attorney Services/Beck v. City (UUT) October 2023	833.40
	Attorney Services/General September 2023	8,760.00
	Attorney Services/Beck v. City September 2023	2,976.26
Control Pump	Landscape Booster Station for November 2023	375.00
Corelogic	Database for Code Enforcement November 2023	179.05
CR&R	Trash Services for Rental Bldg. December 2023	201.12
Creative Industries Media	Video Production Consulting and Services	500.00
CTAI	Planting Services on Center Medium of RRCR	6,960.00
	Planting Services (West) on RRCR Center Medium	14,640.00
Delgado	Janitorial Services Plus Winter Wonderland Clean-Up Dec 2023	1,480.50
	Janitorial Services Plus Winter Wonderland Clean-Up Dec 2023	59.00
DOJ	Blood Analysis October 2023	35.00
FRIDAY FLYER	Full Page Advertisement for 2023 Winter Wonderland	200.00
GREENHALGH	Retiree Health Insurance January 2024	184.72
Holt Architecture	City Hall & Council Chamber Renovations Project	3,594.00
	Fire Station Master Planning Renovation Project	24,919.00
ICG	CL-003 Railroad Canyon Road-HSIP Project 11/1/23-11/30/23	22,545.00
	CL-003 Railroad Canyon Road-HSIP Project 11/1/23-11/5/23	825.00
	CL-003 Railroad Canyon Road-HSIP Project 11/6/23-11/30/23	5,945.00

City of Canyon Lake  
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
	CL-001 General Engineering Services 11/1/23-11/5/23	947.50
	CL-001 General Engineering Services 11/6/23-11/30/23	3,610.00
Jessica Sanchez	Reimbursement for Staff Holiday Party Supplies, 12/14/23	418.90
John Hancock	EE & ER Contributions for Semi-Weekly Check Date 12/15/23	1,394.11
Jolly Jumps	2023 Winter Wonderland Event Package-Final Payment Reissue	12,476.60
Lawrence	Fire Station Repairs to Gate Post due to Police Activity	1,243.88
Life-Assist	Fire Station Medical Supplies	40.75
	Fire Station Medical Supplies	95.90
	Fire Station Medical Supplies	26.58
Lozano	Reimbursement for Parking for CSMFO Luncheon on 12/7/23	20.00
MCA Direct	Elections Supplies for 11/5/2024	1,567.65
MMASC	Management Analyst Webinar - Sanchez	5.00
MR. WINDOW	Window Cleaning Inside & Out (12/4/2023)	185.00
	Window Cleaning Inside & Out (12/4/2023)	210.00
Nate Volk	Video Broadcast Meeting, December 13, 2023	500.00
O'Marra	Educational Training Reimbursement	446.51
Orange Coast	Fire Station Repairs to Fuel Truck	504.46
PARS	Monthly Administrative Fee Ending October 2023	400.00
Personal Exposure Reporting	Personal Exposure Reporting	289.30
Pitney Bowes - Purchase Power	Refill Meter, 12/7/23	400.00
PVM	Street & Facility Maintenance Services 11/1/23-11/30/23	1,043.32
	Street & Facility Maintenance Services 11/1/23-11/30/23	2,406.53
PZL, Inc.	Planning Services for November 2023	4,200.00
Radarsign	Repair and Replacement to CPU Board and Upgrade of Sign Code	1,295.00
RAMS	Accounting Services for November 2023	6,048.00
RCA	MSHCP Fees Collected November 2023	4,236.00
Secretary of State	Registry of Public Agencies	6.00
Syntech	Monthly IT Support 12/1/23-12/31/23	2,875.00
	Microsoft Subscriptions & Programs 12/1/23-12/31/23	1,471.00
Toshiba	Monthly Copier Lease for Admin & City Hall January 2024	799.32

Date: 12/20/23  
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Page: 2

City of Canyon Lake  
Invoices Selected for Payment - COUNCIL CHECK REPORT

<u>Vendor ID</u>	<u>Invoice Description</u>	<u>Cash Required</u>
	Monthly Copier Lease for Fire Station January 2024	120.83
U.S. Bank Institutional Trust	City of Canyon Lake Account # 6746050100	50,000.00
US Bank	See Credit Card Review	5,073.88
Willdan	Water Quality Services thru 11/24/23	<u>3,725.75</u>
Report Total		<u><u>219,228.55</u></u>

City of Canyon Lake  
 Check/Voucher Register - Checks Prior Month  
 From 12/1/2023 Through 12/31/2023

Check Number	Vendor Name	Effective Date	Check Amount
EFT 849	SOUTHERN CALIFORNIA EDISON	12/4/2023	849.31
EFT 850	SOUTHERN CALIFORNIA EDISON	12/4/2023	295.20
EFT 851	SOUTHERN CALIFORNIA EDISON	12/4/2023	676.53
EFT 852	SOUTHERN CALIFORNIA EDISON	12/4/2023	11.46
EFT 853	SOUTHERN CALIFORNIA EDISON	12/4/2023	540.46
EFT 854	SOUTHERN CALIFORNIA EDISON	12/4/2023	10.76
EFT 855	SOUTHERN CALIFORNIA EDISON	12/4/2023	207.02
EFT 856	SOUTHERN CALIFORNIA EDISON	12/4/2023	141.46
EFT 857	SOUTHERN CALIFORNIA EDISON	12/18/2023	473.55
EFT 858	SOUTHERN CALIFORNIA EDISON	12/18/2023	242.58
EFT 859	Sparkletts	12/18/2023	129.39
EFT 860	ELSINORE VALLEY MUNI WATER DIS	12/18/2023	920.36
EFT 861	ELSINORE VALLEY MUNI WATER DIS	12/18/2023	73.32
EFT 862	ELSINORE VALLEY MUNI WATER DIS	12/18/2023	90.28
EFT 863	ELSINORE VALLEY MUNI WATER DIS	12/18/2023	124.83
EFT 864	ELSINORE VALLEY MUNI WATER DIS	12/18/2023	492.56
Report Total			<u>5,279.07</u>



## Credit Card Review

**California Bank & Trust Statement dated 11/28/23**

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Dollar Tree	Office Supplies	\$ 28.28	10-310-6210
2	New Pics	Photo Booth for 2023 Veterans Day Event	\$ 100.00	10-100-6831
3	New Pics	Photo Booth for 2023 Veterans Day Event	\$ 375.00	10-100-6831
4	GM Business Interiors	Jessica's Nameplate	\$ 66.36	10-310-6220
5	Etsy	Council Nameplates	\$ 71.78	10-100-6220
6	Amazon	Student of the Month Supplies	\$ 74.31	10-100-6830
			<b>\$ 715.73</b>	

**Account Breakdown**

City Council Dept. Expense	10-100-6220	\$ 71.78
City Council Promotion and Advertising	10-100-6830	\$ 74.31
City Council City Events	10-100-6831	\$ 475.00
City Manager Office Expense	10-310-6210	\$ 28.28
City Manager Dept. Expense	10-310-6220	\$ 66.36
		<b>\$ 715.73</b>

Check Figure \$ -

*Copies for City Council  
as directed by  
the Finance Committee*

California Bank & Trust Statement dated 11/28/23

ITEM #	CREDITOR	DESCRIPTION	AMOUNT	ACCOUNT
1	Autozone	Highlander Wiper Blades	\$ 50.00	10-360-6415
2	FastSigns	2023 Veteran Day Event Banners	\$ 296.67	10-100-6831
3	SP CA Balloons	2023 Veteran Day Event Flowers & Balloons	\$ 337.13	10-100-6831
4	Wave-Last Night Entertainment	Entertainment Services for 2023 Veterans Event	\$ 750.00	10-100-6831
5	Amazon	Asurion 3 Year Desktop Computer Protection Plan	\$ 199.98	10-310-6210
6	Amazon	Desktop Computer	\$ 2,045.10	10-310-6210
7	Amazon	Flag for 2023 Veterans Day Event	\$ 161.58	10-100-6831
8	Amazon	Canopy for City Events	\$ 91.94	10-100-6831
9	Stater Brothers	Supplies for 2023 Veterans Day Event	\$ 20.05	10-100-6831
10	Target.com	Fraud Charge for Target.com	\$ 127.79	10-310-6210
11	CLPOA	2023 Veterans Day Event Gift Card	\$ 100.00	10-100-6831
12	CLPOA	2023 Veterans Day Event Gift Card	\$ 100.00	10-100-6831
13	Staples	2023 Veterans Day Supplies	\$ 143.48	10-100-6831
14	Amazon	2023 Veterans Day Supplies	\$ 26.93	10-100-6831
15	Amazon	2023 Veterans Day Supplies	\$ 46.10	10-100-6831
16	Amazon	Asurion 3 Year Desktop Computer Protection Plan	\$ 21.99	10-310-6210
17	Cal True Value	2023 Veterans Day Supplies	\$ 183.45	10-100-6831
18	Amazon	Office Supplies	\$ 9.15	10-310-6210
19	Etsy.com	Fraud Charge for Etsy	\$ 10.21	10-310-6210
20	Amazon	Office Supplies	\$ 118.58	10-310-6210
21	Amazon	Prime Membership Fee	\$ 16.15	10-310-6210
22	Stater Brothers	2023 Veteran Day Event Pies	\$ 159.84	10-100-6831
23	The Trendy Chef	2023 Veteran Day Staff Meal	\$ 13.05	10-310-6210
24	Staples	Turkey Drive Adhesive Banners	\$ 206.83	10-310-6210
25	Target.com	Fraud Charge for Target.com Credit	\$ (127.79)	10-310-6210
26	Cal True Value	Office Supplies	\$ 24.98	10-310-6210
27	Amazon	Office Supplies	\$ 49.71	10-310-6210
28	GoDaddy.com	Domain Renewal	\$ 70.32	10-310-6610
29	Amazon	Office Chair Replacement Arms	\$ 46.04	10-310-6210
30	Staples	Office Supplies	\$ 40.22	10-310-6210
31	Amazon	Case for iPad	\$ 18.95	10-310-6210
32	Amazon	2023 Winter Wonderland Prizes	\$ 103.14	10-100-6831
33	Sharp Electronics	Fraud Charge for Sharp Electronics	\$ 194.39	10-310-6210
34	Amazon	2023 Winter Wonderland Supplies	\$ 32.31	10-100-6831
35	Verizon Wireless	Ipads & Sim Card Devices	\$ 160.24	A \$23.92 10-360-6310 \$54.90 10-421-6310 \$47.80 10-520-6310 \$33.62 10-550-6320
36	Verizon Wireless	Cell Phones -City Hall & Fire	\$ 366.31	A \$51.49 10-360-6310 \$160.35 10-421-6310 \$154.47 10-520-6310
37	Wave-Last Night Entertainment	Entertainment Services for 2023 Winter Wonderland	\$ 1,099.00	10-100-6831
			<b>\$ 7,333.82</b>	

Account Breakdown

City Council City Events	10-100-6831	\$ 3,651.62
City Manager Office Expense	10-310-6210	\$ 3,105.65
Building Dept Communications	10-360-6310	\$75.41
Building & Safety Fleet Maintenance	10-360-6415	\$ 50.00
Fire Department Communications	10-421-6310	\$215.25
Code Enforcement Communications	10-520-6310	\$202.27
Building & Facilities Utilities	10-550-6320	\$33.62
		<b>\$ 7,333.82</b>

Check Figure \$ -

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the Finance Committee

**California Bank & Trust Statement dated 11/28/23**

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Tommy's Express	Car Wash November 2023	\$ 10.00	10-310-6415
2	CSFMO	Membership Renewal	\$ 55.00	10-330-6520
3	Tommy's Express	Car Wash November 2023	\$ 10.00	10-310-6415
4	Village News Inc.	State of the City Ad	\$ 25.00	10-100-6830
5	W/P Government Tax Semi	Finance Seminar/Webinar	\$ 575.00	10-330-6710
7	Tommy's Express	Car Wash November 2023	\$ 87.96	A
			\$ 43.98	10-520-6415
			\$ 21.99	10-360-6415
			\$ 21.99	10-310-6415
			<b>\$ 762.96</b>	

**Account Breakdown**

Promotion and Advertising	10-100-6830	\$ 25.00
City Manager Vehicle Maintenance	10-310-6415	\$ 41.99
Finance Membership/Dues/Publications	10-330-6520	\$ 55.00
Finance Training and Education	10-330-6710	\$ 575.00
Building & Safety Vehicle Maintenance	10-360-6415	\$ 21.99
Vehicle Maintenance	10-520-6415	\$ 43.98
		<b>\$ 762.96</b>

Check Figure \$

*Copies for City Council  
as directed by  
the Finance Committee*

**California Bank & Trust Statement dated 11/28/23**

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	VIPS Café Restaurant	Round Table Meeting	\$ 204.35	10-310-6510
2	Olive Garden	Strategic Planning Meeting with Mike Borja	\$ 40.14	10-310-6510
3	In-N-Out Burgers	2023 State of the City Vendor	\$ 2,598.40	10-100-6831
4	Google Storage	Google Storage	\$ 0.49	10-310-6210
			<b>\$ 2,843.38</b>	

**Account Breakdown**

City Events	10-100-6831	\$ 2,598.40
City Manager Office Expense	10-310-6210	\$ 0.49
Conference/Meeting/Travel Expense	10-310-6510	\$ 244.49
		<b>\$ 2,843.38</b>

Check Figure \$

*Copies for City Council  
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**California Bank & Trust Statement dated 11/28/23**

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Chipotle Online	Fraud Reversal	\$ (93.38)	10-421-6210
2	Canyon Lake Auto Repair	Yukon Oil Change	\$ 96.43	10-421-6410
3	Canyon Lake Auto Repair	Fuel Truck Oil Change	\$ 96.43	10-421-6410
4	WPSG, Inc.	Forcible Entry Tool	\$ 559.94	10-421-6231
5	Eco Express Car Wash	Car Wash for C-1	\$ 13.00	10-421-6410
6	The Home Depot	Training Materials	\$ 161.07	10-421-6710
7	O'Reilly	Fuel Filter for Fuel Truck	\$ 41.31	10-421-6425
			<b>\$ 874.80</b>	

**Account Breakdown**

Fire Department Fleet & Equipment Maintenance	10-421-6410	\$ 205.86
Fire Department Office Expense & Supplies	10-421-6210	\$ (93.38)
Fire Department Emergency Response Equip	10-421-6231	\$ 559.94
Fire Department Fuel & Lubricants	10-421-6425	\$ 41.31
Fire Department Training & Education	10-421-6710	\$ 161.07
		<b>\$ 874.80</b>

Check Figure \$ -

*Copies for City Council  
as directed by  
the Finance Committee*

**California Bank & Trust Statement dated 11/28/23**

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	USPS	Postage for Hose Pack	\$ 15.75	10-421-6210
2	Zazzle	FF of the year Award	\$ 177.91	10-421-6220
3	AMZ Battery Mart	Batteries	\$ 223.69	10-421-6231
4	Badges Ex Cetera	FF of the year Award Gold Electroplate	\$ 26.00	10-421-6220
5	Riverside County EMS Agency	EMT Certificate (O'Marra)	\$ 62.00	10-421-6710
			<b>\$ 505.35</b>	

**Account Breakdown**

Fire Department Office Expense & Supplies	10-421-6210	\$ 15.75
Fire Department Departmental Expense	10-421-6220	\$ 203.91
Fire Station Emergency Response Equipment	10-421-6231	\$ 223.69
Fire Station Training & Education	10-421-6710	\$ 62.00
		<b>\$ 505.35</b>

\$ -

*Copies for City Council  
as directed by  
the Finance Committee*

US BANK Statement dated 12/6/2023

ITEM #	CREDITOR	DESCRIPTION	AMOUNT	ACCOUNT
1	Downs Energy	Fuel for Fire 1 & 2	\$ 402.96	10-421-6425
2	Arlo Technologies	City Hall Security Cameras	\$ 12.99	10-550-6610
3	Downs Energy	Fuel for Fire 1, 2, & 3	\$ 196.90	10-421-6425
4	Zoom US	Zoom Subscription for Meetings	\$ 16.62	10-310-6210
5	Arlo Technologies	Admin Office Security Cameras	\$ 17.99	10-550-6610
6	Downs Energy	Fuel for Fire 1 & 2	\$ 605.57	10-421-6425
7	Adobe	Acrobat Pro Subscriptions	\$ 311.87	A
8	Adobe Creative Cloud	Creative Cloud All Apps 100GB	\$ 29.99	10-310-6210
9	Frontier Comm	Internet for City Hall & Admin Office	\$ 47.98	10-550-6320
10	Stater Brothers	Office Supplies	\$ 63.30	10-310-6210
11	Panera Bread	Closed Session Meal-Nov 8, 2023	\$ 159.95	10-100-6225
12	League of California	League Meeting	\$ 25.00	10-310-6510
13	League of California	Los Angeles Conference Registration	\$ 750.00	10-310-6510
14	League of California	New Mayor & Council Academy Registration-Welby	\$ 675.00	10-100-6510
15	League of California	New Mayor & Council Academy Registration-Terry	\$ 675.00	10-100-6510
16	League of California	Cal Cities Riverside County Division Meeting	\$ 45.00	10-100-6510
17	Southwest Airlines	Conference Flight	\$ 365.96	10-100-6510
18	Southwest Airlines	Conference Flight	\$ 365.96	10-100-6510
19	Amazon	Office Supplies	\$ 75.23	10-310-6210
20	Amazon	Office Supplies	\$ 15.95	10-310-6210
21	USPS	Overnight Check	\$ 78.75	10-310-6220
22	USPS	Overnight Check	\$ 28.25	10-310-6220
			<b>\$ 5,073.88</b>	

Account Breakdown

City Council Meeting Expense	10-100-6225	\$ 159.95
Conference/Meeting/Travel Expense	10-100-6510	\$ 2,136.92
City Manager Office Expense and Supplies	10-310-6210	\$ 201.09
City Manager Conference/Meeting/Travel Expense	10-310-6510	\$ 775.00
City Manager Dept. Expense	10-310-6220	\$ 1,105.98
City Clerk Departmental Expense	10-320-6220	\$ 47.98
Building Dept Expense	10-360-6220	\$ 47.98
Finance Office Expense and Supplies	10-310-6210	\$ 47.98
Fire Department Fuel & Lubricants	10-421-6425	\$ 1,205.43
Fire Department Expense	10-421-6220	\$ 73.97
Special Enforcement Misc. Expense	10-520-6220	\$ 47.98
Building & Facilities Utilities	10-550-6320	\$ 205.14
Building & Facilities Professional/Specialized Ser	10-550-6610	\$ 30.98
		<b>\$ 5,073.88</b>

Copies for City Council  
as directed by  
the Finance Committee



# ITEM NO. 4

## CITY OF CANYON LAKE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND FOR THE ONE MONTH AND FIVE MONTHS ENDING NOVEMBER 31, 2023

	Current Period Actual	Year-to-Date Actual	Total Budget	% Total of Budget Used
<b>REVENUES</b>				
Taxes	\$ 148,328.14	\$ 646,929.45	\$ 5,211,600	12.41
Licenses and Permits	267,792.45	495,566.13	678,600	73.03
Fines	602.15	3,250.33	22,474	14.46
Franchise Fees	122,970.35	122,970.35	624,500	19.69
Fees and Subscriptions	5,195.00	16,787.62	892,000	1.88
Investment earnings	30,204.88	71,603.59	28,000	255.73
Intergovernmental	-	673	60,300	1.12
Other Income	5,722.85	177,634.82	55,000	322.97
Total Revenues	<b>580,815.82</b>	<b>1,535,414.89</b>	<b>7,572,474</b>	<b>20.28</b>
<b>EXPENDITURES</b>				
<b>DEPARTMENTS</b>				
City Council	41,713.15	107,194.54	173,315	61.85
City Attorney	20,858.84	47,451.34	173,082	27.42
City Manager	74,278.31	352,076.65	834,253	42.20
City Clerk	17,672.61	104,973.25	257,381	40.79
Finance	21,516.03	171,571.08	375,971	45.63
Planning	4,560.00	48,165.90	231,200	20.83
Building & Safety	33,980.91	111,192.89	367,227	30.28
Law Enforcement	102.00	19,200.21	628,998	3.05
City Fire	130,319.77	680,174.43	1,950,053	34.88
Emergency Preparedness	6,250.00	6,315.00	29,000	21.78
Animal Control	3,500.00	94,205.00	173,320	54.35
Public Works Administration	6,046.55	14,649.45	15,000	97.66
NPDES	10,522.75	49,604.25	133,500	37.16
Special Enforcement	28,911.75	139,837.81	402,621	34.73
Building & Facility	16,419.93	359,496.86	505,005	71.19
Transfers to Other Funds	-	-	1,284,692	-
Total Expenditures	<b>416,652.60</b>	<b>2,306,108.66</b>	<b>7,534,618</b>	<b>30.61</b>
Excess (Deficit)	<b>\$ 164,163.22</b>	<b>\$ (770,693.77)</b>	<b>\$ 37,856</b>	
<b>Fund Balance - Beginning of Year (Unaudited)</b>		<b>6,415,000.00</b>		
<b>Fund Balance - November 30, 2023 (before closing)</b>		<b>\$ 5,644,306.23</b>	*	

\* Fund Balance is based on modified accrual basis as no closing procedures are performed until year end.

# CITIZENSTRUST™

FOS INDICATOR

TERRY SHEA  
735 E. CARNEGIE DRIVE, STE 100  
SAN BERNARDINO CA 92408

STATEMENT FOR THE PERIOD FROM 11/01/2023 TO 11/30/2023  
ACCOUNT 1035003119

THIS IS YOUR REPORT OF INVESTMENTS AND TRANSACTIONS FOR THE PERIOD. INCLUDED IN THE REPORT ARE

\* PORTFOLIO: SUMMARY GRAPHICAL DISPLAY WITH MARKET VALUE & PERCENT

\* ACTIVITY SUMMARY: MARKET VALUE WITH TRANSACTION SUMMARY

\* PORTFOLIO STATEMENT: A LISTING OF COST AND MARKET VALUE OF ASSETS HELD IN THE PORTFOLIO

COST BASIS APPLICABLE FOR CALCULATING CAPITAL GAINS AND LOSSES.  
MARKET VALUE IS THE CURRENT VALUE OF EACH ASSET FOR MOST STOCKS AND BONDS.  
MARKETS ARE THE CLOSING PRICES ON THE LAST TRADING DAY OF THE PERIOD.

\* TRANSACTION STATEMENT: A COMPLETE LISTING FOR THE PERIOD GROUPED BY TRANSACTION TYPE.

\* DISCLOSURES: CITIZENS BUSINESS BANK MAY RECEIVE RESEARCH AND OTHER BENEFITS FROM BROKER DEALERS WHICH MAY BE CONSIDERED COMPENSATION TO US. UPON REQUEST WE WILL DISCLOSE DETAILS OF ANY COMPENSATION RECEIVED.



\* TO TRUST BENEFICIARIES: UNDER SECTION 17200 OF CALIFORNIA PROBATE CODE, YOU MAY PETITION THE COURT TO OBTAIN A COURT REVIEW OF THE ACCOUNT AND THE ACTS OF THE TRUSTEE. CLAIMS AGAINST THE TRUSTEE FOR BREACH OF TRUST MUST BE MADE WITHIN THREE YEARS FROM THE DATE OF RECEIPT OF AN ACCOUNTING OR OTHER REPORT DISCLOSING FACTS GIVING RISE TO THE CLAIM.

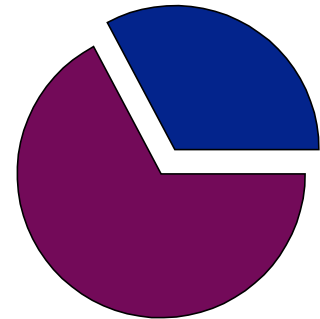
Account Number: **1035003119**  
 November 01, 2023 To November 30, 2023

TERRY SHEA  
 735 E. CARNEGIE DRIVE, STE 100  
 SAN BERNARDINO, CA 92408

Account Name:	<b>(PLEGGED) CITY OF CANYON LAKE CITIZENS BUSINESS BANK</b>
Account Number:	<b>1035003119</b>
Your Relationship Manager Is:	<b>STEVEN SPARE</b>
Phone:	<b>909-483-4390</b>

### Investment Portfolio Summary

Market Value As Of	11/01/2023	11/30/2023	% Of Account
 CASH & CASH EQUIVALENTS	1,535,644.10	1,542,809.07	32.8%
 FIXED INCOME	3,144,324.87	3,167,239.85	67.2%
<b>Total</b>	<b>4,679,968.97</b>	<b>4,710,048.92</b>	<b>100.0%</b>



### Activity Summary

	This Period	Year To Date	Realized Capital Gains / Losses	
			This Period	Year To Date
<b>Beginning Market Value</b>	<b>4,679,968.97</b>	<b>2,593,402.88</b>		
Income	7,963.33	61,705.38	Long Term	0.00
Receipts	0.00	2,000,000.00	<b>Total Gains / Losses</b>	<b>0.00</b>
Asset Activity	0.00	665,612.50-		<b>8,394.00-</b>
Fees	798.36-	6,873.41-		
Cash Management	7,164.97-	1,389,219.47-		
Change In Market Value	30,079.95	2,116,646.04		
<b>Ending Market Value</b>	<b>4,710,048.92</b>	<b>4,710,048.92</b>		

### Portfolio Statement

Quantity	Description	Market Value	Cost Basis
<b>Cash &amp; Cash Equivalents</b>			
Cash Equivalents			
Unclassified			
1,542,809.070	09248U700 BLACKROCK BLF	1,542,809.07	1,542,809.07
	<b>Total Unclassified</b>	<b>1,542,809.07</b>	<b>1,542,809.07</b>
<b>Total</b>	<b>Cash Equivalents</b>	<b>1,542,809.07</b>	<b>1,542,809.07</b>
<b>Total</b>	<b>Cash &amp; Cash Equivalents</b>	<b>1,542,809.07</b>	<b>1,542,809.07</b>
<b>Fixed Income</b>			
Taxable			
125,000.000	037833CJ7 APPLE INC DTD 02/09/17 3.35% 02/09/2027	120,120.00	119,874.44
245,000.000	05600XRQ5 BMO HARRIS BANK NA MEDIUM-TERM CD DTD 06/08/2023 4.9% 06/09/2025	242,599.72	245,000.00
245,000.000	06652GAP7 BNK SOUTH/GREENSBORO GA DTD 06/02/23 5.1% 05/31/2024	244,624.96	245,000.00
125,000.000	14913R2Z9 CATERPILAR FINL SERVICE DTD 08/12/2022 3.65% 08/12/2025	122,097.50	122,020.73
34,722.220	3130AJRE1 FEDERAL HOME LOAN BANK DTD 6/24/2020 CALL .75% 06/24/2025-2020	32,513.54	34,722.22
50,000.000	3130AJSY6 FEDERAL HOME LOAN BANK DTD 7/15/2020 CALL .68% 07/15/2025-2022	46,516.50	49,250.77
100,000.000	3130AKMR4 FEDERAL HOME LOAN BANK DTD 01/15/21 CALL .33% 01/15/2025-2021	94,607.00	99,910.00
150,000.000	3130AL5X8 FEDERAL HOME LOAN DTD 2/24/2021 CALL .65% 02/24/2026-2021	137,160.00	150,000.00
150,000.000	3130ALEK6 FEDERAL HOME LOAN BANK DTD 02/26/21 CALL .78% 02/26/2026-2021	137,542.50	150,000.00
100,000.000	3130AMT85 FEDERAL HOME LOAN BANK DTD 6/28/2021 CALL .4% 06/28/2024-2021	97,239.00	100,000.00
100,000.000	3130ANCF5 FEDERAL HOME LOAN BANK DTD 8/12/2021 CALL 1% 05/12/2026-2021	91,642.00	100,000.00

### Portfolio Statement ( Continued )

Quantity	Description	Market Value	Cost Basis
<b>Taxable</b>			
100,000.000	3130ANJT8 FEDERAL HOME LOAN BANK DTD 8/26/2021 CALL .9% 08/26/2026-2021	90,458.00	99,925.00
150,000.000	3130ANND8 FEDERAL HOME LOAN BANK DTD 8/26/2021 CALL 1.05% 08/26/2026-2021	136,255.50	150,000.00
50,000.000	3130APLB9 FEDERAL HOME LOAN BANK DTD 10/28/2021 CALL .85% 10/28/2024-2022	48,029.00	50,000.00
100,000.000	3130AQ2H5 FEDERAL HOME LOAN BANK DTD 11/30/2021 CALL 1.05% 11/25/2024-2022	95,882.00	99,985.00
100,000.000	3133EMU91 FEDERAL FARM CREDIT BANK DTD 7/21/21 CALL .74% 07/21/2025-2021	93,395.00	100,000.00
100,000.000	3134GWMY9 FREDDIE MAC DTD 08/19/2020 CALL .625% 08/19/2025-2021	92,946.00	100,000.00
100,000.000	3134GWVJ2 FREDDIE MAC DTD 9/30/2020 CALL .4% 09/30/2024-2021	96,006.00	100,000.00
100,000.000	3134GWWN3 FREDDIE MAC DTD 09/30/2020 CALL .6% 09/30/2025-2021	92,611.00	100,000.00
200,000.000	3135G06A6 FANNIE MAE DTD 10/20/2020 CALL .58% 10/20/2025-2021	184,294.00	200,000.00
100,000.000	3135G06M0 FANNIE MAE DTD 12/16/2020 CALL .5% 12/16/2024-2021	95,154.00	100,000.00
100,000.000	3135GA3W9 FANNIE MAE .6% 11/25/2025-2022	92,182.00	100,000.00
245,000.000	61690U7G9 MORGAN STANLEY BANK NA MEDIUM-TERM CD DTD 06/07/2023 4.9% 06/09/2025	242,600.23	245,000.00
200,000.000	880591ER9 TENN VALLEY AUTHORITY DTD 09/29/14 2.875% 09/15/2024	196,246.00	202,280.32
245,000.000	90354KCD8 US BANK NATL ASSOC DTD 6/7/2023 5.25% 06/06/2024	244,518.40	245,000.00
<b>Total</b>	<b>Taxable</b>	<b>3,167,239.85</b>	<b>3,307,968.48</b>
<b>Total</b>	<b>Fixed Income</b>	<b>3,167,239.85</b>	<b>3,307,968.48</b>

### Portfolio Statement ( Continued )

Quantity	Description	Market Value	Cost Basis
<b>Miscellaneous</b>			
Miscellaneous Sundry Assets			
Documents			
1.000	DOC199647 INVESTMENT MANAGEMENT AGREEMENT CITY OF CANYON LAKE A/C# 1035003119	0.00	0.00
	Total Documents	0.00	0.00
	Total Miscellaneous Sundry Assets	0.00	0.00
<b>Total</b>	<b>Miscellaneous</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total Assets</b>		<b>4,710,048.92</b>	<b>4,850,777.55</b>

### Account Activity Summary

	Total Cash	Cost Basis Excluding Cash	Market Value Including Cash
<b>Balances Beginning Of Period</b>	0.00	4,843,612.58	4,701,990.90
Prior Accruals			22,021.93-
Unrealized Appreciation This Period			30,079.95
Current Accruals			25,537.85
Cash Management	7,164.97-	7,164.97	7,164.97-
Fees	798.36-	0.00	798.36-
Income	7,963.33	0.00	7,963.33
Realized Gain/loss			0.00
Non Cash Asset Changes			
<b>Balances End Of Period</b>	<b>0.00</b>	<b>4,850,777.55</b>	<b>4,735,586.77</b>

### Transaction Statement

Date	Quantity	Description	Transaction Type	Cash	Cost Basis
<b>11/01/23</b>		<b>Beginning Balance</b>		<b>0.00</b>	<b>4,843,612.58</b>
<b>Income</b>					
Interest					
11/01/23		09248U700 BLACKROCK BLF 06652GAP7	INTEREST RCVD	6,077.11	
11/02/23		BNK SOUTH/GREENSBORO GA DTD 06/02/23 5.1% 05/31/2024 3130AQ2H5	INTEREST RCVD	1,061.22	
11/27/23		FEDERAL HOME LOAN BANK DTD 11/30/2021 CALL 1.05% 11/25/2024-2022 3135GA3W9	INTEREST RCVD	525.00	
11/27/23		FANNIE MAE .6% 11/25/2025-2022	INTEREST RCVD	300.00	
		Total Interest		7,963.33	0.00
		<b>Total Income</b>		<b>7,963.33</b>	<b>0.00</b>

### Transaction Statement ( Continued )

Date	Quantity	Description	Transaction Type	Cash	Cost Basis
<b>Fees</b>					
11/28/23		MANAGEMENT FEES CITIZENS BUSINESS BANK FOR THE PERIOD ENDING 11/20/2023	DISBURSEMENT	798.36-	
<b>Total Fees</b>				<b>798.36-</b>	<b>0.00</b>
<b>Cash Management</b>					
11/30/23	7,164.970	09248U700 NET CASH MANAGEMENT	NET CASH MGMT	7,164.97-	7,164.97
<b>Total Cash Management</b>				<b>7,164.97-</b>	<b>7,164.97</b>
11/30/23		<b>Ending Balance</b>		<b>0.00</b>	<b>4,850,777.55</b>

Account Number: **1035003119**

November 01, 2023 To November 30, 2023

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### Disclosure

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1099S WILL BE POST-MARKED ON OR BEFORE FEBRUARY 28TH. UNLESS THE ACCOUNT HOLDS COMPLEX ASSETS (REITS, GNMA, FNMA, OTHER GOV'T AGY) OR MASTER LIMITED PARTNERSHIPS (MLPS). THE LATTER WILL BE POST-MARKED BY MARCH 18TH. MAILING OF FIDUCIARY TAX INFORMATION WILL BEGIN MID-FEBRUARY AND CONTINUE THROUGH EARLY APRIL.

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### Market Perspective

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AS OF OCTOBER 2022, FOR THOSE ACCOUNTS INVESTED IN FIXED INCOME MUTUAL FUNDS THE FIXED INCOME INDEX WAS CHANGED FROM THE BLOOMBERG INTERMEDIATE AGGREGATE BACK TO THE BLOOMBERG U.S. AGGREGATE RETROACTIVELY. THE CHANGE WAS MADE TO BETTER ALIGN THE BENCHMARK WITH THE INVESTMENT MODEL.



# Brokerage Account Statement

November 1, 2023 - November 30, 2023  
 Account Number: RMB-041344

CITY OF CANYON LAKE  
 31516 RAILROAD CANYON RD  
 CANYON LAKE CA 92587-9400

**Your Account Executive:**  
 PETER YANEZ

## Portfolio at a Glance

	This Period
<b>BEGINNING ACCOUNT VALUE</b>	<b>\$1,969,849.93</b>
Withdrawals (Cash & Securities)	-3,734.90
Dividends, Interest and Other Income	23,200.68
<b>Net Change in Portfolio<sup>1</sup></b>	<b>3,296.99</b>
<b>ENDING ACCOUNT VALUE</b>	<b>\$1,992,612.70</b>
Estimated Annual Income	\$46,853.00

<sup>1</sup> Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.

## Asset Summary

Percent	Asset Type	Last Period	This Period
1%	Cash, Money Funds, and Bank Deposits	11.12	97.41
99%	Fixed Income	1,969,838.81	1,992,515.29
<b>100%</b>	<b>Account Total</b>	<b>\$1,969,849.93</b>	<b>\$1,992,612.70</b>

Please review your allocation periodically with your Account Executive.

## Client Service Information

**Your Account Executive:** FBG  
 PETER YANEZ

**Contact Information**  
**E-Mail:** customerservice@mbssecurities.com

**Client Service Information**  
**Service Hours:** Weekdays 09:00 a.m. - 05:00 p.m. (EST)  
**Client Service Telephone Number:** (800) 967-9045  
**Web Site:** WWW.MBSSECURITIES.COM

## Your Account Information

### INVESTMENT OBJECTIVE

Investment Objective: NONE SPECIFIED

Please discuss your investment objective with your Account Executive.

### TAX LOT DEFAULT DISPOSITION METHOD

Default Method for Mutual Funds: First In First Out  
 Default Method for Stocks in a Dividend Reinvestment Plan: First In First Out  
 Default Method for all Other Securities: First In First Out

### BOND AMORTIZATION ELECTIONS

Amortize premium on taxable bonds based on Constant Yield Method: Yes  
 Accrual market discount method for all other bond types: Constant Yield Method  
 Include market discount in income annually: No

### ELECTRONIC DELIVERY

You have **not** enrolled any documents for electronic delivery. The following documents are available for electronic delivery:

Statements and Reports      Notifications      Tax Documents  
 Trade Confirmations      Prospectus      Proxy/Shareholder Communications

Please log in to your account or contact your Account Executive to make any changes to your electronic delivery preferences.

## Income and Expense Summary

	Current Period		Year-to-Date	
	Taxable	Non Taxable	Taxable	Non Taxable
<b>Interest Income</b>				
Bond Interest	23,103.27	0.00	87,932.10	0.00
Credit Interest	97.41	0.00	130.34	0.00
<b>Total Income</b>	<b>\$23,200.68</b>	<b>\$0.00</b>	<b>\$88,062.44</b>	<b>\$0.00</b>

## Portfolio Holdings

Description	Quantity	Opening Balance	Closing Balance	Accrued Income	30-Day Yield
<b>CASH, MONEY FUNDS AND BANK DEPOSITS 1.00% of Portfolio</b>					
<b>Cash Balance</b>		11.12	97.41		
<b>TOTAL CASH, MONEY FUNDS AND BANK DEPOSITS</b>		<b>\$11.12</b>	<b>\$97.41</b>	<b>\$0.00</b>	

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income	Estimated Yield
<b>FIXED INCOME 99.00% of Portfolio (In Maturity Date Sequence)</b>						
<b>Certificates of Deposit</b>						
BANK HAPOALIM B M NEW YORK BRH CTF DEP 4.750% 05/06/24 DTD 11/07/22 ACT/365 1ST CPN DTE 05/07/23 Security Identifier: 06251A4V9	244,000.0000	99.7180	243,311.92	730.33	11,590.00	4.76%

**Portfolio Holdings (continued)**

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income	Estimated Yield
<b>FIXED INCOME (continued)</b>						
<b>Certificates of Deposit (continued)</b>						
GREAT PLAINS FED CR UN JOPLIN MO SH CTF 4.700% 05/07/24 DTD 11/07/22 Security Identifier: 39117LAF8	249,000.0000	99.6990	248,250.51	737.45	11,703.00	4.71%
FREEDOM NORTHWEST CR UN KAMIAH IDAHO SH CTF 4.750% 05/09/24 DTD 11/09/22 Security Identifier: 356436AA3	248,000.0000	99.7170	247,298.16	677.75	11,780.00	4.76%
KEMBA FINL CR UN SH CTF 4.750% 05/10/24 B/E DTD 11/10/22 Security Identifier: 48836LAST	248,000.0000	99.7150	247,293.20	645.48	11,780.00	4.76%
<b>Total Certificates of Deposit</b>	<b>989,000.0000</b>		<b>\$986,153.79</b>	<b>\$2,791.01</b>	<b>\$46,853.00</b>	
<b>U.S. Treasury Securities</b>						
UNITED STS TREAS BILLS 0.000% 05/09/24 REG DTD 11/09/23 Security Identifier: 912797HQ3	1,030,000.0000	97.7050	1,006,361.50	0.00		
<b>Total U.S. Treasury Securities</b>	<b>1,030,000.0000</b>		<b>\$1,006,361.50</b>	<b>\$0.00</b>		
<b>TOTAL FIXED INCOME</b>	<b>2,019,000.0000</b>		<b>\$1,992,515.29</b>	<b>\$2,791.01</b>	<b>\$46,853.00</b>	
				<b>Accrued Interest</b>	<b>Estimated Annual Income</b>	
<b>Total Portfolio Holdings</b>			<b>\$1,992,612.70</b>	<b>\$2,791.01</b>	<b>\$46,853.00</b>	

**Portfolio Holdings Disclosures**

**Pricing**

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices, unless otherwise noted, have been obtained from independent vendor services, which we believe to be reliable. In some cases the pricing vendor may provide prices quoted by a single broker or market maker. Market prices do not constitute a bid or an offer, and may differ from the actual sale price. Securities for which a price is not available are marked "N/A" and are omitted from the Total.

THE AS OF PRICE DATE ONLY APPEARS WHEN THE PRICE DATE DOES NOT EQUAL THE STATEMENT DATE.

**Estimated Annual Figures**

The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions, they should not be relied on for making investment, trading, or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal

## Portfolio Holdings Disclosures (continued)

### Estimated Annual Figures (continued)

may be included in the figures for certain securities, thereby overstating them. Refer to [www.pershing.com/disclosures](http://www.pershing.com/disclosures) for specific details as to formulas used to calculate the figures. Accrued interest represents interest earned but not yet received.

### Reinvestment

The dollar amount of Mutual Fund distributions, Money Market Fund dividend income, Bank Deposit interest income, or dividends for other securities shown on your statement may have been reinvested. You will not receive confirmation of these reinvestments. Upon written request to your financial institution, information pertaining to these transactions, including the time of execution and the name of the person from whom your security was purchased, may be obtained. In dividend reinvestment transactions, Pershing acts as your agent and receives payment for order flow.

### Option Disclosure

Information with respect to commissions and other charges incurred in connection with the execution of option transactions has been included in confirmations previously furnished to you. A summary of this information is available to you promptly upon your written request directed to your introducing firm. In order to assist your introducing firm in maintaining current background and financial information concerning your option accounts, please promptly advise them in writing of any material change in your investment objectives or financial situation. Expiring options which are valuable are exercised automatically pursuant to the exercise by exception procedure of the Options Clearing Corporation. Additional information regarding this procedure is available upon written request to your introducing firm.

### Certificates of Deposit

Certificates of Deposit acquired through the Certificate of Deposit Account Registry Service ("CDARS") and held in your brokerage account are subject to Securities Investor Protection Corporation (SIPC) coverage. Please see additional information about SIPC under Important Information and Disclosures on this statement.

Please be advised that the secondary market for CDs is generally illiquid; the actual value of CDs may be different from their purchase price; and a significant loss of principal could result if your CDs are sold prior to maturity. In the event that the CDs listed above do not indicate a market valuation, an accurate market value could not be determined. In the event that a price is listed above for your CDs, Pershing has obtained a price from sources deemed to be reliable or has priced your CDs using a matrix formula. Prices are estimates and the actual value you may obtain for your CD may be different if you elect to sell your CD in the secondary market.

### Foreign Currency Transactions

Pershing will execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

### Proxy Vote

Securities not fully paid for in your margin account may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin may be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

### Variable Rate Securities

Interest rate data for certain complex and/or variable rate securities is provided to Pershing by third-party data service providers pursuant to contractual arrangements. Although we seek to use reliable sources of information, the accuracy, reliability, timeliness, and completeness of interest rate data may vary sometimes, particularly for complex and/or variable rate securities and those with limited or no secondary market. As a result, we can offer no assurance as to the accuracy, reliability, timeliness, or completeness of interest rate data for such securities. Pershing may also occasionally make interest rate updates and adjustments based on its reasonable efforts to obtain accurate, reliable, timely, and/or complete interest rate data from other data sources, but we can similarly provide no assurance that those rates or adjustments will be accurate, reliable, timely, or complete.

When updated interest rate data is received from a third-party data service provider or adjusted by Pershing, the updated data will be reflected in various sources where interest rate data is used or viewed, including both paper and electronic communications and data sources. Prior use or communication of interest rate-related data will not be revised. Since

**Portfolio Holdings Disclosures (continued)**

Variable Rate Securities (continued)

variable interest rates may be subject to change at any time and are only as accurate as the data received from third-party data service providers or otherwise obtained by Pershing, interest rate data should not be relied on for making investment, trading, or tax decisions. All interest rate data and other information derived from and/or calculated using interest rates are not warranted as to accuracy, reliability, timeliness, or completeness and are subject to change without notice. Pershing disclaims any responsibility or liability to the fullest extent permitted by applicable law for any loss or damage arising from any reliance on or use of the interest rate data or other information derived from and/or calculated using interest rates in any way. You should request a current valuation for your securities from your financial adviser or broker prior to making a financial decision or placing an order or requesting a transaction in these securities.

**Activity Summary** (All amounts shown are in base currency)

	Credits This Period	Debits This Period	Net This Period	Credits Year-to-Date	Debits Year-to-Date	Net Year-to-Date
<b>Securities</b>						
Securities Bought	0.00	-1,004,379.49	-1,004,379.49	0.00	-1,004,379.49	-1,004,379.49
<b>Total Securities</b>	<b>\$0.00</b>	<b>-\$1,004,379.49</b>	<b>-\$1,004,379.49</b>	<b>\$0.00</b>	<b>-\$1,004,379.49</b>	<b>-\$1,004,379.49</b>
<b>Dividends and Interest</b>	<b>\$23,200.68</b>	<b>\$0.00</b>	<b>\$23,200.68</b>	<b>\$88,062.44</b>	<b>\$0.00</b>	<b>\$88,062.44</b>
<b>Distributions</b>	<b>\$985,000.00</b>	<b>\$0.00</b>	<b>\$985,000.00</b>	<b>\$985,000.00</b>	<b>\$0.00</b>	<b>\$985,000.00</b>
<b>Cash</b>						
Withdrawals	0.00	-3,734.90	-3,734.90	0.00	-73,380.85	-73,380.85
<b>Total Cash</b>	<b>\$0.00</b>	<b>-\$3,734.90</b>	<b>-\$3,734.90</b>	<b>\$0.00</b>	<b>-\$73,380.85</b>	<b>-\$73,380.85</b>
<b>Totals</b>	<b>\$1,008,200.68</b>	<b>-\$1,008,114.39</b>	<b>\$86.29</b>	<b>\$1,073,062.44</b>	<b>-\$1,077,760.34</b>	<b>-\$4,697.90</b>

**Transactions by Type of Activity**

Process/ Settlement Date	Trade/ Transaction Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency	
<b>Securities Bought and Sold</b>									
11/13/23	11/10/23	PURCHASED TSRYS5677392	UNITED STS TREAS BILLS 0.000% 05/09/24 B/E DTD 11/09/23 BB YTW:5.245065 BB YTW DATE:20240509 YLD 5.245 TO MAT	1,030,000.0000	97.5125		-1,004,379.49	USD	
<b>Total Securities Bought and Sold</b>							<b>\$0.00</b>	<b>-\$1,004,379.49</b>	<b>USD</b>

## Transactions by Type of Activity (continued)

Process/ Settlement Date	Trade/ Transaction Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency
<b>Dividends and Interest</b>								
11/01/23		BOND INTEREST RECEIVED 48836LAS1	248000 KEMBA FINL CR UN SH CTF 4.750% 05/10/24 B/E DTD 11/10/22 RD 10/31 PD 11/01/23				1,000.49	USD
11/07/23		BOND INTEREST RECEIVED 06251A4V9	244000 BANK HAPALIM B M NEW YORK BRH CTF DEP 4.750% 05/06/24 DTD 11/07/22 RD 11/06 PD 11/07/23				5,842.63	USD
11/07/23		BOND INTEREST RECEIVED 39117LAF8	249000 GREAT PLAINS FED CR UN JOPLIN MO SH CTF 4.700% 05/07/24 DTD 11/07/22 RD 11/06 PD 11/07/23				993.95	USD
11/08/23		BOND INTEREST RECEIVED 14622LAG7	249000 CARTER FED CR UN SPRINGHILL LA SH CTF 4.600% 11/08/23 B/E DTD 11/08/22 RD 11/07 PD 11/08/23				972.81	USD
11/09/23		BOND INTEREST RECEIVED 356436AA3	248000 FREEDOM NORTHWEST CR UN KAMIAH IDAHO SH CTF 4.750% 05/09/24 DTD 11/09/22 RD 11/08 PD 11/09/23				1,000.49	USD
11/10/23		BOND INTEREST RECEIVED 130162AL4	238000 CALIFORNIA CR UN GLENDALE CALIF SH CTF 4.750% 11/10/23 B/E DTD 11/10/22 RD 11/09 PD 11/10/23				11,305.00	USD
11/10/23		BOND INTEREST RECEIVED 236334AC2	249000 DANNEMORA FED CR UN PLATTSBURGH NEW YORK SH CTF 4.700% 11/10/23 B/E DTD 11/10/22 RD 11/09 PD 11/10/23				993.95	USD
11/10/23		BOND INTEREST RECEIVED 78413RAB3	249000 SCE FED CR UN IRWINDALE CALIF SH CTF 4.700% 11/10/23 B/E DTD 11/10/22 RD 11/09 PD 11/10/23				993.95	USD
11/20/23		INTEREST ON FREE CREDIT BALANCES USD999997	U.S.DOLLARS CURRENCY CREDIT INTEREST FOR INTEREST PERIOD ENDING 11-19-23 YIELDS WERE: CURRENT 1.000% EFFECTIVE 1.004%				97.41	USD
<b>Total Dividends and Interest</b>						<b>\$0.00</b>	<b>\$23,200.68</b>	<b>USD</b>
<b>Distributions</b>								
11/08/23		SECURITY REDEEMED 14622LAG7	CARTER FED CR UN SPRINGHILL LA SH CTF 4.600% 11/08/23 B/E DTD 11/08/22 ACCOUNT REDEMPTION	-249,000.0000			249,000.00	USD
11/10/23		SECURITY REDEEMED 130162AL4	CALIFORNIA CR UN GLENDALE CALIF SH CTF 4.750% 11/10/23 B/E DTD 11/10/22 ACCOUNT REDEMPTION	-238,000.0000			238,000.00	USD
11/10/23		SECURITY REDEEMED 236334AC2	DANNEMORA FED CR UN PLATTSBURGH NEW YORK SH CTF 4.700% 11/10/23 B/E DTD 11/10/22 ACCOUNT REDEMPTION	-249,000.0000			249,000.00	USD
11/10/23		SECURITY REDEEMED 78413RAB3	SCE FED CR UN IRWINDALE CALIF SH CTF 4.700% 11/10/23 B/E DTD 11/10/22 ACCOUNT REDEMPTION	-249,000.0000			249,000.00	USD
<b>Total Distributions</b>						<b>\$0.00</b>	<b>\$985,000.00</b>	<b>USD</b>

**Transactions by Type of Activity (continued)**

Process/ Settlement Date	Trade/ Transaction Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency
<b>Cash Withdrawals and Deposits</b>								
11/13/23		ELECTRONIC TRANSACTION USD999997	SEND TO BANK FOR ACH ACH CITIZENS BUSINESS BANK				-3,734.90	USD
<b>Total Cash Withdrawals and Deposits</b>						\$0.00	-\$3,734.90	USD
<b>Total Value of Transactions</b>						\$0.00	\$86.29	USD

The price and quantity displayed may have been rounded.

**Fixed Income Analysis**

**Bond Quality**

Bond Quality	Market Value	% of Bond Market Value
Not Rated	1,992,515.29	100%
<b>Total</b>	<b>1,992,515.29</b>	<b>100%</b>

**Bond Maturity Schedule**

Bond Maturity	Market Value	% of Bond Market Value
1 to 6 months	1,992,515.29	100%
<b>Total</b>	<b>1,992,515.29</b>	<b>100%</b>

Percentages of bond market values are rounded to the nearest whole percentage.

Bond quality ratings reflect Moody's or Standard and Poor's ratings. Bonds may be rated by other services. Bonds that are in default are not included. Please refer to your Portfolio Holdings section.

You are 100% invested in bonds with a bond quality of Not Rated.

You are 100% invested in bonds with a maturity of 1 to 6 months.

**Messages**

Although a money market mutual fund (money fund) seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in a money fund. Shares of a money fund or the balance of a bank deposit product held in your brokerage account may be liquidated upon request with the proceeds credited to your brokerage account. Please see the money fund's prospectus or the bank deposit product's disclosure document or contact your advisor for additional information. Pursuant to SEC Rule 10b-10(b)(1) confirmations are not sent for purchases into money funds processed on the sweep platform. Pursuant to applicable regulation, account statements will be produced monthly or quarterly. Balances in Federal Deposit Insurance Corporation (FDIC)-insured bank deposit sweep products are not protected by Securities Investor Protection Corporation (SIPC).

**eDelivery**

Eliminate paper and save natural resources with digital adoption. Electronic delivery (eDelivery) is faster, convenient and more secure. We offer eDelivery for account statements,

## Messages (continued)

prospectus documents, proxy or shareholder communications, tax documents, trade confirmations and more.

To enroll, log in to your brokerage account and look for the one-click eDelivery pop-up or simply select 'Go Paperless' at the top of any page and follow the on-screen prompts for set-up your preferences. Enrollment can be activated as quickly as the day you register, and you will be notified when documents are available in an online, password-protected portal.

Contact your financial professional if you have any questions about any of our digital tools.

## Cash Not Yet Received

Security	Record Date	Payable Date	Quantity Held	Rate	Dividend Option	Amount of Payment
<b>Interest</b>						
KEMBA FINL CR UN SH CTF 4.750% 05/10/24 B/E	11/30/23	12/01/23	248,000.0000	3.904109	Cash	968.22
<b>Total Cash Not Yet Received</b>						<b>\$968.22</b>

Assets shown here are not reflected in your account. This information has been received from sources we believe to be reliable. Pershing does not guarantee the accuracy of the information.

## Important Information and Disclosures

### The Role of Pershing

- **Pershing LLC, member FINRA, NYSE, carries your account as clearing broker pursuant to a clearing agreement with your financial institution.** Pershing is not responsible or liable for any acts or omissions of your financial institution or its employees and it does not supervise them. Pershing provides no investment advice nor does it assess the suitability of any transaction or order. Pershing acts as the agent of your financial institution and you agree that you will not hold Pershing or any person controlling or under common control with it liable for any investment losses incurred by you.
- Pershing performs several key functions at the direction of your financial institution. It acts as custodian for funds and securities you may deposit with it directly or through your financial institution or that it receives as the result of securities transactions it processes.
- Your financial institution is responsible for adherence to the securities laws, regulations and rules which apply to it regarding its own operations and the supervision of your account, its sales representatives and other personnel. Your financial institution is also responsible for approving the opening of accounts and obtaining account documents; the acceptance and, in certain instances, execution of securities orders; the assessment of the suitability of those transactions, where applicable; the rendering of investment advice, if any, to you and in general, for the ongoing relationship that it has with you.
- Inquiries concerning the positions and balances in your account may be directed to the **Pershing Customer Service Department at (201) 413-3333**. All other inquiries regarding your account or activity should be directed to your financial institution. Your financial organization's contact information can be found on the first page of this statement.
- For a description of other functions performed by Pershing please consult the Disclosure Statement provided to you upon the opening of your account. This notice is not meant as a definitive enumeration of every possible circumstance, but as a general disclosure. If you have any questions regarding this notice or if you would like additional copies of the Disclosure Statement, please contact your financial institution.
- Pershing is a member of the Securities Investor Protection Corporation (SIPC®). Please note that SIPC does not protect against loss due to market fluctuation. In addition to SIPC protection, Pershing provides coverage in excess of SIPC limits. For more detailed information please visit: [www.pershing.com/about/strength-and-stability](http://www.pershing.com/about/strength-and-stability).
- This statement will be deemed conclusive. You are advised to report any inaccuracy or discrepancy (including unauthorized trading) promptly, but no later than ten days after receipt of this statement, to your financial organization and Pershing. Please be advised that any oral communication should be re-confirmed in writing to further protect your rights, including your rights under the Securities Investor Protection Act.
- Your financial organization's contact information can be found on the first page of this statement. Pershing's contact information is as follows: **Pershing LLC, Legal Department, One Pershing Plaza, Jersey City, New Jersey 07399; (201) 413-3330**. Errors and Omissions excepted.



### Important Information and Disclosures (continued)

#### Important Arbitration Disclosures

- All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

#### Important Arbitration Agreement

Any controversy between you and Pershing LLC shall be submitted to arbitration before the Financial Industry Regulatory Authority. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action, who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until; (I) the class certification is denied; (II) the class is decertified; or (III) the client is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein. The laws of the State of New York govern.

Pershing's contact information is as follows: **Pershing LLC, Legal Department, One Pershing Plaza, Jersey City, New Jersey 07399; (201) 413-3330.**





## ITEM NO. 5

# STAFF REPORT

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Nicole Dailey, City Manager

**BY:** Terry Shea, Finance Director

**DATE:** January 10, 2024

**SUBJECT:** Presentation of Fiscal Year 2022-23 Audited Financial Statements and Related Reports

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### **Recommendation**

Receive and file the Fiscal Year 2022-23 Annual Financial Statements, the Report on Internal Controls, and the Audit Communications Letter.

### **Background**

Attached you will find the City of Canyon Lake's Annual Financial Report (Report) and associated letters prepared by Lance, Soll & Lunghard, LLP (LSL). The Report expresses an "unmodified opinion" for the City acknowledging the City's finances and accounting procedures are in order.

In November, Lance, Soll & Lunghard, LLP (LSL) audited the City's financial records inclusive of reviewing its internal controls and testing procedures. As a result of that effort, along with an unmodified opinion in the Audit Report, LSL issued two letters. As covered in the attached Internal Control Letter, LSL found that the City has no internal control deficiencies or compliance issues.

The General Fund fund balance on June 30, 2023, was \$6,413,798, of which \$151,775 was nonspendable, \$1,130,183 was committed and \$5,131,830 was unassigned and available to fund ongoing operations. Total General Fund revenues are \$8,020,364 and expenditures are \$6,378,097, other financing sources - proceeds from SBITA acquisition are \$87,396, leaving the General Fund with an increase in Fund Balance of \$1,369,663.

### **Fiscal Impact**

There is no fiscal impact.

## **Attachments**

1. Annual Financial Report Fiscal Year 2022-23
2. LSL Certified Public Accountants Audit Communications Letter
3. LSL Certified Public Accountants Report on Internal Controls

# **ATTACHMENT 1**

**CITY OF CANYON LAKE,  
CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

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**City of Canyon Lake**  
**Annual Financial Report**  
**June 30, 2023**  
**Table of Contents**

	Page
<b>Independent Auditor’s Report</b>	1 – 3
<b>Management’s Discussion and Analysis</b>	4 – 13
<b>Basic Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	14
Statement of Activities	15 – 16
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
<b>Proprietary Funds</b>	
Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Net Position	22
Statement of Cash Flows	23
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
<b>Notes to the Basic Financial Statements</b>	26 – 57
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule	
General Fund	58
Gas Tax Special Revenue Fund	59
Measure A Fund	60
Miscellaneous Grants Fund	61
Schedule of Proportionate Share of the Net Pension Liability	62
Schedule of Plan Contributions	63
Schedule of Changes in Total OPEB Liability and Related Ratios	64



**City of Canyon Lake**  
**Annual Financial Report**  
**June 30, 2023**  
**Table of Contents, (Continued)**

	<u>Page</u>
<b>Supplementary Schedules</b>	
Nonmajor Governmental Funds	65
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	67



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Canyon Lake, 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 Canyon Lake, California (the "City"), as of and for the year ended June 30, 2023, 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 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, 2023, and the respective changes in financial position, and, where applicable, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Matter**

*Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

**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.



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

### ***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 generally accepted auditing standards 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 generally accepted auditing standards 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and required pension and other post-employment benefits schedules, 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.



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

**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 accompanying combining and individual fund financial statements and schedules (supplementary information) 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, 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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP".

Brea, California  
December 27, 2023

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## Management's Discussion and Analysis

As management of the City of Canyon Lake, California (City), we are pleased to offer to the 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, 2023.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the end of fiscal year 2023 by \$15,411,337. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is referred to as net position.
- The City's total net position increased by \$1,519,663 during fiscal year 2022-2023.
- As of June 30, 2023, the City's governmental funds reported combined fund balances of \$9,940,920, an increase of \$1,978,245 from the prior fiscal year, and \$5,470,447 of the governmental funds' fund balances are assigned and unassigned.
- As of June 30, 2023, the unassigned fund balance for the General Fund was \$5,131,830 or 76.2 percent of total General Fund expenditures.
- The City's total debt for governmental activities decreased by \$61,677 as a result new SBITA liabilities of \$87,396 offset by principal payments of \$149,073. The unfunded pension liability of \$548,927 and the unfunded OPEB liability of \$640,751 are included in these financial statements. For the business-type activities the City's debt remained the same as the prior fiscal year for the loan from Citizens Business Bank.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Canyon Lake's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner that is similar to a private-sector business.

Government-wide financial statements include a statement of net position and a statement of activities. The statement of net position presents information on all of the City's assets, deferred outflows of resources and liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases may provide a useful indicator on whether the financial position of the City is improving or deteriorating.

The *statement of activities* provides information showing how the City's net position changed during the most recent fiscal year. These changes are reported using the full accrual basis of accounting that is when the economic event occurs, rather than when cash is received or paid. Under this basis of accounting, revenues and expenses are reported in the statement for some items that will only result in future cash inflows or outflows such as vacation earned but not paid and uncollected taxes.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, economic development, building and planning, animal control, and public works. The business-type activities of the City include rental activities.

The government-wide financial statements can be found on pages 14 - 16 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. The 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 government-wide financial statements, governmental fund 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 the City's near-term financing requirements.

Because the focus of governmental funds is more narrow 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 City'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 City maintains seven individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Gas Tax, Measure A and Miscellaneous Grants Special Revenue Funds, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds, and Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund and the Major Special Revenue Funds Gas Tax, Measure A and Miscellaneous Grants in order to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 17 - 20 of this report.

**Proprietary Funds:** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for rental activities of a City-owned building.

Proprietary funds provide the same kind of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the City's rental activities, which is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 21 - 23 of this report.

**Fiduciary funds:** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found on pages 24 - 25 of this report.

**Notes to the basic financial statements:** The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 - 57 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI), as listed on the Table of Contents and which can be found on pages 58 - 64.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 66 - 67 of this report.



## Government-wide financial analysis

As noted earlier, net position may, over time, serve as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2023, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$15,411,337 as summarized below:

### Statement of Net position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 12,529,088	\$ 10,034,384	\$ 821,593	\$ 824,559	\$ 13,350,681	\$ 10,858,943
Capital assets (net of depreciation)	7,084,568	7,443,179	-	-	7,084,568	7,443,179
Total assets	<u>19,613,656</u>	<u>17,477,563</u>	<u>821,593</u>	<u>824,559</u>	<u>20,435,249</u>	<u>18,302,122</u>
<b>Deferred outflows of resources:</b>						
Pension related items	320,204	158,596	-	-	320,204	158,596
OPEB related	171,082	183,888	-	-	171,082	183,888
	<u>491,286</u>	<u>342,484</u>	<u>-</u>	<u>-</u>	<u>491,286</u>	<u>342,484</u>
<b>Liabilities:</b>						
Current and other liabilities	2,814,607	2,276,700	566,263	-	3,380,870	2,276,700
Long-term liabilities	1,969,250	1,534,300	-	565,789	1,969,250	2,100,089
Total liabilities	<u>4,783,857</u>	<u>3,811,000</u>	<u>566,263</u>	<u>565,789</u>	<u>5,350,120</u>	<u>4,376,789</u>
<b>Deferred inflows of resources:</b>						
Pension related items	10,815	222,383	-	-	10,815	222,383
OPEB related	154,263	153,760	-	-	154,263	153,760
	<u>165,078</u>	<u>376,143</u>	<u>-</u>	<u>-</u>	<u>165,078</u>	<u>376,143</u>
<b>Net position:</b>						
Net investment in capital assets	6,176,118	6,473,052	-	-	6,176,118	6,473,052
Restricted	3,188,505	2,579,923	-	-	3,188,505	2,579,923
Unrestricted	5,791,384	4,579,929	255,330	258,770	6,046,714	4,838,699
Total net position	<u>\$ 15,156,007</u>	<u>\$ 13,632,904</u>	<u>\$ 255,330</u>	<u>\$ 258,770</u>	<u>\$ 15,411,337</u>	<u>\$ 13,891,674</u>

The City's net position only include infrastructure assets such as roads, streets, lighting systems, drainage systems, bridges, etc. that were added in the fiscal years ending June 30, 2004, through 2023. Historically, the City has not recorded these assets. Under GASB 34, the City has elected not to retroactively include the value of major infrastructure assets in the statement of net position.

Excluding the unknown value of infrastructure assets, net investment in capital assets represents 40.01 percent of the City's net position. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$3,188,505 or 20.69 percent, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net position), is \$6,046,714.

**Statement of Activities:** The statement of activities shows how the City's net position changed during the fiscal years 2022-23 and 2021-22. Provided below is a summary of changes in net position.

### Statement of Changes in Net position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 1,516,245	\$ 1,410,537	\$ 69,775	\$ 84,653	\$ 1,586,020	\$ 1,495,190
Operating grants and contributions	1,158,786	1,352,005	-	-	1,158,786	1,352,005
Capital grants and contributions	315,073	157,340	-	146,767	315,073	304,107
General revenues	6,500,892	5,569,665	-	326,416	6,500,892	5,896,081
Total revenues	<u>9,490,996</u>	<u>8,489,547</u>	<u>69,775</u>	<u>557,836</u>	<u>9,560,771</u>	<u>9,047,383</u>
Expenses:						
General government	2,119,158	1,749,745	-	-	2,119,158	1,749,745
Public safety	4,298,212	4,556,196	-	-	4,298,212	4,556,196
Public works	1,140,024	1,013,506	-	-	1,140,024	1,013,506
Community development	384,327	606,523	-	-	384,327	606,523
Rental activities	-	-	36,026	284,299	36,026	284,299
Interest on long-term debt	26,172	26,750	37,189	23,257	63,361	50,007
Total expenses	<u>7,967,893</u>	<u>7,952,720</u>	<u>73,215</u>	<u>307,556</u>	<u>8,041,108</u>	<u>8,260,276</u>
Change in net position	1,523,103	536,827	(3,440)	250,280	1,519,663	787,107
Net position - beginning	13,632,904	13,096,077	258,770	8,490	13,891,674	13,104,567
Net position - ending	<u>\$ 15,156,007</u>	<u>\$ 13,632,904</u>	<u>\$ 255,330</u>	<u>\$ 258,770</u>	<u>\$ 15,411,337</u>	<u>\$ 13,891,674</u>

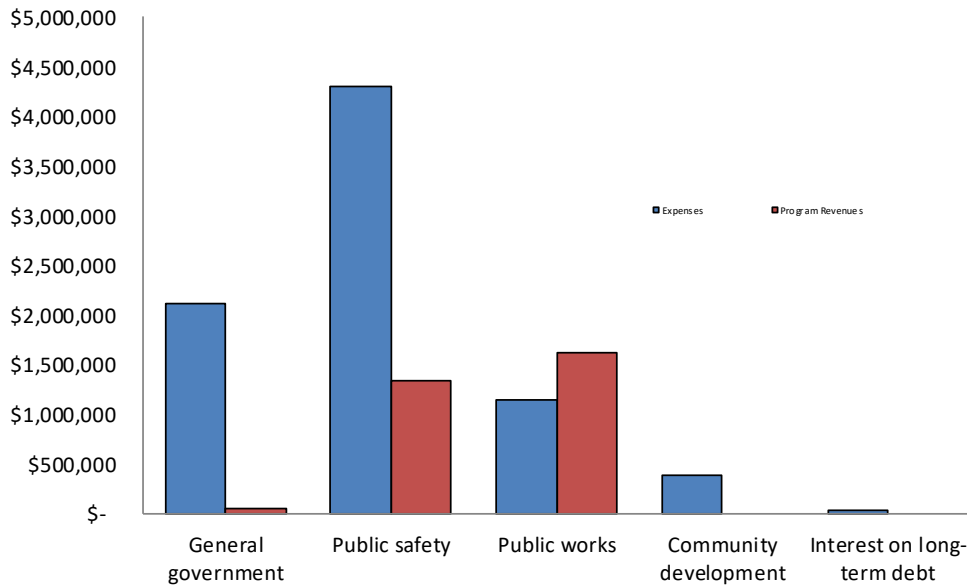
The City's net position increased overall by \$1,519,663 during the current fiscal year. The reason for the increase is explained in the governmental activities discussion below.

**Governmental activities:** Net position from governmental activities assets increased by \$1,523,103. Key elements of the increase are as follows:

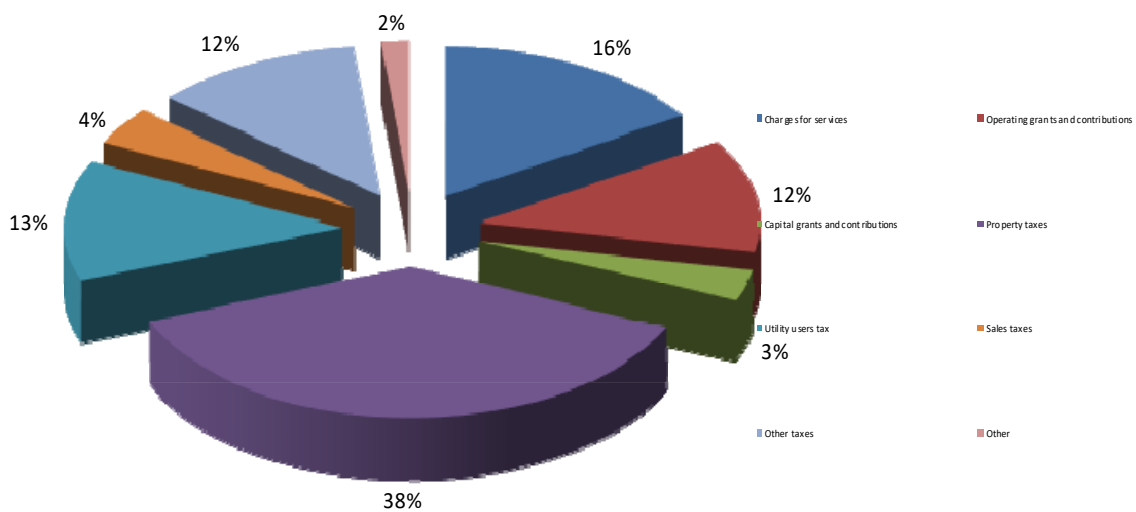
- General Fund revenues over the expenditures of \$1,369,663.
- Measure A Fund revenues over the expenditures of \$299,548.
- Gas Tax Fund revenues over expenditures of \$289,046.
- Governmental expenditures reduced by capital asset purchases of \$438,091.
- Offset by depreciation and amortization expense of \$884,098.

The charts below provide graphic representation of the City's expenses compared to program revenues by function and its revenue by source.

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



The governmental activities expenses and program revenues chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to each function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable to specific functions and are therefore used to support program activities citywide. Regarding the revenues by source chart, it shows that 39 percent of governmental activities revenues came from property tax revenue.

**Business-type activities:** For the City's business-type activities, the results for the current fiscal year were negative. Overall net position decreased by \$3,440 to an ending balance of \$255,330. The Rental Fund accounts for the activity of two City-owned buildings.

## **Financial Analysis of City's Funds**

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

**Governmental Funds:** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Please refer to pages 17 - 20 for more detail on governmental funds.

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$9,940,920, an increase of \$1,978,245 in comparison with the prior year. Of the \$9,940,920 \$5,470,447 or 55.0 percent constitutes assigned and unassigned fund balance. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending or constraints are placed on the use of resources, respectively. The increase in governmental fund balance is due to an increase in the fund balance of the General Fund of \$1,369,663, an increase in the Gas Tax Fund of \$289,046 an increase in Measure A Fund of \$299,548 and an increase of non-major governmental funds of \$19,988. For the General Fund this is an increase of \$2,247,788 from the last fiscal year's decrease of \$878,125. General Fund revenues of \$8,020,364 were up \$653,845 over the prior year amount of \$7,366,519. The major components of the increase are, Property Taxes increased \$309,238 due to higher assessed values, Utility Users Tax increased \$84,177 due to more people at home, Building Permit Fees increased \$139,688 due to increased activity and fee increases, and Investment Income increased by \$130,008 due to higher rates. These were offset by a decrease in Real Property Transfer Tax of \$65,884 and Sales Taxes of \$35,853. The City adopted GASB 96 Subscription-Based Information Technology Arrangements and has reported \$87,396 in other financing sources. General Fund expenditures of \$6,738,097 were down \$1,311,610 from the prior year amount of \$8,049,707. The major components of this are an increase in salaries and benefits across all Departments of \$878,797. The Finance Department costs increased \$228,313 for professional services and SBITA acquisition expenditures. The Planning Department costs decreased \$214,112 due to a decrease in professional fees. With the start of the City's new Fire Department in Fiscal Year 2021-22 the City incurred startup costs of \$285,247, new equipment costs of \$415,428 and \$981,583 for the purchase of two fire trucks, the decrease in these costs offset other increases to the Fire Department as Fiscal Year 2022-23 was the first full year of the City's Fire Department. The increase in the Gas Tax Fund is revenues of \$540,046 were greater than expenditures of \$251,000. The increase in the Measure A Fund is revenues of \$299,548 and there were no expenditures. The Miscellaneous Grant Fund received \$1,349,208 in ARPA Grant funds and recognized revenue and expenditures of \$451,050.

## General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. On June 30, 2023, unassigned fund balance was \$5,131,830. As a measure of the General Fund's financial condition, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 76.2 percent of General Fund expenditures. For the fiscal year, the General Fund's fund balance increased \$1,369,663 from the prior year. The differences between the General Fund budget and actual are summarized below:

- General Fund actual revenues were above budget by \$729,364 mainly due to higher than anticipated property taxes, sales tax, licenses and permits and utility user's tax.
- Actual expenditures were \$414,541 less than the final budgeted amount of \$7,152,638, with police and fire protection services being lower than anticipated.

## Capital Assets, Intangible Assets and Debt Administration

**Capital Assets:** City investment in capital assets for its governmental type activities as of June 30, 2023, amounted to \$7,084,568 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery/vehicles and infrastructure assets.

Capital assets events during the current fiscal year included the following:

- Purchase of various Fire Department equipment of \$84,006.
- Purchase of two vehicles and related equipment for \$134,233.
- Subscription assets for \$87,396

Additional information on the City's capital assets can be found on page 40 in the notes to the basic financial statements and a summary is provided below.

### City of Canyon Lake Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ 130,000	\$ 130,000
Building and improvements	570,496	436,808	-	-	570,496	436,808
Machinery, equipment and vehicles	1,756,438	1,735,066	-	-	1,756,438	1,735,066
Infrastructure	4,497,473	5,056,313	-	-	4,497,473	5,056,313
Construction in progress	6,240	-	-	-	6,240	-
Intangible right to use assets:						
Equipment	12,964	22,619	-	-	12,964	22,619
Buildings	25,018	62,373	-	-	25,018	62,373
SBITA	85,939	-	-	-	85,939	-
Total	<u>\$ 7,084,568</u>	<u>\$ 7,443,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,084,568</u>	<u>\$ 7,443,179</u>

**Long-term liabilities:** At the end of fiscal year 2023, the City's total long-term liabilities outstanding was \$1,472,034. This amount was comprised of a \$563,584 loan from Citizens Business Bank which is secured by the City investments held by Citizens Business Bank, two vehicle leases with PNC Bank of \$783,398, other leases for \$39,099 and SBITA liability for \$85,953.

Outstanding long-term liabilities of the City is summarized below, and additional information can be found on pages 41 - 44 in the notes to basic financial statements.

**City of Canyon Lake  
Outstanding Long-Term Liabilities**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
PNC Equipment Lease	\$ 591,965	\$ 656,742	\$ -	\$ -	\$ 591,965	\$ 656,742
PNC Equipment Lease	191,433	227,091	-	-	191,433	227,091
Other Leases	39,099	86,294	-	-	39,099	86,294
SBITA Liability	85,953	-	-	-	85,953	-
Loan payable CBB	-	-	563,584	563,584	563,584	563,584
Total long-term liabilities	<u>\$ 908,450</u>	<u>\$ 970,127</u>	<u>\$ 563,584</u>	<u>\$ 563,584</u>	<u>\$ 1,472,034</u>	<u>\$ 1,533,711</u>

**Pension Plan Obligations**

The City implemented GASB Statement No. 68 during fiscal year 2014-15 which resulted in an ending net pension liability of \$252,921 on June 30, 2022, and \$548,927 on June 30, 2023. Additional information can be found on pages 44 - 51 in the notes to the basic financial statements.

The City implemented GASB Statement No. 75 during fiscal year 2017-18 which resulted in an ending total OPEB liability of \$437,121 on June 30, 2022, and \$640,751 on June 30, 2023. Additional information can be found on pages 52 - 54 in the notes to the basic financial statements.

**Economic Factors and Next Year's Budgets and Rates**

In preparing the budget for fiscal year 2023-24, management was conservative in its projections for revenues and budgeted increases in public safety costs as dictated by the police contracts and fire services.

The Operating Budget for fiscal year 2023-24 anticipates having a surplus of \$37,857 for the General Fund.

- Anticipated General Fund Revenues of \$7,572,474, an increase of \$331,474 from the previous year due to projected increases in property taxes, utility users tax, construction and building permit fees.
- Proposed General Fund Expenditures of \$7,534,617, an increase of \$704,836 over the previous year, due to increased costs in personnel for raises for City employees, increased costs in insurance

Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's 2023-24 Budget which is available at City Hall.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the City Clerk, City of Canyon Lake, 31516 Railroad Canyon Road, Canyon Lake, California 92587, or call (951) 244-2955.

**City of Canyon Lake  
Statement of Net Position  
June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 11,430,937	\$ -	\$ 11,430,937
Investments in real estate	-	1,127,239	1,127,239
Receivables:			
Accounts	234,032	-	234,032
Interest	26,706	-	26,706
Intergovernmental	379,992	-	379,992
Prepaid items	151,775	-	151,775
Internal balances	305,646	(305,646)	-
Capital assets, not being depreciated	136,240	-	136,240
Capital assets, net of accumulated depreciation	6,948,328	-	6,948,328
Total assets	<u>19,613,656</u>	<u>821,593</u>	<u>20,435,249</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	320,204	-	320,204
OPEB related items	171,082	-	171,082
	<u>491,286</u>	<u>-</u>	<u>491,286</u>
<b>LIABILITIES</b>			
Accounts payable	872,453	252	872,705
Accrued interest payable	5,852	2,427	8,279
Unearned revenues	1,715,715	-	1,715,715
Compensated absences, due within one year	64,196	-	64,196
Lease payable, due within one year	35,668	-	35,668
Financing payable, due within one year	103,195	-	103,195
Notes payable, due within one year	-	563,584	563,584
SBITA liability, due within one year	17,528	-	17,528
Noncurrent liabilities:			
Compensated absences	27,513	-	27,513
Lease payable	3,431	-	3,431
Financing payable	680,203	-	680,203
SBITA liability	68,425	-	68,425
Total OPEB liability	640,751	-	640,751
Net pension liability	548,927	-	548,927
Total liabilities	<u>4,783,857</u>	<u>566,263</u>	<u>5,350,120</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	10,815	-	10,815
OPEB related items	154,263	-	154,263
	<u>165,078</u>	<u>-</u>	<u>165,078</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,176,118	-	6,176,118
Restricted:			
Public works	3,164,174	-	3,164,174
Public safety	8,513	-	8,513
Equipment	15,818	-	15,818
Unrestricted	5,791,384	255,330	6,046,714
Total net position	<u>\$ 15,156,007</u>	<u>\$ 255,330</u>	<u>\$ 15,411,337</u>

The accompanying notes are an integral part of these financial statements



**City of Canyon Lake  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,119,158	\$ -	\$ 38,673	\$ -
Public safety	4,298,212	822,838	197,048	315,073
Public works	1,140,024	693,407	923,065	-
Community development	384,327	-	-	-
Interest on long-term debt	26,172	-	-	-
	<u>7,967,893</u>	<u>1,516,245</u>	<u>1,158,786</u>	<u>315,073</u>
Total governmental activities				
Business-type activities:				
Rental	36,026	69,775	-	-
Interest on long-term debt	37,189	-	-	-
Total business-type activities	<u>73,215</u>	<u>69,775</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 8,041,108</u>	<u>\$ 1,586,020</u>	<u>\$ 1,158,786</u>	<u>\$ 315,073</u>

General revenues:

Taxes:

    Property tax, levied for general purpose

    Utility users tax

    Transient occupancy tax

    Franchise tax

    Sales tax

    Other taxes

Use of money and property

Other

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue  
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,080,485)	\$ -	\$ (2,080,485)
(2,963,253)	-	(2,963,253)
476,448	-	476,448
(384,327)	-	(384,327)
(26,172)	-	(26,172)
<u>(4,977,789)</u>	<u>-</u>	<u>(4,977,789)</u>
-	33,749	33,749
-	(37,189)	(37,189)
<u>-</u>	<u>(3,440)</u>	<u>(3,440)</u>
<u>(4,977,789)</u>	<u>(3,440)</u>	<u>(4,981,229)</u>
3,579,080	-	3,579,080
1,238,494	-	1,238,494
85,923	-	85,923
616,941	-	616,941
387,703	-	387,703
443,884	-	443,884
30,209	-	30,209
118,658	-	118,658
<u>6,500,892</u>	<u>-</u>	<u>6,500,892</u>
1,523,103	(3,440)	1,519,663
<u>13,632,904</u>	<u>258,770</u>	<u>13,891,674</u>
<u>\$ 15,156,007</u>	<u>\$ 255,330</u>	<u>\$ 15,411,337</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Balance Sheet  
Governmental Funds  
June 30, 2023**

	General	Special Revenue Funds			Total Non-major Governmental Funds	Total Governmental Funds
		Gas Tax Fund	Measure A Fund	Miscellaneous Grants Fund		
<b>ASSETS</b>						
Cash and investments	\$ 6,168,860	\$ 1,664,226	\$ 1,386,702	\$ 1,814,497	\$ 396,652	\$ 11,430,937
Receivables:						
Accounts	234,032	-	-	-	-	234,032
Interest	26,706	-	-	-	-	26,706
Intergovernmental	256,391	68,235	51,730	-	3,636	379,992
Prepaid items	151,775	-	-	-	-	151,775
Due from other funds	305,646	-	-	-	-	305,646
Total assets	<u>\$ 7,143,410</u>	<u>\$ 1,732,461</u>	<u>\$ 1,438,432</u>	<u>\$ 1,814,497</u>	<u>\$ 400,288</u>	<u>\$ 12,529,088</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 729,612	\$ 59,877	\$ -	\$ 82,964	\$ -	\$ 872,453
Unearned revenues	-	-	-	1,715,715	-	1,715,715
Total liabilities	<u>729,612</u>	<u>59,877</u>	<u>-</u>	<u>1,798,679</u>	<u>-</u>	<u>2,588,168</u>
Fund Balances:						
Nonspendable	151,775	-	-	-	-	151,775
Restricted	-	1,672,584	1,438,432	15,818	61,671	3,188,505
Committed	1,130,193	-	-	-	-	1,130,193
Assigned	-	-	-	-	338,617	338,617
Unassigned	5,131,830	-	-	-	-	5,131,830
Total fund balances	<u>6,413,798</u>	<u>1,672,584</u>	<u>1,438,432</u>	<u>15,818</u>	<u>400,288</u>	<u>9,940,920</u>
Total liabilities and fund balances	<u>\$ 7,143,410</u>	<u>\$ 1,732,461</u>	<u>\$ 1,438,432</u>	<u>\$ 1,814,497</u>	<u>\$ 400,288</u>	<u>\$ 12,529,088</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Position  
June 30, 2023**

Fund balances of governmental funds		\$ 9,940,920
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,084,568
Deferred outflow of resources relate to:		
Pension related deferred outflows of resources		320,204
OPEB related deferred outflows of resources		171,082
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. Therefore, interest payable is not reported as a liability in governmental funds.		(5,852)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net position.		
Balances at June 30, are:		
Compensated absences	\$ (91,709)	
Financing payable	(783,398)	
Lease payable	(39,099)	
SBITA liability	(85,953)	
Total OPEB liability	(640,751)	
Net pension liability	<u>(548,927)</u>	(2,189,837)
Deferred inflows of resources relate to:		
Pension related deferred outflows of resources		(10,815)
OPEB related deferred outflows of resources		<u>(154,263)</u>
Net position of governmental activities		<u><u>\$ 15,156,007</u></u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	General	Special Revenue Funds			Total Non-major Governmental Funds	Total Governmental Funds
		Gas Tax Fund	Measure A Fund	Miscellaneous Grants Fund		
<b>REVENUES</b>						
Taxes	\$ 6,005,485	\$ -	\$ -	\$ -	\$ -	\$ 6,005,485
Licenses and permits	1,859,140	-	-	-	-	1,859,140
Fines and forfeitures	18,778	-	-	-	-	18,778
Intergovernmental	14,572	533,679	294,400	451,050	179,815	1,473,516
Use of money and property	30,209	6,367	5,148	-	173	41,897
Other	92,180	-	-	-	-	92,180
Total revenues	8,020,364	540,046	299,548	451,050	179,988	9,490,996
<b>EXPENDITURES</b>						
Current:						
General government	2,029,376	-	-	35,446	-	2,064,822
Public safety	3,847,621	-	-	31,778	-	3,879,399
Public works	123,668	217,713	-	68,753	160,000	570,134
Community development	384,327	-	-	-	-	384,327
Capital outlay	177,127	33,287	-	315,073	-	525,487
Debt service:						
Principal	149,073	-	-	-	-	149,073
Interest and fiscal charges	26,905	-	-	-	-	26,905
Total expenditures	6,738,097	251,000	-	451,050	160,000	7,600,147
Excess (deficiency) of revenues over (under) expenditures	1,282,267	289,046	299,548	-	19,988	1,890,849
<b>OTHER FINANCING SOURCES (USES)</b>						
SBITA acquisition	87,396	-	-	-	-	87,396
Total other financing sources	87,396	-	-	-	-	87,396
Net change in fund balances	1,369,663	289,046	299,548	-	19,988	1,978,245
Fund balances, beginning of year	5,044,135	1,383,538	1,138,884	15,818	380,300	7,962,675
Fund balances, end of year	\$ 6,413,798	\$ 1,672,584	\$ 1,438,432	\$ 15,818	\$ 400,288	\$ 9,940,920

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023**

Net change in fund balances - total governmental funds \$ 1,978,245

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

Governmental funds report capital outlays as expenditures. However, in statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	525,487
Depreciation and amortization expense	(884,098)

Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period proceeds were received from:

SBITA acquisition	(87,396)
-------------------	----------

Governmental funds report principal payments as expenditures. In the statement of activities, principal payments are applied to the appropriate long-term liability.

Principal payments on PNC leases	100,435
Principal payments on leases	47,195
Principal payments on SBITA liability	1,443

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 related net of adjustments	77,170
OPEB related net of adjustments	(216,939)
Increase in compensated absences payable	(19,172)
Decrease in accrued interest payable on long-term liabilities	733
	733

Change in net position of governmental activities \$ 1,523,103

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Statement of Net Position -  
Proprietary Funds  
June 30, 2023**

	<u>Enterprise Fund</u>
	<u>Rental</u>
<b>ASSETS</b>	
Current Assets:	
Investment in real estate	\$ 1,127,239
Total current assets	1,127,239
Total assets	1,127,239
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	252
Accrued interest payable	2,427
Due to other funds	305,646
Note payable - CBB	563,584
Total current liabilities	871,909
Total liabilities	871,909
<b>NET POSTION</b>	
Unrestricted	255,330
Total net position	\$ 255,330

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Statement of Revenues, Expenditures, and Changes in Net Position -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Enterprise Fund</u>
	<u>Rental</u>
<b>OPERATING REVENUES</b>	
Rental income	\$ 69,775
Total operating revenues	69,775
<b>OPERATING EXPENSES</b>	
Property management	1,834
Repairs and maintenance	270
Utilities	13,985
Property assessments	14,364
Property taxes	3,946
Other operating expenses	1,627
Total operating expenses	36,026
Operating income	33,749
<b>NON-OPERATING REVENUES AND EXPENSES</b>	
Interest expense	(37,189)
Total non-operating revenue and expenses	(37,189)
Change in net position	(3,440)
Net Position, Beginning	258,770
Net Position, Ending	\$ 255,330

The accompanying notes are an integral part of these financial statements



**City of Canyon Lake  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2023**

	<u>Enterprise Fund</u>
	<u>Rental</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 69,775
Payments to suppliers for goods and services	(36,695)
	33,080
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Grant revenues	8,750
Interfund loan	(5,784)
Interest payments	(36,046)
	(33,080)
Net decrease in cash and cash equivalents	-
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	\$ -
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>	
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 33,749
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Accounts payable	(669)
	(669)
Net cash provided by operating activities	\$ 33,080

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,947
Receivables:	
Intergovernmental	<u>52,196</u>
Total assets	<u>56,143</u>
<b>LIABILITIES</b>	
Accounts payable	<u>56,143</u>
<b>NET POSITION</b>	
Restricted for taxing entities and other agencies	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2023**

	Custodial Fund
<b>ADDITIONS</b>	
Refuse fees collected for other agency	\$ 1,847,174
Fees collected for other government	44,117
	1,891,291
<b>DEDUCTIONS</b>	
Payment to other agencies	1,847,174
Payment of fees collected to other government	44,117
	1,891,291
Total additions	1,891,291
Total deductions	1,891,291
Change in net position	-
Net Position, Beginning	-
Net Position, Ending	\$ -

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the reporting entity**

The City of Canyon Lake was incorporated on December 1, 1990 under the laws of the State of California and enjoys all the rights and privileges pertaining to “General Law” cities. The City operates under a council-manager form of government and currently provides a wide variety of services to its citizens, including public safety, public services, community development, general administrative and other services.

There are no separate legal entities over which the City is financially accountable for.

**b. Government-wide and fund financial statements**

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. 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.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues 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 not properly included among program revenue are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1: Organization and Summary of Significant Accounting Policies (continued)**

**c. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Agency funds use the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end, as available if they are collected within 60 days of the end of the current fiscal period. Other revenue susceptible to accrual includes sales tax, state gasoline taxes, investment income, and certain other intergovernmental revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

**d. Fund classifications**

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government not accounted and reported in another fund.

The *Gas Tax Fund* accounts for the repair and maintenance of streets and traffic signals of the City.

The *Measure A Fund* is used to account for the construction, reconstruction, alteration, and maintenance of the streets of the City.

The *Miscellaneous Grants Fund* is used to account for specific revenue resources that are restricted or committed to expenditure for specific purposes other than capital projects.

The City reports the following major proprietary funds

The *Rental Fund* accounts for the activities of a City-owned building.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1: Organization and Summary of Significant Accounting Policies (continued)**

**d. Fund classifications (continued)**

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.

The *Capital Projects Fund* accounts for city-wide capital improvement projects.

The *Fiduciary Fund* is used to account for the resources held by the City in a fiduciary capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**e. Financial statement elements**

***Deposits and investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The City's policy is to hold investments until maturity or until market values equal or exceed cost. The State Treasurers Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the Pool is the same as the fair value of the Pool shares.

***Receivables and payables***

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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1: Organization and Summary of Significant Accounting Policies (continued)**

**e. Financial statement elements (continued)**

***Receivables and payables (continued)***

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

***Property taxes***

The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1<sup>st</sup> to June 30<sup>th</sup>. All secured personal property taxes and one-half of the taxes on real property are due November 1<sup>st</sup>, the second installment is due February 1<sup>st</sup>. All taxes are delinquent, if unpaid, on December 10<sup>th</sup> and April 10<sup>th</sup> respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31<sup>st</sup>.

***Prepaid costs***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements using the purchases method.

***Capital assets***

Capital assets, which include property, plant and equipment, lease and subscription assets and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than or equal to \$1,000 (amount not rounded) and an estimated useful life of at least two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of acquisition.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1: Organization and Summary of Significant Accounting Policies (continued)**

**e. Financial statement elements (continued)**

***Capital assets (continued)***

Property, plant and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	39
Building improvements	10
Infrastructure	20-50
Vehicles	5-10
Office equipment	5-10
Intangible right to use assets:	
Equipment	5-10
Buildings	5-10
Subscriptions	5-10

***Use of estimates***

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

***Compensated absences***

The City provides to its employees a comprehensive annual leave program. Leave pay is payable at the time it is taken or upon termination.

The total amount of liability for compensated absences is segregated between short-term and long-term with both portions reflected in the government-wide statements. The short-term portion is determined to be the amount due to employees for future absences which is attributable to services already rendered and which is expected to be paid during the next fiscal year.

***Long-term obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1:        Organization and Summary of Significant Accounting Policies (continued)**

**e.        Financial statement elements (continued)**

***Long-term obligations (continued)***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***Pension Plan***

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1: Organization and Summary of Significant Accounting Policies (continued)**

**e. Financial statement elements (continued)**

***Other Postemployment 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 fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2021 to June 30, 2022

***Deferred outflows/inflows of resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. The City currently has pension and OPEB related deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has pension and OPEB related deferred inflows of resources.

***Fund equity***

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 1: Organization and Summary of Significant Accounting Policies (continued)**

**e. Financial statement elements (continued)**

***Fund equity, (continued)***

Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council may establish (and modify or rescind) fund balance commitments by passage of an ordinance or resolution.

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

***New accounting pronouncements***

Governmental Accounting Standards Board Statement No. 96

For the fiscal year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement, *Subscription Based IT Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Note 2:        Budgetary Information**

The City prepares its budgets on the basis of estimated actual expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis consistent with generally accepted accounting principles.

Each year, the City Manager submits a proposed budget to the City Council during May. The City Council holds budget hearings during May and June. The final budget is adopted by the City Council in June.

No budget expenditures can be disbursed without proper appropriations. Once the budget is adopted, no additional funds can be authorized without the City Council's approval. The level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the individual fund level. The City Manager can authorize budget transfers between departments without additional appropriations.

Throughout the year, budgeted expenditures are reviewed and projections are made by the City Manager. Therefore, any necessary changes are submitted for approval to the City Council with a recorded action for any budget adjustments.

Formal budgetary integration is employed as a management control device during the year for all the governmental type funds. Budgets for all the governmental type funds are adopted on a basis consistent with generally accepted accounting principles, except for the Capital Projects Fund which does not have a legally adopted budget. Budgeted amounts are as originally adopted and are further amended by the City Council.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net position	
Cash and investments	\$ 11,430,937
Investments in real estate	1,127,239
Statement of Fiduciary Net Position	
Cash and investments	<u>3,947</u>
 Total cash and investments	 <u><u>\$ 12,562,123</u></u>

Cash and investments as of June 20, 2023 consists of the following:

Deposits with financial institutions	\$ 4,831,440
Cash on hand	300
Investments	<u>7,730,383</u>
 Total cash and investments	 <u><u>\$ 12,562,123</u></u>

The City follows the practice of pooling cash and investments of all funds except for funds held by a fiscal agent. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on cash balances. Interest income from cash and investments with a fiscal agent is credited directly to the related fund.

The City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 3: Cash and Investments (continued)**

***Authorized investments***

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U. S. Treasuries	5 years	None	None
Money Market Accounts	N/A	10%	5%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	50%	None
Federal Agency Securities	5 years	None	None
Bankers Acceptances	180 days	10%	5%
Commercial Paper	270 days	10%	10%
Medium-Term Notes	5 years	15%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	10%	None

***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 rate risk is by purchasing a combination of shorter 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 to market interest rate fluctuations are presented below.

<u>Investment type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>
Local Agency Investment Fund	\$ 10,499	\$ 10,499	\$ -	\$ -
Negotiable certificates of deposit	2,941,527	2,452,732	488,795	-
Federal agency securities	2,314,347	494,864	646,665	1,172,818
Corporate debt securities	241,309	-	-	241,309
Money market	1,095,462	1,095,462	-	-
Real estate	1,127,239	1,127,239	-	-
<b>Totals</b>	<b><u>\$ 7,730,383</u></b>	<b><u>\$ 5,180,796</u></b>	<b><u>\$ 1,135,460</u></b>	<b><u>\$ 1,414,127</u></b>

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 3: Cash and Investments (continued)**

***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. Information about the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each type of investment held by the City can be found below.

Investment type	Total	Minimum legal rating	Ratings as of year end
Local Agency Investment Fund	\$ 10,499	N/A	Not rated
Negotiable certificates of deposit	2,941,527	N/A	Not rated
Federal agency securities	2,314,347	AA-a2	AA+
Corporate debt securities	241,309	A	A-, A, & A+
Money market	1,095,462	N/A	Not rated
Real estate	<u>1,127,239</u>	N/A	Not rated
Totals	<u><u>\$ 7,730,383</u></u>		

***Concentration of credit risk***

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer (other than Mutual Funds and External Investment Pools) that represent 5% or more of the City's investments are as follows:

Issuer	Investment Type	Reported Amounts
Federal Home Loan Bank	Federal agency securities	\$ 853,853
Fannie MAE	Federal agency securities	561,903

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**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 governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, the City had deposits of \$4,588,166 with financial institutions in excess of federal depository insurance limits that were held in collateralized accounts.

***Investments in State Investment Pool***

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this Pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as level 1, 2 or 3.

LAIF has reported to its participating agencies that, as of June 30, 2023, the carrying amount (at amortized cost) of the Pool was \$178,382,808,290 and the estimated fair value of the pool was \$176,442,053,163. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2023, was \$10,499. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

***Fair Value Measurement***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 3: Cash and Investments (continued)**

The City has the following recurring fair value measurements as of June 30, 2023:

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 2,941,527	\$ -	\$ 2,941,527	\$ -
Federal agency securities	2,314,347	-	2,314,347	-
Corporate debt securities	241,309	-	241,309	-
Money Market	1,095,462	-	1,095,462	-
	6,592,645	\$ -	\$ 6,592,645	\$ -
Uncategorized:				
Local Agency Investment Fund	10,499			
Real estate	1,127,239			
Totals	<u>\$ 7,730,383</u>			

**Note 4: Interfund Receivables and Payables**

The composition of interfund balances on June 30, 2023, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Rental Fund	<u>\$ 305,646</u>

The above amount owed to the General Fund includes a temporary loan to the Rental Fund for the purchase of a building as an investment for \$246,391 and for negative cash balance on June 30, 2023 of \$59,255. The Loan amount and negative cash amount will be repaid to the General Fund in Fiscal Year 2023-24.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Construction in progress	-	6,240	-	6,240
Total capital assets, not being depreciated	<u>130,000</u>	<u>6,240</u>	<u>-</u>	<u>136,240</u>
Capital assets, being depreciated:				
Buildings	835,092	172,735	-	1,007,827
Machinery & equipment	806,847	124,883	-	931,730
Vehicles	1,437,590	134,233	-	1,571,823
Infrastructure	10,365,755	-	-	10,365,755
Intangible right to use assets:				
Equipment	31,751	-	-	31,751
Buildings	99,728	-	-	99,728
Subscriptions	-	87,396	-	87,396
Total capital assets, being depreciated	<u>13,576,763</u>	<u>519,247</u>	<u>-</u>	<u>14,096,010</u>
Less accumulated depreciation for:				
Buildings	(398,284)	(39,047)	-	(437,331)
Machinery & equipment	(290,407)	(87,259)	-	(377,666)
Vehicles	(218,964)	(150,485)	-	(369,449)
Infrastructure	(5,309,442)	(558,840)	-	(5,868,282)
Intangibles	(46,487)	(48,467)	-	(94,954)
Total accumulated depreciation	<u>(6,263,584)</u>	<u>(884,098)</u>	<u>-</u>	<u>(7,147,682)</u>
Total capital assets, being depreciated, net	<u>7,313,179</u>	<u>(364,851)</u>	<u>-</u>	<u>6,948,328</u>
Governmental activities capital assets, net	<u>\$ 7,443,179</u>	<u>\$ (358,611)</u>	<u>\$ -</u>	<u>\$ 7,084,568</u>

Depreciation expense was charged to functions of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 89,464
Public safety	224,744
Public works	569,890
Total depreciation expense - governmental activities	<u>\$ 884,098</u>

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 6:       Compensated Absences**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 72,537	\$ 114,020	\$ 94,848	\$ 91,709	\$ 64,196

Liabilities for compensated absences are typically liquidated by the General Fund.

**Note 7:       Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2023 was as follows:

**Governmental Activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Long-term debt</b>					
<i>Direct borrowings:</i>					
PNC Equipment Finance	\$ 656,742	\$ -	\$ 64,777	\$ 591,965	\$ 66,688
PNC Equipment Finance	227,091	-	35,658	191,433	36,507
Office Suite 4 Lease	8,357	-	4,959	3,398	3,398
Office Suite 5 Lease	55,076	-	32,682	22,394	22,394
Toshiba Copier Lease - 1	17,048	-	8,383	8,665	8,665
Toshiba Copier Lease - 2	5,813	-	1,171	4,642	1,211
SBITA Liabilities	-	87,396	1,443	85,953	17,528
Governmental activities long-term debt	\$ 970,127	\$ 87,396	\$ 149,073	\$ 908,450	\$ 156,391

**Equipment Financing – PNC No. 98994503-1**

On March 26, 2021, the City entered into a ten-year financing agreement with PNC Equipment Finance LLC for the financing of a 2021 Pierce Enforcer Pumper fire truck. The initial balance of the Agreement was \$719,662 with interest at 2.95%. With annual principal and interest payments of \$84,151 from March 26, 2022, to March 26, 2031. The balance on June 30, 2023, is \$591,965.

**Equipment Financing – PNC No. 98994503-2**

On March 26, 2021, the City entered into a seven-year lease agreement with PNC Equipment Finance LLC for the financing of a 2021 Firematic 500 GPM Type 6 Fire Apparatus fire truck. The initial balance of the Agreement was \$261,920 with interest at 2.38%. With annual principal and interest payments of \$41,063 from March 26, 2022, to March 26, 2028. The balance on June 30, 2023, is \$191,433.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 7: Long-Term Liabilities (continued)**

The annual debt service requirements for the equipment financing payable outstanding on June 30, 2023, are as follows:

Year Ending June 30,	Lease No. 98994503-1		Lease No. 98994503-2		Total
	Principal	Interest	Principal	Interest	
2024	\$ 66,688	\$ 17,463	\$ 36,507	\$ 4,556	\$ 125,214
2025	68,656	15,495	37,376	3,687	125,214
2026	70,681	13,470	38,265	2,798	125,214
2027	72,766	11,385	39,176	1,887	125,214
2028	74,913	9,238	40,109	954	125,214
2029-2031	238,261	14,193	-	-	252,454
	<u>\$ 591,965</u>	<u>\$ 81,244</u>	<u>\$ 191,433</u>	<u>\$ 13,882</u>	<u>\$ 878,524</u>

**Office Space Lease – Suite 4**

On July 1, 2021, the City entered into a 31-month lease as Lessee for the use of office space located at 31526 Railroad Canyon Road, Suite 4, Canyon Lake, California 92587. An initial lease liability was recorded in the amount of \$13,030. As of June 30, 2023, the value of the lease liability is \$3,398. The City is required to make monthly fixed payments of \$400 commencing July 1, 2021, and ending March 26, 2022, and \$430 commencing March 27, 2022 and ending March 26, 2024. The lease has an interest rate of 3.30%. The Buildings estimated useful life was 31 months as of the contract commencement. The value of the right to use asset as of June 30, 2023, of \$13,030 with accumulated amortization of \$9,671 is included with Buildings in the Intangible Assets Disclosure (Note 6).

**Office Space Lease – Suite 5**

On July 1, 2021, the City entered into a 31-month lease as Lessee for the use of office space located at 31526 Railroad Canyon Road, Suite 4, Canyon Lake, California 92587. An initial lease liability was recorded in the amount of \$86,698. As of June 30, 2023, the value of the lease liability is \$22,394. The City is required to make monthly fixed payments of \$2,834 commencing July 1, 2021 and ending March 26, 2024. The lease has an interest rate of 3.30%. The Buildings estimated useful life was 31 months as of the contract commencement. The value of the right to use asset as of June 30, 2023, of \$86,698 with accumulated amortization of \$65,038 is included with Buildings in the Intangible Assets Disclosure (Note 6).

**Toshiba Copier Leases**

On July 1, 2021, the City entered into a 36-month lease as Lessee for the use of Toshiba printer. An initial lease liability was recorded in the amount of \$25,160. As of June 30, 2023, the value of the lease liability is \$8,665. The City is required to make monthly fixed payments of \$735 commencing July 1, 2021 and ending July 16, 2024. The lease has an interest rate of 0.28%. The Equipment estimated useful life was 36 months as of the contract commencement. The value of the right to use asset as of June 30, 2023, of \$25,160 with accumulated amortization of \$16,800 is included with Equipment in the Intangible Assets Disclosure (Note 6).

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 7: Long-Term Liabilities (continued)**

***Toshiba Copier Leases (continued)***

On December 8, 2021, the City entered into a 63-month lease as Lessee for the use of Toshiba printer. An initial lease liability was recorded in the amount of \$6,591. As of June 30, 2023, the value of the lease liability is \$4,642. The City is required to make monthly fixed payments of \$112 commencing December 8, 2021 and ending March 7, 2017. The lease has an interest rate of 0.28%. The Equipment estimated useful life was 63 months as of the contract commencement. The value of the right to use asset as of June 30, 2023, of \$6,591 with accumulated amortization of \$1,988 is included with Equipment in the Intangible Assets Disclosure (Note 6).

The annual debt service requirements for the leases payable outstanding on June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 35,668	\$ 611	\$ 36,279
2025	1,251	94	1,345
2026	1,293	52	1,345
2027	887	11	898
	<u>\$ 39,099</u>	<u>\$ 768</u>	<u>\$ 39,867</u>

During fiscal year 2022-23 the City entered into a subscription-based IT arrangement (SBITA) for \$87,396. The arrangement is for five years with interest rates at 5.50%. The City is required to make annual payments ranging between \$18,540 and \$20,259. As of June 30, 2023, the City had \$85,953 outstanding for the SBITA liability. The City recognized a right-to-use asset for the SBITA of \$87,396, with accumulated amortization of \$1,457.

The annual debt service requirements for the SBITA liability outstanding on June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 17,528	\$ 4,183	\$ 21,711
2025	15,288	3,298	18,586
2026	16,725	2,419	19,144
2027	18,260	1,458	19,718
2028	18,152	418	18,570
	<u>\$ 85,953</u>	<u>\$ 11,776</u>	<u>\$ 97,729</u>

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 7: Long-Term Liabilities (continued)**

***Business-Type Activities:***

<b>Long-term debt</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Direct borrowings:</i>					
Note Payable - CBB	\$ 563,584	\$ -	\$ -	\$ 563,584	\$ 563,584

***Loan Payable – Citizens Business Bank***

In March 2020, the City entered into an agreement with Citizens Business Bank to obtain a loan to finance the purchase of a building. The loan bears an interest rate of LIBOR plus 2.5% per annum. Principal plus all accrued interest is due in full on March 11, 2022. The City began paying regular monthly payments of all accrued interest in April 2020. Therefore, no accrued interest is expected to be due when the loan matures. The loan is secured by the investments of the City held by Citizens Business Bank. The principal balance as of June 30, 2023, is \$563,584.

**Note 8: Retirement Plan**

**A. General Information about the Pension Plan**

***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 or PERF C) administered by the California Public Employees’ Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. 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 generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors two miscellaneous plans. 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 plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS’ website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***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 full-time 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 5 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 Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 8: Retirement Plan (continued)**

**A. General Information about the Pension Plan (continued)**

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect on June 30, 2023, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	6.920%	6.750%
Required employer contribution rates	10.320%	7.470%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were \$125,961. The actual employer payments of \$101,915 made to CalPERS by the City during the measurement period ended June 30, 2022, differed from the City's proportionate share of the employer's contributions of \$84,903 by \$17,012, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**B. Net Pension Liability**

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 8: Retirement Plan (continued)**

**B. Net Pension Liability (continued)**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	6/30/2021
Measurement Date	6/30/2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
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	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

(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-2016 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.

**Long-term Expected Rate of Return**

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.



**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 8: Retirement Plan (continued)**

**B. Net Pension Liability (continued)**

**Long-term Expected Rate of Return (continued)**

The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade companies	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management Study.

**Change of Assumptions**

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns of the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 8: Retirement Plan (continued)**

***B. Net Pension Liability (continued)***

***Discount Rate***

The discount rate used to measure the total pension liability for PERF C 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.

***Subsequent Events***

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

***Pension Plan Fiduciary Net Position***

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 8: Retirement Plan (continued)**

**C. Proportionate Share of Net Pension Liability**

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2021 (MD)	\$ 1,994,463	\$ 1,741,542	\$ 252,921
Balance at: 6/30/2022 (MD)	2,185,745	1,636,818	548,927
Net Changes during 2021-22	<u>\$ 191,282</u>	<u>\$ (104,724)</u>	<u>\$ 296,006</u>

Valuation Date (VD), Measurement Date (MD).

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The City's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2021, and 2022 measurement dates was as follows:

	<u>Miscellaneous</u>
Proportionate Share - June 30, 2022	0.01332%
Proportionate Share - June 30, 2023	0.01173%
Change - Increase (Decrease)	-0.00159%

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	<u>Discount Rate - 1%</u> <u>(5.90%)</u>	<u>Current Discount</u> <u>Rate (6.90%)</u>	<u>Discount Rate + 1%</u> <u>(7.90%)</u>
Miscellaneous Plan's Net Pension Liability	\$ 846,884	\$ 548,927	\$ 303,783

**City of Canyon Lake  
Notes to the Basic Financial Statements  
June 30, 2023**

**Note 8: Retirement Plan (continued)**

**C. Proportionate Share of Net Pension Liability (continued)**

***Amortization of Deferred Outflows and Deferred Inflows of Resources***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are 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 pensions and are to be recognized in future pension expense.

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

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 8: Retirement Plan (continued)**

***D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

As of the start of the measurement period (July 1, 2021), the City's net pension liability was \$252,921. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension expense/(income) of \$48,791 for the Plan.

As of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,024	\$ 7,383
Changes of Assumptions	56,249	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	100,549	-
Change in Employer's Proportion	6,608	3,432
Difference in Actual vs. Projected Contributions	19,813	-
Pension Contributions Subsequent to Measurement Date	125,961	-
Total	\$ 320,204	\$ 10,815

These amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$125,961 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 55,110
2025	44,058
2026	22,761
2027	61,499
Thereafter	-

***E. Payable to the Pension Plan***

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 9: Other Postemployment Benefits (OPEB)**

The City has established a Retiree Healthcare Plan (HC Plan), and participates in a single-employer defined benefit retiree healthcare plan. The Plan provides post-employment medical insurance to eligible retirees through the California Public Employees Retirement System. State statutes within the Public Employees' Retirement Law establish menus of benefit provisions as well as other requirements and may be amended by CalPERS. The District selected an optional benefit provision specifically for health benefits in compliance with the Public Employees Medical and Hospital Care Act (PEMHCA). A separate financial report is not prepared for the HC Plan.

**Employees Covered**

Active employees	24
Inactive employees or beneficiaries currently receiving benefits	1
<b>Total</b>	<b>25</b>

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

**Contributions**

The contribution requirements of the Plan are established by the City Council. On February 19, 2014, the City Council adopted Resolution No. 2014-7 to reduce the amount of employer's contribution to the minimum amount under PEMHCA, based upon a formula established by the Public Employees Retirement System, and Resolution No. 2014-8 to confirm the contribution will be for employees with a minimum of 20 years of services to the City. For the fiscal year ended June 30, 2023, the City's required minimum payments amounted to \$3,536 in payment for premiums.

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	June 30, 2023
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend	4.00%
Salary Increases	2.75%
Mortality Rate	2017 CalPERS Mortality for Miscellaneous and School Employees 2017 CalPERS Mortality for Safety Employees
Pre-Retirement Turnover Healthcare Trend Rate	2017 CalPERS 2.0% at 62 Rates for Miscellaneous Employees, 2017 CalPERS 2.7% at 57 Rates for Fire Employees

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 9: Other Postemployment Benefits (OPEB) (continued)**

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.54% percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

***Changes in the Total OPEB Liability***

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

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2022</b> (Measurement Date June 30, 2022)	\$ 437,121
<b>Changes recognized for the measurement period:</b>	
Service Cost	200,124
Interest	18,954
Changes of assumptions	(11,912)
Benefit payments	(3,536)
<b>Net Changes</b>	<b>203,630</b>
<b>Balance at June 30, 2023</b> (Measurement Date June 30, 2023)	<b>\$ 640,751</b>

***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, 2023:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 758,350	\$ 640,751	\$ 546,500

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 9: Other Postemployment Benefits (OPEB) (continued)**

***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, 2023:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 506,437	\$ 640,751	\$ 820,583

***Change of Assumptions***

The discount rate increased from 2.14% to 3.54% in the current year.

***Amortization of Deferred Inflows and Outflows of Resources***

As of the fiscal year ended June 30, 2023 the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 134,120	\$ (111,769)
Differences between expected and actual experience	36,962	(42,494)
Total	\$ 171,082	\$ (154,263)

The deferred items will be amortized and recognized in pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,397
2025	1,397
2026	1,397
2027	1,397
2028	1,397
Thereafter:	9,834



**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 10: Risk Management**

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies: twenty-one cities, four transit agencies and six special districts. The City participates in the liability, employment practices liability, property, auto physical damage, crime and cyber liability insurance programs of PERMA. The City joined PERMA on July 1, 2011.

The liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected a \$0 self-insured retention for this coverage and participates in risk sharing pools for losses up to \$1 million, followed by PERMA's membership in the Public Risk Innovation, Solutions, and Management (PRISM) for \$49 million of excess liability coverage.

The employment practices liability program provides up to \$50 million coverage for employment related lawsuits, such as wrongful termination and discrimination. The City self-insures up to \$25,000 per occurrence and participates in the Employment Risk Management Authority (ERMA) for losses up to \$1 million. Coverage above \$1 million and up to \$50 million is available through PERMA's membership in PRISM for liability coverage.

The property insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis and all risk, eliminating the traditional commercial "named peril" policy.

The auto physical damage insurance program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Auto physical damage coverage is written on an agreed amount basis.

The crime insurance program provides public employee dishonesty, forgery or alteration, and computer fraud coverage under a master insurance policy.

The cyber liability program provides coverage for information security & privacy liability, privacy notification costs, regulatory defense & penalties, website media content liability, cyber extortion, first party data protection & business interruption losses.

The City is insured with PERMA for workers' compensation claims. There is no deductible requirement for this coverage.

The amount of the settlements has not exceeded the above coverage for the past three fiscal years.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 11: Commitments and Contingencies**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would not have a material effect on the City's financial position.

**Note 12: Fund Equity**

The City has established certain fund balance designations to report the amounts in the following funds, which represent available spendable resources which are restricted, committed or assigned for a specific purpose:

	Major Funds				Non-Major Governmental Funds	Total
	General Fund	Gas Tax Fund	Measure A Fund	Miscellaneous Grants Fund		
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 151,775	\$ -	\$ -	\$ -	\$ -	\$ 151,775
Restricted for:						
Public works	-	1,672,584	1,438,432	-	53,158	3,164,174
Public safety	-	-	-	-	8,513	8,513
Equipment	-	-	-	15,818	-	15,818
Committed to:						
Emergency reserve	753,462	-	-	-	-	753,462
Contingency reserve	376,731	-	-	-	-	376,731
Assigned to:						
Capital projects	-	-	-	-	338,617	338,617
Unassigned:	5,131,830	-	-	-	-	5,131,830
	<u>\$ 6,413,798</u>	<u>\$ 1,672,584</u>	<u>\$ 1,438,432</u>	<u>\$ 15,818</u>	<u>\$ 400,288</u>	<u>\$ 9,940,920</u>

**Note 13: Jointly Governed Organization**

The City, in conjunction with 4 other governmental entities, created the Southwest Communities Financing Authority (Authority) on November 30, 2004. The Authority was formed to issue bonds for the construction of an animal shelter to be used by the member agencies. The Authority's board is comprised of one member from each participating entity. The City has the following fiscal obligations: debt repayment of bonds issued, administrative costs and operation of the animal shelter. The debt service payments and the animal shelter operating costs will be prorated to each member based on the percentage of the animals housed at the facility, on an annual basis. The administrative costs will be borne equally by all members. The City incurred costs of \$104,872 for the fiscal year ended June 30, 2023, which included \$29,786 in interest on the bonds issued. To obtain the financial statements for the Authority please contact the Authority at 33751 Mission Trail, Wildomar, CA 92595.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2023**

**Note 14:      Subsequent Events**

In September 2023, the City repaid the \$563,584 Loan from Citizens Business Bank. The City advanced funds from the General Fund and entered a long-term Interfund Loan between the General Fund and the Enterprise Fund for \$809,975. The amount includes the \$563,584 and the initial short-term advance of \$246,391. The Interfund Loan is for twenty years with monthly payments of principal and interest of \$4,163 at 2.17% interest commencing October 13, 2023 through September 13, 2043.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Canyon Lake**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,615,100	\$ 5,665,100	\$ 6,005,485	\$ 340,385
Licenses and permits	1,494,800	1,494,800	1,859,140	364,340
Fines and forfeitures	21,300	21,300	18,778	(2,522)
Intergovernmental	58,800	58,800	14,572	(44,228)
Use of money and property	25,000	25,000	30,209	5,209
Other	26,000	26,000	92,180	66,180
<b>Total revenues</b>	<b>7,241,000</b>	<b>7,291,000</b>	<b>8,020,364</b>	<b>729,364</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,962,638	2,223,234	2,029,376	193,858
Public safety	4,029,261	4,003,221	3,847,621	155,600
Public works	137,000	146,300	123,668	22,632
Community development	467,938	502,938	384,327	118,611
Capital outlay	58,398	102,398	177,127	(74,729)
Debt service:				
Principal	147,630	147,630	149,073	(1,443)
Interest and fiscal charges	26,917	26,917	26,905	12
<b>Total expenditures</b>	<b>6,829,782</b>	<b>7,152,638</b>	<b>6,738,097</b>	<b>414,541</b>
Excess (deficiency) of revenues over (under) expenditures	411,218	138,362	1,282,267	1,143,905
<b>OTHER FINANCING SOURCES</b>				
Acquisition of leased assets	-	-	87,396	87,396
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>87,396</b>	<b>87,396</b>
Net change in fund balance	411,218	138,362	1,369,663	1,231,301
Fund balance, beginning of year	5,044,135	5,044,135	5,044,135	-
Fund balance, end of year	<b>\$ 5,455,353</b>	<b>\$ 5,182,497</b>	<b>\$ 6,413,798</b>	<b>\$ 1,231,301</b>

**City of Canyon Lake  
Required Supplementary Information  
Budgetary Comparison Schedule  
Gas Tax Special Revenue  
For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 556,990	\$ 556,990	\$ 533,679	\$ (23,311)
Use of money and property	2,000	2,000	6,367	4,367
Total revenues	<u>558,990</u>	<u>558,990</u>	<u>540,046</u>	<u>(18,944)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	207,600	207,600	217,713	(10,113)
Capital Outlay	250,000	250,000	33,287	216,713
Total expenditures	<u>457,600</u>	<u>457,600</u>	<u>251,000</u>	<u>206,600</u>
Net change in fund balance	101,390	101,390	289,046	187,656
Fund balance, beginning of year	<u>1,383,538</u>	<u>1,383,538</u>	<u>1,383,538</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,484,928</u>	<u>\$ 1,484,928</u>	<u>\$ 1,672,584</u>	<u>\$ 187,656</u>

**City of Canyon Lake  
Required Supplementary Information  
Budgetary Comparison Schedule  
Measure A Fund  
For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 262,000	\$ 262,000	\$ 294,400	\$ 32,400
Use of money and property	1,000	1,000	5,148	4,148
Total revenues	<u>263,000</u>	<u>263,000</u>	<u>299,548</u>	<u>36,548</u>
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	290,960	692,160	-	692,160
Total expenditures	<u>290,960</u>	<u>692,160</u>	<u>-</u>	<u>692,160</u>
Net change in fund balance	(27,960)	(429,160)	299,548	728,708
Fund balance, beginning of year	<u>1,138,884</u>	<u>1,138,884</u>	<u>1,138,884</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,110,924</u></u>	<u><u>\$ 709,724</u></u>	<u><u>\$ 1,438,432</u></u>	<u><u>\$ 728,708</u></u>



**City of Canyon Lake**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Miscellaneous Grants Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,349,208	\$ 1,349,208	\$ 451,050	\$ (898,158)
Total revenues	<u>1,349,208</u>	<u>1,349,208</u>	<u>451,050</u>	<u>(898,158)</u>
<b>EXPENDITURES</b>				
Current:				
General government	40,000	40,000	35,446	4,554
Public safety	40,000	40,000	31,778	8,222
Public works	177,000	177,000	68,753	108,247
Capital Outlay	<u>2,100,000</u>	<u>2,100,000</u>	<u>315,073</u>	<u>1,784,927</u>
Total expenditures	<u>2,357,000</u>	<u>2,357,000</u>	<u>451,050</u>	<u>1,905,950</u>
Net change in fund balance	(1,007,792)	(1,007,792)	-	1,007,792
Fund balance, beginning of year	<u>15,818</u>	<u>15,818</u>	<u>15,818</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (991,974)</u></u>	<u><u>\$ (991,974)</u></u>	<u><u>\$ 15,818</u></u>	<u><u>\$ 1,007,792</u></u>

**City of Canyon Lake  
 Required Supplementary Information  
 Schedule of the Local Government's Proportionate Share of the  
 Plan's Net Pension Liability and Related Ratios as of the Measurement Date  
 Last 10 Years\*  
 For the Fiscal Year Ended June 30, 2023**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	0.00375%	\$ 233,356	\$ 97,906	238.35%	82.11%
6/30/2015	0.00332%	228,126	241,941	94.29%	82.84%
6/30/2016	0.00369%	319,581	257,514	124.10%	77.98%
6/30/2017	0.00384%	380,550	408,132	93.24%	77.26%
6/30/2018	0.00389%	375,028	367,763	101.98%	78.15%
6/30/2019	0.00408%	417,619	399,181	104.62%	76.64%
6/30/2020	0.00421%	458,117	514,343	89.07%	75.42%
6/30/2021	0.00468%	252,921	668,955	37.81%	87.32%
6/30/2022	0.01173%	548,927	839,744	65.37%	74.89%

<sup>1</sup> Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

**City of Canyon Lake  
Required Supplementary Information  
Schedule of Plan Contributions  
Last 10 Years\*  
For the Fiscal Year Ended June 30, 2023**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	\$ 21,700	\$ (21,700)	\$ -	\$ 241,941	8.97%
2015-16	28,593	(28,593)	-	257,514	11.10%
2016-17	36,602	(36,602)	-	408,132	8.97%
2017-18	38,386	(38,386)	-	367,763	10.44%
2018-19	49,184	(49,184)	-	399,181	12.32%
2019-20	66,387	(66,387)	-	514,343	12.91%
2020-21	82,957	(82,957)	-	668,955	12.40%
2021-22	101,915	(101,915)	-	839,744	12.14%
2022-23	125,961	(125,961)	-	1,065,824	11.82%

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

**Notes to Schedule:**

**Change in Benefit Terms:** There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

**Changes in Assumptions:** Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. 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 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. 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 Canyon Lake**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**as of the Measurement Date**  
**Last 10 Years\***  
**For the Fiscal Year Ended June 30, 2023**

Measurement Period	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>						
Service Cost	\$ 21,629	\$ 22,224	\$ 24,506	\$ 84,100	\$ 87,584	\$ 200,124
Interest on the Total OPEB Liability	4,592	5,011	6,109	7,445	9,241	18,954
Actual and expected experience difference	-	-	-	-	-	-
Changes in assumptions	-	7,672	162,794	4,165	(115,651)	(11,912)
Experience (gains)/losses	-	-	(54,994)	-	42,480	-
Changes in benefit terms	-	-	-	-	27,522	-
Benefit payments	(4,412)	(4,588)	(4,733)	(3,972)	(4,139)	(3,536)
<b>Net change in Total OPEB Liability</b>	<u>21,809</u>	<u>30,319</u>	<u>133,682</u>	<u>91,738</u>	<u>47,037</u>	<u>203,630</u>
<b>Total OPEB Liability - beginning</b>	<u>112,536</u>	<u>134,345</u>	<u>164,664</u>	<u>298,346</u>	<u>390,084</u>	<u>437,121</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 134,345</u>	<u>\$ 164,664</u>	<u>\$ 298,346</u>	<u>\$ 390,084</u>	<u>\$ 437,121</u>	<u>\$ 640,751</u>
 <b>Total OPEB Liability - ending</b>	 \$ 134,345	 \$ 164,664	 \$ 298,346	 \$ 390,084	 \$ 437,121	 \$ 640,751
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%
 Covered employee payroll	 \$ 300,891	 \$ 371,707	 \$ 483,844	 \$ 607,262	 \$ 633,633	 \$ 992,399
 Total OPEB liability as a percentage of covered employee payroll	 44.65%	 44.30%	 61.66%	 64.24%	 68.99%	 64.57%

Notes to schedule:

Contributions are not based on a measure of pay for the OPEB plan, therefore covered employee payroll is used.

*The following assumptions were changed from the prior valuation:*

Discount rate increased to 3.65% from 3.54% by using the BondBuyer 20 Index.

\* Fiscal Year 2017-18 was the first year of implementation, additional years information will be added as it becomes available.

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## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds**

AQMD – This fund is used to account for the receipt of AB 2766 funds to implement programs that reduce air pollution from motor vehicles. Local Governments receive forty percent of the motor vehicle registration fee surcharge of \$4 per vehicle collected by the Department of Motor Vehicles.

Law Enforcement Grants – This fund is used to account for the *Supplemental Law Enforcement Grant* funds used for front line law enforcement services, and for the *California Law Enforcement Equipment Program* for the purchase of equipment to assist law enforcement to prevent and reduce crime.

### **Capital Projects Fund**

Capital Projects – This fund accounts for City-wide capital improvement projects.

**City of Canyon Lake  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

	Special Revenue Funds		Capital Projects Fund	Total Non-major Governmental Funds
	AQMD	Law Enforcement Grants	Capital Projects	
<b>ASSETS</b>				
Cash and investments	\$ 49,522	\$ 8,513	\$ 338,617	\$ 396,652
Receivables:				
Intergovernmental	3,636	-	-	3,636
Total assets	<u>\$ 53,158</u>	<u>\$ 8,513</u>	<u>\$ 338,617</u>	<u>\$ 400,288</u>
<b>FUND BALANCES</b>				
Fund Balances:				
Restricted for:				
Public works	\$ 53,158	\$ -	\$ -	\$ 53,158
Public safety	-	8,513	-	8,513
Assigned to:				
Capital projects	-	-	338,617	338,617
Total fund balances	<u>53,158</u>	<u>8,513</u>	<u>338,617</u>	<u>400,288</u>
Total liabilities and fund balances	<u>\$ 53,158</u>	<u>\$ 8,513</u>	<u>\$ 338,617</u>	<u>\$ 400,288</u>

**City of Canyon Lake**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds		Capital Projects Fund	Total Non-major Governmental Funds
	AQMD	Law Enforcement Grants	Capital Projects	
<b>REVENUES</b>				
Intergovernmental	\$ 14,543	\$ 165,272	\$ -	\$ 179,815
Use of money and property	173	-	-	173
Total revenues	<u>14,716</u>	<u>165,272</u>	<u>-</u>	<u>179,988</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	160,000	-	160,000
Total expenditures	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Net change in fund balances	14,716	5,272	-	19,988
Fund balances, beginning of year	<u>38,442</u>	<u>3,241</u>	<u>338,617</u>	<u>380,300</u>
Fund balances, end of year	<u>\$ 53,158</u>	<u>\$ 8,513</u>	<u>\$ 338,617</u>	<u>\$ 400,288</u>



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# **ATTACHMENT 2**



December 27, 2023

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Canyon Lake, California (the “City”) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1, the City changed accounting policies related to subscription-based information technology arrangements by adopting Statement of Governmental Accounting Standards (GASB Statement) Nos. 96 in fiscal year ended June 30, 2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City’s financial statements were:

Management’s estimates of the net pension liability and total other postemployment benefits liability are based on actuarial valuation estimates. We evaluated the methods, assumptions, and data used to develop the actuarial valuation estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 27, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule for the General Fund, and the required pension and other postemployment benefits schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and the individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information included in the annual report which is comprised of the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

Future GASB Pronouncements

The following Governmental Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2024

GASB Statement No. 99, *Omnibus 2022*.

Fiscal Year 2025

GASB Statement No. 101, *Compensated Absences*

Future Projects

Comprehensive Project, *Financial Reporting Model*.

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Classification of Nonfinancial Assets*.

Practice Issue, *Risks and Uncertainties Disclosures*.

Pre-Agenda Research Activities, *Subsequent Events*.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Lance, Solt &amp; Lughard, LLP".

Brea, California

# **ATTACHMENT 3**



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canyon Lake, California (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 27, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Solt & Lughard, LLP*

Brea, California  
December 27, 2023