



CITY OF CANYON LAKE

City Hall

31516 Railroad Canyon Road
Canyon Lake, CA 92587

www.canyonlakeca.gov

Mayor Mark Terry
Mayor Pro Tem Kasey Castillo
Council Member Jeremy Smith
Council Member Joshua Steeber
Council Member Dale Welty

AGENDA

Regular Meeting of the Canyon Lake City Council

Wednesday, January 8, 2025, 6:30 P.M.

City Hall Council Chambers – 31516 Railroad Canyon Road, Canyon Lake, CA 92587

CALL TO ORDER

INVOCATION

FLAG SALUTE

ROLL CALL

Castillo, Smith, Steeber, Welty, Terry

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

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.

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. 2025-01 Approving Claims and Demands of the City.

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

Recommendation: Approve the Minutes of the City Council Meeting of December 11, 2024.

(4) **Adopt a Resolution Designating Authorized Account Signatories for Citizens Business Bank**

Recommendation: Adopt Resolution No. 2025-02 designating authorized account signatories for the City of Canyon Lake's Citizens Business Bank accounts.

(5) **Review of Fiscal Year 2023-24 Audited Financial Statements, Single Audit Report on Federal Awards and Related Reports**

Recommendation: Receive and file the Fiscal Year 2023-24 Annual Financial Statements, Single Audit Report on Federal Awards, and the Audit Communications Letter.

PULLED CONSENT CALENDAR ITEMS

PUBLIC HEARINGS

BUSINESS ITEMS

- (6) **Adopt a Resolution Approving Fiscal Year 2025/2026 Community Development Block Grant (CDBG) Projects and Allocation for Public Service Agencies**

Recommendation: Adopt Resolution No. 2025-03 approving Fiscal Year 2025 / 2026 Community Development Block Grant (CDBG) projects and allocation towards Public Service Agencies, with an estimated allocation of \$21,826.

- (7) **Adopt a Resolution Authorizing the City Manager to Execute Amendments to Existing Community Benefit Agreements to Set the Community Benefit Rate Attributable to Gross Revenue of Commercial Cannabis Businesses at Six Percent (6%) of Gross Revenues**

Recommendation: Adopt Resolution No. 2025-04 authorizing the City Manager to execute amendments to existing Community Benefit Agreements (CBAs) to establish a community benefit contribution rate of six percent (6%) of gross revenues for all commercial cannabis businesses operating within the City of Canyon Lake.

- (8) **Designation of Voting Delegates for the Southern California Association of Governments (SCAG) 2025 Regional Conference and General Assembly**

Recommendation: Designate a delegate and alternate for the Southern California Association of Governments (SCAG) 2025 Regional Conference and General Assembly.

- (9) **Introduction and First Reading of Ordinance No. 251 - An Ordinance of the City Council of the City of Canyon Lake, California, to Repeal Chapter 2.28, Disaster Operation and Relief, of the Canyon Lake Municipal Code and Replace With a New Chapter 2.28, Emergency Organization and Functions**

Recommendation: Waive full reading and introduce by title only Ordinance No. 251 - An Ordinance of the City Council of the City of Canyon Lake, California, to Repeal Chapter 2.28, Disaster Operation and Relief, of the Canyon Lake Municipal Code and Replace With a New Chapter 2.28, Emergency Organization and Functions

CITY MANAGER COMMENTS

ANNOUNCEMENTS

The next regular City Council meeting will be held on February 12, 2025.

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.

AFFIDAVIT OF POSTING: I, Sheryl L. Garcia, City Clerk of the City of Canyon Lake, California, do hereby declare that the foregoing agenda was posted on January 2, 2025, 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: Arron Brown, City Manager

BY: Elizabeth Luna, Executive Assistant and Accounting Technician I

DATE: January 8, 2025

SUBJECT: Approve Claims and Demands of the City

Recommendation

Adopt Resolution No. 2025-01 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 11, 2024.

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. 2025-01

ATTACHMENT 1

RESOLUTION NO. 2025-01

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 8, 2025; and

WHEREAS, Exhibit A was presented at the regular meeting of the City Council on January 8, 2025, 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 8th, in the amount of \$843,050.26 as follows:

Payroll Earnings (Direct Deposit)	\$ 172,753.56	(For Month of December)
Payroll Processing Fees	\$ 376.17	(For Month of December)
Payroll Taxes - Employer & Employee	\$ 50,212.01	(For Month of December)
Payroll CLFAD	\$ 784.72	(For Month of December)
Payroll CS	\$ 795.04	(For Month of December)
On-line Retirement	\$ 14,496.39	(For Month of December)
On-line Health	\$ 27,234.03	(For Month of December)
Nationwide Deferred Comp.	\$ 9,975.52	(For Month of December)
General	\$ 566,422.82	
TOTAL	<u>\$ 843,050.26</u>	

PASSED, APPROVED AND ADOPTED this 8th day of January 2025.

Mark Terry, Mayor

ATTEST:

Sheryl L. Garcia, MMC, CPM
City Clerk

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

Vendor ID	Invoice Description	Cash Required
ABC District	ABC License for Winter Wonderland 2024 Event	75.00
Sarnowski	Council and Staff Headshots, 11/13/2024	800.00
Report Total		875.00

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

Vendor ID	Invoice Description	Cash Required
2 Hot Uniforms	Fire Station New Uniforms FF/PM Sanchez	21.75
	Fire Station Uniform for FF/PM Sanchez	2,331.86
ABILA	Accounting Software (Microix) 1/1/25-1/31/25	385.39
	Accounting Software 1/1/25-1/31/25	220.09
Amazon	Flags for Council Chamber/City Hall Expansion	350.26
	Fire Station Equipment for E-201 for Strike Teams	668.73
	Fire Station Emergency Replacement Bulb for E-201	45.26
ANIMAL FRIENDS	Animal Control Services Month of October 2024	3,587.50
Audacy Operations	Radio Station Advertisement/Promotion for Winter Wonderand	1,250.00
Bound Tree	Fire Station Medical Supplies	134.56
	Fire Station Medical Supplies	571.53
Cabrera	Reserve Stipend for November 2024	150.00
CACEO	Code Enforcement Webinar-Rubi	60.00
	Code Enforcement Webinar-Rubi	60.00
CL PROPERTY OWNERS	POA Operations for Barricades- 2024 Veterans Day	192.50
CTAI	Landscape Maintenance Fee for Medians & Parkway Nov 2024	5,014.00
	Landscape for Fire Station November 2024	263.00
Curtis	Fire Station Replacement Hood for FF/PM-Bratt	78.49
Dain	Auto Allowance December 2024-Dain	100.00
Delgado	Janitorial Services for November 2024	1,580.50
	Janitorial Services for November 2024	59.00
FRIDAY FLYER	Ordinance 250 First Reading	45.15
GOVINVEST	Pension Module-Annual Subscription Fee 1/15/25-1/14/26	2,293.20
HINDERLITER	Contract Services-Sales Tax (October-December 2024)	1,381.06
Jeremy Smith	Auto Allowance December 2024-Smith	100.00
John Hancock	Fire Station PARS EE & ER Contributions Check Date 11/22/24	6,190.19
Jolly Jumps	Final Payment for Winter Wonderland Event 2024	10,952.10
Kasey Castillo	Auto Allowance December 2024-Castillo	100.00
Linde Gas & Equipment	Fire Station Medical Supplies	277.70
Longobardo	Reserve Stipend for November 2024	50.00
Lowe	Canyon Lake Council Chamber Renovation Payment 8-Retention	57,048.00
Mark Terry	Auto Allowance December 2024-Terry	100.00
Massive	Fire Station Installation of WIFI for Barn	1,200.00
Oside	Craft Station for 300 Participants-2024 Winter Wonderland	1,700.00
Party Pals	Ice Skating Rink for Winter Wonderland-Final Payment	4,100.00

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

Vendor ID	Invoice Description	Cash Required
PERMA	Q2 FY 2024-25 Liability Trust Acct Deposit & Replenishment	16,841.00
Polar Express	HVAC Service on Rental-31542 RRCR	125.00
PORAC RMT	PORAC Contributions for November 2024	900.00
Precision Technologies	Council Chamber Renovation Installation of Cameras/TV	32,284.55
	Council Chamber Renovation Installation of Cameras/TV	15,817.87
PVM	Street & Facility Maintenance Services 10/1/24-10/31/24	1,399.10
	Street & Facility Maintenance Services 10/1/24-10/31/24	2,655.44
RAMS	Accounting Services for October 2024	7,349.48
Ritchie	One Week Advertisement for 2024 Winter Wonderland	86.00
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Contract Law 9/19/24-10/16/24	153,243.25
SanchezJ	Reserve Stipend for November 2024	150.00
SWRCB	Regional Annual Permit Fee 7/1/24-6/30/25	10,920.00
Tanyuksel	Donuts with Santa Face Painting	275.00
The Thomsen Company, Inc.	Surveying Services for HSIP Project on RRCR	2,740.00
US Bank	See Credit Card Review	5,971.96
	See Credit Card Review	2,597.52
Welty	Auto Allowance December 2024-Welty	100.00
Willdan	Water Quality Services thru 10/25/24	12,107.50
Report Total		368,225.49

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

<u>Vendor ID</u>	<u>Invoice Description</u>	<u>Cash Required</u>
Amanda Granger	Security Deposit and One Month's Rent	<u>1,206.20</u>
Report Total		<u><u>1,206.20</u></u>

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

Vendor ID	Invoice Description	Cash Required
AC Communications	Cable and Network Installation for New City Hall Offices	1,100.00
	Data Cable Installation for New City Hall Offices	300.00
Amazon	New Council Chambers Supplies	1,257.05
	Fire Station Supplies for Donuts with Santa	71.08
AMP	Rent for January 2025-31526 Railroad Cyn Rd., Suite 5	2,919.00
	Rent for January 2025-31526 Railroad Cyn Rd., Suite 4	443.00
ANIMAL FRIENDS	Animal Control Services Month of November 2024	3,587.50
	Animal Control Services Month of December 2024	3,587.50
Bound Tree	Fire Station Medical Supplies	435.72
Champion Trophy	Fire Station FF of the Year Supplies	21.55
CL PROPERTY OWNERS	Firehouse Note Payment 12	9,359.57
	Fire Station Fine from POA	100.00
Clark Pest	Fire Station Monthly Pest Control	85.00
	Pest Control for Rental-31542 Railroad Cyn Road	250.00
	Pest Control for 31526 Railroad Cyn Road-Admin	60.00
Cole Huber	Attorney Services/General October 2024	8,880.00
	Attorney Services/Nuisance Abatement October 2024	3,444.55
Control Pump	Landscape Booster Monitor Station Report November 2024	401.25
Corelogic	Database for Code Enforcement November 2024	172.14
CPS	HR Consulting Services 9/29/24-11/02/24	480.00
CR&R	190 Tons of Mulch Service Period 12/1/24-12/31/24	6,000.00
Curtis	Fire Station SCBA Compressor Maintenance Supplies	557.61
Delgado	Janitorial Services for November 2024	1,580.50
	Janitorial Services for November 2024	59.00
DOJ	Sheriff's Blood Analysis October 2024	35.00
Embroidery	City Logo Shirts for Building Dept.	52.09
ImageTrend, Inc.	Fire Station New Staffing Program	2,737.20
Jim Foley Trucking	Sand for Fire Station, 12/3/2024	673.25
John Hancock	Fire Station PARS EE & ER Contributions Check Date 12/6/24	5,952.52
Kasey Castillo	Auto Allowance December 2024-Kasey	100.00
Life-Assist	Fire Station Medical Supplies	79.00
	Fire Station Medical Supplies	2.12
	Fire Station Medical Supplies	416.41
Linde Gas & Equipment	Fire Station Medical Oxygen	169.92
Lowe	Canyon Lake Council Chamber Reno-Pymt 1-First Change Order	49,434.68
MES	Fire Station New/Replacement SCBA Mask	444.06
MR. WINDOW	Window Cleaning Inside & Out (Dec. 2, 2024)	185.00
	Window Cleaning Inside & Out (Dec. 2, 2024)	210.00

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

Vendor ID	Invoice Description	Cash Required
PARS	Monthly Administrative Fees Ending October 2024	400.00
PORAC	PORAC 3rd Quarter FFA Dues	90.00
Precision Technologies	Canyon Lake City Council Chambers Labor Invoice	15,500.00
ProForce Law	Code Enforcement Taser	1,608.93
PZL, Inc.	Planning Services for November 2024	4,050.00
RCA	MSCHP Fees Collected November 2024	8,716.00
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Extra Duty July 4th 2024 Weekend	4,964.66
SDRMA	Dental and Vision Insurance January 2025	2,000.63
STAPLES	Fire Station Business Cards-Roberts & Hemsley	49.54
	City Hall & Admin Office Supplies	402.03
Syntech	Monthly IT Support 12/1/24-12/31/24	3,092.50
The Code	Plan Check Services November 2024	13,721.12
The Murder Mystery	Murder Mystery ENT for Staff Holiday Party-Final Payment	649.50
Time Warner	Internet for Fire Station 12/10/24-1/9/25	312.42
West Tow Inc	Burglary Suspects Vehicle Towing Charges, 2/3/24	645.75
Willdan	Water Quality Services thru 11/22/24	11,604.17
Report Total		173,450.52

City of Canyon Lake
 Check/Voucher Register - Checks Prior Month
 From 12/1/2024 Through 12/31/2024

Check Number	Vendor Name	Effective Date	Check Amount
EFT 1127	Aflac	12/2/2024	793.92
EFT 1128	SOUTHERN CALIFORNIA EDISON	12/3/2024	1,211.34
EFT 1129	SOUTHERN CALIFORNIA EDISON	12/3/2024	304.35
EFT 1130	SOUTHERN CALIFORNIA EDISON	12/3/2024	603.33
EFT 1131	SOUTHERN CALIFORNIA EDISON	12/3/2024	16.49
EFT 1132	SOUTHERN CALIFORNIA EDISON	12/3/2024	586.38
EFT 1133	SOUTHERN CALIFORNIA EDISON	12/3/2024	65.60
EFT 1134	SOUTHERN CALIFORNIA EDISON	12/3/2024	198.76
EFT 1135	SOUTHERN CALIFORNIA EDISON	12/3/2024	137.26
EFT 1136	SOUTHERN CALIFORNIA EDISON	12/3/2024	91.58
EFT 1137	Bankcard Center	12/11/2024	1,788.62
EFT 1138	Bankcard Center	12/11/2024	4,229.17
EFT 1139	Bankcard Center	12/11/2024	370.48
EFT 1140	Bankcard Center	12/11/2024	5,716.87
EFT 1141	Bankcard Center	12/11/2024	2,179.50
EFT 1142	SOUTHERN CALIFORNIA EDISON	12/12/2024	560.75
EFT 1143	SOUTHERN CALIFORNIA EDISON	12/12/2024	269.33
EFT 1144	Sparkletts	12/12/2024	117.91
EFT 1145	Charter Communications	12/12/2024	5.35
EFT 1146	ELSINORE VALLEY MUNI WATER DIS	12/12/2024	100.12
EFT 1147	ELSINORE VALLEY MUNI WATER DIS	12/12/2024	93.08
EFT 1148	ELSINORE VALLEY MUNI WATER DIS	12/12/2024	129.02
EFT 1149	ELSINORE VALLEY MUNI WATER DIS	12/12/2024	205.37
EFT 1150	ELSINORE VALLEY MUNI WATER DIS	12/12/2024	1,021.71
EFT 1151	The Gas Company	12/12/2024	166.04
EFT 1152	The Gas Company	12/12/2024	163.21
EFT 1153	Toshiba America Business Solutions	12/13/2024	331.90
EFT 1154	Toshiba America Business Solutions	12/13/2024	25.43
EFT 1155	CR&R	12/17/2024	209.26
EFT 1156	Toshiba Financial Services	12/18/2024	120.83
EFT 1157	Toshiba Financial Services	12/18/2024	852.65
Report Total			22,665.61

Credit Card Review

US BANK Statement dated 11/6/24

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Tommy's Express	Car Wash October 2024	\$ 10.00	10-310-6415
2	Pack Wrap & Post Canyon Lake	Postage	\$ 12.85	10-310-6210
3	Canyon Lake Auto Repair	Car Service for Toyota Highlander	\$ 113.04	10-360-6415
4	Canyon Lake Auto Repair	Car Service for Jeep Wrangler	\$ 254.50	10-520-6415
5	Canyon Lake POA	Closed Session Meal, 10/9/24	\$ 203.11	10-100-6225
6	Downs Energy	Fuel for Fire 2	\$ 111.87	10-421-6425
7	Arlo Technologies	City Hall Security Cameras	\$ 12.99	10-550-6610
8	4imprint.com	State of the City Swag	\$ 3,089.35	10-100-6831
9	Tommy's Express	Car Wash Membership October 2024	\$ 87.96	A
10	Parking Concepts	Parking Fee for Permit	\$ 7.50	10-310-6210
11	Downs Energy	Fuel for Fire 1 & 2	\$ 564.75	10-421-6425
12	Stater Brothers	Pumpkins for Pumpkin Bash	\$ 52.89	10-100-6831
13	Frontier Communications	Internet for City Hall (2 Months)	\$ 454.38	10-550-6320
14	Dejongs Dairy	Supplies for Pumpkin Bash	\$ 111.92	10-100-6831
15	Zoom. US	Zoom Workplace	\$ 33.24	10-310-6210
16	Stater Brothers	Pumpkins for Pumpkin Bash	\$ 99.80	10-100-6831
17	CVS	Office Supplies	\$ 157.50	10-310-6210
18	Fast Signs	Banners	\$ 303.79	10-310-6210
19	Cal True Value	Office Supplies	\$ 28.25	10-310-6210
20	Stater Brothers	Office Supplies	\$ 66.14	10-310-6210
21	CVS	Office Supplies	\$ 178.14	10-310-6210
22	Arlo Technologies	Admin Office Security Cameras	\$ 17.99	10-550-6610
23	Amazon	Chairs for Council Chambers Renovation	\$ 2,204.90	40-000-8006
24	Amazon	Chairs for Council Chambers Renovation	\$ 392.62	40-000-8006
			\$ 8,569.48	

Project 103
 \$21.99 10-310-6415 \$21.99 10-360-6415 \$43.98 10-520-6415

Account Breakdown

City Council City Events-Project Code 103	10-100-6831	\$ 3,089.35
City Council City Events	10-100-6831	\$ 264.61
City Council Meeting Expense	10-100-6225	\$ 203.11
City Manager Office Expense and Supplies	10-310-6210	\$787.41
City Manager Fleet Maintenance	10-310-6415	\$31.99
Building Dept Fleet Maintenance	10-360-6415	\$ 135.03
Fire Department Fuel & Lubricants	10-421-6425	\$ 676.62
Code Enforcement Fleet Maintenance	10-520-6415	\$298.48
Building & Facilities Utilities	10-550-6320	\$ 454.38
Building & Facilities Professional/Specialized Services	10-550-6610	\$ 30.98
Council Chamber/City Hall Expansion	40-000-8006	\$ 2,597.52
		\$ 8,569.48

Check Figure \$ -

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

California Bank & Trust Statement dated 11/28/24

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Baudville	Supplies for Elections	\$ 76.22	10-320-6610
2	The Shredders	Shredding Services	\$ 161.00	10-320-6220
3	Stater Brothers	Office Supplies	\$ 116.04	10-310-6210
4	Amazon	Office Supplies	\$ 71.82	10-310-6210
5	Wal-Mart	Office Supplies	\$ 355.06	10-310-6210
6	Dollar Tree	Office Supplies	\$ 29.73	10-310-6210
7	Lowes	Supplies for Chambers Renovation	\$ 64.95	10-310-6210
8	Epic Laser Designs	Canyon Lake Plaque	\$ 92.44	10-100-6220
9	Canyon Lake Market	Food for Engineer Test Proctors	\$ 95.58	10-421-6710
10	Hills Donuts	Food for Engineer Test Proctors	\$ 33.92	10-421-6710
11	Amazon	Supplies for Break Room	\$ 66.74	10-310-6210
12	Amazon	Supplies for Break Room	\$ 12.81	10-310-6210
13	Starbucks	Coffee for Training	\$ 21.50	10-421-6710
14	Champion Trophy	Name Plates for New Council Member	\$ 32.33	10-100-6220
15	Amazon	City Council Supplies	\$ 14.97	10-100-6220
16	Amazon	Office Supplies	\$ 297.25	10-310-6210
17	Amazon	Office Supplies	\$ 5.16	10-310-6210
18	Amazon	Office Supplies	\$ 241.10	10-310-6210
			\$ 1,788.62	

Account Breakdown

City Council Dept. Expense	10-100-6220	\$ 139.74
City Manager Office Expense	10-310-6210	\$ 1,260.66
City Clerk Departmental Expense	10-320-6220	\$ 161.00
City Clerks Professional/Specialized Services	10-320-6610	\$ 76.22
Fire Station Training & Education	10-421-6710	\$ 151.00
		\$ 1,788.62

Check Figure \$ -

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

California Bank & Trust Statement dated 11/28/24

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Lowe's	Diesel Exhaust Fluid	\$ 95.59	10-421-6425
2	SchoolHouse Technologies	Test Software	\$ 55.25	10-421-6710
3	SchoolHouse Technologies	Foreign Tran Fee	\$ 1.66	10-421-6710
4	Costco	Fire Station Supplies	\$ 112.63	10-421-6220
5	Lowe's	Fire Station Refrigerator & Compression Outlet	\$ 3,729.40	27-400-7001
6	Canyon Lake Market	Snacks for Disaster Prep Meeting	\$ 19.17	10-425-6220
7	Apple	Monthly iCloud Storage (Sept)	\$ 0.99	10-421-6310
8	Badges Ex Cetera	FFOY Ribbon	\$ 47.00	10-421-6231
9	Zazzle	Fire Fighter & Reserve of the Year Award	\$ 167.48	10-421-6220
			\$ 4,229.17	

Account Breakdown

Fire Department Expense	10-421-6220	\$280.11
Fire Department Emergency Response Equip	10-421-6231	\$ 47.00
Fire Department Communications	10-421-6310	\$ 0.99
Fire Department Fuel & Lubricants	10-421-6425	\$95.59
Fire Department Training & Education	10-421-6710	\$ 56.91
Emergency Preparedness Departmental Expense	10-425-6220	\$ 19.17
Fire Station Upgrades	27-400-7001	\$ 3,729.40
		\$ 4,229.17

Check Figure \$ -

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

California Bank & Trust Statement dated 11/28/24

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	California PPR Recon Inc.	Turnout Cleaning Class -Roberts	\$ 325.00	10-421-6710
2	Home Depot	Keys for Fire Station-Master Padlock & Brass Key Set	\$ 45.48	10-421-6220
			<u>\$ 370.48</u>	

Account Breakdown

Fire Department Departmental Expense	10-421-6220	\$ 45.48
Fire Station Training & Education	10-421-6710	\$ 325.00
		<u>\$ 370.48</u>
		\$ -

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

California Bank & Trust Statement dated 11/28/24

ITEM #	CREDITOR	DESCRIPTION	AMOUNT	ACCOUNT
1	Lucilles Smoke House	Halloween Party Luncheon	\$ 1,170.91	10-310-6220
2	SP CA Balloons	Flowers for Veterans Day Celebration	\$ 337.13	10-100-6831 project 104
3	5.11 Inc	Code Enforcement Apparel	\$ 181.02	10-520-6220
4	Amazon	Office Supplies	\$ 40.93	10-310-6210
5	Amazon	Supplies for Halloween Party	\$ 65.66	10-310-6210
6	Amazon	Code Enforcement Holsters	\$ 96.96	10-520-6220
7	Stater Brothers	Beverages/Desserts for Halloween Luncheon	\$ 84.56	10-310-6210
8	FastSigns	Banners for Veterans Day	\$ 300.76	10-100-6831 project 104
9	Adobe	Creative Cloud All Apps 100 GB	\$ 59.99	10-310-6210
10	Staples	Signs for Turkey Drive	\$ 136.33	10-310-6210
11	Amazon	Microphone for Video Recording	\$ 28.00	10-310-6210
12	Amazon	Canopy Weights for Events	\$ 36.28	10-310-6210
13	Cal True Value	Event Supplies	\$ 106.88	10-310-6210
14	Amazon	Membership Fees	\$ 16.15	10-310-6210
15	RoadPost	Satellite Phones	\$ 66.95	10-425-6310
16	Best Buys	Iphone Stabilizer for Video Recording	\$ 97.86	10-310-6210
17	Amazon	Plasticade Signicade Curb Signs	\$ 456.76	10-310-6210
18	Amazon	Plasticade Signicade Curb Signs	\$ 228.38	10-310-6210
19	Verizon Wireless	Ipads & Sim Card Devices	\$ 216.30	A \$23.93 10-360-6310 \$ 111.66 10-421-6310 \$ 47.86 10-520-6310 \$32.85 10-550-6320
20	Verizon Wireless	Cell Phones (City Hall & Fire Station)	\$ 368.83	A \$51.58 10-360-6310 \$ 162.51 10-421-6310 \$ 154.74 10-520-6310
21	Amazon	APC UPS Battery Replacement	\$ 214.41	10-550-6610
22	Amazon	Office Supplies	\$ 153.78	10-310-6210
23	Amazon	Office Supplies	\$ 53.85	10-310-6210
24	Amazon	APC UPS Battery Replacement	\$ 60.57	10-550-6610
25	Amazon	Plasticade Signicade Curb Signs	\$ 420.19	10-310-6210
26	Staples	Signs for Events	\$ 717.43	10-310-6210
			<u>\$ 5,716.87</u>	

Account Breakdown

City Council City Events	10-100-6831 Project 104	\$ 637.89
City Manager Office Expense	10-310-6210	\$2,703.03
City Manager Departmental Expense	10-310-6220	\$ 1,170.91
Building Dept Communications	10-360-6310	\$75.51
Fire Department Communications	10-421-6310	\$274.17
Emergency Preparedness Communications	10-425-6310	\$ 66.95
Code Enforcement Departmental Expense	10-520-6220	\$ 277.98
Code Enforcement Communications	10-520-6310	\$ 202.60
Building & Facilities Utilities	10-550-6320	\$32.85
Building & Facilities Professional/Specialized S-	10-550-6610	\$ 274.98
		<u>\$ 5,716.87</u>

Check Figure \$ -

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

California Bank & Trust Statement dated 11/28/24

<u>ITEM #</u>	<u>CREDITOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>ACCOUNT</u>
1	Canyon Lake Country Club	Closed Session Meal, 11/13/2024	\$ 232.59	10-100-6225
2	League of California Cities	New Mayors & Council Conference, Steeber	\$ 675.00	10-100-6510
3	League of California Cities	New Mayors & Council Conference, Terry	\$ 675.00	10-100-6510
4	VIPS Diner	Lunch Meeting, Arron, Sheryl and Kayla	\$ 59.22	10-310-6510
5	The Home Depot	Office Supplies	\$ 27.11	10-310-6210
6	Amazon	Office Supplies	\$ 25.84	10-310-6210
7	CCMF	Membership Fee	\$ 400.00	10-310-6510
8	Amazon	Office Supplies	\$ 84.74	10-310-6210
			\$ 2,179.50	

Account Breakdown

City Council Meeting Expense	10-100-6225	\$ 232.59
Council Meeting/Travel Expense	10-100-6510	\$ 1,809.22
City Manager Office Expense	10-310-6210	\$ 137.69
		\$ 2,179.50

Check Figure \$ -

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as directed by
the Finance Committee*

ITEM NO. 3

**MINUTES
REGULAR MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, December 11, 2024**

**Closed Session – 4:30 p.m.
City Hall Administration Building
31516 Railroad Canyon Road
Canyon Lake, CA 92587**

CALL TO ORDER

Mayor Welty called the meeting to order at 4:30 p.m.

ROLL CALL

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

Absent: None.

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Pursuant to Government Code Section 54957

Title: City Manager

THREAT TO PUBLIC SERVICES OR FACILITIES - Pursuant to Government Code Section 54957

Consultation with: City Manager

CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION - Pursuant to Government Code Section 54956.9(d)(4)

Number of Cases: Two (2)

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1)

Carlo P. Moreno v. City of Canyon Lake, et al., Riverside Superior Court Case No. CVME2400897

The City Council entered Closed Session at 4:30 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 Welty called the meeting to order at 6:30 p.m.

INVOCATION

Council Member Smith called for a moment of silence in honor of the men, women, and children affected by the recent hurricanes.

The Invocation was led by Council Member Smith.

FLAG SALUTE

The Flag Salute was led by Council Member Dain.

ROLL CALL

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

Absent: None.

CLOSED SESSION REPORT

City Attorney Graham reported that with regard to Item 3, settlement direction was given by a vote of 5-0. For Item 4, the City Council gave direction by consensus.

CEREMONIAL MATTERS

Mayor Welty recognized Kim Pauley as Citizen of the Month.

Council Member Dain recognized Paige Williams as Student of the Month.

COMMUNITY REPORTS

Director Darcy Burke provided an update on behalf of the Elsinore Valley Municipal Water District.

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

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

PUBLIC SAFETY UPDATE

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

Captain Rayls provided an update on public safety.

Fire Chief LaTendresse provided an update on fire statistics.

PUBLIC COMMENT

Donna Ritchie thanked Mayor Welty for his dedicated service over the past year and thanked Council Member Dain for the hard work and impact she made during her term. She congratulated newly elected Council Members Steeber, Terry and Welty.

COMMITTEE AND COUNCIL REPORTS/COMMENTS

Council Member Smith thanked Mayor Welty for his leadership and eagerness to take on the role for this year. He thanked Council Member Dain for her service and congratulated Council Member-elect Steeber.

Council Member Castillo thanked Council Member Dain for her dedication to the Canyon Lake community and her work with the youth. She thanked Mayor Welty for his leadership and congratulated Council Member-elect Steeber.

Mayor Pro Tem Terry thanked Mayor Welty for his impact over the past year. He thanked Council Member Dain for always considering what was in the best interest of the community. He stated that the recent turkey and blanket was a success with over 125 turkeys collected. He thanked Monica Lyons of Yard Fresh for collecting over 500 blankets.

Mayor Welty stated he attended the Southern California Association of Government Energy and Environment Committee meeting.

CONSENT CALENDAR

Motion and second by Council Member Smith/Mayor Pro Tem Terry to approve Consent Calendar Items 1-6.

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. 2024-48 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 11, 2024.

(4) Second Reading and Adoption of Ordinance No. 250 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Title 12 Vehicles and Traffic of the Canyon Lake Municipal Code to Add Chapter 12.60 Relating to Extralegal Load Permits and Fees

Action Taken: The City Council adopted Ordinance No. 250 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Title 12 Vehicles and Traffic of the Canyon Lake Municipal Code to Add Chapter 12.60 Relating to Extralegal Load Permits and Fees.

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

Action Taken: The City Council adopted Resolution No. 2024-49 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.

(6) Adopt a Resolution Approving a Budget Adjustment for the City's Technology Infrastructure Updates and Fire Station Kitchen Remodel Project

Action Taken: The City Council adopted Resolution No. 2024-50, approving the use of a portion of the \$820,105 Fiscal Year 2023-24 excess of Revenues over Expenditures and Transfers Out based on the Fiscal Year 2023-24 Draft Audited Financial Statements for the City's Technology Infrastructure update and Fire Station Kitchen Remodel.

PULLED CONSENT CALENDAR ITEMS

None.

PUBLIC HEARINGS

None.

CERTIFICATION OF ELECTION RESULTS AND SWEARING IN

(7) Adopt a Resolution Certifying the Results of the November 5, 2024, City of Canyon Lake General Municipal Election

Motion and second by Council Member Smith/Mayor Pro Tem Terry to adopt Resolution No. 2024-51 certifying the results of the November 5, 2024, City of Canyon Lake General Municipal Election.

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

PRESENTATIONS AND SWEARING IN CEREMONY

Mayor Welty spoke about Council Member Dain's contributions to the City Council and Finance and Planning Committee.

Presentations to Council Member Dain were given by dignitaries, regional agencies, City Council and City staff.

Council Member Dain spoke about her time on the City Council and what an amazing opportunity it was.

Presentations to Mayor Welty were given by dignitaries, regional agencies, City Council and City Staff.

Mayor Welty spoke about his year as Mayor and reflected on the City's accomplishments.

Council Member-elect Terry was given the oath of office by his son-in-law, Christopher Bird

Council Member-elect Welty was given the oath of office by his son, Nicholas Welty.

Council Member-elect Steeber was given the oath of office by his son, Jayden Steeber.

BUSINESS ITEMS

(8) Selection of Mayor and Mayor Pro Tem

Motion and second by Council Member Smith/Council Member Welty to appoint Council Member Terry as Mayor and Council Member Kasey Castillo as Mayor Pro Tem to serve for 2025.

Motion carried 4-1, with Council Member Castillo, Council Member Smith, Council Member Terry, and Council Member Welty voting aye and Council Member Steeber recusing himself from the vote.

(9) Appointment of Council Members to Standing and Ad Hoc Committees for 2025

Motion and second by Council Member Smith/Council Member Welty to authorize the Mayor to make appointments to standing and ad hoc committees for 2025 as follows:

Finance and Planning	Terry, Castillo
Public Safety	Castillo, Smith
LEUSD Articulation	Castillo, Steeber
Canyon Lake POA Articulation	Smith, Welty
Economic Development	Terry, Welty
Community Engagement	Castillo, Steeber

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

(10) Appointment of Council Members to Regional Agencies for 2025

Motion and second by Council Member Smith/Mayor Pro Tem Castillo to authorize the Mayor to appoint delegates and alternates to regional agencies for 2025 as follows:

City Selection Committee (County of Riverside)	Terry
Lake Elsinore San Jacinto Watersheds Authority	Smith (Delegate) Castillo (Alternate)
Northwest Mosquito & Vector Control District	Welty (Delegate) Smith (Alternate)
Riverside County Transportation Commission	Smith (Delegate) Castillo (Alternate)
Riverside Transit Agency	Smith (Delegate) Welty (Alternate)
Southern California Association of Governments	Smith (Delegate) Terry (Alternate)
Southwest Communities Finance Authority	Steeber (Delegate) Terry (Alternate)

Western Riverside Council of Governments

Terry (Delegate)

Welty (Alternate)

Western Riverside County Regional

Welty (Delegate)

Conservation Authority

Steeber (Alternate)

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

CITY MANAGER COMMENTS

City Manager Brown noted that adjustments to the audio/video equipment would be made prior to the next City Council meeting.

ANNOUNCEMENTS

Mayor Terry announced that the next regular City Council meeting will be held on Wednesday, January 8, 2025.

ADJOURNMENT

At 8:15 p.m., Mayor Terry adjourned the meeting.

Respectfully submitted,

Sheryl L. Garcia, MMC, CPM
City Clerk



ITEM NO. 4

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Kayla Malin

DATE: January 8, 2025

SUBJECT: Adopt a Resolution Designating Authorized Account Signatories for Citizens Business Bank

Recommendation

Adopt Resolution No. 2025-02 designating authorized account signatories for the City of Canyon Lake's Citizens Business Bank accounts.

Background

The City of Canyon Lake maintains checking and investment accounts with Citizens Business Bank. In compliance with standard banking requirements, the bank requires a formal resolution approved by the City Council to update the list of individuals authorized to sign on these accounts. These updates are necessary due to changes in the City Council following the November 5, 2024, general municipal election. The proposed resolution reflects the current composition of the City Council and City leadership to ensure that authorized personnel are properly identified and empowered to conduct banking transactions on behalf of the City.

Discussion

With the results of the November 5, 2024, election certified, updates to the list of authorized signatories are required. The individuals identified in the attached resolution include the City Manager and all current City Council Members. This action ensures continued transparency, security, and operational efficiency for the City's financial transactions. The designated signatories are as follows:

Arron Brown, City Manager
Kasey Castillo, Council Member
Jeremy Smith, Council Member
Joshua Steeber, Council Member
Mark Terry, Council Member
Dale Welty, Council Member

Adoption of the proposed resolution will authorize these individuals to sign checks and perform necessary banking functions for the City's accounts.

Fiscal Impact

None.

Attachments

1. Resolution No. 2025-02

ATTACHMENT 1

RESOLUTION NO. 2025-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DESIGNATING AUTHORIZED ACCOUNT SIGNATORIES FOR CITIZEN’S BUSINESS BANK

WHEREAS, banking institutions require resolutions approved by governing bodies to make changes to personnel authorized to sign on City checking and investment accounts; and

WHEREAS, changes in the City Council have occurred following the City’s general municipal election on November 5, 2024; and

WHEREAS, the City Council of the City of Canyon Lake must update the account signatories for its business banking account to reflect these changes.

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 of Canyon Lake designates the following individuals as authorized signatories to transact business on behalf of the City:

- Arron Brown, City Manager
- Kasey Castillo, Council Member
- Jeremy Smith, Council Member
- Joshua Steeber, Council Member
- Mark Terry, Council Member
- Dale Welty, Council Member

Section 3. The City Council authorizes the City Manager to take any and all actions necessary to implement this resolution.

Section 4. 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 5. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 8th day of January 2025.

Mark Terry, Mayor

ATTEST:

Sheryl Garcia, City Clerk



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Terry Shea, Finance Director

DATE: January 8, 2025

SUBJECT: Review of Fiscal Year 2023-24 Audited Financial Statements, Single Audit Report on Federal Awards and Related Reports

Recommendation

Receive and file the Fiscal Year 2023-24 Annual Financial Statements, Single Audit Report on Federal Awards, and the Audit Communications Letter.

Background

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

In September, 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. They also issued a Single Audit Report on the City's expenditure of Federal Awards and issued an unmodified opinion and found that the City had no internal control deficiencies over federal awards or compliance issues.

Based on the Fiscal Year 2023-24 Audited Financial Statements the Fund Balance for the General Fund is \$7,233,903, of which \$195,735 is nonspendable. For Fiscal Year 2023-24 the General Fund added \$820,105 to the General Fund Balance. The Fiscal Year 2024-25 General Fund Budgeted expenditures are \$8,266,348, which would set the June 30, 2024, Emergence Reserve at \$826,635, the Contingency Reserve at \$413,317 and based on the Equipment Replacement schedule we are reserving \$215,190 for the Equipment Replacement Reserve. This leaves the Surplus Reserve at \$5,583,026 which is 67.54% of the upcoming fiscal year's General Fund budgeted expenditures.

Fiscal Impact

None.

Attachments

1. Annual Financial Report Fiscal Year 2023-24
2. LSL Certified Public Accountants Audit Communications Letter
3. Single Audit Report

ATTACHMENT 1

**CITY OF CANYON LAKE,
CALIFORNIA**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

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City of Canyon Lake
Annual Financial Report
For the Fiscal Year Ended June 30, 2024

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City of Canyon Lake
Annual Financial Report
For the Fiscal Year Ended June 30, 2024
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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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a



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

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 information, and required pension and other postemployment 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.

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.



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

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll & Loughard, LLP". The signature is written in a cursive, flowing style.

Irvine, California
December 19, 2024

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, 2024.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the end of fiscal year 2024 by \$17,397,939. 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 \$2,007,661 during fiscal year 2023-2024.
- As of June 30, 2024, the City's governmental funds reported combined fund balances of \$11,362,944, an increase of \$1,443,083 from the prior fiscal year, and \$7,206,335 of the governmental funds' fund balances are assigned and unassigned.
- As of June 30, 2024, the unassigned fund balance for the General Fund was \$5,583,026 or 79.8 percent of total General Fund expenditures.
- The City's total debt for governmental activities increased by \$325,047 as a result of new loans payable of \$490,000 and a lease liability of \$40,474 offset by principal payments of \$205,427. The unfunded pension liability of \$615,663 and the unfunded OPEB liability of \$814,628 are included in these financial statements.

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, and the Capital Projects Fund 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 - 58 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 59 - 66.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 68 - 69 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, 2024, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$17,397,939 as summarized below:

Statement of Net position

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 2024. 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.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 12,371,588	\$ 12,529,088	\$ 263,723	\$ 821,593	\$ 12,635,311	\$ 13,350,681
Capital assets (net of depreciation)	8,189,894	7,084,568	-	-	8,189,894	7,084,568
Total assets	<u>20,561,482</u>	<u>19,613,656</u>	<u>263,723</u>	<u>821,593</u>	<u>20,825,205</u>	<u>20,435,249</u>
Deferred outflows of resources:						
Pension related items	371,944	320,204	-	-	371,944	320,204
OPEB related	177,032	171,082	-	-	177,032	171,082
	<u>548,976</u>	<u>491,286</u>	<u>-</u>	<u>-</u>	<u>548,976</u>	<u>491,286</u>
Liabilities:						
Current and other liabilities	1,322,918	2,814,607	210	566,263	1,323,128	3,380,870
Long-term liabilities	2,484,262	1,969,250	-	-	2,484,262	1,969,250
Total liabilities	<u>3,807,180</u>	<u>4,783,857</u>	<u>210</u>	<u>566,263</u>	<u>3,807,390</u>	<u>5,350,120</u>
Deferred inflows of resources:						
Pension related items	7,040	10,815	-	-	7,040	10,815
OPEB related	161,812	154,263	-	-	161,812	154,263
	<u>168,852</u>	<u>165,078</u>	<u>-</u>	<u>-</u>	<u>168,852</u>	<u>165,078</u>
Net position:						
Net investment in capital assets	6,956,397	6,176,118	-	-	6,956,397	6,176,118
Restricted	2,505,732	3,188,505	-	-	2,505,732	3,188,505
Unrestricted	7,672,297	5,791,384	263,513	255,330	7,935,810	6,046,714
Total net position	<u>\$ 17,134,426</u>	<u>\$ 15,156,007</u>	<u>\$ 263,513</u>	<u>\$ 255,330</u>	<u>\$ 17,397,939</u>	<u>\$ 15,411,337</u>

Excluding the unknown value of infrastructure assets, net investment in capital assets represents 39.98 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, \$2,505,732 or 14.40 percent, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net position), is \$7,935,810.

Statement of Activities: The statement of activities shows how the City's net position changed during the fiscal years 2023-24 and 2022-23. Provided below is a summary of changes in net position.

Statement of Changes in Net position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 1,414,534	\$ 1,516,245	\$ 84,003	\$ 69,775	\$ 1,498,537	\$ 1,586,020
Operating grants and contributions	2,786,543	1,158,786	-	-	2,786,543	1,158,786
Capital grants and contributions	178,269	315,073	-	-	178,269	315,073
General revenues	6,928,488	6,500,892	-	-	6,928,488	6,500,892
Total revenues	<u>11,307,834</u>	<u>9,490,996</u>	<u>84,003</u>	<u>69,775</u>	<u>11,391,837</u>	<u>9,560,771</u>
Expenses:						
General government	2,648,043	2,119,158	-	-	2,648,043	2,119,158
Public safety	4,801,482	4,298,212	-	-	4,801,482	4,298,212
Public works	1,331,010	1,140,024	-	-	1,331,010	1,140,024
Community development	488,456	384,327	-	-	488,456	384,327
Rental activities	-	-	57,401	36,026	57,401	36,026
Interest on long-term debt	39,365	26,172	18,419	37,189	57,784	63,361
Total expenses	<u>9,308,356</u>	<u>7,967,893</u>	<u>75,820</u>	<u>73,215</u>	<u>9,384,176</u>	<u>8,041,108</u>
Change in net position	1,999,478	1,523,103	8,183	(3,440)	2,007,661	1,519,663
Net position - beginning, restated	15,134,948	13,632,904	255,330	258,770	15,390,278	13,891,674
Net position - ending	<u>\$ 17,134,426</u>	<u>\$ 15,156,007</u>	<u>\$ 263,513</u>	<u>\$ 255,330</u>	<u>\$ 17,397,939</u>	<u>\$ 15,411,337</u>

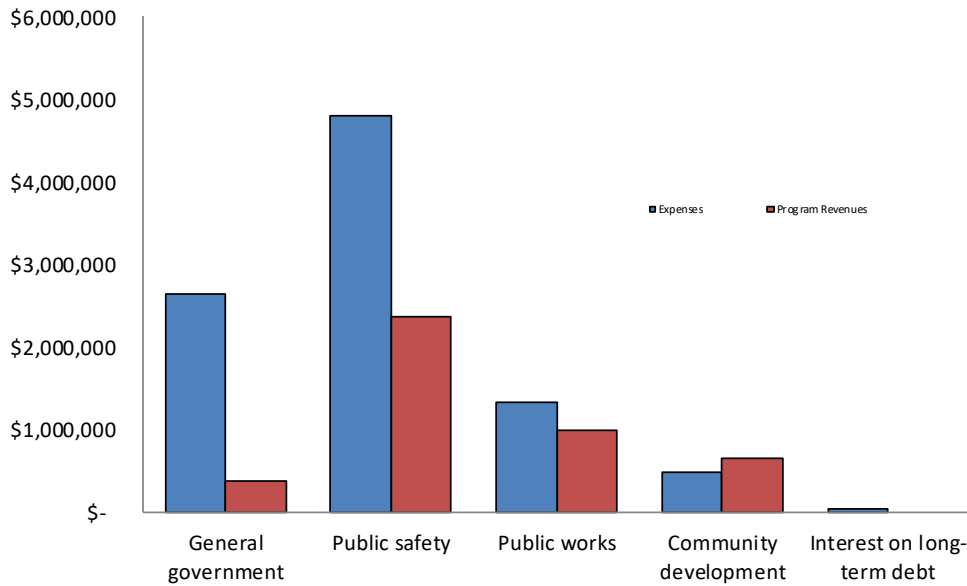
The City's net position increased overall by \$2,007,661 during the current fiscal year. The reason for the increase is explained in the governmental activity's discussion below.

Governmental activities: Net position from governmental activities assets increased by \$1,999,478. Key elements of the increase are as follows:

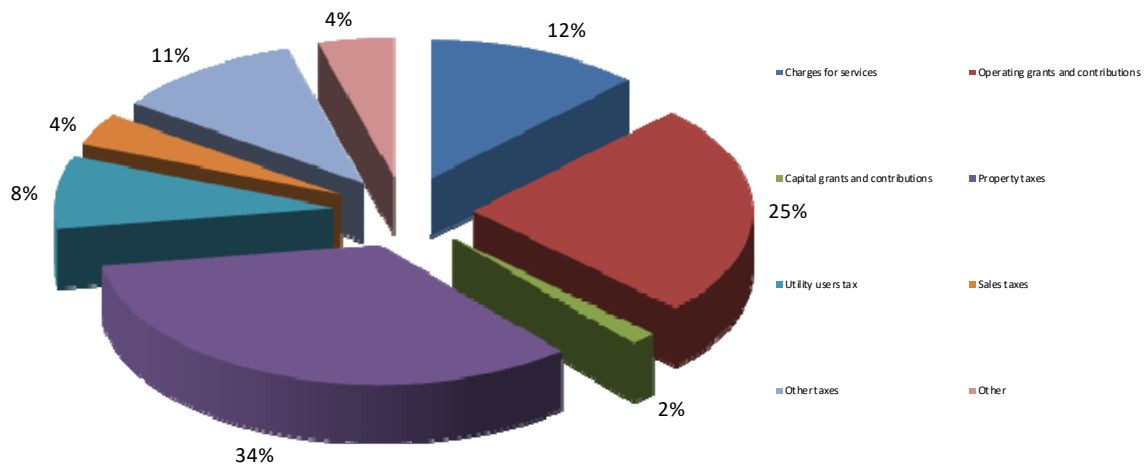
- General Fund revenues over the expenditures of \$1,574,323.
- Gas Tax Fund expenditures over revenues of \$(672,764).
- Governmental expenditures reduced by capital asset purchases of \$2,052,514.
- Offset by depreciation and amortization expense of \$937,600.

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 34 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 positive. Overall net position increased by \$8,183 to an ending balance of \$263,513. 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, 2024, the City's governmental funds reported combined ending fund balances of \$11,362,944, an increase of \$1,443,083 in comparison with the prior year. Of the \$11,362,944 \$7,206,335 or 63.42 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 \$820,105, a decrease in the Gas Tax Fund of \$672,764 a decrease in Measure A Fund of \$31,956, an increase in the Capital Projects Fund of \$1,284,692 and an increase of non-major governmental funds of \$43,006. For the General Fund this is a decrease of \$549,558 from the last fiscal year's increase of \$1,369,663. General Fund revenues of \$8,574,163 were up \$553,799 over the prior year amount of \$8,020,364. The major components of the increase are, Property Taxes increased \$243,868 due to higher assessed values, grant income increases \$227,914, and Investment Income increased by \$244,348 due to higher rates. These were offset by decreases in Utility Users Tax of \$283,837 and Construction and Building Permits of \$103,687. General Fund expenditures of \$6,999,840 were up \$261,743 from the prior year amount of \$6,738,097. The major components of this are an increase in salaries and benefits across all Departments of \$529,690. The Law Enforcement costs for the General Fund decreased by \$1,182,000 as the City used ARPA Funds for \$1,284,692 for public safety costs. Also, the City transferred the \$1,284,692 to the Capital Projects Fund for the City Hall public improvements project. The decrease in the Gas Tax Fund is revenues of \$638,927 were less than expenditures of \$1,311,691, which included \$910,128 in right-of-way purchases. The decrease in the Measure A Fund is revenues of \$330,754 were less than the expenditures of \$362,710 for a capital improvement project. The Miscellaneous Grant Fund recognized ARPA revenue and expenditures of \$1,560,984. The increase in the Capital Projects Fund is the result of the \$1,284,692 transferred in from the General Fund for the City Hall Improvement Project.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. On June 30, 2024, unassigned fund balance was \$5,583,026. 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 79.8 percent of General Fund expenditures. For the fiscal year, the General Fund's fund balance increased \$820,105 from the prior year. The differences between the General Fund budget and actual are summarized below:

- General Fund actual revenues were above budget by \$462,683 mainly due to higher than anticipated property taxes, sales tax, licenses and permits and utility user's tax.
- Actual expenditures were \$518,129 less than the final budgeted amount of \$7,517,969, 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, 2024, amounted to \$8,189,894 (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 a fire station for \$1,400,128 and improvements of \$74,305 to the Station.
- Increase in CIP for City Hall improvements for \$105,001.
- Infrastructure improvements for \$362,500 for painting and other improvements.

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	
	2024	2023	2024	2023	2024	2023
Land	\$ 353,856	\$ 130,000	\$ -	\$ -	\$ 353,856	\$ 130,000
Building and improvements	1,760,374	570,496	-	-	1,760,374	570,496
Machinery, equipment and vehicles	1,560,404	1,756,438	-	-	1,560,404	1,756,438
Infrastructure	4,303,251	4,497,473	-	-	4,303,251	4,497,473
Construction in progress	105,001	6,240	-	-	105,001	6,240
Intangible right to use assets:						
Equipment	40,474	12,964	-	-	40,474	12,964
Buildings	-	25,018	-	-	-	25,018
SBITA	66,534	85,939	-	-	66,534	85,939
Total	<u>\$ 8,189,894</u>	<u>\$ 7,084,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,189,894</u>	<u>\$ 7,084,568</u>

Long-term liabilities: At the end of fiscal year 2024, the City’s total long-term liabilities outstanding was \$1,233,497. This amount was comprised of a \$446,826 Loan from the CLPOA for the purchase of the Fire Station, two vehicle leases with PNC Bank of \$680,203, other leases for \$38,043 and SBITA liability for \$68,425.

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	
	2024	2023	2024	2023	2024	2023
PNC Equipment Lease	\$ 525,277	\$ 591,965	\$ -	\$ -	\$ 525,277	\$ 591,965
PNC Equipment Lease	154,926	191,433	-	-	154,926	191,433
CLPOA Loan	446,826	-	-	-	446,826	-
Other Leases	38,043	39,099	-	-	38,043	39,099
SBITA Liability	68,425	85,953	-	-	68,425	85,953
Loan payable CBB	-	-	-	563,584	-	563,584
Total long-term liabilities	<u>\$ 1,233,497</u>	<u>\$ 908,450</u>	<u>\$ -</u>	<u>\$ 563,584</u>	<u>\$ 1,233,497</u>	<u>\$ 1,472,034</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 \$548,927 on June 30, 2023, and \$615,663 on June 30, 2024. Additional information can be found on pages 45 - 52 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 \$640,751 on June 30, 2023, and \$814,628 on June 30, 2024. Additional information can be found on pages 52 - 55 in the notes to the basic financial statements.

Economic Factors and Next Year’s Budgets and Rates

In preparing the budget for fiscal year 2024-25, 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 2024-25 anticipates having a surplus of \$154,513 for the General Fund.

- Anticipated General Fund Revenues of \$8,420,861, an increase of \$893,387 from the previous year due to projected increases in property taxes, EMS Subscription fees, and interest income.
- Proposed General Fund Expenditures of \$8,266,348, an increase of \$731,730 over the previous year, due to increased costs in personnel 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 2024-25 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, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 10,613,948	\$ -	\$ 10,613,948
Investments in real estate	-	1,127,239	1,127,239
Receivables:			
Accounts	327,668	-	327,668
Interest	34,221	-	34,221
Intergovernmental	336,500	-	336,500
Prepaid items	195,735	-	195,735
Internal balances	863,516	(863,516)	-
Capital assets, not being depreciated	458,857	-	458,857
Capital assets, net of accumulated depreciation	7,731,037	-	7,731,037
Total assets	<u>20,561,482</u>	<u>263,723</u>	<u>20,825,205</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	371,944	-	371,944
OPEB related items	177,032	-	177,032
	<u>548,976</u>	<u>-</u>	<u>548,976</u>
LIABILITIES			
Accounts payable	502,920	210	503,130
Accrued interest payable	5,098	-	5,098
Accrued payroll payable	66,542	-	66,542
Unearned revenues	439,182	-	439,182
Compensated absences, due within one year	90,755	-	90,755
Lease payable, due within one year	7,116	-	7,116
Financing payable, due within one year	106,032	-	106,032
Notes payable, due within one year	89,985	-	89,985
SBITA liability, due within one year	15,288	-	15,288
Noncurrent liabilities:			
Compensated absences	38,895	-	38,895
Lease payable	30,927	-	30,927
Financing payable	574,171	-	574,171
Notes payable	356,841	-	356,841
SBITA liability	53,137	-	53,137
Net OPEB liability	814,628	-	814,628
Net pension liability	615,663	-	615,663
Total liabilities	<u>3,807,180</u>	<u>210</u>	<u>3,807,390</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	7,040	-	7,040
OPEB related items	161,812	-	161,812
	<u>168,852</u>	<u>-</u>	<u>168,852</u>
NET POSITION			
Net investment in capital assets	6,956,397	-	6,956,397
Restricted	2,505,732	-	2,505,732
Unrestricted	7,672,297	263,513	7,935,810
Total net position	<u>\$ 17,134,426</u>	<u>\$ 263,513</u>	<u>\$ 17,397,939</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, 2024**

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:				
General government	\$ 2,648,043	\$ -	\$ 367,601	\$ -
Public safety	4,801,482	839,573	1,432,414	98,187
Public works	1,331,010	-	986,528	-
Community development	488,456	574,961	-	80,082
Interest on long-term debt	39,365	-	-	-
Total governmental activities	9,308,356	1,414,534	2,786,543	178,269
Business-type activities:				
Rental	57,401	84,003	-	-
Interest on long-term debt	18,419	-	-	-
Total business-type activities	75,820	84,003	-	-
Total Primary Government	\$ 9,384,176	\$ 1,498,537	\$ 2,786,543	\$ 178,269

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

Error correction

Net position, beginning of year, as restated

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>
\$ (2,280,442)	\$ -	\$ (2,280,442)
(2,431,308)	-	(2,431,308)
(344,482)	-	(344,482)
166,587	-	166,587
<u>(39,365)</u>	<u>-</u>	<u>(39,365)</u>
<u>(4,929,010)</u>	<u>-</u>	<u>(4,929,010)</u>
-	26,602	26,602
<u>-</u>	<u>(18,419)</u>	<u>(18,419)</u>
<u>-</u>	<u>8,183</u>	<u>8,183</u>
<u>(4,929,010)</u>	<u>8,183</u>	<u>(4,920,827)</u>
3,822,947	-	3,822,947
954,656	-	954,656
76,952	-	76,952
658,981	-	658,981
423,227	-	423,227
493,173	-	493,173
274,557	-	274,557
223,995	-	223,995
<u>6,928,488</u>	<u>-</u>	<u>6,928,488</u>
<u>1,999,478</u>	<u>8,183</u>	<u>2,007,661</u>
15,156,007	255,330	15,411,337
<u>(21,059)</u>	<u>-</u>	<u>(21,059)</u>
<u>15,134,948</u>	<u>255,330</u>	<u>15,390,278</u>
<u>\$ 17,134,426</u>	<u>\$ 263,513</u>	<u>\$ 17,397,939</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Balance Sheet
Governmental Funds
June 30, 2024**

	General	Special Revenue Funds			Capital	Total	Total
		Gas Tax Fund	Measure A Fund	Miscellaneous Grants Fund	Projects Fund Capital Projects	Non-major Governmental Funds	Governmental Funds
ASSETS							
Cash and investments	\$ 6,441,329	\$ 909,695	\$ 1,355,954	\$ 182,664	\$ 1,623,309	\$ 100,997	\$ 10,613,948
Receivables:							
Accounts	327,668	-	-	-	-	-	327,668
Interest	34,221	-	-	-	-	-	34,221
Intergovernmental	205,759	76,329	50,732	-	-	3,680	336,500
Prepaid items	195,735	-	-	-	-	-	195,735
Due from other funds	78,002	-	-	-	-	-	78,002
Advances from other funds	785,514	-	-	-	-	-	785,514
Total assets	<u>\$ 8,068,228</u>	<u>\$ 986,024</u>	<u>\$ 1,406,686</u>	<u>\$ 182,664</u>	<u>\$ 1,623,309</u>	<u>\$ 104,677</u>	<u>\$ 12,371,588</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 483,332	\$ 7,263	\$ 210	\$ 12,115	\$ -	\$ -	\$ 502,920
Accrued payroll payable	66,542	-	-	-	-	-	66,542
Unearned revenues	284,451	-	-	154,731	-	-	439,182
Total liabilities	<u>834,325</u>	<u>7,263</u>	<u>210</u>	<u>166,846</u>	<u>-</u>	<u>-</u>	<u>1,008,644</u>
Fund Balances:							
Nonspendable	195,735	-	-	-	-	-	195,735
Restricted	-	978,761	1,406,476	15,818	-	104,677	2,505,732
Committed	1,455,142	-	-	-	-	-	1,455,142
Assigned	-	-	-	-	1,623,309	-	1,623,309
Unassigned	5,583,026	-	-	-	-	-	5,583,026
Total fund balances	<u>7,233,903</u>	<u>978,761</u>	<u>1,406,476</u>	<u>15,818</u>	<u>1,623,309</u>	<u>104,677</u>	<u>11,362,944</u>
Total liabilities and fund balances	<u>\$ 8,068,228</u>	<u>\$ 986,024</u>	<u>\$ 1,406,686</u>	<u>\$ 182,664</u>	<u>\$ 1,623,309</u>	<u>\$ 104,677</u>	<u>\$ 12,371,588</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, 2024**

Fund balances of governmental funds		\$ 11,362,944
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.		8,189,894
Deferred outflow of resources relate to:		
Pension related deferred outflows of resources		371,944
OPEB related deferred outflows of resources		177,032
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.		(5,098)
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	\$ (129,650)	
Financing payable	(680,203)	
Lease payable	(38,043)	
CLPOA loan payable	(446,826)	
SBITA liability	(68,425)	
Total OPEB liability	(814,628)	
Net pension liability	<u>(615,663)</u>	(2,793,438)
Deferred inflows of resources relate to:		
Pension related deferred outflows of resources		(7,040)
OPEB related deferred outflows of resources		<u>(161,812)</u>
Net position of governmental activities		<u>\$ 17,134,426</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, 2024

	General	Special Revenue Funds			Capital Projects Fund	Total Non-major Governmental Funds	Total Governmental Funds
		Gas Tax Fund	Measure A Fund	Miscellaneous Grants Fund	Capital Projects		
REVENUES							
Taxes	\$ 6,020,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,020,312
Licenses and permits	1,823,064	-	-	-	-	-	1,823,064
Fines and forfeitures	10,951	-	-	-	-	-	10,951
Intergovernmental	244,813	594,679	284,590	1,560,984	-	200,934	2,886,000
Use of money and property	274,557	44,248	46,164	-	-	2,072	367,041
Other	200,466	-	-	-	-	-	200,466
Total revenues	<u>8,574,163</u>	<u>638,927</u>	<u>330,754</u>	<u>1,560,984</u>	<u>-</u>	<u>203,006</u>	<u>11,307,834</u>
EXPENDITURES							
Current:							
General government	2,457,884	-	-	26,244	-	-	2,484,128
Public safety	3,169,408	-	-	1,376,004	-	-	4,545,412
Public works	148,546	401,563	210	110,217	-	160,000	820,536
Community development	488,456	-	-	-	-	-	488,456
Capital outlay	490,000	910,128	362,500	48,519	-	-	1,811,147
Debt service:							
Principal	205,427	-	-	-	-	-	205,427
Interest and fiscal charges	40,119	-	-	-	-	-	40,119
Total expenditures	<u>6,999,840</u>	<u>1,311,691</u>	<u>362,710</u>	<u>1,560,984</u>	<u>-</u>	<u>160,000</u>	<u>10,395,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,574,323</u>	<u>(672,764)</u>	<u>(31,956)</u>	<u>-</u>	<u>-</u>	<u>43,006</u>	<u>912,609</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	1,284,692	-	1,284,692
Transfers out	(1,284,692)	-	-	-	-	-	(1,284,692)
Proceeds from long-term debt	530,474	-	-	-	-	-	530,474
Total other financing sources	<u>(754,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,284,692</u>	<u>-</u>	<u>530,474</u>
Net change in fund balances	<u>820,105</u>	<u>(672,764)</u>	<u>(31,956)</u>	<u>-</u>	<u>1,284,692</u>	<u>43,006</u>	<u>1,443,083</u>
Fund balances, beginning of year	6,413,798	1,672,584	1,438,432	15,818	338,617	61,671	9,940,920
Error correction	-	(21,059)	-	-	-	-	(21,059)
Fund balances, beginning of year, as restated	<u>6,413,798</u>	<u>1,651,525</u>	<u>1,438,432</u>	<u>15,818</u>	<u>338,617</u>	<u>61,671</u>	<u>9,919,861</u>
Fund balances, end of year	<u>\$ 7,233,903</u>	<u>\$ 978,761</u>	<u>\$ 1,406,476</u>	<u>\$ 15,818</u>	<u>\$ 1,623,309</u>	<u>\$ 104,677</u>	<u>\$ 11,362,944</u>

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, 2024**

Net change in fund balances - total governmental funds \$ 1,443,083

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/amortization allocated to the appropriate functional expense when the cost is below capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	2,052,514
Depreciation and amortization expense	(937,600)
Capital assets disposed of	(9,588)

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:

Lease acquisition	(40,474)
Loan proceeds	(490,000)

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	103,195
Principal payments on leases	41,530
Principal payments on SBITA liability	17,528
Principal payments on loan	43,174

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	(11,221)
OPEB related net of adjustments	(175,476)
Increase in compensated absences payable	(37,941)
Decrease in accrued interest payable on long-term liabilities	754

Change in net position of governmental activities \$ 1,999,478

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Statement of Net Position -
Proprietary Funds
June 30, 2024**

	<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	210
Due to other funds	78,002
Advances to other funds	785,514
Total current liabilities	863,726
Total liabilities	863,726
NET POSTION	
Unrestricted	263,513
Total net position	\$ 263,513

The accompanying notes are an integral part of these financial statements

City of Canyon Lake
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	<u>Enterprise Fund</u>
	<u>Rental</u>
OPERATING REVENUES	
Rental income	\$ 84,003
Total operating revenues	84,003
OPERATING EXPENSES	
Property management	1,009
Repairs and maintenance	35,505
Utilities	12,941
Property taxes	7,751
Other operating expenses	195
Total operating expenses	57,401
Operating income	26,602
NON-OPERATING REVENUES AND EXPENSES	
Interest expense	(18,419)
Total non-operating revenue and expenses	(18,419)
Change in net position	8,183
Net Position, Beginning	255,330
Net Position, Ending	\$ 263,513

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, 2024**

	Enterprise Fund Rental
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 84,003
Payments to suppliers for goods and services	(57,443)
Net cash provided by operating activities	26,560
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal payments on debt	(563,584)
Interfund loan	557,870
Interest payments	(20,846)
Net cash used for capital financing activities	(26,560)
Net increase (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	\$ 26,602
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Accounts payable	(42)
Net cash provided by operating activities	\$ 26,560

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024**

	Custodial Fund
ASSETS	
Cash and investments	\$ 4,236
Receivables:	
Intergovernmental	48,748
Total assets	52,984
LIABILITIES	
Accounts payable	52,984
NET POSITION	
Restricted for taxing entities and other agencies	\$ -

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, 2024

	Custodial Fund
ADDITIONS	
Refuse fees collected for other agency	\$ 2,030,699
Fees collected for other government	38,124
Total additions	2,068,823
DEDUCTIONS	
Payment to other agencies	2,030,699
Payment of fees collected to other government	38,124
Total deductions	2,068,823
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
For the Fiscal Year Ended June 30, 2024**

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
For the Fiscal Year Ended June 30, 2024

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 *Capital Projects Fund* is used to account for City-wide capital improvement projects.

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

d. Fund classifications (continued)

The City reports the following major proprietary fund:

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

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 *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
For the Fiscal Year Ended June 30, 2024

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
For the Fiscal Year Ended June 30, 2024**

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
Lease assets - equipment	5-10
Lease assets - buildings	5-10
Subscription assets	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
For the Fiscal Year Ended June 30, 2024**

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, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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 assets 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 assets 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
For the Fiscal Year Ended June 30, 2024

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. 100

For the fiscal year ended June 30, 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement, *Accounting Changes and Error Corrections*. This Statement provides guidance on the requirements for accounting changes and error corrections. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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
For the Fiscal Year Ended June 30, 2024**

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Net position	
Cash and investments	\$ 10,613,948
Investments in real estate	1,127,239
Statement of Fiduciary Net Position	
Cash and investments	<u>4,236</u>
Total cash and investments	<u><u>\$ 11,745,423</u></u>

Cash and investments as of June 20, 2024 consists of the following:

Deposits with financial institutions	\$ 3,717,889
Cash on hand	300
Investments	<u>8,027,234</u>
Total cash and investments	<u><u>\$ 11,745,423</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
For the Fiscal Year Ended June 30, 2024

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	\$ 10,859	\$ 10,859	\$ -	\$ -
Negotiable certificates of deposit	1,219,378	729,469	489,909	-
U.S. Treasury Bills	2,037,664	2,037,664	-	-
Federal agency securities	2,190,405	474,247	988,420	727,738
Corporate debt securities	442,203	198,926	122,760	120,517
Money market	999,486	999,486	-	-
Real estate	1,127,239	1,127,239	-	-
Totals	<u>\$ 8,027,234</u>	<u>\$ 5,577,890</u>	<u>\$ 1,601,089</u>	<u>\$ 848,255</u>

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3: Cash and Investments (continued)

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Information about the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each type of investment held by the City can be found below.

Investment type	Total	Minimum legal rating	Ratings as of year end
Local Agency Investment Fund	\$ 10,859	N/A	Not rated
Negotiable certificates of deposit	1,219,378	N/A	Not rated
U.S. Treasury Bills	2,037,664		
Federal agency securities	2,190,405	AA-a2	AA+
Corporate debt securities	442,203	A	A-, A, & A+
Money market	999,486	N/A	Not rated
Real estate	1,127,239	N/A	Not rated
Totals	<u>\$ 8,027,234</u>		

Concentration of credit risk

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

Issuer	Investment Type	Reported Amounts
Federal Home Loan Bank	Federal agency securities	\$ 1,286,720
U.S. Treasury	U.S. Treasury Bills	2,037,664

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024, the City had deposits of \$3,768,267 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, 2024, the carrying amount (at amortized cost) of the Pool was \$178,914,245,370 and the estimated fair value of the pool was \$178,255,132,764. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2024, was \$10,859. 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
For the Fiscal Year Ended June 30, 2024**

Note 3: Cash and Investments (continued)

The City has the following recurring fair value measurements as of June 30, 2024:

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 1,219,378	\$ -	\$ 1,219,378	\$ -
U.S. Treasury Bills	2,037,664	-	-	-
Federal agency securities	2,190,405	-	2,190,405	-
Corporate debt securities	442,203	-	442,203	-
Money Market	999,486	-	999,486	-
	6,889,136	<u>\$ -</u>	<u>\$ 4,851,472</u>	<u>\$ -</u>
Uncategorized:				
Local Agency Investment Fund	10,859			
Real estate	1,127,239			
Totals	<u>\$ 8,027,234</u>			

Note 4: Interfund Receivables, Payables and Transfers

The composition of interfund balances on June 30, 2024, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Rental Fund	<u>\$ 78,002</u>

The above amount owed to the General Fund is for negative cash balance on June 30, 2024, of \$78,002. The negative cash amount will be repaid to the General Fund in Fiscal Year 2024-25.

Advances to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Rental Fund	<u>\$ 785,514</u>

The above amount owed to the General Fund is an advance to the Rental Fund for the purchase of a building and is being repaid monthly, final payment due is September 13, 2043.

Interfund Transfers:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount</u>
Capital Projects Fund	General Fund	<u>\$ 1,284,692</u>

The transfer to the Capital Projects Fund is for the City Hall renovation project.

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/ amortized:				
Land	\$ 130,000	\$ 223,856	\$ -	\$ 353,856
Construction in progress	6,240	105,001	6,240	105,001
Total capital assets, not being depreciated/amortized	<u>136,240</u>	<u>328,857</u>	<u>6,240</u>	<u>458,857</u>
Capital assets, being depreciated/ amortized:				
Buildings	1,007,827	1,256,433	-	2,264,260
Machinery & equipment	931,730	49,389	-	981,119
Vehicles	1,571,823	14,861	-	1,586,684
Infrastructure	10,365,755	362,500	-	10,728,255
Leased equipment	31,751	40,474	31,751	40,474
Leased buildings	99,728	-	99,728	-
Subscriptions	87,396	-	-	87,396
Total capital assets, being depreciated/amortized	<u>14,096,010</u>	<u>1,723,657</u>	<u>131,479</u>	<u>15,688,188</u>
Less accumulated depreciation/ amortization for:				
Buildings	(437,331)	(66,555)	-	(503,886)
Machinery & equipment	(377,666)	(99,468)	-	(477,134)
Vehicles	(369,449)	(160,816)	-	(530,265)
Infrastructure	(5,868,282)	(556,722)	-	(6,425,004)
Intangibles	(94,954)	(54,039)	128,131	(20,862)
Total accumulated depreciation/ amortization	<u>(7,147,682)</u>	<u>(937,600)</u>	<u>128,131</u>	<u>(7,957,151)</u>
Total capital assets, being depreciated/amortized, net	<u>6,948,328</u>	<u>786,057</u>	<u>3,348</u>	<u>7,731,037</u>
Governmental activities capital assets, net	<u>\$ 7,084,568</u>	<u>\$ 1,114,914</u>	<u>\$ 9,588</u>	<u>\$ 8,189,894</u>

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

Governmental activities:	
General government	\$ 99,234
Public safety	269,115
Public works	569,251
Total depreciation/amortization expense - governmental activities	<u>\$ 937,600</u>

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 6: Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 91,709	\$ 37,941	\$ -	\$ 129,650	\$ 90,755

Note 7: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024 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	\$ 591,965	\$ -	\$ 66,688	\$ 525,277	\$ 68,656
PNC Equipment Finance	191,433	-	36,507	154,926	37,376
CLPOA Loan	-	490,000	43,174	446,826	89,985
Office Suite 4 Lease	3,398	-	3,398	-	-
Office Suite 5 Lease	22,394	-	22,394	-	-
Toshiba Copier Lease - 1	8,665	-	8,665	-	-
Toshiba Copier Lease - 2	4,642	-	4,642	-	-
Toshiba Copier Lease - 3	-	40,474	2,431	38,043	7,116
SBITA Liabilities	85,953	-	17,528	68,425	15,288
Governmental activities long-term debt	<u>\$ 908,450</u>	<u>\$ 530,474</u>	<u>\$ 205,427</u>	<u>\$ 1,233,497</u>	<u>\$ 218,421</u>

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, 2024, is \$525,277.

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, 2024, is \$154,926.

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note 7: Long-Term Liabilities (continued)

The annual debt service requirements for the equipment financing payable outstanding on June 30, 2024, are as follows:

Year Ending June 30,	Lease No. 98994503-1		Lease No. 98994503-2		Total
	Principal	Interest	Principal	Interest	
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	77,122	7,029	-	-	84,151
2030-2031	161,139	7,164	-	-	168,303
	<u>\$ 525,277</u>	<u>\$ 63,781</u>	<u>\$ 154,926</u>	<u>\$ 9,326</u>	<u>\$ 753,310</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, 2024, the value of the lease liability is \$0. The City was 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 had 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, 2024 was removed from Buildings in the Intangible Assets Disclosure due to the end of the lease term (Note 5).

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, 2024, the value of the lease liability is \$0. The City was required to make monthly fixed payments of \$2,834 commencing July 1, 2021 and ending March 26, 2024. The lease had 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, 2024 was removed from Buildings in the Intangible Assets Disclosure due to the end of the lease term (Note 5).

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, 2024, the value of the lease liability is \$0. The City was required to make monthly fixed payments of \$735 commencing July 1, 2021 and ending June 16, 2024. The lease had 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, 2024 was removed from Equipment in the Intangible Assets Disclosure due to the end of the lease term (Note 5).

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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, 2024, the value of the lease liability is \$0. The City was required to make monthly fixed payments of \$112 commencing December 8, 2021 and ending March 7, 2017. The lease had 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, 2024, of \$0 with accumulated amortization of \$0 as the City terminated the lease.

On April 8, 2024, 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 \$40,474. As of June 30, 2024, the value of the lease liability is \$38,043. The City is required to make monthly fixed payments of \$689 commencing April 8, 2024 and ending June 8, 2029. 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, 2024, of \$40,474 with accumulated amortization of \$1,926 is included with Equipment - Leased Printers on the Capital Assets Disclosure (Note 5).

The annual debt service requirements for the leases payable outstanding on June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 7,116	\$ 1,148	\$ 8,264
2026	7,354	910	8,264
2027	7,600	664	8,264
2028	7,855	409	8,264
2029	8,118	146	8,264
	<u>\$ 38,043</u>	<u>\$ 3,277</u>	<u>\$ 41,320</u>

During fiscal year 2022-23 the City entered into a subscription-based IT arrangement (SBITA) for \$87,396. The arrangement is for five years with interest rates at 5.50%. The City is required to make annual payments ranging between \$18,540 and \$20,259. As of June 30, 2024, the City had \$68,425 outstanding for the SBITA liability. The City recognized a right-to-use asset for the SBITA of \$87,396, with accumulated amortization of \$18,936.

The annual debt service requirements for the SBITA liability outstanding on June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 15,288	\$ 3,298	\$ 18,586
2026	16,725	2,419	19,144
2027	18,260	1,458	19,718
2028	18,152	418	18,570
	<u>\$ 68,425</u>	<u>\$ 7,593</u>	<u>\$ 76,018</u>

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note 7: Long-Term Liabilities (continued)

CLPOA Loan

In July 2023, the City entered into an agreement with the Canyon Lake Property Owners Association (CLPOA) for the purchase of real estate located at 28730 Vacation Drive, Canyon Lake, CA 92587 for \$1,390,000 to be used as a fire station. The City paid \$900,000 down and incurred a loan of \$490,000. The Loan bears interest at 5.50% per annum. The City is required to make 60 monthly payments including principal and interest of \$9,360 commencing January 1, 2024, through December 2029.

The annual debt service requirements for the loan payable outstanding on June 30, 2024, are as follows:

June 30,	Principal	Interest	Total
2025	\$ 89,985	\$ 22,330	\$ 112,315
2026	95,061	17,254	112,315
2027	100,423	11,892	112,315
2028	106,089	6,226	112,315
2029	55,268	889	56,157
	<u>\$ 446,826</u>	<u>\$ 58,591</u>	<u>\$ 505,417</u>

Business-Type Activities:

Business Type Activities

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

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, 2024, is \$0 as the loan was paid in full.

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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
For the Fiscal Year Ended June 30, 2024**

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, 2024, 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%	7.750%
Required employer contribution rates	11.840%	7.680%

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, 2024 were \$139,716. The actual employer payments of \$125,961 made to CalPERS by the City during the measurement period ended June 30, 2023 differed from the City's proportionate share of the employer's contributions of \$75,538 by \$50,423, 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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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
For the Fiscal Year Ended June 30, 2024**

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, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	6/30/2022
Measurement Date	6/30/2023
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 and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study 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 of the 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
For the Fiscal Year Ended June 30, 2024**

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	<u>100%</u>	

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

² Figures are based on the 2021 Asset Liability Management Study.

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

During the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, we continue to believe the long-term price inflation assumption of 2.3% per annum is appropriate.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting report may differ from the plan assets reported in the funding valuation report due to several reasons. For example, for the accounting reports, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding valuation.

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.

	Plan Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2022 (MD)	\$ 2,185,745	\$ 1,636,818	\$ 548,927
Balance at: 6/30/2023 (MD)	2,432,723	1,817,060	615,663
Net Changes during 2022-23	\$ 246,978	\$ 180,242	\$ 66,736

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

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note 8: Retirement Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

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, 2022, and 2023 measurement dates was as follows:

	Miscellaneous
Proportionate Share - June 30, 2023	0.01173%
Proportionate Share - June 30, 2024	0.01231%
Change - Increase (Decrease)	0.00058%

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 6.9 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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan's Net Pension Liability	\$ 944,678	\$ 615,663	\$ 344,855

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 expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note 8: Retirement Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

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, 2023 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.

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

As of the start of the measurement period (July 1, 2022), the City's net pension liability was \$548,927. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense/(income) of \$150,935 for the Plan.

As of June 30, 2024, 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	\$ 31,451	\$ (4,879)
Changes of Assumptions	37,170	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	99,681	-
Change in Employer's Proportion	16,221	(2,161)
Difference in Actual vs. Projected Contributions	47,705	-
Pension Contributions Subsequent to Measurement Date	139,716	-
Total	\$ 371,944	\$ (7,040)

These amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$139,716 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Note 8: Retirement Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

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
2025	\$ 77,148
2026	55,046
2027	90,136
2028	2,858
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

Note 9: Other Postemployment Benefits (OPEB)

The City has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multiple employer plan 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	30
Inactive employees or beneficiaries currently receiving benefits	1
Total	31

As of the June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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, 2024, the City's required minimum payments amounted to \$4,094 in payment for premiums.

Total OPEB Liability

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

Actuarial Assumptions:	June 30, 2024
Discount Rate	3.95%
Inflation	2.50%
Healthcare Trend	4.00%
Salary Increases	2.75%
Mortality Rate	2021 CalPERS Mortality for Miscellaneous and School Employees 2021 CalPERS Mortality for Safety Employees
Pre-Retirement Turnover Healthcare Trend Rate	2021 CalPERS 2.0% at 62 Rates for Miscellaneous Employees, 2021 CalPERS 2.7% at 57 Rates for Fire Employees

Discount Rate

The discount rate used to measure the total OPEB liability was 3.95% 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.

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

Changes in the Net OPEB Liability

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

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net OPEB Liability/(Asset) (c)= (a) - (b)</u>
Balance at June 30, 2023 (Measurement Date June 30, 2023)	\$ 640,751	\$ -	\$ 640,751
Changes recognized for the measurement period:			
Service Cost	201,263	-	201,263
Interest	26,986	-	26,986
Changes of assumptions	(19,356)	-	(19,356)
Change in benefit terms	-	-	-
Experience (gains)/losses	20,199	-	20,199
Contributions - employer	-	54,094	(54,094)
Investment gains/(losses)	-	1,232	(1,232)
Benefit payments	(4,094)	(4,094)	-
Administrative expenses	-	(111)	111
Net Changes	<u>224,998</u>	<u>51,121</u>	<u>173,877</u>
Balance at June 30, 2024 (Measurement Date June 30, 2024)	<u>\$ 865,749</u>	<u>\$ 51,121</u>	<u>\$ 814,628</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	<u>1% Decrease 2.95%</u>	<u>Current Discount Rate 3.95%</u>	<u>1% Increase 4.95%</u>
Net OPEB Liability	\$ 971,015	\$ 814,628	\$ 688,944

**City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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

The following presents the Net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 642,252	\$ 814,628	\$ 1,044,839

Change of Assumptions

The discount rate increased from 3.54% to 3.95% in the current year.

Amortization of Deferred Inflows and Outflows of Resources

As of the fiscal year ended June 30, 2024 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	\$ 124,073	\$ (121,458)
Differences between expected and actual experience	52,959	(39,369)
Differences between projected and actual return on assets	-	(985)
Total	\$ 177,032	\$ (161,812)

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 1,210
2026	1,210
2027	1,210
2028	1,210
2029	1,457
Thereafter:	8,923

City of Canyon Lake
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 \$10,000 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
For the Fiscal Year Ended June 30, 2024**

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	Capital Projects Fund	Non-Major Governmental Funds	
Fund Balances:							
Nonspendable:							
Prepaid items	\$ 195,735	\$ -	\$ -	\$ -	-	\$ -	\$ 195,735
Restricted for:							
Public works	-	978,761	1,406,476	-	-	70,005	2,455,242
Public safety	-	-	-	-	-	34,672	34,672
Equipment	-	-	-	15,818	-	-	15,818
Committed to:							
Emergency reserve	826,635	-	-	-	-	-	826,635
Contingency reserve	413,317	-	-	-	-	-	413,317
Equipment replacement	215,190	-	-	-	-	-	215,190
Assigned to:							
Capital projects	-	-	-	-	1,623,309	-	1,623,309
Unassigned:	5,583,026	-	-	-	-	-	5,583,026
	<u>\$ 7,233,903</u>	<u>\$ 978,761</u>	<u>\$ 1,406,476</u>	<u>\$ 15,818</u>	<u>\$ 1,623,309</u>	<u>\$ 104,677</u>	<u>\$ 11,362,944</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 \$128,284 for the fiscal year ended June 30, 2024, which included \$34,685 in debt service costs 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
For the Fiscal Year Ended June 30, 2024

Note 14: Prior Period Adjustment

During the current fiscal year, the City determined that expenditures for the prior fiscal year of \$21,059 were not recorded in the Gas Tax Special Revenue Fund. Therefore, accounts payable and expenditures were understated, and fund balance/net position were overstated for the Gas Tax Fund and for the Governmental Activities Statement of Net Position.

During fiscal year 2023-24, an error correction resulted in adjustments and restatements of beginning fund balance and net position, as follows:

Governmental Activities- Net position

Net position - beginning, as previously reported	\$ 15,156,007	
Correction of an error	(21,059)	
Net position - beginning, as restated	\$ 15,134,948	

Governmental Funds

Gas Tax Major Special Revenue Fund

Fund Balance, beginning of year, as previously reported	\$ 1,672,584	
Correction of an error	(21,059)	
Fund Balance, beginning of year, as restated	\$ 1,651,525	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,836,100	\$ 5,926,100	\$ 6,020,312	\$ 94,212
Licenses and permits	1,560,600	1,831,600	1,823,064	(8,536)
Fines and forfeitures	22,474	22,474	10,951	(11,523)
Intergovernmental	60,300	220,300	244,813	24,513
Use of money and property	28,000	81,006	274,557	193,551
Other	30,000	30,000	200,466	170,466
Total revenues	7,537,474	8,111,480	8,574,163	462,683
EXPENDITURES				
Current:				
General government	2,198,675	2,889,093	2,457,884	431,209
Public safety	3,058,778	3,137,403	3,169,408	(32,005)
Public works	148,500	148,500	148,546	(46)
Community development	598,427	607,427	488,456	118,971
Capital outlay	-	490,000	490,000	-
Debt service:				
Principal	205,427	205,427	205,427	-
Interest and fiscal charges	40,119	40,119	40,119	-
Total expenditures	6,249,926	7,517,969	6,999,840	518,129
Excess (deficiency) of revenues over (under) expenditures	1,287,548	593,511	1,574,323	980,812
OTHER FINANCING SOURCES				
Transfers out	(1,284,692)	(1,284,692)	(1,284,692)	-
Proceeds from long-term debt	-	530,474	530,474	-
Total other financing sources	(1,284,692)	(754,218)	(754,218)	-
Net change in fund balance	2,856	(160,707)	820,105	980,812
Fund balance, beginning of year	6,413,798	6,413,798	6,413,798	-
Fund balance, end of year	\$ 6,416,654	\$ 6,253,091	\$ 7,233,903	\$ 980,812

**City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
Gas Tax Special Revenue
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 595,889	\$ 595,889	\$ 594,679	\$ (1,210)
Use of money and property	2,000	2,000	44,248	42,248
 Total revenues	 597,889	 597,889	 638,927	 41,038
EXPENDITURES				
Current:				
Public works	198,700	198,700	401,563	(202,863)
Capital outlay	100,000	1,010,128	910,128	100,000
 Total expenditures	 298,700	 1,208,828	 1,311,691	 (102,863)
 Net change in fund balance	 299,189	 (610,939)	 (672,764)	 (61,825)
 Fund balance, beginning of year	 1,672,584	 1,672,584	 1,672,584	 -
Error correction	(21,059)	(21,059)	(21,059)	
Fund balance, beginning of year, as restated	1,651,525	1,651,525	1,651,525	-
 Fund balance, end of year	 <u>\$ 1,950,714</u>	 <u>\$ 1,040,586</u>	 <u>\$ 978,761</u>	 <u>\$ (61,825)</u>

**City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
Measure A Fund
For the Fiscal Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 270,000	\$ 270,000	\$ 284,590	\$ 14,590
Use of money and property	1,000	1,000	46,164	45,164
Total revenues	<u>271,000</u>	<u>271,000</u>	<u>330,754</u>	<u>59,754</u>
EXPENDITURES				
Current:				
Public works	-	-	210	(210)
Capital outlay	<u>601,200</u>	<u>601,200</u>	<u>362,500</u>	<u>238,700</u>
Total expenditures	<u>601,200</u>	<u>601,200</u>	<u>362,710</u>	<u>238,490</u>
Net change in fund balance	(330,200)	(330,200)	(31,956)	298,244
Fund balance, beginning of year	<u>1,438,432</u>	<u>1,438,432</u>	<u>1,438,432</u>	-
Fund balance, end of year	<u>\$ 1,108,232</u>	<u>\$ 1,108,232</u>	<u>\$ 1,406,476</u>	<u>\$ 298,244</u>

City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
Miscellaneous Grants Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,719,926	\$ 1,719,926	\$ 1,560,984	\$ (158,942)
Total revenues	<u>1,719,926</u>	<u>1,719,926</u>	<u>1,560,984</u>	<u>(158,942)</u>
EXPENDITURES				
Current:				
General government	91,062	91,062	26,244	64,818
Public safety	1,377,876	1,377,876	1,376,004	1,872
Public works	190,988	190,988	110,217	80,771
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>48,519</u>	<u>11,481</u>
Total expenditures	<u>1,719,926</u>	<u>1,719,926</u>	<u>1,560,984</u>	<u>158,942</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>15,818</u>	<u>15,818</u>	<u>15,818</u>	-
Fund balance, end of year	<u><u>\$ 15,818</u></u>	<u><u>\$ 15,818</u></u>	<u><u>\$ 15,818</u></u>	<u><u>\$ -</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, 2024**

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%
6/30/2023	0.01231%	615,663	1,065,824	57.76%	74.69%

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.

**City of Canyon Lake
Required Supplementary Information
Schedule of Plan Contributions
Last 10 Years
For the Fiscal Year Ended June 30, 2024**

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%
2023-24	139,716	(139,716)	-	1,272,099	10.98%

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: There were no assumption changes in 2023. 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 Net OPEB Liability and Related Ratios
as of the Measurement Date
Last 10 Years*
For the Fiscal Year Ended June 30, 2024

Measurement Period	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service Cost	\$ 21,629	\$ 22,224	\$ 24,506	\$ 84,100	\$ 87,584	\$200,124	\$ 201,263
Interest on the Total OPEB Liability	4,592	5,011	6,109	7,445	9,241	18,954	26,986
Actual and expected experience difference	-	-	-	-	-	-	-
Changes in assumptions	-	7,672	162,794	4,165	(115,651)	(11,912)	(19,356)
Experience (gains)/losses	-	-	(54,994)	-	42,480	-	20,199
Changes in benefit terms	-	-	-	-	27,522	-	-
Benefit payments	(4,412)	(4,588)	(4,733)	(3,972)	(4,139)	(3,536)	(4,094)
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>	<u>224,998</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>	<u>640,751</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>	<u>\$ 865,749</u>
Plan Fiduciary Net Position							
Contribution - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,094
Investment gains/(losses)	-	-	-	-	-	-	1,232
Benefit payments	-	-	-	-	-	-	(4,094)
Administrative expense	-	-	-	-	-	-	(111)
Net change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,121</u>
Plan Fiduciary Net Position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,121</u>
Total OPEB Liability - ending	\$134,345	\$164,664	\$298,346	\$390,084	\$437,121	\$640,751	\$ 814,628
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.90%
Covered employee payroll	\$300,891	\$371,707	\$483,844	\$607,262	\$633,633	\$992,399	\$ 1,170,253
Total OPEB liability as a percentage of covered employee payroll	44.65%	44.30%	61.66%	64.24%	68.99%	64.57%	69.61%

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 3.95% from 3.65% 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.

**City of Canyon Lake
 Required Supplementary Information
 Schedule of OPEB Plan Contributions
 For the Fiscal Year Ended June 30, 2024**

Fiscal Year Ended June 30	2024
Contractually or Statutorily Determined Contributions (C/S DC)	\$ 54,094
Contributions in relation to the C/S DC	(54,094)
Contribution deficiency/(excess)	\$ -
Covered employee payroll	\$ 1,170,253
Contribution as a percentage of covered payroll	4.62%

Notes to schedule:

None

Methods and assumptions used to determine contributions:

N/A

* Fiscal Year 2017-18 was the first year of implementation.

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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.

**City of Canyon Lake
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024**

	Special Revenue Funds		Total Non-major Governmental Funds
	AQMD	Law Enforcement Grants	
ASSETS			
Cash and investments	\$ 66,325	\$ 34,672	\$ 100,997
Receivables:			
Intergovernmental	3,680	-	3,680
Total assets	\$ 70,005	\$ 34,672	\$ 104,677
 FUND BALANCES			
Fund Balances:			
Restricted for:			
Public works	\$ 70,005	\$ -	\$ 70,005
Public safety	-	34,672	34,672
Total fund balances	\$ 70,005	\$ 34,672	\$ 104,677

City of Canyon Lake
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds		Total Non-major Governmental Funds
	AQMD	Law Enforcement Grants	
REVENUES			
Intergovernmental	\$ 14,775	\$ 186,159	\$ 200,934
Use of money and property	2,072	-	2,072
	16,847	186,159	203,006
EXPENDITURES			
Current:			
Public safety	-	160,000	160,000
	-	160,000	160,000
Net change in fund balances	16,847	26,159	43,006
Fund balances, beginning of year	53,158	8,513	61,671
Fund balances, end of year	\$ 70,005	\$ 34,672	\$ 104,677

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ATTACHMENT 2



December 19, 2024

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

We have audited 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”) for the year ended June 30, 2024. 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 July 25, 2024. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2024. 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 pension and other postemployment benefits are based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the pension and other postemployment benefits in determining that it is 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.

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.



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

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 19, 2024.

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 schedules for the general fund and major special revenue funds, 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 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.

Future GASB Pronouncements

The following Government 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 2024-2025

GASB Statement No. 101, *Compensated Absences*.

GASB Statement No. 102, *Certain Risk Disclosures*.



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

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

Future Projects

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*.

Practice Issue, *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 black ink that reads "Lance, Soll & Lunghard, LLP". The signature is written in a cursive, flowing style.

Lance, Soll & Lunghard, LLP

ATTACHMENT 3



CITY OF CANYON LAKE, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2024

SINGLE AUDIT REPORT

Focused
on YOU



CITY OF CANYON LAKE, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2024

City of Canyon Lake, California
Single Audit Report
For the Year Ended June 30, 2024

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INDEPENDENT AUDITORS' 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 City of Canyon Lake, California (the "City"), as of and for the year ended June 30, 2024, 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 19, 2024.

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 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, Soll & Lughard, LLP

Irvine, California
December 19, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Canyon Lake, California (the "City")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Irvine, California
December 19, 2024

CITY OF CANYON LAKE, CALIFORNIA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
<u><i>U.S. Department of the Treasury</i></u>				
Direct Program:				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	-	1,560,984
Total U.S. Department of the Treasury			-	1,560,984
Total Expenditures of Federal Awards			\$ -	\$ 1,560,984

* Major Program
 There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Rosemead, California (the “City”), that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



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☎ 951.246.2022

CITY OF CANYON LAKE, CALIFORNIA
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2023

No matters were reported.



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Mike A. Borja, Administrative Services Director

DATE: January 8, 2025

SUBJECT: Adopt a Resolution Approving Fiscal Year 2025/2026 Community Development Block Grant (CDBG) Projects and Allocation for Public Service Agencies

Recommendation

Adopt Resolution No. 2025-03 approving Fiscal Year 2025 / 2026 Community Development Block Grant (CDBG) projects and allocation towards Public Service Agencies, with an estimated allocation of \$21,826.

Background

The City of Canyon Lake participates in the Community Development Block Grant Program (CDBG) through Riverside County Housing and Workforce Solutions (HWS). Each year, the City receives grant funding allocated to programs benefiting low-income individuals within the community. In recent years, 15% of this funding has been directed to Public Service Agencies serving Canyon Lake residents, with the remaining balance allocated to the City's approved ADA accessibility projects.

Although the Notice of Funding Availability (NOFA) specifies a submission deadline of December 2, 2024, Riverside County HWS has authorized an extension, allowing the deadline to be addressed at the January 8, 2025, City Council meeting. If the City Council approves staff's recommendation, the City will establish a deadline of Friday, January 24, 2025 for non-profit agencies submitting their applications to the City.

Staff will schedule a public hearing during the February 12, 2025, City Council meeting to review and approve the funding allocations. At that time, the City Council, with the direction of city staff, will determine award amounts for each qualifying applicant, provided they are pre-approved by County HWS, meet city staff requirements, and comply with all CDBG regulations.

Fiscal Impact

For fiscal year 2025-2026, the City of Canyon Lake CDBG allocation is estimated to be \$21,826. If City Council approves staff's recommendation, \$3,274 will be awarded to public service agencies and \$18,552 towards the City's approved ADA accessibility projects.

Attachments

1. Notice of Funding Availability
2. Resolution No. 2025-03

ATTACHMENT 1



**TO: Arron Brown, City Manager
City of Canyon Lake**

FROM: Juan Garcia, HWS Deputy Director

DATE: August 30, 2024

RE: Notice of Funding Availability (NOFA) for the County of Riverside's 2025-2026 Urban County Community Development Block Grant Program

Attached please find a copy of the Notice of Funding Availability (NOFA) for the County of Riverside's 2025-2026 Urban County CDBG program for Cooperating Cities. The County opened the 2025-2026 CDBG application cycle starting August 27, 2024. In addition, the County has also begun preparing the 2024-2029 Five-Year Consolidated Plan which will include the 2025-2026 Action Plan.

2025-2026 Action Plan/Funding Cycle

Applications will be accepted from cooperating cities for both internal (city-administered projects) as well as applications from the cities' subrecipients including non-profit organizations, special districts, or other entities. All applications are due no later than **December 2, 2024**. Please see "[What Cooperating Cities Must Submit to the County](#)" at the end of this letter.

The County will only accept hard-copy, paper applications from the cooperating cities for the 2025-2026 cycle. A copy of the approved 2025-2026 CDBG Application has been attached to this NOFA. A fillable pdf version of the CDBG application is available upon request. An original and one copy of each proposal must be submitted to the County together with a resolution or minute order from your Council approving the projects and authorizing the submittal of the applications.

Your city's 2025-2026 CDBG allocation is estimated to be **\$21,826**; this allocation is based upon updated information from HUD and is subject to change.

Each cooperating city is responsible for planning, designing, and carrying out its own CDBG application process that best meets the needs of its city. The cities can decide to fund only internal city-administered projects, external subrecipient projects, or a combination of the two. The city council will make the final funding decisions based on the city's priority community development needs.

The County has established several minimum thresholds concerning the cooperating cities' CDBG application process:

1. The process must be open and fair;
2. The city must publically notice (newspapers, city website, social media) the opening of the city's 2025-2026 CDBG application cycle.
3. The notice should reference the County's Notice of Funding Availability (NOFA) for the County of Riverside's 2025-2026 Urban County CDBG program for Cooperating Cities;
4. The notice should be published in both English and Spanish if a significant portion of the city's residents speak Spanish – if there is a significant number of residents that predominantly speak another language, the city should publish their notice in that language as well;
5. The notice must provide direction as to where applications can be obtained, when the applications are due, and other application submittal instructions;
6. The notice will identify any funding priorities established by the city (e.g., senior programs, street improvements, youth programs, etc.);
7. The city must allow at least 30 days for the application process;
8. The public notice must provide information on the application review and approval process (e.g., staff review/council approval; staff review/committee review/ council approval, etc.);
9. The public notice must identify a contact person for questions and assistance; and
10. The notice must contain the date, time, and location where the city council will make the final 2025-2026 CDBG funding determinations.

Your city can only submit proposals for activities that have been identified in the 2024-2029 Five Year Consolidated Plan as a priority activity for CDBG funding.

Please be sure to review the **Timeliness and Drawdown** section of the NOFA especially as it pertains to project readiness and completion.

What Cooperating Cities Must Submit to the County:

Please see the attached [Required Submittals from Cooperating Cities](#) for a listing of items and documentation that must be submitted by each cooperating city for the 2025-2026 CDBG cycle and the 2024-2029 Consolidated Plan.

For additional information regarding the 2025-2026 CDBG application cycle or the 2024-2029 Consolidated Plan, please contact the CDBG Program Manager assigned to your city or:

Susana Orozco CDBG Program Manager
3403 10th Street, Suite 300
Riverside, CA 92501
(951) 955-5933
sorozco@rivco.org

We look forward to receiving your city's applications for the 2025-2026 Cooperating Cities CDBG program, and we thank you for your city's participation in the County's CDBG program.

What Cooperating Cities Must Submit to the County

1. 2025-2026 CDBG applications as required in the attached Notice of Funding Availability (NOFA);
2. Summary of the City's 2024-2029 Consolidated Plan community needs assessment and outreach efforts (public notices, social media, community meetings, surveys distributed/collected, etc.); and
3. The City's five-year HUD-CPD funding priorities approved and adopted by the City Council (include staff report, minute order)

Examples: Senior and youth programs
Street and sidewalk improvements along Main Street
After School Programs
Housing Rehabilitation
Water, sewer, and fire hydrant improvements
Senior Center improvements
ADA upgrades

RIVERSIDE COUNTY
NOTICE OF FUNDING AVAILABILITY (NOFA)
2025-2026 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
DISTRICT ALLOCATION

I. Program Description

The County of Riverside has opened the application period for the FY 2025-2026 Community Development Block Grant (CDBG) cycle.

CDBG is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

The CDBG program is a federally funded program administered through the U.S. Department of Housing and Urban Development (HUD). As an Urban County in the Entitlement CDBG program, the County receives an annual formula allocation of CDBG funds from HUD. HUD determines the amount of each grant by using a formula comprised of several measures of community need including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relation to other metropolitan areas.

The program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The CDBG program has made a difference in the lives of millions of people and their communities across the Nation.

CDBG was authorized under the Housing and Community Development Act of 1974, as amended, and is listed under the Catalog of Federal Domestic Assistance (CFDA) as 14.218. Applicable CDBG regulations can be found in 24 CFR Part 570 and 24 CFR Part 91.

CDBG funding has been used by the County and subrecipients for a wide variety of community, economic, and social development activities. Activities include public facilities such as fire stations, parks, community centers, senior centers, homeless shelters, health clinics, water and sewer improvements, and street and sidewalk improvements. CDBG also provides public service activities such as childcare, health care, after-school, programs, senior programs, food and clothing distribution, job training, recreation, and many more.

All activities funded with the County's CDBG funds must:

1. Serve persons or communities within the County's Urban County areas;
2. be an eligible activity under CDBG regulations (24 CFR Part 570.201); and
3. Meet a National Objective of the CDBG program (24 CFR Part 570.208).

Most activities meet a National Objective by benefitting low-income persons or low-income communities.

The County's *Urban County CDBG Program* includes all of the unincorporated areas of Riverside County as well as the "cooperating" cities of Banning, Beaumont, Blythe, Calimesa, Canyon Lake,

Coachella, Desert Hot Springs, Eastvale, La Quinta, Norco, Rancho Mirage, San Jacinto, and Wildomar. The cities of Lake Elsinore, Palm Desert, and Murrieta, participate in the County's Urban County program as "Metro Cities."

Please Note: the cooperating cities receive their own CDBG allocation from the County's Urban County CDBG program. Any organization seeking funding from a cooperating city's CDBG allocation must contact that city for application procedures and additional information.

II. CDBG Award Information

Subject to Federal appropriations, the County anticipates receiving approximately \$7,400,000 in CDBG funds for the FY 2025-2026 program, including the cooperating cities' allocations. The actual amount of the County's allocation is determined by final funding appropriations from Congress and HUD's CDBG allocation formula.

Depending upon the type of activity to be funded, a successful subrecipient will have approximately ten (10) months to complete, expend, and drawdown their CDBG award for a public service activity, and approximately eighteen (18) months for a public facility or other CDBG activities.

Typical individual awards for CDBG-funded activities range from \$10,000 for public service activities to \$100,000 or more for public facilities, acquisition, or other eligible activities.

All CDBG awards made by the County will be in the form of a grant. Subrecipients will be required to execute an approved subrecipient agreement with the County. A sample of the Sponsor's Agreement is available upon request to Housing and Workforce Solutions (HWS). **Please Note: all grant funding awarded by the County from the 2025-2026 CDBG application cycle will be available to successful subrecipients no earlier than August 27, 2024.**

Organizations that have previously applied for County CDBG funding are eligible to apply, and there is no limit on the number of applications an applicant can submit.

III. Eligibility Information

Eligible Applicants

The County of Riverside will only accept CDBG applications from the following organizations or entities:

1. Non-Profit organizations subject to 26 U.S.C. 501 (c)(3) of the tax code;
2. County of Riverside Agencies and Departments; and
3. Governmental agencies including Cities, Special Districts, and Tribes.

***Individuals cannot apply for County CDBG funding.**

Non-profit organizations will be required to submit documentation as part of the CDBG application pertaining to their incorporation, bylaws, board membership, and tax-exempt status.

Cost Sharing and Leveraging

Applications for funding under the County's CDBG allocation, excluding the funding from the cooperating cities, must successfully demonstrate a matching contribution of at least 5% of the CDBG request. This matching contribution, referred to as "leveraging", can include other Federal, State, local, or private funding; donations; "in-kind" contributions; and volunteer hours. Leveraging used to match

previous CDBG grants cannot be used. The County may consider requests for waivers of the leveraging requirements on a case-by-case basis.

Applicants are encouraged to utilize the greatest amount of leveraging possible to improve the competitiveness of their proposal. However, for the construction or rehabilitation of public facilities, the County may reject proposals where CDBG funding comprises less than 35% of the total project cost due to costs associated with compliance with CDBG and other Federal regulations.

Real Property Acquisition – Displacement of Tenants

In order to comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, applicants considering the submittal of a CDBG application for real property acquisition and/or the displacement of tenants must contact HWS prior to the submittal of any application.

Compliance with Laws and Regulations

The successful applicants will be required to comply with all applicable federal, state, and local laws, regulations, and ordinances. Pursuant to an executed subrecipient agreement, the applicant will certify that it will adhere to and comply with the laws and regulations found in **Attachment 1** as they may be applicable to a subrecipient of funds granted pursuant to the Housing and Community Development Act of 1974, as amended.

In addition, all CDBG-funded projects using CDBG for facility construction, renovation, or improvements will be considered as “Public Works,” and therefore, subject to applicable State of California Department of Industrial Relations requirements.

IV. Application and Submission Information

Application Cycle for the 2025-2026 Program Year

The County will begin accepting applications for the 2025-2026 CDBG cycle starting **August 27, 2024**. **The FILLABLE APPLICATIONS may be accessed online. All CDBG applications must be submitted through the mail no later than 5:00 PM PST on December 2, 2024.**

Applicants must visit HWS Community and Housing Development website at <https://rivcohpws.org/community-and-housing-development/cdbg-program#app> to begin the application process. The website offers a fillable application and instructions on how to apply.

The County will only accept CDBG applications from 501 (c)(3) non-profit corporations, as well as governmental and Tribal entities.

Questions and Technical Assistance

For information or questions regarding the County’s CDBG program, the 2025-2026 CDBG application cycle, or for questions or assistance with the application, please contact Susana Orozco at sorozco@rivco.org or 951-955-5933 or Nicholas Fonosch at nfonosch@rivco.org or 951.955.5936.












Individuals with hearing or speech disabilities may contact the CDBG program staff by utilizing the California Relay Service (711).

Application Instructions and Organization of Submitted Documents

Applicants must submit two (2) original hard copies of the application and documents (e.g., bylaws, authorizations, backup information, etc.) necessary to apply, along with a USB flash drive with the

required backup for evaluation of application documents. County HWS will not accept submissions of application documents by email or over the Internet.

When compiling the flash drive please organize the folders, accordingly, please refer to the visual guide (below):

-  Application
-  Area Maps
-  Articles of Incorporation
-  Board Approval For Submission
-  Board of Directors
-  Budget
-  By Laws
-  Income
-  Leveraging
-  Minutes or Resolution
-  Organizational Chart

The CDBG application consists of eight (9) primary sections:

1. General Information
2. Organizational History (*applicable only for non-profit organizations*)
3. Project Activity
4. Project Narrative
5. Project Benefit
6. National Objective Compliance
7. Financial Information (Budget/Leveraging/Commitment)
8. Management Capacity
9. Application Certification and Authorization

Applicants are limited to the space available for each required response in the application. Applicants can upload additional supporting documentation, including third-party verifications if desired.

Please Note: The applicant must certify that he or she has been authorized to submit the application on behalf of the organization applying for CDBG funds. This certification MUST be accompanied by minute order, resolution, or other official authorization to submit the application.

V. Additional Information

Successful applicants may be required to submit additional documentation to the County, prior to the receipt of their CDBG grant award. This documentation may include evidence or documentation related to:



- Liability Insurance
- Workmen's Compensation Insurance

- Flood Insurance
- Other documentation for NEPA and CEQA environmental reviews
- 501 (c)(3) Status
- Incorporation Documents

Pursuant to Federal regulations, all applicants for CDBG funds must comply with the following requirements **prior to submitting** their CDBG application to the County for the 2025-2026 program year:

1. Be registered in the System for Award Management (SAM) www.sam.gov system;
2. Provide a valid UEI number in the application; and
3. Must maintain an active SAM registration, with current information, during the performance period of the CDBG grant.

The County and the Cooperating Cities will not make any CDBG grant awards to any organization or government entity that fails to comply with the SAM and UEI requirements.

System for Award Management (SAM):

The System for Award Management (SAM) is combining Federal procurement systems and the Catalog of Federal Domestic Assistance into one new system. This consolidation is being done in phases. The first phase of SAM includes the functionality of the following systems:

1. Central Contractor Registry (CCR)
2. Federal Agency Registry
3. Excluded Parties List (EPLS)
4. Online Representations and Certifications Application

How does SAM benefit organizations? The overarching benefits of SAM include streamlined and integrated processes, elimination of data redundancies, and reduced costs while providing improved capability.

Unique Entity Identifier (UEI):

The Federal government requires all applicants for Federal grants to have a UEI number. The Federal government uses the UEI number to better identify related organizations that are receiving funding under Federal grants and to provide consistent name and address data for electronic grant application systems.

If you do not already have a UEI number, visit www.SAM.gov (<https://sam.gov/content/entity-registration>)

Intergovernmental Review

Applications submitted under the County’s Urban County CDBG program are not subject to intergovernmental review pursuant to Executive Order 12372.

Other Submission Requirements

Applicants can request CDBG funding from the County for any eligible CDBG activity listed under 24 CFR Sections 570.201-570.204, including real property acquisition, construction, and other activities.

VI. Eastern Coachella Valley Community Empowerment Initiative (ECVCEI)

For the 2025-2026 program year, the County will continue with the ECVCEI set aside. The purpose of the ECVCEI is to focus CDBG funds towards community-based activities in the Eastern Coachella Valley that build capacity, increase awareness and participation, develop strategies and plans, and other activities that address issues of housing, healthy communities, employment, infrastructure, transportation, etc.

The goals of the ECVCEI are to improve the quality of life, encourage and develop community empowerment, revitalize communities, and increase self-sufficiency for persons living in the Eastern Coachella Valley. The boundaries of the Eastern Coachella Valley area are generally described as the unincorporated communities of Mecca, Colorado River, Palo Verde, Ripley, Desert Center, North Shore, Thermal, and Oasis.

The County intends to allocate a portion of its annual CDBG allocation to eligible ECVCEI activities. The amount available to ECVCEI activities is subject to the availability of CDBG funds including administrative and public service spending caps. The annual allocation cannot exceed 1.5% of the County's total CDBG allocation and may be less. Further, the funded activities must comply with all CDBG regulations including eligible activities and national objectives.

Eligible applicants include non-profits organizations and government agencies. If requesting funding under the ECVCEI, please add "(ECVCEI)" to the name of the project in Section III of the CDBG Application. The County will make the final determination if a proposed activity meets the requirements of ECVCEI funding and will serve the residents of the Eastern Coachella Valley.

Should you have questions regarding the **Eastern Coachella Valley Community Empowerment Initiative**, please contact Susana Orozco, CDBG/ESG Program Administrator – CDBG/ESG Programs, at sorozco@rivco.org.

Application Submission Due Date and Time

ALL applications MUST be completely submitted no later than 5:00 PM (PST) on **Friday, December 2, 2024**.

All applications must be delivered to the County by either method listed below:

- 1. Postmarked no later than Friday, December 2, 2024, and addressed to:**
Riverside County HWS
ATTN: CDBG Program
P.O. Box 1528
Riverside, CA 92502
- 2. Delivered to the County, no later than Friday, December 2, 2024, 5:00 PM (PST) at the following address:**

Riverside County HWS
ATTN: CDBG Program
3403 10th. St. Suite 300
Riverside, CA 92501

CDBG applications for the 2025-2026 program year that are received after the deadline date and time, will not be accepted.

Applicants submitting an application in person or through a third-party courier can request a receipt at the time of delivery.

Other Submission Requirements

Applicants can request CDBG funding from the County and the Cooperating Cities for any eligible CDBG activity listed under 24 CFR Part 570.201-570.204 including real property acquisition, code enforcement, construction, and other activities.

VII. Application Review Information

The County of Riverside uses a Priority Evaluation and Project Rating System for all CDBG proposals. As part of the review and evaluation process, HWS staff will review and evaluate all proposals utilizing the following checklist:

1. ACTIVITY EVALUATION

Does the activity address an established need? (Identified in the 2024-2029 Consolidated Plan):

Is the proposed activity eligible (24 CFR 570.201) under the CDBG program?

Does the proposed activity meet one of the three broad National Objectives?

- Principally benefit low and moderate-income persons;
- Prevents or eliminates slum and blight; or
- Addresses an urgent need or problem in the community.

Has the applicant provided sufficient explanation concerning their ability to adequately and accurately document the benefit to low- and moderate-income persons?

Can the project be implemented and completed within a reasonable amount of time (Public Service activities 1 year / all other activities 2 years maximum)?

Has the applicant identified all the major tasks or components that will be required in carrying out the activity? Are there any potential issues or concerns?

Has the applicant provided a reasonable estimate of the resources necessary for each component of the project, and has it developed a realistic budget that reflects these resources? Are other sources of funds (leveraging) committed to this project?

Is the proposed budget for the CDBG-funded activity separate from other activities undertaken by the applicant?

2. APPLICANT (ORGANIZATIONAL) EVALUATION

Has the applicant ever undertaken the proposed activity before? What were the results?

Does the applicant have experience with CDBG or other Federal programs? Has the applicant conducted a Single Audit pursuant to 2 CFR Part 200 within the last two years?

Does the applicant and prospective staff understand the additional requirements associated with Federal funding?

Does the applicant have qualified staff for all the necessary functions associated with the proposed activity? Is there adequate staff time available?

Does the applicant possess adequate administrative structures, management systems, and policies & procedures?

Does the applicant possess adequate financial stability? Will the applicant be overly dependent upon CDBG funding?

3. ELIGIBLE ACTIVITIES

Applicants should refer to HUD regulations found in 24 CFR Sections 570.201-204 regarding eligible uses of CDBG funding.

4. MINIMUM ACTIVITY FUNDING LEVEL

In an effort to ensure effective, efficient, and appropriate allocation and use of CDBG funds, the County may elect to reject any proposed CDBG activity in an amount less than \$10,000. Exceptions to this policy include traditionally county-wide activities (city/county, multiple cities, etc.) or a project or activity serving a very remote location. These exceptions must be pre-approved by HWS prior to the application submission.

5. LEVERAGE/MATCHING FUNDS

Verification of at least five percent (5%) matching funds must be provided prior to the date of the grant awarded to the grantee. Funds used to match a previous CDBG grant may not be used to match a subsequent grant award. No application under \$10,000 will be accepted. Leverage may include, but is not limited to, the following: Federal, State, and local government funding; private donations; and in-kind contributions (e.g., volunteer hours at \$5.00 hour, etc.).

VIII. Application Rating Criterion

Each complete CDBG application is rated by CDBG program staff to determine if the proposal meets the minimum score rating. The County uses a 100-point rating system with six (6) rating criteria with a minimum rating score of at least 50 points. The rating criteria are:

- Quality of Project Activity (23 points)
- Quality of Project Narrative/ Proposal elements (27 points for public service/ 25 points for public facility proposals)
- Explanation of Project Benefit/National Objective (16 points)
- Proposed Budget (18 points for public service/ 20 for public facility proposals)
- Management Capacity (14 points)
- Overall Project Eligibility and Past Performance Indicators (2 points)

There are three (3) threshold sub-criteria that all applications must receive at least five (5) points each, or the proposal will not be funded:

- Does the proposed program/project comply with the overall regulations, goals, and objectives of the CDBG program? The application describes how the identified need relates to the objectives of the CDBG program.
- Does the proposed activity address a priority community development need as identified in the Five-Year Consolidated Plan?

- Does the organization have the demonstrated capacity to successfully implement and complete the proposed activity in a timely manner?

IX. Application Review and Selection Process

For the County's allocation, each CDBG application is received, reviewed, evaluated, and rated. HWS staff will provide background information on each proposal, answer questions, and provide funding recommendations if requested by the supervisor's office.

X. Anticipated Announcement, Award Date, and Notice

The Board of Supervisors for the County of Riverside will approve all final CDBG funding decisions for the County's 2025-2026 CDBG allocation. This is anticipated to occur in June or July of 2025, during a regular meeting of the Board of Supervisors when the Board approves the 2025-2026 One-Year Action Plan of the 2024-2029 Five Year Consolidated Plan.

After the approval date, applicants will be notified by mail of the Board's funding decisions. The One Year Action Plan is then submitted to the U.S. Department of Housing and Urban Development (HUD) for review and approval.

Those applicants that have been approved for CDBG funding will be notified by mail. The letter will clearly indicate the amount of their award, and that this is not a notification to proceed or to incur costs. The letter will inform the successful applicants that a subrecipient agreement will be prepared and forwarded to them in the near future with further instructions.

XI. Administrative and National Policy Requirements

All CDBG awards made by the County and the cooperating cities will be in the form of a grant. Subrecipients will be required to execute a Sponsor's Agreement with the County. A copy of the template of the Sponsor's Agreement is available upon request to HWS staff.

The Cooperating Cities must execute a Supplemental Agreement with the County each year. Subrecipients of the Cooperating Cities' CDBG funding will enter into an approved subrecipient agreement with the awarding City.

XII. Post Award Reporting Requirements

To ensure compliance with the CDBG program National Objective requirements, all subrecipients of CDBG funds will be required to comply with the applicable CDBG reporting requirements. The type, amount, frequency, format (paper or electronic), and detail of the reporting requirements depend upon the specific use of the CDBG funds and corresponding National Objective. All specific reporting requirements will be stated in the subrecipient agreement.

In addition, all CDBG-funded projects using CDBG for facility construction, renovation, or improvements will be considered as "Public Works," and therefore, subject to applicable State of California Department of Industrial Relations requirements.

XIII. Points of Contact

For information about the CDBG program or the 2025-2026 application cycle, please contact the following:

Nicholas Fonosch, Office Assistant
3403 10th St. Suite 300

Susana Orozco, Principal Program Manager
3403 10th St. Suite 300

Riverside, CA 92501
(951) 955-5936
nfonosch@rivco.org

Riverside, CA 92501
(951) 955-5933
sorozco@rivco.org

Susana Orozco, CDBG/ESG Program Administrator
Riverside County Department of Housing and Workforce Solutions

ATTACHMENT I

Additional Federal Requirements

Whereas, the work under this Agreement is subject to applicable Federal, State, and local laws and regulations, including but not limited to the regulations pertaining to the Community Development Block Grant (24 CFR Part 570) and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200). All contractors, sub-contractors, consultants, and sub-consultants agree to comply with, and are subject to, the following Federal requirements (if applicable):

1. **Equal Employment Opportunity** - Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity", as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). The Contractor/Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Contractor/Consultant will ensure that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin. The Contractor/Consultant will take affirmative action to ensure that applicants are employed and the employees are treated during employment, without regard to their race color, religion, sex, or national origin. Such actions shall include, but are not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor/Consultant agrees to post in a conspicuous place, available to employees and applicants for employment, notices to be provided by the County setting forth the provisions of this non-discriminating clause.

2. **Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c)**: All contracts and subgrants in excess of \$2,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to HUD.

3. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7)**: When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition,

contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to HUD.

4. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327 through 333):** Where applicable, all contracts awarded by recipients in excess of \$2000 for construction contracts and in excess of \$2500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard workweek of 40 hours. Work in excess of the standard workweek is permissible provided that the worker is compensated at a rate of not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

5. **Rights to Inventions Made Under a Contract or Agreement—** Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by HUD.

6. **Rights to Data and Copyrights –** Contractors and consultants agree to comply with all applicable provisions pertaining to the use of data and copyrights pursuant to 48 CFR Part 27.4, Federal Acquisition Regulations (FAR).

7. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.),** as amended—Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to HUD and the Regional Office of the Environmental Protection Agency (EPA).

8. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—** Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to-tier-up to the recipient.

9. **Debarment and Suspension (E.O.s 12549 and 12689)—**No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Non-procurement Programs in accordance with E.O.s 12549 and 12689, “Debarment and Suspension,” as set forth at 24 CFR Part 24. This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.

10. Drug-Free Workplace Requirements—The Drug-Free Workplace Act of 1988 (42 U.S.C. 701) requires grantees (including individuals) of federal agencies, as a prior condition of being awarded a grant, to certify that they will provide drug-free workplaces. Each potential recipient must certify that it will comply with drug-free workplace requirements in accordance with the Act and with HUD's rules at 24 CFR Part 24, subpart F.

11. Access to Records and Records Retention: The Consultant or Contractor, and any sub-consultants or sub-contractors, shall allow all duly authorized Federal, State, and/or County officials or authorized representatives access to the work area, as well as all books, documents, materials, papers, and records of the Consultant or Contractor, and any sub-consultants or sub-contractors, that are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcriptions. The Consultant or Contractor, and any sub-consultants or sub-contractors, further agree to maintain and keep such books, documents, materials, papers, and records, on a current basis, recording all transactions pertaining to this agreement in a form in accordance with generally acceptable accounting principles. All such books and records shall be retained for such periods of time as required by law, provided, however, notwithstanding any shorter periods of retention, all books, records, and supporting detail shall be retained for a period of at least four (4) years after the expiration of the term of this Agreement.

12. Federal Employee Benefit Clause: No member of or delegate to the congress of the United States, and no Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit to arise from the same.

13. Energy Efficiency: Mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94A 163, 89 Stat. 871).

14. Procurement of Recovered Materials (2 CFR 200.322.) A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

15. Build America, Buy America (BABA) Act: The Grantee must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the Grantee's infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

16. Violence Against Women Act (VAWA): VAWA provides housing protections for survivors of domestic and dating violence, sexual assault and stalking ('domestic violence'). VAWA 2022 reauthorizes, amends, and strengthens the VAWA of 1994, as amended (Pub. L. 103-322, tit. IV, sec. 40001-40703; 34 U.S.C. 12291 et seq.) HUD's implementing regulations for VAWA'S protections, rights, and responsibilities are codified in 24 CFR part 5, subpart L, and related provisions

in HUD's program regulations (HUD's VAWA regulations). VAWA 2022 amendments took effect on October 1, 2022 and 2022 VAWA's reauthorization includes new implementation requirements. Grantees, subrecipients and developers shall ensure compliance with all requirements of VAWA including but not limited to: (a) Assure domestic violence survivors are not denied assistance as an applicant, or evicted, or have assistance terminated as a tenant because applicant or tenant is or has been a victim of domestic violence; (b) Implement an emergency transfer plan allowing domestic violence survivor to move to another safe and available unit; (c) Provide protections against denial, terminations, and evictions that directly result from being a victim of domestic violence; (d) Implement a low barrier certification process and allow self-certification of domestic violence.

- 17.** The Housing and Community Development Act of 1974, as amended, and the regulations issued thereto;
- 19.** Executive Order 11063, as amended by Executive Order 12259, and implementing regulations at 24 CFR Part 107;
- 20.** Section 504 of the Rehabilitation Act of 1973 (PL 93-112), as amended, and implementing regulations;
- 21.** The Age Discrimination Act of 1975 (PL 94-135), as amended, and implementing regulations;
- 22.** The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42;
- 23.** The labor standard requirements as set forth in 24 CFR Part 570, Subpart K and HUD regulations issued to implement such requirements;
- 24.** Executive Order 11988 relating to the evaluation of flood hazards and Executive Order 11288 relating to the prevention, control and abatement of water pollution;
- 25.** The flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (PL 93-234);
- 26.** Title VI of the Civil Rights Act of 1964 (PL 88-352) and implementing regulations issued at 24 CFR Part 1;
- 27.** Title VIII of the Civil Rights Act of 1968 (PL 90-284) as amended;
- 28.** The lead-based paint requirements of 24 CFR Part 35 issued pursuant to the Lead-based Paint Poisoning Prevention Act (42 USC 4801, et seq.).
- 30.** The lead-based paint requirements of 24 CFR Part 35 issued pursuant to the Lead-based Paint Poisoning Prevention Act (42 USC 4801, et seq.);
- 31.** The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), Public Law 111-22, Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371 et seq.), and the Housing and Community Development Act of 1974, as amended, and the regulations issued thereto;
- 32.** Executive Orders 11625, 12432 and 12138. Consistent with HUD's responsibilities under these Orders, the SUBRECIPIENT must make efforts to encourage the use of minority and women's business enterprises in connection with ESG activities;

33. SUBRECIPIENT shall establish and maintain a procedure through which homeless individuals will be informed that use of the facilities and services is available to all on a nondiscriminatory basis;

34. SUBRECIPIENT agrees to abide by and include in any subcontracts to perform work under this Agreement, the following clause:

"During the performance of this Agreement SUBRECIPIENT and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. SUBRECIPIENT and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. SUBRECIPIENT and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SUBRECIPIENT and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement."; and

35. During the term of this Agreement, SUBRECIPIENT and its subcontractors, if any, shall not deny the benefits rendered hereunder to any person on the basis of religion, color, ethnic group identification, sex, age, or physical or mental disability.

ATTACHMENT 2

RESOLUTION NO. 2025-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AUTHORIZING THE ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR FISCAL YEAR 2025/26

WHEREAS, the City of Canyon Lake receives an annual allocation of Community Development Block Grant (CDBG) funds from the Riverside County Housing and Workforce Solutions (HWS); and

WHEREAS, the City's 2025-2026 CDBG allocation is estimated to be \$21,826; this allocation is based upon updated information from HUD and is subject to change; and

WHEREAS, the City will advertise for eligible public service agencies to apply for the public service allocation representing an estimated 15% of the CDBG funding or approximately \$3,274; and

WHEREAS, the City Council will make the final funding decisions based on the city's priority community development needs.

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 Council authorizes the allocation of \$21,826 of CDBG funds for FY 25/26.

Section 3. 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 4. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 8th day of January 2025.

Mark Terry, Mayor

ATTEST:

Sheryl L. Garcia, MMC, CPM
City Clerk



ITEM NO. 7

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Steven Graham, City Attorney

DATE: January 8, 2025

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute Amendments to Existing Community Benefit Agreements to Set the Community Benefit Rate Attributable to Gross Revenue of Commercial Cannabis Businesses at Six Percent (6%) of Gross Revenues

Recommendation

Adopt Resolution No. 2025-04 authorizing the City Manager to execute amendments to existing Community Benefit Agreements (CBAs) to establish a community benefit contribution rate of six percent (6%) of gross revenues for all commercial cannabis businesses operating within the City of Canyon Lake.

Background

The City of Canyon Lake has established regulations for commercial cannabis businesses under Chapter 4.20 of the Canyon Lake Municipal Code. As part of these regulations, Section 4.20.110 requires qualified applicants for commercial cannabis business permits to negotiate and execute Community Benefit Agreements (CBAs). These agreements are designed to balance the private benefits received by cannabis businesses with public benefits to the community, including financial contributions.

Currently, there is no standardized community benefit contribution rate applied to all commercial cannabis businesses operating within the City. Establishing a consistent rate is necessary to ensure that community benefits are equitably distributed and sufficient to mitigate potential impacts of cannabis operations.

Discussion

Following a comprehensive review of community benefit contribution rates in neighboring jurisdictions within Riverside County, City staff recommends adopting a standardized rate of six percent (6%) of gross revenues for all commercial cannabis businesses. This rate is competitive within the regional market and reflects best practices in balancing community impacts and business viability.

The proposed rate will support public services, address community impacts, and ensure neighborhood compatibility, while maintaining an equitable framework for businesses. Additionally, this rate provides a clear and consistent standard for future CBAs and aligns with the City's regulatory goals under Chapter 4.20 of the Municipal Code.

The proposed resolution authorizes the City Manager to amend existing CBAs to incorporate the six percent (6%) rate, ensuring consistent application across all cannabis businesses operating in the City.

Establishing a six percent (6%) community benefit contribution rate ensures the City receives a fair and reasonable share of the financial benefits generated by commercial cannabis businesses. This approach balances community needs, protects neighborhood compatibility, and provides a competitive yet equitable standard for business operations within the City.

Fiscal Impact

Adopting the six percent (6%) community benefit rate will provide an ongoing revenue source to support City services and mitigate community impacts associated with commercial cannabis operations.

Attachments

1. Resolution No. 2025-04

ATTACHMENT 1

RESOLUTION NO. 2025-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENTS TO EXISTING COMMUNITY BENEFIT AGREEMENTS PURSUANT TO CANYON LAKE MUNICIPAL CODE SECTION 4.20.110 TO SET THE COMMUNITY BENEFIT RATE ATTRIBUTABLE TO GROSS REVENUE OF COMMERCIAL CANNABIS BUSINESSES AT SIX PERCENT (6%) OF GROSS REVENUES

WHEREAS, the City of Canyon Lake (“City”) has adopted regulations for commercial cannabis businesses under Chapter 4.20 of the Canyon Lake Municipal Code; and

WHEREAS, Section 4.20.110 of the Municipal Code provides for the negotiation and execution of Community Benefit Agreements (“CBAs”) with qualified applicants for commercial cannabis business permits; and

WHEREAS, CBAs are intended to ensure that private benefits received by a commercial cannabis business are balanced by commensurate public benefits to the community, including financial contributions attributable to the gross revenues of such businesses; and

WHEREAS, the City Council of Canyon Lake (“City Council”) finds it necessary to establish a consistent and reasonable community benefit contribution rate to support public services, mitigate community impacts, and ensure neighborhood compatibility; and

WHEREAS, after careful review of tax rates and community benefit contributions imposed on commercial cannabis businesses in neighboring jurisdictions within Riverside County, the City Council has determined that a rate of six percent (6%) of gross revenues is both competitive and equitable; and

WHEREAS, the proposed six percent (6%) rate is consistent with regional standards and ensures the City receives a fair and reasonable share of community benefits to offset potential impacts of commercial cannabis operations; and

WHEREAS, the City Council desires to authorize the City Manager to execute amendments to any existing Community Benefit Agreements to establish the community benefit rate attributable to gross revenues at six percent (6%).

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 Council hereby authorizes the City Manager to execute amendments to any existing Community Benefit Agreements adopted pursuant to Canyon Lake Municipal Code Section 4.20.110 to establish a community benefit rate of six percent (6%) of gross revenues for all commercial cannabis businesses operating within the City.

Section 3. The City Council finds that the six percent (6%) rate is justified and reasonable based on comparative rates in neighboring jurisdictions in Riverside County and ensures the City's interests are protected while maintaining competitiveness for commercial cannabis businesses.

Section 4. 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 5. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 8th day of January 2025.

Mark Terry, Mayor

ATTEST:

Sheryl L. Garcia, MMC, CPM
City Clerk



STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, City Clerk

DATE: January 8, 2025

SUBJECT: Designation of Voting Delegates for the Southern California Association of Governments (SCAG) 2025 Regional Conference and General Assembly

Recommendation

Designate a delegate and alternate for the Southern California Association of Governments (SCAG) 2025 Regional Conference and General Assembly.

Background/Discussion

SCAG's 2025 Regional Conference and General Assembly will be held on May 1-2, 2025, 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 24-25 adopted operating budget.

Attachments

None.



ITEM NO. 9

STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Steven Graham, City Attorney

DATE: January 8, 2025

SUBJECT: Introduction and First Reading of Ordinance No. 251 - An Ordinance of the City Council of the City of Canyon Lake, California, to Repeal Chapter 2.28, Disaster Operation and Relief, of the Canyon Lake Municipal Code and Replace With a New Chapter 2.28, Emergency Organization and Functions

Recommendation

Waive full reading and introduce by title only Ordinance No. 251 - An Ordinance of the City Council of the City of Canyon Lake, California, to Repeal Chapter 2.28, Disaster Operation and Relief, of the Canyon Lake Municipal Code and Replace With a New Chapter 2.28, Emergency Organization and Functions.

Background

In accordance with the California Emergency Services Act (Title Two, Division One, Chapter Seven of the Government Code, commencing with Section 8585.5), the City must establish a clear framework for emergency management. The proposed ordinance ensures that the City is in full compliance with state law and also provides a structure for effectively managing and responding to emergencies that may threaten the safety of persons and property within the City.

The City's existing emergency ordinance, set forth in Title 2, Chapter 2.28 of the Canyon Lake Municipal Code, was initially adopted by the City Council in 1992. Adoption of an updated policy is crucial to ensure that the City's emergency management practices remain relevant and effective in addressing modern challenges. Since 1992, there have been significant advancements in emergency management strategies, technology, and coordination efforts, as well as changes in state and federal regulations. An outdated policy may no longer reflect current best practices, legal requirements, or the resources available to respond to

emergencies. By adopting a new policy, the City can enhance its preparedness, improve coordination with other agencies, and ensure a more effective and efficient response to emergencies, ultimately safeguarding the community and minimizing potential risks to public safety.

Discussion

The proposed ordinance creates a structure for the City's emergency management activities, including the designation of a local emergency organization, responsibilities for emergency functions, and authority for responding to declared emergencies. The ordinance emphasizes coordination with state, federal, and private entities to ensure a comprehensive and unified approach to emergency management. This system will not only ensure the safety of residents but also streamline the City's ability to access resources and support during large-scale emergencies.

Specifically, the proposed ordinance aims to:

- Adhere to the provisions of the California Emergency Services Act, ensuring the City's legal obligation to maintain an organized and effective emergency management system.
- Facilitate the preparation and implementation of plans for the protection of people and property in the event of an emergency, ensuring the City is ready to respond to natural disasters, man-made events, and other emergencies.
- Define the direction and coordination of the emergency organization, establishing clear responsibilities for City staff and agencies in emergency situations.
- Promote coordination between the City's emergency organization and other public agencies, corporations, private organizations, and individuals to enhance the City's overall preparedness and response efforts.

Fiscal Impact

There is no immediate fiscal impact associated with adopting this ordinance. The ordinance lays the foundation for more efficient use of existing resources and may support future funding opportunities for emergency management grants and programs.

Attachments

1. Ordinance No. 251

ATTACHMENT 1

ORDINANCE NO. 251

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, TO REPEAL CHAPTER 2.28, DISASTER OPERATION AND RELIEF, OF THE CANYON LAKE MUNICIPAL CODE AND REPLACE WITH A NEW CHAPTER 2.28, EMERGENCY ORGANIZATION AND FUNCTIONS

WHEREAS, in accordance with the California Emergency Services Act (Title Two, Division One, Chapter Seven of the Government Code, commencing with Section 8585.5), the City of Canyon Lake must establish a clear framework for emergency management; and

WHEREAS, this ordinance will ensure that the City is in full compliance with state law and provide a structure for effectively managing and responding to emergencies that may threaten the safety of persons and property within the City; and

WHEREAS, this ordinance defines the direction and coordination of the emergency organization, establishing responsibilities for City staff and outside agencies in emergency situations while promoting coordination between the City's emergency organization and other public agencies, corporations, private organizations, and individuals to enhance the City's overall preparedness and response efforts.

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

Section 1. **Incorporation.** The above recitals are all true and correct and are incorporated herein by this reference.

Section 2. **CEQA Exemption.** The adoption of this Ordinance is not subject to review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301, subdivision (b)(3) because there is no possibility the activity in question may have a significant effect on the environment.

Section 3. **Municipal Code Amendment – Chapter 2.28.** Chapter 2.28, Disaster Operation and Relief, of the City of Canyon Lake Municipal Code, is hereby repealed and replaced with a new Chapter 2.28, Emergency Organization and Functions, as provided in Exhibit "A", attached hereto and incorporated herein by reference.

Section 4. **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 5. **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 6. **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 7. **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 _____ 2025.

Mark Terry, Mayor

ATTEST:

APPROVED AS TO FORM:

Sheryl Garcia, MMC, CPM
City Clerk

Steven Graham, City Attorney

EXHIBIT "A"

**Chapter 2.28
Emergency Organization and Functions**

2.28.010 Purposes.

The declared purposes of this chapter are to comply with the provisions of the California Emergency Services Act, Title Two, Division One, Chapter Seven of the Government Code of the State of California (commencing with Section 8585.5 or successor legislation) and to provide for the preparation and carrying out of plans for the protection of persons and property within this City in the event of an emergency; the direction of the emergency organization; and the coordination of the emergency functions of this City with all other public agencies, corporations, organizations, and affected private persons.

2.28.020 Definition of Emergency.

As used in this chapter "Emergency" shall mean the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, or earthquake, or other conditions, including conditions resulting from war or imminent threat of war, but other than conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of this City, requiring the combined forces of other political subdivisions to combat. A declared emergency by the City Council shall continue until rescinded by the City Council.

2.28.030 Director and Assistant Director of Emergency Services.

- (a) There is hereby created the Office of Director of Emergency Services. The City Manager shall be the Director of Emergency Services.
- (b) There is hereby created the Office of Assistant Director of Emergency Services, who shall be appointed by the Director of Emergency Services.

2.28.040 Emergency Plan.

- (a) The Director of Emergency Services shall develop and recommend for adoption by the City Council emergency and mutual aid plans and agreements and such ordinances and resolutions and rules and regulations as are necessary to implement such plans and agreements.
- (b) The Director of Emergency Services shall be responsible for the development of the City of Canyon Lake Emergency Plan, which plan shall provide for the effective mobilization of all of the resources of the City, both public and private, to meet any condition constituting a local emergency, state of emergency, or state of war emergency; and shall provide for the organization, powers and duties, services, and staff of the emergency organization. Such plan shall take effect upon adoption by resolution of the City Council.

2.28.050 Powers and Duties of the Director and Assistant Director of Emergency Services.

(a) The Director of Emergency Services is hereby empowered to:

(1) Request the City Council to proclaim the existence or threatened existence of a local emergency if the City Council is in session, or to issue such proclamation if the City Council is not in session. Whenever a local emergency is proclaimed by the Director, the City Council shall take action to ratify the proclamation within seven days thereafter or the proclamation shall have no further force or effect.

(2) Request the Governor to proclaim a State of Emergency when, in the opinion of the Director, the locally available resources are inadequate to cope with the emergency.

(3) Control and direct the effort of the emergency organization of this City for the accomplishment of the purposes of this section.

(4) Direct cooperation between and coordination of services and staff of the emergency organization of this City and resolve questions of authority and responsibility that may arise between them.

(5) Represent this City in all dealings with public or private agencies on matters pertaining to emergencies as defined herein.

(6) In the event of the proclamation of a local emergency as herein provided, the proclamation of a state of emergency by the Governor or the Secretary of the California Emergency Management Agency, or the existence of a state of war emergency, the Director is empowered to:

A. Make and issue rules and regulations on matters reasonably related to the protection of life and property as affected by such emergency; provided, however, such rules and regulations must be confirmed at the earliest practicable time by the City Council;

B. Obtain vital supplies, equipment, and such other properties found lacking and needed for the protection of life and property, and to bind the City for the fair value thereof and, if required immediately, to commandeer the same for public use;

C. Require emergency services of any City officer or employee and in the event of the proclamation of a State of Emergency in the County in which this City is located or the existence of a State of War Emergency, to command the aid of as many citizens of this community as he/she deems necessary in the execution of his/her duties; such persons shall be entitled to all privileges, benefits, and immunities as are provided by State law for registered disaster service workers;

D. Requisition necessary personnel or material of any City department or agency; and

E. Execute all of the ordinary powers of City Manager, all of the special powers conferred upon him/her by this section or by resolution or emergency plan pursuant hereto adopted by the City Council, all powers conferred upon him/her by any statute, by any agreement approved by the City Council, and by any other lawful authority.

(b) The Emergency Operations Center Director shall designate the order of succession to that office, to take effect in the event the Director is unavailable to attend meetings and otherwise perform his/her duties during an emergency. Such order of succession shall be approved by the City Council.

(c) The Assistant Director shall, under the supervision of the Director and with the assistance of Emergency Service Chiefs, develop emergency plans and manage the emergency programs of the City; and shall have such other powers and duties as may be assigned by the Director.

2.28.060 Emergency Organization.

All officers and employees of the City, together with those volunteer forces enrolled to aid them during an emergency, and all groups, organizations, and persons who may by agreement or operation of law, including persons impressed into service under the provisions of Section 2.28.050(a)(6), be charged with duties incident to the protection of life and property in the City during such emergency, shall constitute the emergency organization of the City of Canyon Lake.

2.28.070 Expenditures.

Any expenditures made in connection with emergency activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the City of Canyon Lake. This section modifies the City's normal purchasing practices to assure that, in both emergency and exigent circumstances caused by a proclaimed disaster or emergency, the City will be able to acquire the goods and services required to address an immediate threat to life, public health or safety, or to eliminate/reduce an immediate threat of significant damage to improve public and private property through cost-effective measures while still maintaining an effective purchasing process and complying with applicable local and State purchasing laws. Where the City is included in a major disaster or emergency declared by the President of the United States, this policy also assures that City procurements comply with Federal regulations applicable to FEMA disaster grant reimbursement as defined in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR Part 200).

(a) A proclaimed disaster or emergency exists if the Governor has declared a state of emergency for an area which includes the geographic territory of the City; or the City Manager of the City has declared an emergency in the City;

(b) "Exigent circumstances" are situations in which a disaster or emergency has been proclaimed, and the public exigency for goods and services required to address an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures will not permit competitive solicitation.

2.28.080 Delegations of Purchasing Authority in Exigent Circumstances.

If the City Manager determines that goods and services must be procured before the City Council or its designee(s) is able to assemble and approve purchases, the City Manager has authority, subject to the limitations set forth in subsections (a) and (b) of this section, to approve the immediate rental or purchase of any equipment, supplies, services or other items necessary to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures.

(a) Limits of Single Purchasing Authority. The City Manager shall have the authority to make purchases individually and in the aggregate of up to \$250,000 on his or her signature alone. The City Manager shall have the authority to make purchases in excess of \$250,000 up to a maximum of \$750,000 when approved by the Mayor.

(b) Purchases made during a proclaimed emergency or disaster may be taken from the reserve balance General Fund to the extent they exceed previously budgeted items.

(c) If the City Manager is not available, the Fire Chief shall have authority to rent or purchase from the nearest available source any equipment, supplies, services, or other items necessary to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures, up to a maximum of \$75,000.

2.28.090 Procurement Procedures in Exigent Circumstances.

Upon receipt of requisitions under Section 2.28.080, the Finance Director shall prepare purchase orders for the emergency equipment, supplies, services or other items in accordance with the requirements of this section and shall implement such competitive bidding procedures as in his or her judgment appropriate considering the circumstances.

2.28.100 Punishment of Violations.

It shall be a misdemeanor, punishable by a fine of not to exceed \$1,000, or by imprisonment for not to exceed six months, or both, for any person, during an emergency, to:

(a) Willfully obstruct, hinder, or delay any member of the emergency organization in the enforcement of any lawful rule or regulation issued pursuant to this section, or in the performance of any duty imposed upon him/her by virtue of this section.

(b) Do any act forbidden by any lawful rule or regulation issued pursuant to this section, if such act is of such a nature as to be given or be likely to give assistance to the enemy or to imperil the lives or property of inhabitants of the City, or to prevent, hinder, or delay the defense or protection thereof.

(c) Wear, carry, or display, without authority, any means of identification specified by the Emergency Agency of the State.