



CITY OF CANYON LAKE

City Hall

31516 Railroad Canyon Road
Canyon Lake, CA 92587

www.canyonlakeca.gov

Mayor Dale Welty
Mayor Pro Tem Mark Terry
Council Member Kasey Castillo
Council Member Jennifer Dain
Council Member Jeremy Smith

City Manager Nicole Dailey
City Attorney Steven Graham
City Clerk Sheryl Garcia

AGENDA

Regular Meeting of the Canyon Lake City Council
Wednesday, January 10, 2024

Closed Session 5:30 P.M. – City Hall Administration Office – 31526 Railroad Canyon Road, Suite 5
Open Session 6:30 P.M. – City Hall Council Chamber – 31516 Railroad Canyon Road

CLOSED SESSION

CLOSED SESSION CALLED TO ORDER

ROLL CALL

Castillo, Dain, Smith, Terry, Welty

PUBLIC COMMENT

LIMIT 3 MINUTES

Any person wishing to address the City Council on any matter within the jurisdiction of the City, whether or not it appears on this agenda, is asked to complete a "Speaker Request Form" available on the back counter. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council. The City Council has adopted a time limitation of three (3) minutes per person. If you are commenting on the agenda item, your comments will be heard at the time that particular item is scheduled on the agenda. Please note that if you are addressing the City Council on items NOT on the agenda, the Brown Act does not allow discussion of such items. Therefore, the City Council may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response.

Members of the public may submit comments electronically by sending an email to cityclerk@canyonlakeca.gov. Comments submitted electronically will be provided to the City Council and included in the official record but will not be read aloud during the meeting.

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Pursuant to paragraph (1) of subdivision (d) of Section 54956.9: Richard Beck v. City of Canyon Lake, 4th DCA Case No. D083322
2. CONFERENCE WITH LABOR NEGOTIATORS: Pursuant to Government Code Section 54957.6
Agency Designated Representative: City Manager
Unrepresented Employees

OPEN SESSION

OPEN SESSION CALLED TO ORDER

INVOCATION

FLAG SALUTE

ROLL CALL

Castillo, Dain, Smith, Terry, Welty

CLOSED SESSION REPORT

CEREMONIAL MATTERS *Presentations, Awards, Proclamations*

Citizen of the Month

COMMUNITY REPORTS

LIMIT 3 MINUTES

Elsinore Valley Municipal Water District
Canyon Lake Property Owners Association
Canyon Lake Chamber of Commerce
Lake Elsinore Unified School District

PUBLIC SAFETY UPDATES

City of Canyon Lake Code Enforcement
Riverside County Sheriff's Department
City of Canyon Lake Fire Department

PUBLIC COMMENT

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COMMITTEE AND COUNCIL REPORTS/COMMENTS

CONSENT CALENDAR

All items listed on the Consent Calendar are considered to be routine matters, status reports or documents covering previous City Council action. The items listed on the Consent Calendar may be enacted in one motion. With the concurrence of the City Council, a Council Member may request that an item be removed for further discussion. Staff recommends approval of all items.

(1) **Waive Full Reading, Read all Ordinances by Title Only**

(2) **Approve Claims and Demands of the City**

Recommendation: Adopt Resolution No. 2024-01 Approving Claims and Demands of the City.

(3) **Approval of City Council Minutes**

Recommendation: Approve the Minutes of the City Council meeting of December 13, 2023.

(4) **Second Reading and Adoption of Ordinance No. 241 – An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.02 to the Canyon Lake Municipal Code Regarding New Addresses Assignment and Change of Addresses**

Recommendation: Conduct second reading and adopt Ordinance No. 241 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.02 to the Canyon Lake Municipal Code Regarding New Addresses Assignment and Change of Addresses.

(5) **Second Reading and Adoption of Ordinance No. 242 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 8.03 to the Canyon Lake Municipal Code Related to Regulation of Docks**

Recommendation: Conduct second reading and adopt Ordinance No. 242 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 8.03 to the Canyon Lake Municipal Code Related to Regulation of Docks.

(6) **Designation of Voting Delegates for the Southern California Association of Governments (SCAG) 2024 Regional Conference and General Assembly**

Recommendation: Designate Mayor Welty as delegate and Council Member Smith as alternate for the Southern California Association of Governments (SCAG) 2024 Regional Conference and General Assembly.

(7) **Introduction and First Reading of Ordinance No. 243 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Section 2.01.050 of the Canyon Lake Municipal Code Related to the Compensation of City Council Members Pursuant to Senate Bill 329**

Recommendation: Waive full reading and introduce by title only Ordinance No. 243 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Section 2.01.050 of the Canyon Lake Municipal Code Related to the Compensation of City Council Members Pursuant to Senate Bill 329 (SB 329).

PULLED CONSENT CALENDAR ITEMS

PUBLIC HEARINGS

None.

BUSINESS ITEMS

(8) **Presentation of Fiscal Year 2022-23 Audited Financial Statements and Related Reports**

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

(9) **Adopt a Resolution Approving an Application for Per Capita Grant Funds From the State of California Department of Parks and Recreation to Complete a Recreational Enhancement Project for the Community**

Recommendation: Adopt Resolution No. 2024-02 approving the submission of an application for Per Capita Grant Funds offered through the “Parks, Environment, and Water Bond Act of 2018” Proposition 68 offered by the State of California Department of Parks and Recreation to be used to acquire or improve recreational facilities at a yet to be determined, specific location within the City of Canyon Lake.

(10) **Discussion and Direction Regarding Amending Chapter 5.22 Single-Family Rental Property Registration, Inspection and Crime-Free Rental Housing Program**

Recommendation: Discuss and provide direction regarding Amending Chapter 5.22 of the Canyon Lake Municipal Coode (CLMC) regarding the City’s Single Family Rental Property Registration, Inspection and Crime-Free Housing Program.

(11) **Presentation of the City’s 2023 Accomplishments**

Recommendation: Receive and file the City’s 2023 accomplishments.

CITY MANAGER COMMENTS

ANNOUNCEMENTS

The next regular City Council meeting will be held on Wednesday, February 14, 2024.

ADJOURNMENT

VISION STATEMENT

The vision of the City of Canyon Lake is to be a City that provides a quality of life that makes Canyon Lake the premier place to live in Southern California.

ATTENTION RESIDENTS:

Unless stated otherwise on the agenda, every item on the agenda is exempt from CEQA Guidelines Sections 15060(c), 15061(b)(3), 15273, 15378, 15301, 15323 and/or Public Resource Code Section 21065.

Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.canyonlakeca.gov once the agenda has been publicly posted. Any written material relating to an item on this agenda submitted to the City Council after distribution of the agenda packet will be available for public inspection in the City Clerk's Office during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting. It is the intention of the City of Canyon Lake to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or participant at this meeting, you will need special assistance beyond what is normally provided, the City of Canyon Lake will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's office at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

**STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } SS. AFFIDAVIT OF POSTING
CITY OF CANYON LAKE }**

I, Sheryl L. Garcia, City Clerk of the City of Canyon Lake, California, do hereby declare that the foregoing agenda was posted on January 4, 2024, at least seventy-two (72) hours prior to the meeting per Government Code 54954.2, and as required by Resolution 2019-42 of the Canyon Lake City Council.

**Sheryl L. Garcia, MMC, CPM
City Clerk**



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nicole Dailey, City Manager

BY: Elizabeth Luna, Executive Assistant and Accounting Technician I

DATE: January 10, 2024

SUBJECT: Approve Claims and Demands of the City

Recommendation

Adopt Resolution No. 2024-01 Approving Claims and Demands of the City.

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

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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
11:03:23 AM

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

Vendor ID	Invoice Description	Cash Required
	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	3,725.75
Report Total		219,228.55

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
			\$ 715.73	

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
		\$ 715.73

Check Figure \$ -



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
			\$ 7,333.82	

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
		\$ 7,333.82

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	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
			<u>\$ 762.96</u>	

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
		<u>\$ 762.96</u>

Check Figure \$

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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
			\$ 2,843.38	

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
		\$ 2,843.38

Check Figure \$

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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
			\$ 874.80	

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
		\$ 874.80

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
			\$ 505.35	

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
		\$ 505.35

\$ -

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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
			\$ 5,073.88	

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	\$ 1,105.48
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 Services	10-550-6610	\$ 30.98
		\$ 5,073.88

Copies for City Council
as directed by
the Finance Committee

**MINUTES
REGULAR MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, December 13, 2023**

**Closed Session - 5:30 p.m.
City Hall Administration Building
31526 Railroad Canyon Road, Suite 5
Canyon Lake, CA 92587**

CALL TO ORDER

Mayor Smith called the meeting to order at 5:30 p.m.

ROLL CALL

Present: Council Member Castillo, Council Member Dain, Council Member Terry, Mayor Pro Tem Welty, and Mayor Smith.

Absent: None.

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION - Pursuant to paragraph (1) of subdivision (d) of Section 54956.9: Richard Beck v. City of Canyon Lake, 4th DCA Case No. E082164
2. CONFERENCE WITH LABOR NEGOTIATORS: Pursuant to Government Code Section 54957.6
Agency Designated Representative: City Manager
Unrepresented Employees

The City Council entered Closed Session at 5:30 p.m.

**Open Session – 6:30 p.m.
City Hall Council Chamber
31516 Railroad Canyon Road
Canyon Lake, CA 92587**

CALL OPEN SESSION TO ORDER

Mayor Smith called the meeting to order at 6:30 p.m.

Mayor Smith called for a moment of silence in honor of the men and women who gave the ultimate sacrifice.

INVOCATION

The Invocation was led by Mayor Smith.

FLAG SALUTE

The Flag Salute was led by Kennedy Smith.

ROLL CALL

Present: Council Member Castillo, Council Member Dain, Council Member Terry, Mayor Pro Tem Welty, and Mayor Smith.

Absent: None.

CLOSED SESSION REPORT

City Attorney Graham stated he had nothing to report.

Mayor Smith presented a Certificate of Recognition to Santa Claus.

CITY COUNCIL REORGANIZATION

Selection of Mayor

Motion and second by Council Member Terry/Council Member Smith to appoint Dale Welty as the Mayor.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Terry, Council Member Welty, and Council Member Smith voting aye.

Selection of Mayor Pro Tem

Motion and Second by Council Member Smith/Council Member Castillo to appoint Mark Terry as Mayor Pro Tem.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Terry, Mayor Welty, and Council Member Smith voting aye.

Newly appointed Mayor Welty followed by the rest of the City Council thanked Outgoing Mayor Smith for all his hard work and leadership serving as Mayor of Canyon Lake for the last two years.

Presentations to Outgoing Mayor Smith were given by dignitaries, regional agencies, and City staff.

Mayor Welty called for a recess at 6:59 p.m. The meeting reconvened at 7:12 p.m.

CEREMONIAL MATTERS

Mayor Welty recognized John Grande as Citizen of the Month for December.

COMMUNITY REPORTS

Board President Bill Van Vleet provided an update on behalf of the Canyon Lake Property Owners Association.

President John Grande provided an update on behalf of the Chamber of Commerce.

Trustee Jeanette Vanderpool provided an update on behalf of the Lake Elsinore Unified School District.

PUBLIC SAFETY UPDATE

Code Enforcement Supervisor Manzano provided an update on code enforcement statistics.

Battalion Chief Samuels provided an update on fire statistics.

Lieutenant Edwards provided an update on public safety.

PUBLIC COMMENT

Donna Ritchie spoke about Outgoing Mayor Smith and his commitment to the community and leadership.

Najwa Pedigo spoke about Outgoing Mayor Smith and his charisma, compassion, and professionalism.

COMMITTEE AND COUNCIL REPORTS/COMMENTS

Council Member Castillo congratulated Mayor Welty. She reflected on the year the City had, such as the State of the City event, and noted she was looking forward to the upcoming year.

Council Member Dain congratulated Mayor Welty and Mayor Pro Tem Terry. She thanked everyone for coming to this year's Veteran's Day event.

Council Member Smith acknowledged the incredible year the City had and stated he was looking forward to 2024. He thanked City staff for their hard work and for being a resource for him.

Mayor Pro Tem Terry congratulated Mayor Welty and stated he was looking forward to this upcoming year. He shared his experiences at the Christmas tree lighting and golf cart parade and noted City staff's efforts and the larger attendance at all events this year.

Mayor Welty shared his focuses for the upcoming year such as being neighborly and respecting one another. He spoke about local opportunities and resources the children of Canyon Lake have for success and implementing programs to encourage parents to use these facilities for their kids.

CONSENT CALENDAR

Motion and seconded by Council Member Smith/Council Member Dain to approve Consent Calendar items 1-9.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Smith, Mayor Pro Tem Terry, and Mayor Welty voting aye.

- (1) Waive Full Reading, Read all Ordinances by Title Only
- (2) Approve Claims and Demands of the City

Action taken: The City Council adopted Resolution No. 2023-42 Approving Claims and Demands of the City.

(3) Approval of City Council Minutes

Action taken: The City Council approved the Minutes of the City Council meeting of November 8, 2023.

(4) Second Reading and Adoption of Ordinance No. 237 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Chapter 10.16 of the Canyon Lake Municipal Code Relating to Dogs, Cats and Other Animals at Large.

Action taken: The City Council adopted Ordinance No. 237 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Chapter 10.16 of the Canyon Lake Municipal Code Relating to Dogs, Cats and Other Animals at Large.

(5) Second Reading and Adoption of Ordinance No. 238 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.13 to the Canyon Lake Municipal Code Related to Catalytic Converters

Action taken: The City Council adopted Ordinance No. 238 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.13 to the Canyon Lake Municipal Code Related to Catalytic Converters.

(6) Second Reading and Adoption of Ordinance No. 239 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Title 12 Related to Fire Lanes

Action taken: The City Council adopted Ordinance No. 239 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Title 12 Related to Fire Lanes.

(7) Second Reading and Adoption of Ordinance No. 240 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.12 to the Canyon Lake Municipal Code Related to Weed Abatement

Action taken: The City Council adopted Ordinance No. 240 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.12 to the Canyon Lake Municipal Code Related to Weed Abatement.

(8) Resolution Acknowledging Receipt of the Fire Chief's Report Regarding Compliance with the Annual Inspection of Certain Occupancies Pursuant to Section 13146.2 and 13146.3 of the California Health and Safety Code

Action taken: The City Council adopted Resolution No. 2023-43 Acknowledging Receipt of the Fire Chief's Report Regarding Compliance with the Annual Inspection of Certain Occupancies Pursuant to Section 13146.2 and 13146.3 of the California Health and Safety Code.

(9) Resolution Extending the Special Event Permit Fee Waiver (excluding Special Event Permit – Minor) for Active and Exempt Nonprofit 501(c)(3) Charitable Organizations

Action taken: The City Council adopted Resolution No. 2023-44 Extending the Special Event Permit Fee Waiver (excluding Special Event Permit – Minor) for Active and Exempt Nonprofit 501(c)(3) Charitable Organizations.

PULLED CONSENT CALENDAR ITEMS

None.

PUBLIC HEARINGS

(10) Resolution Amending the Canyon Lake Citywide Fee Schedule in Relation to Assigning New Addresses and Introduction and First Reading of Ordinance No. 241 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.02 to the Canyon Lake Municipal Code Regarding New Addresses Assignment and Change of Addresses

Mayor opened the public hearing at 8:53 p.m.

Deputy Building Official Harnden provided a presentation.

No members of the public spoke.

Mayor Welty closed the public hearing at 9:06 p.m.

Motion and second by Council Member Smith/Mayor Pro Tem Terry to: (1) adopt Resolution No. 2023-45 Amending the Canyon Lake Citywide Fee Schedule in Relation to Assigning New Addresses; and (2) introduce and read by title only waiving further reading of Ordinance No. 241 - An Ordinance of the City Council of the City of Canyon Lake, California, adding Chapter 14.02 to the Canyon Lake Municipal Code regarding new addresses assignment and change of addresses.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Smith, Mayor Pro Tem Terry, and Mayor Welty voting aye.

BUSINESS ITEMS

(11) Introduction and First Reading of Ordinance No. 242 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 8.03 to the Canyon Lake Municipal Code Related to Regulation of Docks

City Manager Dailey provided a presentation.

There were no public comments.

Motion and second by Mayor Pro Tem Terry/Council Member Smith to Introduce and read by title only waiving further reading of Ordinance No. 242 - an Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 8.03 to the Canyon Lake Municipal Code Related to Regulation of Docks.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Smith, Mayor Pro Tem Terry, and Mayor Welty voting aye.

(12) Appointment of Delegates to Regional Agencies for 2024

City Clerk Garcia provided a presentation.

There were no public comments.

Motion and second by Council Member Dain/Mayor Welty to approve the regional agency assignment list and appoint council delegates to serve for 2024.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Smith, Mayor Pro Tem Terry, and Mayor Welty voting aye.

(13) Appointment of Council Members to Standing and Ad Hoc Committees

City Clerk Garcia provided a presentation.

There were no public comments.

Motion and second by Council Member Smith/Council Member Dain to approve the list of standing and ad hoc committees.

Motion carried 5-0, with Council Member Castillo, Council Member Dain, Council Member Smith, Mayor Pro Tem Terry, and Mayor Welty voting aye.

CITY MANAGER COMMENTS

City Manager Dailey thanked Outgoing Mayor Smith for the opportunity to work together and stated she was looking forward to Mayor Welty and Mayor Pro Tem Terry's year. She thanked City staff for Winter Wonderland and their hard work during the busy year.

ANNOUNCEMENTS

Mayor Welty announced the next regular City Council meeting would be held on Wednesday, January 10, 2024.

ADJOURNMENT

At 9:35 p.m., Mayor Welty adjourned the meeting in honor of our veterans.

Respectfully submitted,

Sheryl L. Garcia, MMC, CPM
City Clerk



ITEM NO. 4

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nicole Dailey, City Manager

BY: David Harnden, Deputy Building Official

DATE: January 10, 2024

SUBJECT: Second Reading and Adoption of Ordinance No. 241 – An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.02 to the Canyon Lake Municipal Code Regarding New Addresses Assignment and Change of Addresses

Recommendation

Conduct second reading and adopt Ordinance No. 241 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.02 to the Canyon Lake Municipal Code Regarding New Addresses Assignment and Change of Addresses.

Background

At the December 13, 2023, City Council meeting, the City Council held a public hearing and approved the first reading of Ordinance No. 241, a Resolution amending the Canyon Lake Citywide Fee Schedule and adding Chapter 14.02 to the Canyon Lake Municipal Code in relation to the assignment of new addresses and the changing of addresses.

Several key notable changes, if adopted, will include granting the authority to the Building Department to assign new addresses, change existing addresses, and provide a consistent system for addressing. The approval will also establish fees based on cost recovery to provide this service, which staff has estimated would require one hour of processing time by the Permit Technician and one hour of research and assignment time by the Deputy Building Official, bringing a total cost of service to \$242. In addition, the Department staff will provide a recommended request form to assist in processing such requests.

Discussion

As required by law, the first reading and adoption of said ordinance must occur at a regularly scheduled meeting, and accordingly, City staff hereby presents that same ordinance, unchanged, for consideration by the City Council for second reading and adoption.

Fiscal Impact

The fiscal impact is unknown at this time as it will depend on the number of applications received by the City.

Attachments

1. Ordinance No. 241

ATTACHMENT 1

ORDINANCE NO. 241

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 14.02 TO THE CANYON LAKE MUNICIPAL CODE REGARDING NEW ADDRESSES ASSIGNMENT AND CHANGE OF ADDRESSES

WHEREAS, the City of Canyon Lake recognizes the importance of maintaining an efficient and logical addressing system to enhance public safety, emergency response, and the overall function of the City; and

WHEREAS, the City Council of Canyon Lake seeks to authorize the Building Department to manage and regulate address assignments and changes within the City to ensure consistency with the City's block numbering system.

THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES ORDAIN AS FOLLOWS:

Section 1. Municipal Code Amendment – Chapter 14.02. Chapter 14.02 of the Canyon Lake Municipal Code is hereby added to read as provided in the attached Exhibit “A”.

Section 2. Clerical Errors. The City Council directs the City Clerk to correct any clerical errors found in this Ordinance including, but not limited to, typographical errors, irregular numbering and incorrect section references.

Section 3. Severability. Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 4. Effective Date. In accordance with California Government Code section 36937, this Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

Section 5. Publication. The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause the ordinance or a summary thereof to be published in accordance with state law.

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

Dale Welty, Mayor

ATTEST:

APPROVED AS TO FORM:

Sheryl Garcia, MMC, CPM

Steven Graham, City Attorney

EXHIBIT "A"

Chapter 14.02

New Addresses Assignment and Change of Addresses

- 14.02.010 Purpose and Intent.**
- 14.02.020 Administration.**
- 14.02.030 New Address Assignment.**
- 14.02.040 Change of Address.**
- 14.02.050 Display of Address Numbers.**

14.02.010 Purpose and Intent.

The purpose of this regulation is to authorize the Building Department to assign new address(es) or change existing address(es) and to provide a consistent system for addressing which is easily recognizable by emergency response personnel and the public.

14.02.020 Administration.

The Building Department has sole authority to administer, interpret, and enforce these regulations. All street names and numbers must be approved or determined by the Building Department.

14.02.030 New Address Assignment.

When a new meter, structure, building, or unit is proposed, a request for a New Address Assignment or Change of Address application should be submitted to the Building Department to establish the new address(es). The address(es) must be approved by the Building Official, who may assign an address different than that proposed.

The request for a New Address Assignment form should be submitted concurrent with the building permit process for new construction or any other building improvements.

14.02.040 Change of Address.

1. The Building Department may change an address when it is out of sequence, does not conform to the City's block numbering system, or might delay emergency response. If an address is changed, the Building Department must notify the owner and tenant in charge of the structure in writing at least ten (10) days before the effective date and must post a public notice on the property at least five (5) days before the effective date.

2. A property owner may apply for an address change by:

- a. Submitting an Address Assignment or Address Change Request application;
- b. Paying a set fee to be determined by the City Council and adjusted annually on

July 1st of each year by the annual percentage change in the U.S. Consumer Price Index.

The Building Department must decide whether the proposed address meets City requirements. If it does not, the application must be denied, and/or adjusted, and the Building Official shall assign an address different than proposed if applicable.

14.02.050 Display of Address Numbers.

Property owners shall comply with all instructions and requirements issued by the Building Department regarding the display of new addresses on their respective properties. Within thirty days (30) after receiving written notification of an address change, the owner of an existing structure must display the new numbers following the City's Building Code and remove all obsolete numbers.

It shall be unlawful for any person, whether the owner or occupant of the structure, building, unit, or any apartment therein, to place, maintain, or allow to remain thereon any number other than the one (1) assigned by the Building Department. Failure to comply with the provisions outlined in this ordinance may result in penalties as established by applicable laws or regulations.



ITEM NO. 5

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Steven Graham, City Attorney

DATE: January 10, 2024

SUBJECT: Second Reading and Adoption of Ordinance No. 242 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 8.03 to the Canyon Lake Municipal Code Related to Regulation of Docks

Recommendation

Conduct second reading and adopt Ordinance No. 242 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 8.03 to the Canyon Lake Municipal Code Related to Regulation of Docks.

Background

The Lake is a focal point for the community's recreational activities, with numerous residents who own and/or utilize boats and docks. Recognizing the importance of regulating dock usage for safety and enjoyment, the City Council, at its meeting on March 8, 2023, approved a one-year extension to the moratorium on the use, construction, establishment, and operation of structures upon water in the City (Ordinance No. 234 extending Ordinance No. 219) to engage further with stakeholders, including Elsinore Valley Municipal Water District (EVMWD) and Canyon Lake Property Owners Association (CLPOA) to create a potential regulatory ordinance. The one-year extension lasts until April 5, 2024, or until the City Council adopts an ordinance regulating the docks, whichever comes first.

Discussion

The City Council introduced the Ordinance for first reading at the meeting of December 13, 2023. This is the Second Reading and Adoption. If approved, the Ordinance will go into effect on the 31st day following the approval.

Currently, the City does not have specific language within the Canyon Lake Municipal Code related to dock regulation. In addition, concerns have been raised about potential structures (i.e., two-story hybrid dock/deck structures) posing threats to adjacent landowners' enjoyment, creating disruptive noise, and creating risks of injuries due to poorly designed structures.

The proposed ordinance establishes standards for safe and responsible dock use and maintenance to mitigate these issues, aligning with the City's commitment to public safety. The City Council is encouraged to consider and adopt the ordinance, ensuring the well-being and enjoyment of the City's residents and visitors.

If adopted, any person violating any municipal code provision will be subject to criminal and/or civil penalties.

Fiscal Impact

None.

Attachments

1. Ordinance No. 242

ATTACHMENT 1

ORDINANCE NO. 242

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 8.03 TO THE CANYON LAKE MUNICIPAL CODE RELATED TO REGULATION OF DOCKS

THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES ORDAIN AS FOLLOWS:

Section 1. Municipal Code Amendment – Chapter 8.03. Chapter 8.03 of the Canyon Lake Municipal Code is hereby added to read as provided in the attached Exhibit “A”.

Section 2. Clerical Errors. The City Council directs the City Clerk to correct any clerical errors found in this Ordinance including, but not limited to, typographical errors, irregular numbering and incorrect section references.

Section 3. Severability. Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 4. Effective Date. In accordance with California Government Code section 36937, this Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

Section 5. Publication. The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause the ordinance or a summary thereof to be published in accordance with state law.

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

Dale Welty, Mayor

ATTEST:

APPROVED AS TO FORM:

Sheryl Garcia, MMC, CPM
City Clerk

Steven Graham, City Attorney

EXHIBIT “A”

**Chapter 8.03
Docks and Structures**

- 8.03.010 Purpose and Intent**
- 8.03.020 Definitions**
- 8.03.030 Permits and Fees**
- 8.03.040 Application**
- 8.03.050 Standards**

8.03.010 Purpose and Intent

The purpose of this Ordinance is to protect the health and safety of the general public. The City recognizes that docks are located on Canyon Lake, which is a reservoir owned and operated by Elsinore Valley Municipal Water District and subject to that certain lease of Canyon Lake and the shoreline by the Canyon Lake Property Owner’s Association.

8.03.020 Definitions

“Canopy” shall mean an overhead shade structure built upon dock’s platform.

“Dock” shall mean a structure extending from the shoreline or a fixed platform into the water of Canyon Lake for the purpose of providing access to the water for recreational or other purposes.

“Shoreline” shall mean the line at which the water of Canyon Lake comes into contact with dry land. The shoreline will move as water levels change.

“Super Structures” shall mean an overhead structure built upon dock’s lower platform, canopy excluded.

8.03.30 Dock Standards

(a) General Standards.

1. All docks shall be maintained in good repair and free of debris.
2. No dock shall pose a hazard to the public welfare, navigation, or water quality.
3. The use of docks will be limited to the docking of watercraft and the storage of gear essential to the operation of watercraft. Storage of flammable and other hazardous substances is prohibited.

(b) Super Structures Prohibited. Super Structures are prohibited on all docks.

(c) **Electrical Systems.**

1. Any dock with new electrical components, appliances, equipment and systems shall be required to comply with the relevant provisions of the California Building Code, California Fire Code, National Electric Code (NFPA 70) including any requirement to obtain a permit and inspection from the City of Canyon Lake.
2. Dock with electricity shall have a sign warning of potential shock hazards related to electrical currents that may be present in the water that is affixed to the shoreline side of the dock that is plainly visible to a person within 20 feet of the dock and be of sufficient durability to withstand the environment.
3. Any dock classified “Not Electrically Wired” will not have any permanent electrical supply installed without first applying for a classification change as per City’s Safety and Construction Standards. There will be no temporary electrical supply (extension cords, etc.) used and left unattended while it is on the dock or dock walkway. Any temporary electrical supply will be an approved UL Listed Supply Cord and be in good condition with all electrical connectors attached and in use. Any temporary electrical supply will use GFCI receptacles that meet current minimum code requirements.

8.03.040 Violations

- (a) **Violations Declared a Public Nuisance.** Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance and may be summarily abated by the City Manager or designee. The City may recover any nuisance abatement costs and/or administrative fines relating to such violations in accordance with Government Code Sections 38773.1 and 38773.5.
- (b) **Each Violation a Separate Offense.** Each and every violation of this Chapter shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by this Code. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, any permit issued pursuant to this Chapter being deemed null and void, disgorgement and payment to the City for any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City may also pursue any and all remedies and actions available and applicable under state and local laws for any violations.
- (c) **Criminal Penalties.** Any person causing, permitting, aiding, abetting, suffering or concealing a violation of this Chapter shall be guilty of a misdemeanor, and may, in the discretion of the City Attorney, be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed \$1,000 or imprisonment in the City or County jail for a period of not more than six months, or by both such fine and imprisonment. The City Attorney, in his or her sound discretion, may prosecute a violation of this Chapter as an infraction, rather than a misdemeanor, or reduce or agree to the reduction of a previously

filed misdemeanor to an infraction. A fourth violation of this Chapter within one year shall be charged as a misdemeanor and may not be reduced to an infraction. Each day a violation is committed or permitted to continue shall constitute a separate offense. The City Manager may grant a hardship waiver to reduce the amount of the fine upon a showing by the responsible party that the responsible party has made a bona fide effort to comply after the first violation and that payment of the full amount of the fine would impose an undue financial burden on the responsible party.

- (d) Remedies Cumulative and Not Exclusive. The remedies provided herein are not to be construed as exclusive remedies. The City is authorized to pursue any proceedings or remedies provided by law.



ITEM NO. 6

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nicole Dailey, City Manager

BY: Sheryl Garcia, City Clerk

DATE: January 10, 2024

SUBJECT: Designation of Voting Delegates for the Southern California Association of Governments (SCAG) 2024 Regional Conference and General Assembly

Recommendation

Designate Mayor Welty as delegate and Council Member Smith as alternate for the Southern California Association of Governments (SCAG) 2024 Regional Conference and General Assembly.

Background/Discussion

SCAG's 2024 Regional Conference and General Assembly will be held on May 2-3, 2024, at the JW Marriott Desert Springs Resort in Palm Desert, California. SCAG requests that each member city appoint a delegate and alternate to vote at this Assembly.

During the General Assembly, delegates will have the opportunity to consider and take action on proposed resolutions and/or SCAG Bylaw revisions that have been submitted and reviewed in accordance with SCAG policies.

Fiscal Impact

Funds for this conference have been included in the FY 23-24 adopted operating budget.

Attachments

None.



ITEM NO. 7

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nicole Dailey, City Manager

BY: Steven Graham, City Attorney

DATE: January 10, 2024

SUBJECT: Introduction and First Reading of Ordinance No. 243 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Section 2.01.050 of the Canyon Lake Municipal Code Related to the Compensation of City Council Members Pursuant to Senate Bill 329

Recommendation

Waive full reading and introduce by title only Ordinance No. 243 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Section 2.01.050 of the Canyon Lake Municipal Code Related to the Compensation of City Council Members Pursuant to Senate Bill 329 (SB 329).

Background

California cities fall into one of two types: general law or charter cities. While the California Constitution allows cities that adopt charters to control their own “municipal affairs” general law cities must follow all general, statewide laws, including the compensation of their officers. The Legislature is responsible for adjusting compensation amounts for general law cities. State law allows city councils to enact an ordinance to provide their council members with salaries that are limited based on the city’s population.

The Legislature last adjusted these amounts and populations in 1984 [AB 2281 (Hauser), Chapter 100, Statutes of 1984]. The City of Canyon Lake is permitted to compensate City Council Members a maximum of \$300 per month under Government Code section 36516(a)(2)(C). Under this existing legislation, the City can enact an ordinance, at any time, to increase City Council salaries beyond these amounts but the increase cannot exceed five percent for each calendar year from the last salary adjustment, and no ordinance can provide for automatic future increases. The City can also increase or decrease these salaries in any amount by submitting a measure to the voters.

The City’s current compensation for City Council is \$300 per month, and it has remained unchanged for the last 33 years since the City was incorporated on December 1, 1990.

Discussion

The California Legislature recently amended these compensation amounts under SB 329. The bill was signed by the Governor on June 29, 2023, allowing general law cities a one-time chance to “reset” city council salaries by enacting an ordinance to increase city council compensation to account for inflation since the last update in 1984. According to the author of SB 329, Sen. Bill Dodd, D-Napa:

“City Councilmembers have one of the hardest jobs in California government. They deal with a wide range of issues, from street maintenance to emergency response duties. And all too often, they do this job with very little financial compensation. No one runs for City Council in order to make money. But the low levels of pay make it much harder for them to balance their careers and personal obligations with the calling to serve their community. The Legislature has not raised the base pay amounts for City Councilmembers since 1984. It's time those amounts caught up to the present economic reality, especially with the rapid increase in inflation we've seen recently. Raising the pay will also make it easier for members of marginalized communities to serve. City Councils should be reflective of the communities they represent, and I believe raising their compensation is an important step to achieving that equitable outcome.”

SB 329 was sponsored by the League of California Cities (Cal Cities) noting that council member compensation had not been adjusted since 1984 despite an over 300 percent increase in the cost of living and referred to the bill as an “overdue reform.” Cal Cities also pointed out that lengthy time commitments and limited pay discourage many residents from running for office, especially low-income residents, single parents, people of color, and young people. Some council members have even resigned before their terms expired because they could not devote time to council service and support their families.

SB 329 is an acknowledgment of the important work of local governments, as well as the time and dedication that public service requires. No arguments in opposition were filed with the California Legislature and SB 329 passed without any votes in opposition. Cities across the state have been amending their municipal codes to address SB 329 including our neighboring cities such as the cities of Temecula and Wildomar.

Pursuant to SB 329, the new base compensation for council members would be \$950 per month as noted in the attached ordinance and would become effective when at least one member of the City Council begins a new term following January 1, 2024. The City Council would be authorized to increase those amounts in future years, but such increases would necessitate future action by the City Council as automatic increases are not permitted.

Fiscal Impact

There is no impact to the current adopted budget.

Attachments

1. Ordinance No. 243

ATTACHMENT 1

ORDINANCE NO. 243

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AMENDING SECTION 2.01.050 OF THE CANYON LAKE MUNICIPAL CODE RELATED TO THE COMPENSATION OF CITY COUNCIL MEMBERS PURSUANT TO SENATE BILL 329

WHEREAS, the compensation schedule for general law cities has not been adjusted since 1984, resulting in city council compensation that has not kept pace with inflation; and

WHEREAS, enhancing compensation to account for inflation since 1984 ensures more individuals may serve the public and meet their familial obligations effectively; and

WHEREAS, the substantial time requirements and inadequate compensation deter many individuals from actively pursuing public office; and

WHEREAS, on June 29, 2023, Governor Newsom signed Senate Bill 329, which authorizes an increase in City Council Member salaries.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Findings. The City Council finds that the adoption of this Ordinance per Senate Bill 329 will promote greater representation and meaningful engagement.

Section 2. Municipal Code Amendment. Title 2, “Administration and Personnel,” Chapter 2.01, “Council,” Section 2.01.050 “Compensation and Reimbursement,” of the Canyon Lake Municipal Code is hereby amended to read as follows:

2.01.050 Compensation.

- A. Purpose. The ordinance codified in this section is enacted pursuant to Section 36516 of the Government Code, which authorizes a city council to provide by ordinance that each member of the council may receive a compensation based upon the population of the city.
- B. Population.
 - 1) Section 36516(a)(3) of the Government Code states that “...the population of a city shall be determined by the last preceding federal census...”
 - 2) On April 1, 2020, the federal census determined that the population of the City of Canyon Lake is 11,082.

- C. Compensation. The compensation for each member of the City Council shall be nine hundred fifty dollars (\$950) per month. The compensation is payable at the same time and in the same manner as the compensation paid to each of the officers and employees of the city. Any amounts paid for retirement, health and welfare, and federal social security benefits, as well as amounts paid by the City to reimburse or as an allowance to a member of the City Council for actual and necessary expenses, shall not be included for purposes of determining compensation.
- D. Pursuant to Government Code Section 36515.5 and Senate Bill 329, the above amendment to City Council Member salary shall be effective when at least one member of the City Council commences a new term on or after January 1, 2024.

Section 3. **Clerical Errors.** The City Council directs the City Clerk to correct any clerical errors found in this Ordinance including, but not limited to, typographical errors, irregular numbering and incorrect section references.

Section 4. **Severability.** Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 5. **Effective Date.** In accordance with California Government Code section 36937, this Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

Section 6. **Publication.** The Mayor shall sign this Ordinance and the City Clerk shall certify as to the adoption and shall cause the ordinance or a summary thereof to be published in accordance with state law.

PASSED APPROVED AND ADOPTED this ____ day of _____, 2024.

Dale Welty, Mayor

ATTEST:

APPROVED AS TO FORM:

Sheryl Garcia, MMC, CPM
City Clerk

Steven Graham, City Attorney



ITEM NO. 8

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

Recommendation

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

Background

Attached is 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
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City of Canyon Lake
Annual Financial Report
June 30, 2023
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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 & 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
Assets:						
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>
Deferred outflows of resources:						
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>
Liabilities:						
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>
Deferred inflows of resources:						
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>
Net position:						
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	9,490,996	8,489,547	69,775	557,836	9,560,771	9,047,383
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	7,967,893	7,952,720	73,215	307,556	8,041,108	8,260,276
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	\$ 15,156,007	\$ 13,632,904	\$ 255,330	\$ 258,770	\$ 15,411,337	\$ 13,891,674

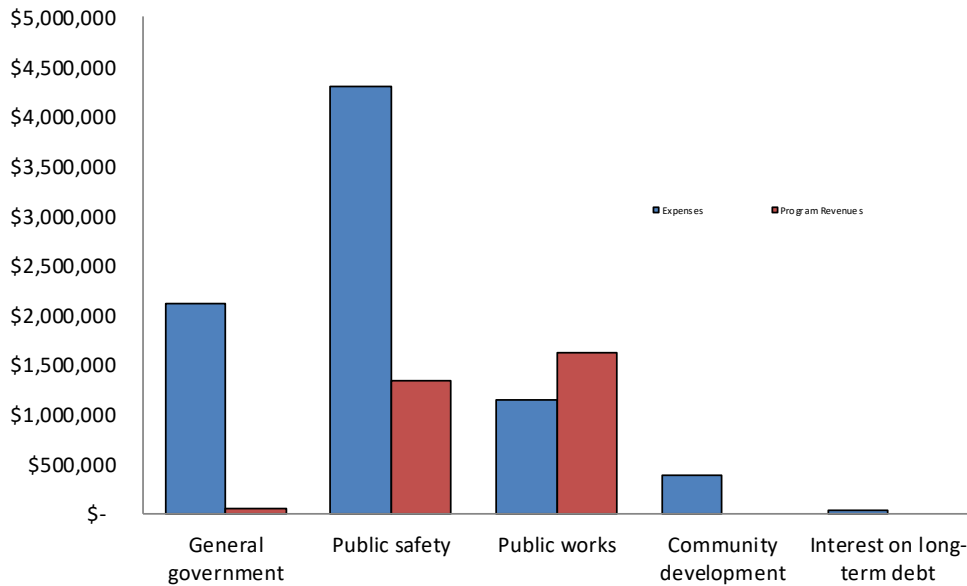
The City's net position increased overall by \$1,519,663 during the current fiscal year. The reason for the increase is explained in the governmental activities discussion below.

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

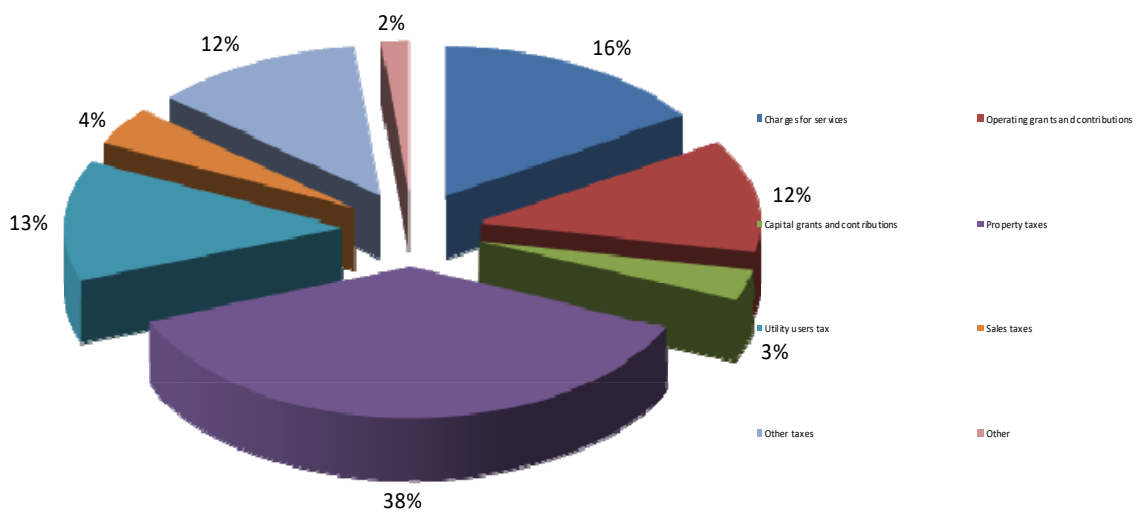
- General Fund revenues over the expenditures of \$1,369,663.
- Measure A Fund revenues over the expenditures of \$299,548.
- Gas Tax Fund revenues over expenditures of \$289,046.
- Governmental expenditures reduced by capital asset purchases of \$438,091.
- Offset by depreciation and amortization expense 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	\$ 7,084,568	\$ 7,443,179	\$ -	\$ -	\$ 7,084,568	\$ 7,443,179

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
ASSETS			
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>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	320,204	-	320,204
OPEB related items	171,082	-	171,082
	<u>491,286</u>	<u>-</u>	<u>491,286</u>
LIABILITIES			
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>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	10,815	-	10,815
OPEB related items	154,263	-	154,263
	<u>165,078</u>	<u>-</u>	<u>165,078</u>
NET POSITION			
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		
ASSETS						
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>
LIABILITIES AND FUND BALANCES						
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		
REVENUES						
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
EXPENDITURES						
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
OTHER FINANCING SOURCES (USES)						
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)
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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

Change in net position of governmental activities	\$ 1,523,103
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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>
ASSETS	
Current Assets:	
Investment in real estate	\$ 1,127,239
Total current assets	1,127,239
Total assets	1,127,239
LIABILITIES	
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
NET POSTION	
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>
OPERATING REVENUES	
Rental income	\$ 69,775
Total operating revenues	69,775
OPERATING EXPENSES	
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
NON-OPERATING REVENUES AND EXPENSES	
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>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 69,775
Payments to suppliers for goods and services	(36,695)
	33,080
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
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	\$ -
RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 33,749
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Accounts payable	(669)
	33,080
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>
ASSETS	
Cash and investments	\$ 3,947
Receivables:	
Intergovernmental	<u>52,196</u>
Total assets	<u>56,143</u>
LIABILITIES	
Accounts payable	<u>56,143</u>
NET POSITION	
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
ADDITIONS	
Refuse fees collected for other agency	\$ 1,847,174
Fees collected for other government	44,117
Total additions	1,891,291
DEDUCTIONS	
Payment to other agencies	1,847,174
Payment of fees collected to other government	44,117
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 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st, the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st.

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	-	-
Totals	<u>\$ 7,730,383</u>	<u>\$ 5,180,796</u>	<u>\$ 1,135,460</u>	<u>\$ 1,414,127</u>

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.

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Ratings as of year end</u>
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>\$ 7,730,383</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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amounts</u>
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
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Construction in progress	-	6,240	-	6,240
Total capital assets, not being depreciated	130,000	6,240	-	136,240
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	13,576,763	519,247	-	14,096,010
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	(6,263,584)	(884,098)	-	(7,147,682)
Total capital assets, being depreciated, net	7,313,179	(364,851)	-	6,948,328
Governmental activities capital assets, net	\$ 7,443,179	\$ (358,611)	\$ -	\$ 7,084,568

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

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

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
Long-term debt					
<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
	\$ 39,099	\$ 768	\$ 39,867

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
	\$ 85,953	\$ 11,776	\$ 97,729

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

Note 7: Long-Term Liabilities (continued)

Business-Type Activities:

Long-term debt	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<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.

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 ¹	Assumed Asset Allocation	Real Return ^{1,2}
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	100%	

¹ An expected inflation of 2.30% used for this period.

² 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. 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.

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> (5.90%)	<u>Current Discount</u> <u>Rate (6.90%)</u>	<u>Discount Rate + 1%</u> (7.90%)
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
Total	25

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:

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

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					Total
	General Fund	Gas Tax Fund	Measure A Fund	Miscellaneous Grants Fund	Non-Major Governmental Funds	
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)
REVENUES				
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
Total revenues	7,241,000	7,291,000	8,020,364	729,364
EXPENDITURES				
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
Total expenditures	6,829,782	7,152,638	6,738,097	414,541
Excess (deficiency) of revenues over (under) expenditures	411,218	138,362	1,282,267	1,143,905
OTHER FINANCING SOURCES				
Acquisition of leased assets	-	-	87,396	87,396
Total other financing sources	-	-	87,396	87,396
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	\$ 5,455,353	\$ 5,182,497	\$ 6,413,798	\$ 1,231,301

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 Positive (Negative)
	Original	Final		
REVENUES				
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>
EXPENDITURES				
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)
REVENUES				
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>
EXPENDITURES				
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		
REVENUES				
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>
EXPENDITURES				
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 ¹	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%

¹ 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
Total OPEB Liability						
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)
Net change in Total OPEB Liability	<u>21,809</u>	<u>30,319</u>	<u>133,682</u>	<u>91,738</u>	<u>47,037</u>	<u>203,630</u>
Total OPEB Liability - beginning	<u>112,536</u>	<u>134,345</u>	<u>164,664</u>	<u>298,346</u>	<u>390,084</u>	<u>437,121</u>
Total OPEB Liability - ending	<u>\$ 134,345</u>	<u>\$ 164,664</u>	<u>\$ 298,346</u>	<u>\$ 390,084</u>	<u>\$ 437,121</u>	<u>\$ 640,751</u>
 Total OPEB Liability - ending	 \$ 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	
ASSETS				
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>
FUND BALANCES				
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	
REVENUES				
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>
EXPENDITURES				
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 & 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



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nicole Dailey, City Manager

BY: Jessica Sanchez, Management Analyst

DATE: January 10, 2024

SUBJECT: Adopt a Resolution Approving an Application for Per Capita Grant Funds From the State of California Department of Parks and Recreation to Complete a Recreational Enhancement Project for the Community

Recommendation

Adopt Resolution No. 2024-02 approving the submission of an application for Per Capita Grant Funds offered through the “Parks, Environment, and Water Bond Act of 2018” Proposition 68 offered by the State of California Department of Parks and Recreation to be used to acquire or improve recreational facilities at a yet to be determined, specific location within the City of Canyon Lake.

Background

The City of Canyon Lake has the opportunity to apply for a non-competitive reimbursement grant through the \$4 billion “Parks, Environment, and Water Bond Act of 2018” Proposition 68. This act was voter approved on June 5, 2018, passing by 57.6 percent. The grant funds are available through the Per Capita Program and the Urban County Per Capita Program offered through the State of California Department of Parks and Recreation. This grant opportunity has been available to the City since 2018, with no prior action taken place to receive the above-mentioned grants.

The Per Capita Program funds of \$177,952 are available to the City for local park rehabilitation, creation, and improvements. Grant recipients are encouraged to utilize awards to rehabilitate existing infrastructure and to address deficiencies in neighborhoods that may lack access to the outdoors. An additional \$6,859 is also available to the City from the Urban County Per Capita Program, which is offered to cities in urbanized counties who provide park and recreation services within jurisdictions of populations of 200,000 or less.

The grant opportunities could garner the City a total of \$184,811 from Proposition 68 voter approved funds. A 20 percent match is required and could be up to \$46,203 that can be received from the City or other non-State sponsored sources (i.e., the Property Owners Association, the Canyon Lake Merchants Association, etc.).

Eligible grant expenditures include up to 25 percent of program approved pre-construction costs, i.e., public meetings, design workshops, plans, permits, in-house employee services. The grant covers up to 100 percent of program approved project costs after groundbreaking for capital outlay projects such as construction activities to complete the project, equipment, site preparation, construction management, and inspections.

The City's per capita dollar amount allocation is predetermined by the State's income tool identifying disadvantaged community status. The 20 percent match calculation is based on the project cost, not the grant amount.

As part of accepting this grant, any proposed project will require a land tenure agreement for a 30-year term for projects that cost over \$100,000 and a 20-year term for projects that cost under \$100,000 per the grant requirements. This agreement states that the project site will be used for public recreational purposes for a minimum of 30 or 20 years depending on the project cost. The City would be required to pay for the project upfront and then receive reimbursements upon project completion. Project construction must be completed by December 31, 2027, with final documentation for reimbursement submission by March 31, 2028.

Discussion

Adopting this resolution and applying for Per Capita Grant Funds would benefit the community of Canyon Lake at large. This grant would allow the City to enhance local outdoor recreation opportunities in the community at one specific location for multi-generational time periods per the land tenure requirements. The City would be responsible for acquiring land or improving an existing property beyond its original condition. Operation, maintenance, and repairs are not eligible for reimbursement. Prevailing wages per State Labor code are required.

At the meeting, staff welcomes Council's ideas and suggestions for the use of these funds. Project ideas discussed by staff include landscaping and amenities at Veterans Memorial Park, improvements at an existing Property Owners Association recreational destination, and/or new recreational improvements to park spaces owned by community associations not yet developed within the City limits.

The specific project, its scope, budget, and costs are yet to be determined and will be identified prior to the grant application submission. The project selection process and scope will be determined by Council and community input and grant allowances, guidelines, and thresholds.

Some previously approved projects by the State Department of Parks and Recreation include:

- Acquisition of property for later recreational use (30+ years)
- Installation of adult fitness equipment
- Installation of walking paths with landscaping elements
- Renovation of play equipment
- Installation of water bottle fill stations
- Installation of or pavement for pickleball or tennis courts
- Installation of ADA-accessible park benches

If the City Council agrees to proceed with accepting this grant with the adoption of this resolution, the City will be required to identify a project and apply by December 31, 2024. Staff would collaborate with the Council, staff, and the community to identify the best project for the funding. Once the application is submitted, we would expect to sign an agreement with State by March 2025 to complete the project by December 31, 2027, as required by the grant.

Fiscal Impact

The City would receive \$184,811 in grant funding with a required match of up to \$46,203. Funds will be reimbursed upon project completion. Funds would be budgeted appropriately as part of the City's Capital Improvement Program.

Attachments

1. Resolution No. 2024-02

ATTACHMENT 1

RESOLUTION NO. 2024-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, TO APPROVE AN APPLICATION FOR PER CAPITA GRANT FUNDS FROM THE STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION TO COMPLETE A RECREATIONAL ENHANCEMENT PROJECT FOR THE COMMUNITY.

WHEREAS, the City of Canyon Lake has the opportunity to apply and accept grant funds totaling \$184,811 that have been earmarked for the City since 2018 to use specifically for recreational enhancements that will benefit the community for multiple generations; and

WHEREAS, the City of Canyon Lake recognizes the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Per Capita Grant Program, setting up necessary procedures governing the application; and

WHEREAS, the City of Canyon Lake recognizes that said procedures established by the State Department of Parks and Recreation require the grantee’s Governing Body to certify by resolution the approval of the project application before submission of said applications to the State; and

WHEREAS, the City of Canyon Lake, as the grantee, will enter into a legal contract with the State of California to complete the project to receive reimbursement funds.

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

- Section 1.** The above recitals are true and correct and are incorporated herein by reference.
- Section 2.** The City approves the filing of the project application for the State Department of Parks and Recreation’s Per Capita program grant project.
- Section 3.** The City certifies that it will have available, prior to commencement of project work utilizing Per Capita funding, sufficient funds to complete the project.
- Section 4.** The City certifies that the grantee can potentially receive \$177,952 in Prop 68 Per Capita funding with an additional \$6,859 from Urban Counties funding and/or will have sufficient funds to operate and maintain the project.
- Section 5.** The City certifies that all projects proposed will be consistent with the park and recreation element of the City of Canyon Lake’s general plan per the open space element goals and policies (PRC §80063(a)). Staff welcomes Council’s project location and suggestions.
- Section 6.** The City certifies that these funds will be used to supplement, not supplant, local revenues in existence as of June 5, 2018 (PRC §80062(d)).

Section 7. The City certifies that it will comply with the provisions of §1771.5 of the State Labor Code and (PRC §80001(b)(8) (A-G)).

Section 8. The City certifies that (PRC §80001(b)(8) (A-G)) to the extent practicable, as identified in the “Presidential Memorandum--Promoting Diversity and Inclusion in Our National Parks, National Forests, and Other Public Lands and Waters,” dated January 12, 2017, the City of Canyon Lake will consider a range of actions that include, but are not limited to, the following:

- (a) Conducting active outreach to diverse populations, particularly minority, low-income, and disabled populations, and tribal communities, to increase awareness within those communities and the public generally about specific programs and opportunities.
- (b) Mentoring new environmental, outdoor recreation, and conservation leaders to increase diverse representation across these areas.
- (c) Creating new partnerships with state, local, tribal, private, and nonprofit organizations to expand access for diverse populations.
- (d) Identifying and implementing improvements to existing programs to increase visitation and access by diverse populations, particularly minority, low-income, and disabled populations, and tribal communities.
- (e) Expanding the use of multilingual and culturally appropriate materials in public communications and educational strategies, including through social media strategies, as appropriate, that target diverse populations.
- (f) Developing or expanding coordinated efforts to promote youth engagement and empowerment, including fostering new partnerships with diversity-serving and youth-serving organizations, urban areas, and programs.
- (g) Identifying possible staff liaisons to diverse populations.

Section 9. The City certifies that it agrees that to the extent practicable, the project will provide workforce education and training, contractor and job opportunities for disadvantaged communities (PRC §80001(b)(5)).

Section 10. The City certifies that the grantee shall not reduce the amount of funding otherwise available to be spent on parks or other projects eligible for funds under this division in its jurisdiction. A one-time allocation of other funding that has been expended for parks or other projects, but which is not available on an ongoing basis, shall not be considered when calculating a recipient’s annual expenditures. (PRC §80062(d)).

Section 11. The City certifies that the grantee has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Procedural Guide.

Section 12. The City delegates the authority to the City Manager, or its designee to conduct all negotiations, sign and submit all documents, including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary for the completion of the grant scope.

Section 13. The City agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

Section 14. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 15. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 16. This Resolution shall take effect immediately upon its adoption.

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

Dale Welty, Mayor

ATTEST:

Sheryl L. Garcia, MMC, CPM
City Clerk



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Ruby Manzano, Code Enforcement Supervisor

DATE: January 10, 2024

SUBJECT: Discussion and Direction Regarding Amending Chapter 5.22 Single-Family Rental Property Registration, Inspection and Crime-Free Rental Housing Program

Recommendation

Discuss and provide direction regarding Amending Chapter 5.22 of the Canyon Lake Municipal Code (CLMC) regarding the City's Single Family Rental Property Registration, Inspection and Crime-Free Housing Program.

Background

The City created a Single-Family Rental Property Registration, Inspection and Crime-Free Rental Housing Program, known as Rental Registration Program, in January 2020 with the adoption of Ordinance No. 192 adding Chapter 5.22 to Title 5 of the CLMC.

The purpose of the program is to identify single-family residential rental dwelling units in the City of Canyon Lake, to ensure that such units afford tenants a safe and decent place to dwell, and to require rental housing with substandard conditions to meet and maintain minimum building and housing code standards, exterior maintenance standards, and to reduce criminal activity. The program was created in response to community concerns regarding illegal activity and nuisance behaviors often associated with rental properties.

Under the Residential Rental Program, property owners are required to register their rental properties, which allows the City to inspect single-family residential rentals and to require a crime-free lease addendum, obligating renters to agree to live a "crime free lifestyle." To date, approximately 320 properties are registered in the City.

Discussion

At this time, staff estimates there are more than 850 rentals in the City based on a non-owner-occupied mailing list acquired from property tax records in the City. Therefore, approximately 38 percent of rental properties are currently registered in program. To encourage greater compliance and to streamline the program based on community and city council feedback, staff has reviewed the current municipal code and is recommending the following changes to the program.

- **Business License Requirements** – Each rental property is required to obtain a separate Business License and Residential Rental Certificate showing completion of the registration and inspection processes. Staff proposes that we remove the Business License requirement and replace it with a “Property Registration Fee.” This fee would be set at the same price as a new business license and would better align with the program by creating a single process for staff and the property owners that results in property owners receiving one Residential Rental Certificate certifying that all registration requirements have been met.
- **Reduce Fees for Additional Properties** – Instead of each property being required to have its own business license/registration fee, staff is proposing that after the initial property is registered, any additional properties registered by the same property owner be identified similarly to an “associate” on a Business License. This fee would be a reduced fee for the initial registration and renewal fees. For example, if you owned three properties, you would pay an initial registration fee for the first property and an added fee per additional property owned like the price of an associate business license. This would also allow the property owner and the City to process all properties at one time rather than requiring a separate licensing process for each property.
- **Option for Initial Self-Certification** – If a homeowner/property owner refuses the initial in-person inspection, staff is proposing they have the option to pay a higher fee for an initial Self-Certification Inspection that would require the submittal of photos for review by staff virtually prior to issuing a Residential Rental Certificate.
- **Exemption for Owner-Occupied, Shared Housing** – Staff is proposing language is added to the municipal code clearly identifying that owner occupied residences in which the owner is renting out a room/rooms are exempt from registering the home as a rental. However, Accessory Dwelling Units (ADUs) would still be required to be registered appropriately.
- **Strengthen Enforcement Measures** – Staff suggests that we have a more specific time on Self-Certification deadlines. Currently the ordinance does not state how long a homeowner must complete the Self-Certification after their certificate expires. This makes it difficult for staff to enforce the need for renewal appropriately. In addition, staff will closely review established fees to ensure there are adequate fees to address delinquent properties.

Staff seeks any additional comments and/or direction from the City Council prior to bringing forward an amendment to Chapter 5.22 of the CLMC for future consideration by the Council.

In addition to exploring changes to the CLMC, staff are currently working with the City's online permit management company, iWorq, to identify an online application and submittal process that includes online payment for all fees associated with this program. This may come at an additional cost to the City but would allow greater flexibility and access for property owners to apply for and comply with the program particularly those that may be out of the area.

Fiscal Impact

None at this time.

Attachments

1. Ordinance No. 192

ATTACHMENT 1

ORDINANCE NO. 192

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 5.22 TO TITLE 5 OF THE CANYON LAKE MUNICIPAL CODE ESTABLISHING A SINGLE-FAMILY RESIDENTIAL RENTAL REGISTRATION, INSPECTION AND CRIME-FREE RENTAL HOUSING PROGRAM

WHEREAS, rental homes are responsible for a disproportionate share of code enforcement and police calls for service that necessitates a disproportionate expenditure of public funds for such properties; and

WHEREAS, the City Council hereby determines that illegal activity in the City interferes with the health, safety, quality of life, quiet enjoyment and general welfare of the individuals residing near rental homes and may contribute to a decline in the value of surrounding properties; and

WHEREAS, existing state and local laws have not sufficiently encouraged landlords, particularly absentee landlords, to take reasonable and proactive steps to abate these conditions and to ensure their premises are safe and decent; and

WHEREAS, it is necessary to implement a “Single-Family Residential Rental Registration, Inspection and Crime-Free Rental Housing Program” to alleviate these problems and improve living conditions for renters and protect the general welfare of individuals in affected neighborhoods; and

WHEREAS, the City Council has determined that it is necessary to defray the cost of the Single-Family Residential Rental Registration, Inspection And Crime-Free Rental Housing Program through the imposition of regulatory fees which may be set from time to time by Resolution of the City Council to cover the actual costs of implementing and enforcing the program; and

WHEREAS, the rental and letting of housing is a business and it is necessary and proper to regulate such a business to ensure there is safe and decent housing for persons of all income levels; and

WHEREAS, through the adoption of this Chapter, the City will implement a new program that is rationally related to encourage upkeep of all single-family rental property for the public health, safety, and welfare of the residents of the City of Canyon Lake.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES ORDAIN AS FOLLOWS:

SECTION 1. Incorporation. All of the foregoing Recitals are true and correct, and the City Council so finds and determines. The Recitals set forth above are incorporated herein, are made findings and determinations of the City Council and are made an operative part of this Ordinance. The findings above are hereby incorporated herein.

SECTION 2. Chapter 5.22 is added to the Canyon Lake Municipal Code to read as follows:

**“SINGLE-FAMILY RENTAL PROPERTY REGISTRATION,
INSPECTION AND CRIME- FREE RENTAL HOUSING
PROGRAM**

Sections:

- 5.22.010 – Purpose.
- 5.22.020 – Definitions.
- 5.22.030 – Compliance with Applicable Laws and Regulations.
- 5.22.040 – Rebuttable Presumption.
- 5.22.050 – Local contact representative.
- 5.22.060 – Residential Rental Registration Program.
- 5.22.070 – Inspections.
- 5.22.080 – Inspection Fees.
- 5.22.090 – Appeals.
- 5.22.100 – Self-Certification Program.
- 5.22.110 – Retention of completed Self-Certification Forms.
- 5.22.120 – Complaint-Based Inspections.
- 5.22.130 – Voluntary Inspection Requests.
- 5.22.140 – Enforcement.

Section 5.22.010 – Purpose.

The purpose of this Chapter is to identify Single-Family Residential Rental Dwelling Units in the City of Canyon Lake, to ensure that such units afford tenants a safe and decent place to dwell, and to require rental housing with substandard conditions to meet and maintain minimum building and housing code standards, exterior maintenance standards, and to reduce criminal activity. The City Council has determined that requiring that all Single-Family Residential Rental Dwelling Units be registered with the City and inspected and requiring that landlords use a Crime-Free Rental Housing Addendum, serves these legitimate governmental interests.

Section 5.22.020 – Definitions.

For the purposes of this Chapter, certain words and phrases used in this Chapter are defined as follows:

“Applicable Laws” means and includes all federal, state and local statutes, ordinances and regulations that pertain to the condition, habitability and safety of Dwelling Units and residential property. Applicable Laws include, but are not limited to, the State Housing Law (California Health & Safety Code, Sections 17910 *et. seq.*), (California Health and Safety Code, Sections 11570 *et. seq.*), and the Canyon Lake Municipal Code, including but not limited to Title 8 (Building and Construction), and Title 9 (Planning and Zoning).

“Building Official” means an individual(s) who is designated by the City Manager to conduct inspections under the provisions of this Chapter.

“City” means the City of Canyon Lake and its respective departments thereof.

“Code Enforcement Officer” means an individual(s) who is designated by the City Manager to enforce Applicable Laws.

“Crime Free Lease Addendum” means the lease addendum described in Section 5.22.060.

“Fair Housing Laws” means the federal Fair Housing Act, as amended, (42 U.S.C. Sec. 3601 et seq.), the California Fair Housing and Employment Act (Government Code Sec. 12900 et seq.), and the Unruh Civil Rights Act (Civil Code Sec. 51).

“Local property management company” shall mean an entity that is responsible for the day-to-day maintenance, upkeep and security of the property and is operated by a person who is licensed with the California Department of Real Estate as a real estate broker.

“Local property manager” shall mean a person who is responsible for the day-to-day maintenance, upkeep, and security of the property. The local property manager may be the owner of the property.

“Occupant” or “Tenant” means any person or persons who occupy a rental property, whether as a tenant or permittee of the Owner.

“Owner” or “Property Owner” means a single individual, partnership or joint venture or any entity that has any kind of ownership interest in a rental property whether as an individual, partner, joint venture, stock owner, or ownership interest in some other capacity or the owner’s designee, which may include a local management company. If more than one person or an entity owns the subject real property, owner or property owner refers to each person or entity holding any kind of ownership interest in the property, and the property owners’ obligations in this Chapter are joint and several as to each property owner. Owner shall also mean any person having legal title to real property, including all individuals shown as owners on the last equalized assessment roll of the Riverside County Assessor’s Office, or an Owner’s Authorized Representative.

“Single-Family Residential Rental Property,” “Rental Property” or “Residential Rental Dwelling Unit” means a dwelling unit as defined in the City Planning and Zoning Code, in a single structure, and is occupied or for occupancy by a person(s) other than the owner of the unit and includes the premises on which said rental property is situated and any common areas, including but not limited to parking lots, driveways, landscaping, accessory structures, fences, walls, swimming pools, hot tubs, and spas. For the purpose of this Chapter, the following types of dwelling units or facilities are not considered single-family rental residential rental property:

- (a) Multi-family dwelling housing units as defined in the City Planning and Zoning Code;
- (b) Hotels or motels;
- (c) Accommodations in any hospital, extended care facility, residential care facility, convalescent home, nonprofit home for the aged, or dormitory that is owned and operated by an education institution;
- (d) Mobile home parks.

“This Code” means the City of Canyon Lake Municipal Code.

Section 5.22.030 – Compliance with Applicable Laws and Regulations.

Nothing in this Chapter shall be construed to:

1. Excuse, waive, limit, or modify any requirements or obligations in the Applicable Laws;
2. Authorize or permit the rental of any residential property for a term of less than 30 days;
3. Limit any right of the City to investigate and abate nuisances or to enforce any provisions of the Applicable Laws or any other provision of law; or
4. Conflict with any rights or obligations under the Fair Housing Laws or the Americans with Disabilities Act, as amended.

Section 5.22.040 – Rebuttable Presumption.

For the purpose of this Chapter, if the owner of record has not filed for the homeowner’s property tax exemption for a property, it shall be a rebuttable presumption that the property is a rental property. This presumption can be rebutted by the owner of record providing reasonable documentation to the City that the property is owner occupied or is not being used for rental income.

Section 5.22.050 – Local contact representative.

- (a) For purposes of this Chapter, all Owners of Residential Rental Property shall designate a local contact representative with full authority to act on behalf of the Owner for all purposes under this Chapter, including the acceptance of service of all notices from the City. The owner of Residential Rental Property may act as the local contact representative.
- (b) A local contact representative must establish and maintain, at all times, a local telephone number and a residence or business address within 50 miles of Canyon Lake City Hall. A local contact representative shall be accessible by the City through that local telephone number 24 hours/7 days a week.

Section 5.22.060 – Residential Rental Registration Program.

- (a) **Registration Required.** As a condition of exercising the privilege of renting or leasing a Rental Property to any person and/or entity, the Owner of the Residential Rental Property shall register with the City for a Business License in conformance with all requirements of the Business License regulations identified under Chapter 5.01 of this Code.
- (b) **Contents of Registration and Payment of Fees.** The Registration form shall contain all of the information required under Section 5.01.040 of Chapter 5.01 of this Code and shall be accompanied by payment of the license fee set forth in Chapter 5.01, the inspection fee required under Section 5.22.080 and a certification, signed by the Owner, that he or she will comply with and enforce the Crime-Free Lease Addendum required by this Section 5.22.060.

- (c) **Non-Transferrable.** Registration pursuant to this Chapter is non-transferrable to a new Owner of the Residential Rental Dwelling Unit(s).
- (d) **Failure to Register.** If the Owner of Residential Rental Dwelling(s) fails to register or reregister such units in compliance with this Chapter, the City Manager or their designee shall abate the nuisance by registering or re-registering said units in the name of the owner and set a date and time for initial inspection of said units, and shall send written notification to the Owner that the property has been so registered, advising of the date and time set for inspection, accompanied with a bill for the costs of abating the nuisance by registration/processing fee and the total initial inspection fee for each unit, and include information on the self-certification program.
- (e) **Revocation.** Registration for a Residential Rental Dwelling Unit may be revoked if the City determines that the Owner has violated paragraph (b) of this Section or has failed to pay any required registration, inspection, and/or re-inspection fees, or if the Residential Rental Dwelling Unit has been cited by a City or County employee for, or received written notice from a City or County employee of, a violation of the Applicable Laws, and the Owner has failed to remedy such violation within the period of time specified in the citation or written notice. The City shall provide written notice of the revocation to the Owner, which is appealable pursuant to Section 5.22.090.
- (f) **New Occupant.** The Owner of a Residential Rental Dwelling Unit shall notify the City in writing whenever a new occupant takes possession of the dwelling on forms determined by the City.
- (g) **Crime-Free Lease Addendum.** The Owner of a Residential Rental Dwelling Unit shall include a Crime-Free Lease Addendum in substantially the following form in all rental agreements and leases executed after March 1, 2020.

CRIME - FREE LEASE ADDENDUM

In consideration of the execution or renewal of this lease of the dwelling unit identified in the lease, Owner and Resident agree as follows:

1. Resident, any members of the resident's household or a guest or other person affiliated with the resident agree to live a "crime free lifestyle" and shall not engage in criminal activity, including drug related criminal activity, on or off the said premises. "Drug-related criminal activity" means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use of a controlled substance (as defined in § 102 of the CONTROLLED SUBSTANCE ACT (21 U.S.C. 802)).
2. Resident, any member of the resident's household or a guest or other person affiliated with the resident shall not engage in any act intended to facilitate criminal activity, including drug-related criminal activity, on or off the said premises.
3. Resident, any member of the resident's household or a guest or other person, whether or not affiliated with the resident shall not permit the dwelling unit to be used for, or to facilitate criminal activity, including drug-related criminal activity.

4. Resident, any member of the resident's household or a guest, or other person affiliated with the resident shall not engage in the unlawful manufacturing, selling, using, storing, keeping, or giving of a controlled substance as defined in Health and Safety Code § 11350, et seq, at any locations, whether on or off the dwelling unit premises or otherwise.

5. Resident, any member of the resident's household or a guest, or other person affiliated with the resident shall not engage in any illegal activity, including: prostitution as defined in Penal Code § 647(b); criminal street gang activity, as defined in Penal Code § 186.20 et, seq; assault and battery, as prohibited in Penal Code § 240; burglary, as prohibited in Penal Code § 459; the unlawful use and discharge of firearms, as prohibited in Penal Code § 245; sexual offenses, as prohibited in Penal Code § 245; sexual offenses, as prohibited in Penal Code §§ 269 and 288.

6. Resident, any member of the resident's household or a guest, or other person affiliated with the resident shall not engage in any nuisance activity as defined in Civil Code § 3479 and/or any condition declared and deemed by the City Council of the City of Canyon Lake to constitute a nuisance, or any violation of the Canyon Lake Municipal Code

7. VIOLATION OF THE ABOVE PROVISIONS SHALL BE A MATERIAL AND IRREPARABLE VIOLATION OF THE LEASE AND GOOD CAUSE FOR IMMEDIATE TERMINATION OF TENANCY. A single violation of any of the provisions of this added addendum shall be deemed a serious violation and a material and irreparable non-compliance. It is understood that a single violation shall be good cause for termination of the lease. Unless otherwise provided by law, proof of violation shall not require criminal conviction, but shall be a preponderance of the evidence.

8. In case of conflict between the provisions of this addendum and any other provisions of the lease, the provisions of this addendum shall govern.

9. This lease addendum is incorporated in the lease executed or renewed this day between Owner and Resident.

Section 5.22.070 – Inspections.

(a) **Annual Inspections.** All Residential Rental property located in the City shall be subject to an annual inspection for compliance with Applicable Laws. The anniversary date for annual inspections shall be calculated from the date the Owner received the first Residential Rental Registration pursuant to Chapter 5.01 of this Code.

(b) **Inspection Upon Tenancy Change.** All Residential Rental property shall be subject to a Re-Inspection upon any change in occupants at the property notwithstanding the fact that the property may be subject to the Self-Certification Program or have already undergone an annual inspection.

(c) **Notice of Inspection and Procedures.**

1. After receiving a completed Residential Rental Registration from an Owner or upon receiving notice that a new occupant has taken possession of the dwelling, the City

will conduct an exterior and interior inspection of the Residential Rental Dwelling Unit to identify violations of the Applicable Laws.

2. The notice of inspection shall provide a minimum of 14-days' notice. Notice shall be mailed to the Owner, the local contact representative at their last known address, and occupant. In the case of multiple owners of the same property, notice to any one of the property owners is sufficient notice.
 3. In the event an Owner, local contact representative or tenant in possession of the property refuses to allow access to conduct the inspection, the City Attorney may use all legal remedies permitted by law to cause an inspection to take place.
 4. Should the City be unable to obtain the consent of the Owner, a local property management company or occupant of the Residential Rental Dwelling Unit to conduct an inspection, the City shall withhold or revoke the Owner's Residential Rental Registration until inspection is finalized.
- (d) City Code Enforcement Officers and/or the Building Official will be responsible for conducting the inspections authorized by this Section. The City may request that other City departments and/or Riverside County enforcement agencies participate in the inspection process.
- (e) After completion of the inspection, the City shall send a written report of the inspection to the Owner. The report shall contain:
1. An itemization of any violations of the Applicable Laws identified during the inspection;
 2. The period of time for correcting each of the identified violations;
 3. A statement that the City will re-inspect the Residential Rental Dwelling Unit on the day after the period of time for correction;
 4. The Re-inspection Fee shall be listed with the Re-inspection date and time accompanied by the date to which the said fee is due; and
 5. A statement that if the violations are not corrected within the period of time for correction the City will not issue the Residential Rental Registration Certificate and the City may pursue legal action as authorized under this Chapter to abate such violations.
 6. If no violations are found as a result of the inspection, the inspection report shall state, "No violations found on the date of inspection", and the City shall issue the Residential Rental Registration Certificate to the Owner.
- (f) Annual inspections under this Section 5.22.070 shall be conducted prior to renewal of the Business Registration Certificate required under Chapter 5.01.

Section 5.22.080 – Inspection Fees.

- (a) Fees for the administration and enforcement of the regulatory program established by this Chapter shall be set by resolution of the City Council and shall not exceed the City's actual cost of providing the services. Fees shall include, without limitation, an initial inspection fee, a re-inspection fee, and a fee to file an appeal. Owners are also subject to the Business Registration fees set forth in Chapter 5.01 of this Code.
- (b) The Owner of a Residential Rental Dwelling Unit shall pay an annual inspection fee to the City sufficient to pay the costs of the City's annual inspection pursuant to this Chapter.
- (c) Owners qualified for the Self-Certification Program under Section 5.22.100 shall pay the annual Inspection fee the first year of participation. If an Owner is removed from the Self-Certification Program, he/she shall become subject to annual inspections and annual inspection fees.

Section 5.22.090 – Appeals.

- (a) Any recipient of an administrative citation may contest the citation by the procedures set forth in Chapter 11.26 of this Code.
- (b) Any party to an administrative citation hearing may appeal from an adverse ruling in accordance with the procedures Chapter 11.26 of this Code.

Section 5.22.100 – Self-Certification Program.

- (a) Well-maintained rental property with no outstanding violations of any Applicable Laws may qualify to participate in the Self-Certification Program. Qualifying properties will not be subject to annual inspections; provided that conditions of the rental property do not deteriorate during that time to the point where the rental property would no longer meet eligibility standards for the Self-Certification Program.
- (b) To qualify for the Self-Certification Program, a property owner must:
 - 1. Complete the Self-Certification Program application packet provided by the City; and
 - 2. Pay the annual inspection fee and any other fees required by this Chapter; and
 - 3. Conduct a self-inspection of all exterior and interior site conditions of each rental property or properties for compliance with the requirements of the Self-Certification form provided by the City; and
 - 4. Immediately make any repairs to the Residential Rental unit(s) that are necessary to achieve compliance with the requirements of the Self-Certification form; and
 - 5. Complete the Self-Certification form and certify that conditions at the rental property or properties meet the exterior and interior standards listed on the Self-Certification form.

6. Return the completed Self-Certification form to the City.
- (c) Upon receipt of a completed Self-Certification form the City shall perform an inspection of the rental property. If the City determines that the property is qualified to participate in the Self- Certification Program a certificate of compliance will be issued, and the property owner will not be subject to the annual inspection requirement thereafter. The Owner shall provide a copy of the Self-Certification Program certificate of compliance to the occupants of the corresponding Residential Rental property unit. Recertification in the Self-Certification Program shall be required every year for each Residential Rental Unit.
 - (d) If the City determines that the property is not eligible to participate in the Self- Certification Program, then the residential rental property shall be subject to inspection and the property owner shall be assessed the annual inspection fee as well as any other applicable fees.
 - (e) The City may, from time to time, randomly subject properties in the Self-Certification Program to an annual inspection under Section 5.22.070 to ensure compliance with the program.
 - (f) At all times, the City shall retain the authority to investigate and address any violation of Applicable Laws.
 - (g) Any property owner that fails to maintain a rental property to meet all of the standards listed on the Self-Certification Program's checklist, or is found to have caused to allow conditions, identified in the Crime-Free Addendum to exist, shall immediately be removed from the Self-Certification Program and become subject to annual inspections.
 - (h) It is unlawful for any person to knowingly make a false statement of fact or knowingly omit any information that is required on the Self-Certification form.

Section 5.22.110 – Retention of completed Self-Certification Forms.

- (a) The property's local contact representative shall retain all certificate(s) of compliance for at least three (3) years from the date the certificate of compliance was issued by the City.
- (b) The local contact representative shall produce all certificate(s) of compliance to the City Manager or their designee upon request.

Section 5.22.120 – Complaint-Based Inspections.

Nothing contained in this Chapter shall prevent or restrict the City's authority to inspect any rental property in response to a complaint alleging code violations or violations of Applicable Laws and to pursue all remedies permissible under this Code or Applicable Laws.

Section 5.22.130 – Voluntary Inspection Requests.

Nothing contained in this Chapter shall be construed to prohibit a property owner or occupant from voluntarily requesting an inspection pursuant to this Chapter to determine whether the rental property complies with Applicable Laws.

Section 5.22.140 – Enforcement.

- (a) **Violations Identified During Inspection.** If, after a report of inspection is issued pursuant to Section 5.22.070(d), the Owner fails to correct a violation of the Applicable Laws identified in the report of inspection within the time allowed, the City may issue an administrative citation pursuant to Chapter 11.26 of this Code or may take any other action authorized by law to enforce the provisions of this Code, including, without limitation, a petition to the Superior Court for the appointment of a receiver over the property.
- (b) **Failure to Pay Fees.** Should an Owner fail to timely pay the annual inspection fee or any re-inspection fee, the City is authorized to recover it, plus accrued interest and penalties, utilizing any remedies authorized by law.
- (c) **Strict Liability.** Violations of this Chapter shall be treated as a strict liability offense regardless of intent. Any person, firm and/or corporation that violates any portion of this Chapter shall be subject to prosecution under this Chapter, Chapter 11.26, and/or Section 11570 et. seq. of the California Health and Safety Code (Drug Abatement).
- (d) **Revenue and Taxation Code.** The City may also utilize the provisions of the Revenue and Taxation Code Section 24436.5 to encourage the elimination of substandard conditions in rental housing. The City is also authorized to bring an action under the Business and Professions Code for unfair business practices.
- (e) **Attorneys' Fees.** In an action, administrative proceeding, or special proceeding to abate a violation of this Chapter, the prevailing party may recover Attorneys' fees pursuant to Government Code Section 38773.5. Recovery of Attorneys' fees is limited to those individual actions or proceedings in which the City elects, at the initiation of that individual action or proceeding, to seek recovery of its own Attorneys' fees. An award of Attorneys' fees to a prevailing party shall not exceed the amount of reasonable Attorneys' fees incurred by the City in an action, administrative proceeding, or special proceeding.

SECTION 3. Severability.

If any provision, section, paragraph, sentence or word of this Ordinance is determined or declared invalid by any final court action in a court of competent jurisdiction or if the application of any provision, section, paragraph, sentence or word of this Ordinance is inapplicable to a specific situation by reason of any preemptive state or federal legislation or regulation, the remaining provisions, sections, paragraphs, sentences or words of this Ordinance shall remain in full force and effect.

SECTION 4. CEQA Exemption.

The adoption of this Ordinance and the implementation of the regulatory programs of this Ordinance do not require further review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301, in view of the fact that the regulatory programs are hereby enacted, apply to existing structures and buildings and are intended to provide for continuous and appropriate maintenance and protection of such structures and buildings for so long as the structures and buildings may remain unoccupied or vacant.

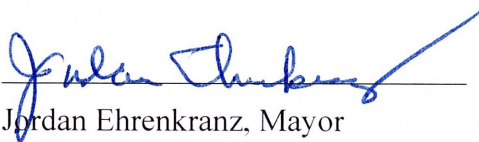
SECTION 5. New Registrations.

For any registration under Section 5.22.060 (a) filed on or before June 30, 2020, the license fee set forth in Chapter 5.01 shall be reduced by fifty percent (50%).

SECTION 6. Effective Date.


This Ordinance shall become effective 30 days from the date of its adoption.

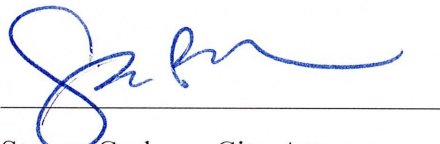
PASSED APPROVED AND ADOPTED this 15th day of January, 2020.


Jordan Ehrenkranz, Mayor

ATTEST:

APPROVED AS TO FORM:


Ana V. Sauseda, Deputy City Clerk


Steven Graham, City Attorney

State of California
County of Riverside) ss
City of Canyon Lake)

CERTIFICATION

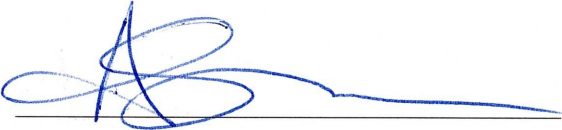
I, ANA V. SAUSEDA, Deputy City Clerk of the City of Canyon Lake, California, DO HEREBY CERTIFY, that the foregoing is a full, true, and correct copy of Ordinance No. 192, introduced at a regular meeting of the City Council on the 4th day of December 2019, and was duly adopted by the City Council of the City of Canyon Lake, California, at a regular meeting held on the 15th day of January 2020, by the following vote:

AYES: Councilmember Bonner, Mayor Pro Tem Castillo, Councilmember Greene, Mayor Ehrenkranz

NOES:

ABSTAIN: Councilmember Smith

ABSENT:



Ana V. Sauseda, Deputy City Clerk



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nicole Dailey, City Manager

DATE: January 10, 2024

SUBJECT: Presentation of the City's 2023 Accomplishments

Recommendation

Receive and file the City's 2023 accomplishments.

Background

Each year, the City Council conducts an annual goal session to clearly identify and adopt a list of agreed upon priorities for the year. Once adopted, these goals guide the Council and staff to ensure that time and other resources are allocated in a manner consistent with the Council's shared objectives for the City.

Last year, on January 11, 2023, the City Council adopted the following 12 goals:

1. Invest in Public Safety
2. Secure the Long-Term Use of Fire Station 1 for the Canyon Lake Fire Department
3. Implement New Fees Per the Approved Fee Study
4. Continue Pursuit of BLM Land Acquisition and Annexation of Developable Parcels
5. Successfully Implement/Manage the City's First Commercial Cannabis Permit
6. Establish Events Coordinator Position, Build and Maintain an Events Volunteer List, and Enhance Existing Events
7. Continue Execution of the ARPA Work Program
8. Implement the Local Road Safety Plan Once Grant Funding is Secured
9. Develop Marketing Plan and Materials for the Towne Center Specific Plan
10. Continue to Find Ways to Support Local Businesses and the Canyon Lake Chamber of Commerce
11. Explore Options for Solidifying and Diversifying City Revenues
12. Build and Maintain Relationships Regionally and with the POA

Discussion

This year, the City will host separate goal-setting workshop at a special meeting in February to provide City Council and management with an opportunity to openly brainstorm and discuss short- and long-term goals as they pertain to establishing our priorities in the coming year. The process of goal setting provides clear direction to staff regarding the initiatives preferred by the City Council and plays a pivotal role in shaping the City's annual budget.

At this meeting, staff will briefly present the City's overall accomplishments related to the 2023 adopted goals as shown in the attached matrix. This will provide valuable insight in preparation for the upcoming goal setting workshop.

Fiscal Impact

None.

Attachments

1. 2023 Accomplishments

ATTACHMENT 1

City Council Goals
2023 Accomplishments Summary
As of January 4, 2024

2023 GOALS	ACCOMPLISHMENTS
GOAL #1: Invest in Public Safety	<p>Fire Department: Launched Retiree Medical Trust for Firefighters Actively monitored and applied for three public safety related grants including SAFER Grant, FireHouse Subs Grants and a Hazardous Waste Grant from Cal Recycle Secured Cal Recycle Grant to Start Battery Recycling Program Completed ARPA Improvements and Equipment Purchases for the Station and Department Constructed a new Locked EMS Storage Area at Fire Station Provided Live Fire Training for all Full-Time Firefighters Implemented a Rope Rescue Program Medication Drop Box & Vial of Life Programs Approved a Lease Purchase Agreement for a Type 1 Structural Fire Engine, delivery in August 2027 Supported several Regional Agencies, fostered improved relationships with CAL FIRE Established terms and conditions for Fire Department response away from official duty station and assigned to an emergency incident, participated in first outside emergency incident in Mecca, CA Amended Title 12 of CLMC related to Fire Lanes and launched new annual fire inspection program</p> <p>Law Enforcement: Kicked Off Law Enforcement Services Study, Completion Expected January 19 Summer Special Enforcement with RSO, OTS Grant Awarded to RSO for DUI Enforcement RSO Secured a \$34,000 Office of Traffic Safety Selective Traffic Enforcement Program grant for DUI Saturation Patrol Operations and Checkpoints</p>
GOAL #2: Secure the Long-term Use of Fire Station	<p>Negotiations: Created POA/City Ad Hoc Committee to Negotiate Purchase and Sale Agreement for Fire Station Hosted Signing Ceremony for Purchase and Sale Agreement in Coordination with the POA</p> <p>Escrow: Conducted Property Inspection and related Due Diligence within allotted time Completed a Lot Split by Grant Deed as required for the sale Completed all Required Documents ahead of deadlines Fire Station Purchase was Completed on Friday, December 8, 2023 - a historic moment for the City</p>

City Council Goals
2023 Accomplishments Summary
As of January 4, 2024

GOAL #3: Implement New Fees Per Approved Fee Study

Updated all Websites and Systems to Implement New Fees
Updated Reporting to Reflect New Fees
Refined Special Event Permit Tiers
Implemented New Special Event Web Portal & Fee Waiver for Non-Profit Organizations
Developed Outreach Materials for New Special Event Permit Tiers
Reviewed and established Emergency Medical Services Subscription Program Fees for FY 23/24. The response fee was reduced and subscription fee remained the same.

GOAL #4: Continue Pursuit of BLM Land Acquisition and Annexation of Developable Parcels

BLM - 880 Acres within the City
Initiated new discussions with BLM Dispositions Department
Exploring measures to better secure BLM areas to avoid code and safety concerns
Annexation Options
Updated DPFG Fee Study related to Annexation Areas, Last Updated in 2021
Held Meetings with LAFCO (2), County of Riverside Staff (1), Supervisor Karen Spiegel (1), and the City of Lake Elsinore (2)
Identifying Best Path Forward with LAFCO for Sphere of Influence
Issued RFP for General Plan Amendment/Update for Sphere of Influence, Deadline is January 24, 2024
Contract Award for General Plan Amendment/Update Expected in February/March 2024

GOAL #5: Successfully Implement/Manage the City's First Commercial Cannabis Permit

Proactive staff support to streamline process and expedite Certificate of Occupancy
Addressed concerns related to parking
Worked with HdL to ensure compliance with municipal code and existing agreements
Secured initial and first official Community Benefit Payment
Reissued Cannabis Permit to ensure compliance with municipal code
Maintaining ongoing communication and collaboration with operator
To date, no citizen complaints have been received

**City Council Goals
2023 Accomplishments Summary
As of January 4, 2024**

**GOAL #6: Establish Events
Coordinator Position, Build and
Maintain a Volunteer List, and
Enhance Existing Events**

Event Coordinator:

Hired two part-time Senior Administrative Assistants, one focused on events

Volunteer List:

Formalized process for Memorial Day flag distribution including an online volunteer sign up form, expanding the volunteer list from 42 volunteers to 78

Initiated development of a volunteer program, draft webpage and internal policy are underway.

Enhance Existing Events:

Increased attendance at all City events. City events this year included: Fire Station Open House (May 13), Memorial Day Flags (May), Fiesta Hopper Parade Participation (May 23), CR&R Clean Up & Shred Day (June 3), National Night Out (Aug. 1), 9-11 Remembrance (Sept. 11), State of the City (Oct. 26), Veterans Day (Nov. 11), Turkey Drive (Nov.), Winter Wonderland (Dec. 2) and Donuts with Santa (Dec. 16)

Supported and hosted Canyon Lake's 10th Annual National Day of Prayer at the Fire Station (May 5)

Hosted first-ever National Night Out in partnership with RSO, City of Wildomar, and the City of Lake Elsinore, which was touted as the best turnout in years

Upgraded City Participation in Fiesta Day Parade with City Boat as a Float

Hosted first Donuts with Santa at the Fire Station

State of the City Address was hosted for the first time on the outdoor deck at the Lighthouse Restaurant with more than 250 people in attendance - the City's highest attendance (up from 147 last year)

City Council Goals
2023 Accomplishments Summary
As of January 4, 2024

GOAL #7: Continue Execution of the ARPA Work Program

ARPA Work Program: Updated in June 2023 allocating additional funding to law enforcement services and economic development related to the Towne Center and Small Business Support

City Hall Renovation: Completed Architectural Master Plan for City Hall, Phased Approach and Cost Estimates expected by February 1 to best address future improvements maximizing existing funding

Completed Fire Station Projects: Diesel Exhaust System, Bathroom Remodeling, Apparatus Bay Doors, and this month Exterior Painting including New Lighting and Exterior Cameras. Purchased new supplies and equipment including gym equipment, rescue tools, a new washer and dryer, etc.. Conducted a Full Architectural Review of Fire Station for Future Expansion.

31542 Rental Building: HVAC Replacement and Upgrades, Drywall and Lighting Repairs, and Interior and Exterior Painting.

Small Business Support: Relaunched Canyon Cash Program in December, currently 21 businesses participating

GOAL #8: Implement the Local Road Safety Plan Once Grant Funding is Secured

Awarded a \$1.2 Million Highway Safety Improvement Grant (HSIP) from Caltrans in late March 2023

Entered into agreement with Interwest to design and manage HSIP project in June 2023

Negotiated and signed agreements with Caltrans

HSIP Project design and bid documents underway

Exploring various grants for additional improvements identified in Local Road Safety Plan

GOAL #9: Develop Marketing Plan and Materials for Towne Center Specific Plan

Designated \$65,000 in ARPA funds in June toward Towne Center and Economic Development Efforts

Identified a variety of prospective strategies for the Towne Center including a Business Improvement District, LLC Shared Investments and/or Demographic Studies for the Center

Interviewed consultants to assist with prioritizing economic development strategies and data gathering

Identified property owners in the Towne Center (25), secured contact list for all owners

Hosted regular collaboration meetings with the Merchants Association

Met with all tenants and increased rents by 10 percent

Began long-term lease negotiations with all tenants to establish market rates

Cleaned and repaired 31520 Railroad Canyon Road (next to City Hall) to secure tenants

Met with several commercial brokers to assist with lease negotiations

City Council Goals
2023 Accomplishments Summary
As of January 4, 2024

GOAL #10: Continue to Find Ways to Support Local Businesses and Chamber of Commerce

Designated ARPA funds toward new efforts for Small Business Support
Visited all businesses in the Towne Center
Regular meetings with Chamber of Commerce
Partnered with Chamber of Commerce on Small Business Social Media Panel in July
Regularly attended Chamber events including annual meeting, monthly roundtables, and ribbon cuttings
Hosting Ribbon Cuttings for At-Home Businesses at City Hall
Increased Annual Sponsorship amount and supported key events and activities including Pub Crawl, Dine Local, and Parade of Frights

GOAL #11: Explore Options for Solidifying and Diversifying Revenues

Reestablished a Reserve Fund Balance Policy, set aside \$1.3 million in reserves for FY 22/23
Established a Section 115 Trust with Public Agency Retirement Service (PARS) for a OPEB Prefunding
Updated Investment Policy, Last Updated in April 4, 2012
Developed 5-Year Financial Projections Based on Various Scenarios
Adopted first 5-Year Capital Improvement Program for Fiscal Year End 2024 through 2028
Approved new Cloud-Based Budgeting Software Platform, Implementation Underway
Conducted Community Survey related to Funding Opportunities for the City
Refining and increasing community outreach on Special Programs, i.e., EMS and Residential Rental, to encourage additional participation
Approved Interfund Loan Agreement between the Rental Fund and General Fund to Repay Variable Loans for the Rental Buildings
Recognizing economic risks, the City set aside \$1.3 million of the general fund balance for reserves Initiated process to explore alternatives to current insurance IPA

GOAL #12: Build and Maintain Relationships Regionally and with POA

Regularly participate in local and regional events including presenting at the SRCAR event and attending all regional State of the City events
Regular attendance at regional agency meetings
Ongoing, regular communication with POA
Established POA and LEUSD Articulation Ad Hoc Committees
Attend Monthly Roundtable Events
State of the City Address included Representatives from all Neighboring Cities and Regional Partners

City Council Goals
2023 Accomplishments Summary
As of January 4, 2024

OTHER ACCOMPLISHMENTS

- 1** Honored Outgoing City Manager, Appointed a New City Manager
- 2** Completed Railroad Canyon Road Painting Improvement Project
- 3** Amended Chapter 5.01 regarding Business License Registration Program and Related Fees
- 4** Amended Chapter 11.12 of CLMC related to Weed Abatement
- 5** Established Chapter 11.13 of CLMC related to Catalytic Converters
- 6** Added Chapter 8.03 to CLMC related to Regulation of Docks
- 7** Added Chapter 14.02 of CLMC regarding New Addresses Assignment and Change of Address
Increased social media engagement, Facebook increased by 5% to 2,953 (up from 2,636 last year) and
- 8** Instagram by 22% to 2,373 (up from 1,950 last year). Overall content interaction, i.e. engagement, was up 332% on Facebook and 100% on Instagram from last year
- 9** Established Council Ad Hoc Committees for Public Safety, Economic Development, and Community Engagement
- 10** Secured a WRCOG I-REN Fellow to assist the City with Energy Efficiency Related Projects
- 11** Painted the Exterior of City Hall
- 12** Updated Canyon Lake Municipal Code related to Mixed Use Zoning and Approved Conditional Use Permit for a Tattoo Parlor
- 13** Transcription of the Zoning Code to create a searchable, online version, which will be available soon
Secured consultant to assist with Housing Element. Draft Housing Element has been completed and submitted
- 14** to the California Department of Housing and Community Development. Next step is a 60-day review period by the State.
- 15** Approved updated agreement with Animal Friends of the Valleys. Amended Chapter 10.16 of CLMC related to animals running at large and increased boarding fees.
Improved risk management procedures. The city now has a process in place to seek reimbursement from our third party
- 16** insurer for damage to city property. Also, we are now seeking the \$5,500 per year in HR and Risk reimbursement that the city has been entitled to through ERMA and PERMA.

City Council Goals
2023 Accomplishments Summary
As of January 4, 2024

- 17** Established Laserfiche public portal on the website that includes searchable formats of all city council minutes, resolutions and ordinances. It also includes campaign finance documents to ensure compliance with AB 2151. Building records to follow. A new webpage for public records and transparency portal is currently being built out and will be live to the public in January.