CITY COUNCIL AGENDA

City of Canyon Lake, California

Tuesday, February 17, 2026
Regular Meeting (Rescheduled) at 5:00 P.M.

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

CITY COUNCIL MEMBERS:

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

Public Comment: 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 card and provide it to the City Clerk prior to the start of public comment. The City Council has adopted a time limit of three (3) minutes per person. Comments on specific agenda items will be heard when the item is called. 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. Electronic comments may be submitted 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.
CEQA Notice: 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 Resources Code section 21065.
Council Agendas: The designated office for inspection of records is the Office of the City Clerk, Canyon Lake City Hall, 31516 Railroad Canyon Road, Canyon Lake, CA 92587. Complete agenda packets are available for public review at City Hall during normal business hours and on the City's website at www.canyonlakeca.gov.
ADA Notice: In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting or if you need agenda documents provided in an alternate format, please contact the City Clerk's Office at (951) 244-2955 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made.

REGULAR SESSION

CALL TO ORDER

INVOCATION

FLAG SALUTE

ROLL CALL
Castillo, Steeber, Terry, Welty, Smith

PUBLIC COMMENT (3 MINUTES)
Members of the public wishing to address the City Council on any matter within the City's jurisdiction are asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. Comments on specific agenda items will be heard when the item is called. Comments on Consent Calendar items will be heard prior to the City Council's consideration of that calendar. Each speaker is allowed (3) minutes to speak.

CONSENT CALENDAR
All items listed on the Consent Calendar are considered to be routine in nature and may be enacted in one motion. Individual items may be removed by a Council Member for separate discussion immediately after the adoption of the balance of the Consent Calendar. All ordinance titles are deemed to be read in their entirety and further reading waived on any ordinance listed on the Consent Calendar.

1. Approve Claims and Demands of the City

   Recommendation:
   Adopt Resolution No. 2026-09 Approving Claims and Demands of the City.

2. Approval of City Council Meeting Minutes

   Recommendation:
   Approve the minutes of the January 14, 2026, City Council meeting.

3. Consideration of an Invocation Policy for the City of Canyon Lake

   Recommendation:
   Adopt Resolution No. 2026-10 adopting an Invocation Policy for the City of Canyon Lake.

4. Receive and File - HCD Determination of Substantial Compliance with the City's 6th Cycle Housing Element

   Recommendation:
   Receive and file the report.

5. Receive and File - Quarterly Investment Report for the Quarter Ended December 31, 2025

   Recommendation:
   Receive and file the Quarterly Investment Report for the quarter ended December 31, 2025, in compliance with the City's Investment Policy.

6. Receive and File - Fiscal Year 2024-25 Audited Financial Statements and Related Reports

Recommendation:
Receive and file the Fiscal Year 2024-25 Annual Financial Statements and the related reports.

7. Receive and File - 2026 City Events Calendar

Recommendation:
Receive and file the 2026 City Events Calendar.

8. Receive and File - 2025 Canyon Lake Fire Department Annual Report

Recommendation:
Receive and file the 2025 Canyon Lake Fire Department Annual Report.

PULLED CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar for separate discussion will be considered at this time.

PUBLIC HEARINGS

9. Consideration of a Resolution Adopting an Advertising Policy and Fee Schedule for the City-Owned Monument Sign at 31790 Railroad Canyon Road

Recommendation:
(1) Open the public hearing and take public testimony; and (2) adopt Resolution No. 2026-11 approving the Advertising Policy and establishing the fee schedule for advertising on the City-owned monument sign.

BUSINESS ITEMS

10. (1) Adopt Urgency Ordinance No. 270 - An Urgency Ordinance of the City Council of the City of Canyon Lake, California, An Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location and Design of Cannabis Businesses; and (2) Introduction and First Reading of Ordinance No. 271 - An Ordinance of the City Council of the City Of Canyon Lake, California, an Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location And Design of Cannabis Businesses

Recommendation:
(1) Adopt Urgency Ordinance No. 270 - An Urgency Ordinance of the City Council of the City of Canyon Lake, California, an Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location and Design of Cannabis Businesses; and (2) introduce and read by title only Ordinance No. 271 - An Ordinance of the City Council of the City of Canyon Lake, California, an Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location And Design of Cannabis Businesses.

11. Review of the Fiscal Year 2025-26 Mid-Year Budget and Approval of Proposed Budget Adjustments

Recommendation:
Review the Fiscal Year 2025-26 Mid-Year Budget Report and approve the recommended budget adjustments.

CLOSED SESSION

CALL TO ORDER

ROLL CALL
Castillo, Steeber, Terry, Welty, Smith

PUBLIC COMMENT (3 MINUTES)
Members of the public wishing to address the City Council on any matter listed on the Closed Session agenda are asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. Comments are limited to Closed Session items only. Each speaker is allowed (3) minutes to speak.

DISCUSSION ITEMS
1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Pursuant to Government Code Section 54957: Title: City Manager

ADJOURNMENT

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 as of the date noted below, at least seventy-two (72) hours prior to the meeting per Government Code 54954.2, and as required by Resolution 2019-42.

Sheryl L. Garcia, MMC, CPM
City Clerk
Dated: February 12, 2026

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Elizabeth Luna, Accounting Specialist

DATE: 02/17/2026

SUBJECT: Approve Claims and Demands of the City

Recommendation:
Adopt Resolution No. 2026-09 Approving Claims and Demands of the City.

Background/Analysis:
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 January 14, 2026 .

Fiscal Impact Yes/No: No

Additional Fiscal Information:
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
2 - Claims and Demands Jan 2026

RESOLUTION NO. 2026-09

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 February 17, 2026; and

WHEREAS, Exhibit A was presented at the regular meeting of the City Council on February 17, 2026, at which all present, were given an opportunity to comment.

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

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. Demands are approved as shown on the Demand\Warrant Register of February 17th, in the amount of $1,326,898.35 as follows:

Payroll Earnings (Direct Deposit)	$239,671.01	(For Month of January)
Payroll Processing Fees	$1,065.40	(For Month of January)
Payroll Taxes - Employer & Employee	$66,737.71	(For Month of January)
Payroll CS	$1,192.56	(For Month of January)
On-line Retirement	$21,802.38	(For Month of January)
On-line Health	$29,428.19	(For Month of January)
Nationwide Deferred Comp.	$36,037.21	(For Month of January)
General	$930,963.89	(For Month of January)
Total	$1,326,898.35	

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 17th day of February 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

_____
Sheryl L. Garcia, MMC, CPM
City Clerk

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

Vendor ID	Invoice Description	Cash Required
Badge Frame, Inc.	Police Dept Signs	12,400.30
Cole Huber	Attorney Services/Human Resources November 2025	4,114.40
	Attorney Services/General November 2025	9,102.00
	Attorney Services/Litigation November 2025	559.00
Delgado	Janitorial Services for December 2025	1,819.20
HINDERLITER	Contract Services - Sales Tax (October-December 2025)	1,425.75
ICG	CL-003 Railroad Canyon Road HSIP Project 11/1/25-11/30/25	36,298.75
	CL-003 Railroad Canyon Road HSIP Project 9/29/25-9/30/25	720.00
	CL-001 General Engineering Services 11/1/25-11/30/25	3,628.75
John Hancock	EE & ER Contributions for Check Date 12/19/25	6,563.56
Ninyo & Moore	HSIP Project Materials Testing Services through Nov 28, 2025	5,785.50
PBK Golf Services	Battle of the Cities Golf Scramble Golf Rental & Green Fees	6,137.52
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Contract Law 9/18/25-10/15/25	179,354.20
VC3, Inc	IT Remote and Onsite Support December 2025	5,800.00
	Microsoft 365 & Office Extra File Services December 2025	1,389.60
Report Total		275,098.53

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

Vendor ID	Invoice Description	Cash Required
ABI	Fire Station Background Check for Healey	61.85
Aguirre	Ceiling & Wall Repairs to Rental-35142 RRCR	925.00
ALL AMERICAN ASPHALT	RRCR HSIP Safety Improvement CL-003 Pymt 2	255,521.33
All State Propane	Fire Station Propane	195.63
Anthony Wade	Reserve Stipend for December 2025	100.00
Castaneda	Refund of Balance of Conditional Use Permit 25-03	497.01
Cintas	Fire Station Weekly Mat Service, 12/16/25	49.08
	Fire Station Weekly Mat Service, 12/23/25	49.08
	Fire Station Weekly Mat Service, 12/30/25	49.08
	Fire Station Weekly Mat Service, 1/6/26	49.08
Clark Pest	Fire Station Monthly Pest Control January 2026	89.00
	Pest Control for Rental 31542 RRCR	260.00
	Fire Station Monthly Pest Control December 2025	89.00
Complete Paperless Solutions	Scanning of Building Records-6/24/24	7,375.00
Concentra	Fire Station Medical Exam for Rehberg	436.00
	Fire Station Medical Exam for Healey	364.00
Control Pump	Landscape Booster Monitor Station Report Dec 2025	421.31
CTAI	Landscape for Fire Station December 2025	263.00
Curtis	Fire Station Special Gloves-H. Sanchez	195.44
	Fire Station Repairs to Rehberg Turnout Coat	86.27
DATA TICKET	Monthly Parking Fees November 2025	100.00
	Code Enforcement Processing Fees November 2025	100.00
	EMS Response Fee November 2025	100.00
	Miscellaneous Fees on Invoices November 2025	100.00
DCS Testing	Fire Station Annual Hose Testing	3,000.00
Decker, Sean	Reserve Stipend for December 2025	300.00
DOJ	Fire Station Live Scans- Healey, Rehberg, & Ramirez	96.00
	Live Scans for Kayla H.	79.00
Edwards	Reserve Stipend for December 2025	100.00
FRIDAY FLYER	AB 2561 Public Hearing Notice, 1/2/26	58.75
Hernandez, Oscar	Reserve Stipend for December 2025	200.00
John Hancock	EE & ER Contributions for Check Date 1/2/2026	7,028.30
Kings III of America, LLC	Elevator Phone 1/1/26-3/31/26	232.50
Life-Assist	Fire Station Medical Supplies	157.21
Longobardo	Reserve Stipend for December 2025	100.00
Luke Jackson	Reserve Stipend for December 2025	200.00
Lundberg	Reserve Stipend for December 2025	300.00
Morrison, S	Reserve Stipend for December 2025	300.00
NFPA	Fire Station NFPA Subscription Renewal (ID #1075173)	225.00

Vendor ID	Invoice Description	Cash Required
OTIS	City Hall Maintenance Service Contract 1/1/2026 - 12/31/2026	6,015.48
Pacific Commercial Property	Sign and Posts Repairs/Replacements on RRCR, 12/19/25	3,450.00
PORAC RMT	PORAC Contributions for December 2025	600.00
PZL, Inc.	Planning Services for December 2025	4,060.00
Ramirez, J	Reserve Stipend for December 2025	250.00
Red White & Blue	Commercial Quarterly Maintenance Rental-31600 RRCR	275.00
	Commercial Quarterly Maintenance-Fire Station	150.00
	Commercial Quarterly Maintenance Rental-31542 RRCR	875.00
	Commerical Quarterly Maintenance-City Hall & Admin	931.00
ReNewell Fleet Service	Fire Station Repairs to E-1 Exhaust	3,873.98
	Fire Station Headlights for E-1	1,221.63
Riv Co Fire	Dispatch Services FY 25/26 Quarter 1	23,256.12
Riv Co TLMA	SLF - September 2025 Costs	4,046.70
SDRMA	Dental and Vision Insurance February 2025	2,104.44
STAPLES	Office Supplies for City Hall & Admin	391.29
State of CA	Annual Elevator Inspection, 12/15/2025	225.00
SUN BADGE	Fire Station Promotion Badge for Sasse	158.35
The Code	Plan Check Services 11/1/25 - 11/30/25	12,400.00
Underline	Refund for AB 1132 Collected Fees for PV Projects, 10/7/23	4,113.00
US Bank	See Credit Card Review, 12/6/25	240.27
Valdivia	Reimbursement for Mileage for Engineering Test, Valdivia	70.28
Van Scoyoc	Lobbying Services for December 2025	1,000.00
Willdan	Water Quality Services thru 11/28/25	1,975.00
Zoll	Fire Station Medical Supplies	119.12
Report Total		351,654.58

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

Vendor ID	Invoice Description	Cash Required
PLAT	Sewer Line Replacement and Concrete Restoration-31542 RRCR	13,015.87
Report Total		13,015.87

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

Vendor ID	Invoice Description	Cash Required
2 Hot Uniforms	Fire Station Uniform Shirts-Y. Soto	78.30
ABILA	Accounting Software 1/1/26-1/31/26	674.01
Aguirre	Repaired & Patched Storage & Electric Rooms-31542 RRCR	600.00
Amazon	Fire Station Supplies	107.38
	Fire Station Office Supplies	52.25
ANIMAL FRIENDS	Animal Control Services Month of February 2026	3,677.19
Arron Brown	Per Diem for Cal Cities City Mgr Conference 2/10/26-2/13/26	268.00
BIO-TOX	Blood Analysis, 11/21/2025	932.00
CBSC	Permit Valuation Through December 2025	119.70
Champion Trophy	Fire Station FF of the Year Supplies	25.86
	Fire Station Accountability Tags	155.16
Cintas	Fire Station Weekly Mat Service, 1/13/2026	49.08
	Fire Station Weekly Mat Service, 1/20/2026	49.08
CL MERCHANTS	2026 Assessments for Lots 15-17, 40, 41, 42, 50, 51, & 52	23,418.00
	2026 Assessments for Lots 15-17, 40, 41, 42, 50, 51, & 52	11,709.00
CL PROPERTY OWNERS	Firehouse Note Payment 25	9,359.57
Complete Paperless Solutions	2026 Laserfiche Subscription Renewal	9,960.00
Corelogic	Database for Code Enforcement December 2025	196.26
CPR Traning Centers	CPR/AED/First Aid Training to Staff	1,365.00
CR&R	Compost Procurement TGT 92.3TNS, 12/30/25	6,777.04
CTAI	Landscape Maintenance Fee for Medians & Parkway Jan 2026	5,014.00
	Landscape for Fire Station January 2026	263.00
Curtis	Fire Station Personal Protective Equipment- 2 Sets	9,622.08
Delgado	Janitorial Services for January 2026	1,819.20
DEPT OF CONSER	Strong Motion Instrumentation and Seismic Hazard Oct-Dec 25	318.73
DFM	City Clerks 2026 California Elections Code	94.61
DSA	Disability and Education Fee Quarter Ending 12/31/2025	209.60
Gladwell	Records Retention Legal Review, Update & Advice FY 25-26	350.00
GREENHALGH	Retiree Health Insurance February 2026	319.29
Nate Volk	Reissue Lost Check Dated 5/24/2023 for Video Broadcasting	350.00
PARS	Monthly Administrative Fees Ending November 2025	400.00
Pereda	Per Diem for CSMFO Conference 2/24/26-2/27/26	301.00
PORAC RMT	PORAC Contributions for January 2026	600.00
RAMS	Accounting Services for December 2025	10,352.69

Vendor ID	Invoice Description	Cash Required
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Contract Law 10/16/25-11/12/25	158,935.06
Safe Restraints, Inc.	WRAP Restraints Systems W/Helmet for Police Dept.	3,561.47
Shuster	Quarter 4 Advisory Fee 10/1/25-12/31/25	800.00
VC3, Inc	Microsoft 365 & Office Extra Files Services January 2026	1,393.80
West Coast Siding and Trim	Refund for Duplicate Online Charge for Business License	45.00
ZF	Fire Station Medical Direction October-December 2025	600.00
Report Total		264,922.41

City of Canyon Lake
Check/Voucher Register - Checks Prior Month
From 1/1/2026 Through 1/31/2026

Check Number	Vendor Name	Effective Date	Check Amount
EFT 1648	SOUTHERN CALIFORNIA EDISON	1/5/2026	1,182.10
EFT 1649	SOUTHERN CALIFORNIA EDISON	1/5/2026	346.74
EFT 1650	SOUTHERN CALIFORNIA EDISON	1/5/2026	466.38
EFT 1651	SOUTHERN CALIFORNIA EDISON	1/5/2026	662.00
EFT 1652	SOUTHERN CALIFORNIA EDISON	1/5/2026	14.52
EFT 1653	SOUTHERN CALIFORNIA EDISON	1/5/2026	17.57
EFT 1654	SOUTHERN CALIFORNIA EDISON	1/5/2026	886.67
EFT 1655	Standard Insurance Company	1/5/2026	128.50
EFT 1656	Standard Insurance Company	1/5/2026	35.69
EFT 1657	Standard Insurance Company	1/5/2026	160.43
EFT 1658	Standard Insurance Company	1/5/2026	139.31
EFT 1659	Standard Insurance Company	1/5/2026	27.90
EFT 1660	Standard Insurance Company	1/5/2026	9.30
EFT 1661	Standard Insurance Company	1/5/2026	285.80
EFT 1662	Aflac	1/5/2026	807.50
EFT 1663	Charter Communications	1/5/2026	290.57
EFT 1664	Cintas	1/5/2026	59.26
EFT 1665	Pitney Bowes Bank Inc. Purchase Power	1/5/2026	603.75
EFT 1666	SOUTHERN CALIFORNIA EDISON	1/12/2026	160.98
EFT 1667	SOUTHERN CALIFORNIA EDISON	1/12/2026	616.16
EFT 1668	Cintas	1/12/2026	59.26
EFT 1669	Bankcard Center	1/12/2026	335.73
EFT 1670	Cintas	1/12/2026	35.06
EFT 1671	Cintas	1/12/2026	59.37
EFT 1672	SC Fuels	1/12/2026	36.76
EFT 1673	SC Fuels	1/12/2026	183.50
EFT 1674	Toshiba America Business Solutions	1/13/2026	46.90
EFT 1675	Toshiba America Business Solutions	1/13/2026	323.02
EFT 1676	Charter Communications	1/15/2026	5.30
EFT 1677	Bankcard Center	1/17/2026	51.34
EFT 1678	Bankcard Center	1/17/2026	372.78
EFT 1679	Bankcard Center	1/17/2026	438.16
EFT 1680	Bankcard Center	1/17/2026	405.85
EFT 1681	Bankcard Center	1/17/2026	179.58
EFT 1682	Elan	1/20/2026	12,062.95
EFT 1683	SC Fuels	1/20/2026	357.19
EFT 1684	SC Fuels	1/20/2026	46.62
EFT 1685	SOUTHERN CALIFORNIA EDISON	1/20/2026	247.17
EFT 1686	The Gas Company	1/20/2026	222.71
EFT 1687	The Gas Company	1/20/2026	235.79
EFT 1688	ELSINORE VALLEY MUNI WATER DIS	1/20/2026	122.16
EFT 1689	ELSINORE VALLEY MUNI WATER DIS	1/20/2026	95.48
EFT 1690	ELSINORE VALLEY MUNI WATER DIS	1/20/2026	537.70
EFT 1691	ELSINORE VALLEY MUNI WATER DIS	1/20/2026	871.49
EFT 1692	ELSINORE VALLEY MUNI WATER DIS	1/20/2026	276.03
EFT 1693	Cintas	1/20/2026	57.37
EFT 1694	Sam.gov	1/26/2026	397.00
EFT 1695	Toshiba Financial Services	1/29/2026	742.04

EFT 1696	Toshiba Financial Services	1/29/2026	120.83
EFT 1697	CR&R	1/29/2026	223.18
EFT 1698	CR&R	1/29/2026	62.91
EFT 1699	SC Fuels	1/30/2026	124.04
EFT 1700	SC Fuels	1/30/2026	36.10
Report Total			26,272.50

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, Administrative Services Director/City Clerk

DATE: 02/17/2026

SUBJECT: Approval of City Council Meeting Minutes

Recommendation:
Approve the minutes of the January 14, 2026, City Council meeting.

Background/Analysis:
Minutes of City Council meetings are prepared by the City Clerk to serve as the official record of City Council actions. City Council approval of the minutes ensures the accuracy of the record before they are entered into the City's permanent archives.

Fiscal Impact Yes/No: No

Attachments:
1 - Minutes

MINUTES
REGULAR MEETING OF THE
CANYON LAKE CITY COUNCIL
Canyon Lake City Hall
31516 Railroad Canyon Road
Canyon Lake, CA 92587
Wednesday, January 14, 2026

Closed Session – 5:30 p.m.

CALL TO ORDER

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

ROLL CALL

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

Absent: None.

PUBLIC COMMENTS

There were no public comments

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1): Richard Beck v. City of Canyon Lake, 4th DCA Case No. D083322

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Pursuant to Government Code Section 54957: Title: City Manager

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

Open Session – 6:30 p.m.

CALL TO ORDER

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

INVOCATION

The Invocation was led by Council Member Smith.

FLAG SALUTE

Mayor Pro Tem Castillo led the Flag Salute.

ROLL CALL

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

Absent: None.

CLOSED SESSION REPORT

City Attorney Graham reported that there was no reportable action.

CEREMONIAL MATTERS

Mayor Smith presented an In Memoriam certificate to the family of Warren Kelsey.

CITY COUNCIL AND COMMITTEE REPORTS / COMMENTS

Council Member Steeber and Mayor Pro Tem Castillo reported on the Community Engagement Committee meeting held with staff. Council Member Steeber also reported on his appointment by the League of California Cities to the Transportation, Communication, and Public Works Policy Committee.

Mayor Pro Tem Castillo wished everyone a happy New Year and expressed enthusiasm for upcoming community initiatives in 2026.

Council Member Welty provided an update on Inland Empire regional matters, summarizing information from the T-Now and SCAG meetings.

Council Member Terry wished everyone a happy New Year, reported attendance at the WRCOG Strategic Planning meeting with Council Member Welty, and encouraged residents to attend Coffee at the Country Club held on the first Wednesday of each month.

Mayor Smith wished everyone a happy New Year and noted RTA is hiring bus drivers.

PRESENTATIONS

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

Board Vice President Jeff Bill provided an update provided an update on behalf of the Canyon Lake Property Owner's Association.

Vice President and Director of Events Rick Tobin provided an update on behalf of the Canyon Lake Chamber of Commerce

Chief LaTendresse provided an update on fire statistics.

Council Member Terry introduced the non-profit spotlight on behalf of His Little Feet Foundation.

PUBLIC COMMENT

Greg Langworthy provided an overview of the election and the role of the Riverside County Integrity Team in overseeing elections.

Renee Griffiths commented on the proposed pay schedule for the new Police Department.

Matt Piercy commented on reckless driving on Schooner Drive and nearby side streets.

CONSENT CALENDAR

Council Member Steeber pulled Item No. 5 for further consideration.

Mayor Smith pulled Item No. 6 for further consideration.

Motion and second by Council Member Terry/Council Member Welty to approve Consent Calendar Items 1-4.

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

1. Approve Claims and Demands of the City

Action taken: The City Council adopted Resolution No. 2026-01 Approving Claims and Demands of the City.

2. Approve a Resolution Authorizing the City Manager to Execute a Police Dispatch Services Agreement with the City of Hemet

Action taken: The City Council adopted Resolution No. 2026-02 authorizing the City Manager to execute a Police Dispatch Services Agreement with the City of Hemet.

3. Approval of City Council Meeting Minutes

Action taken: The City Council approved the minutes of the December 10, 2025, City Council meeting.

4. Adopt a Resolution Establish a Premium Pay Benefit for Part-time Employees In Lieu of the Public Agency Retirement System (PARS) Benefit

Action taken: The City Council adopted Resolution No. 2026-03 authorizing the establishment of a Premium Pay benefit for all part-time employees of 7.5% of base pay.

PULLED CONSENT CALENDAR ITEMS

5. Adopt a Resolution Approving the City's FY 2026/2027 Community Development Block Grant (CDBG) Funding Allocation

Council Member Steeber pulled this item for further discussion.

There were no public comments.

Motion and second by Council Member Welty/Council Member Steeber to adopt Resolution No. 2026-08 authorizing the allocation of Fiscal Year 26/27 Community Development Block Grant (CDBG) funding.

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

6. Approval of a First Amendment to the Amended and Restated City Manager Employment Agreement with Arron Brown

Mayor Smith pulled this item for further discussion.

City Attorney Grahm provided an oral report explaining that the amendment restructures compensation into a guaranteed annual lump-sum contribution paid in January, reduces administrative costs, and has no fiscal impact.

There were no public comments.

Motion and second by Council Member Terry/Mayor Pro Tem Castillo to: (1) approve the first amendment to the amended and restated City Manager Employment Agreement with Arron Brown; and (2) authorize the Mayor to execute the Amendment on behalf of the City.

Motion carried 4-1 with Mayor Pro Tem Castillo, Council Member Terry, Council Member Welty and Mayor Smith voting aye and Council Member Steeber voting no.

PUBLIC HEARINGS

7. Report on Employee Vacancies and Recruitment Efforts in Compliance with Assembly Bill 2561 and Approve Organizational Changes

Mayor Smith opened the public hearing at 7:54 p.m.

Administrative Services Senior Analyst Hernandez provided a presentation.

There was no public testimony.

Mayor Smith closed the public hearing at 7:58 p.m.

Motion and second by Council Member Terry/Mayor Smith to: (1) receive and file the AB 2561 annual report; and (2) adopt Resolution No. 2026-04 approving job descriptions, Resolution No. 2026-05 adopting Salary and Wage Schedules for Non-Safety Employees and Resolution No. 2026-06 adopting Salary and Wage Schedules for Safety Employees.

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

BUSINESS ITEMS

8. Approve the Establishment of a Facilities Maintenance/Capital Improvement Program (CIP) Contingency Account Within the City Manager's FY 2025/26 Budget

City Manager Brown provided a presentation.

Motion and second by Council Member Steeber/Council Member Welty to adopt Resolution No. 2026-07 establishing a Facilities Maintenance/CIP Contingency account in the City Manager's budget and appropriate $135,000 in one-time revenue for expenditures.

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

9. Designation of Voting Delegates for the Southern California Association of Governments (SCAG) 2026 Regional Conference and General Assembly

City Clerk Garcia provided a presentation.

Motion and second by Council Member Steeber/Council Member Terry to designate Council Member Welty as the delegate and Council Member Steeber as the alternate for the SCAG 2026 Regional Conference.

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

10. Consideration of Fees for the Emergency Medical Services Subscription Program for Fiscal Year 2026/2027 and Scheduling of Public Hearing

City Manager Brown provided a presentation.

Motion and second by Council Member Steeber/Council Member Terry to maintain the existing EMS Program fees for FY 2026/27 and set a public hearing for June 10, 2026.

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

CITY MANAGER COMMENTS

City Manager Brown thanked Administrative Services Senior Analyst Hernandez for her earlier presentation and expressed confidence in the City's lean and highly capable workforce.

ANNOUNCEMENTS

Mayor Smith announced that the regular City Council Meeting scheduled for February 11, 2026 was rescheduled to February 17, 2026**.**

ADJOURNMENT

At 8:11 p.m., Mayor Smith adjourned the meeting in honor of Warren Kelsey.

Respectfully submitted,

_____
Sheryl L. Garcia, MMC, CPM
City Clerk

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, Administrative Services Director/City Clerk

DATE: 02/17/2026

SUBJECT: Consideration of an Invocation Policy for the City of Canyon Lake

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Recommendation:
Adopt Resolution No. 2026-10 adopting an Invocation Policy for the City of Canyon Lake.

Background/Analysis:
Invocations have been a longstanding tradition in legislative bodies across the United States, serving to promote solemnity, reflection, and unity before public meetings. The U.S. Supreme Court has consistently upheld the constitutionality of invocations at public meetings, provided they adhere to principles of inclusivity, non-coercion, and neutrality toward religion. Landmark cases have clarified the permissible scope and implementation of legislative invocations under the First Amendment.

The City of Canyon Lake seeks to adopt a formal policy to guide the inclusion of invocations at City Council meetings and other official gatherings. This policy is designed to respect the diverse beliefs of the community, promote voluntary participation, and ensure legal compliance. Key provisions of the proposed policy include:

- Inclusivity and Respect: Invocations will be non-denominational and reflective of the community's diversity, avoiding language that proselytizes, disparages any faith, or advances a specific religion.
- Voluntary Participation: Participation in or attendance at the invocation will be entirely voluntary. No individual's participation or absence will influence official actions or decisions.
- Eligibility and Scheduling: Staff will compile a list of eligible speakers, including representatives of religious congregations, spiritual organizations, and secular groups within the City. Speakers will be scheduled to ensure fairness and diversity.
- Guidelines for Content: The content of the invocation will remain at the discretion of the speaker but must align with the principles of inclusivity and respect outlined in the policy.
- Legal Compliance: The policy adheres to federal and state legal standards, including the U.S. Constitution's First Amendment and relevant case law.

The adoption of this policy underscores the City's commitment to fostering an environment of mutual respect and inclusion while honoring the traditions of solemnizing public meetings. It also ensures that the City's practices remain consistent with constitutional principles and legal precedents.

Fiscal Impact Yes/No: No

Attachments:
1 - Resolution
2 - Policy

RESOLUTION NO. 2026-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ESTABLISHING AN INVOCATION POLICY FOR CITY MEETINGS

WHEREAS, the City Council recognizes the long-standing democratic tradition of opening legislative meetings with invocations intended to solemnize proceedings and invite reflection; and

WHEREAS, the City Council desires to ensure that invocations are conducted in a manner consistent with the United States Constitution, including principles of freedom of religion and non-establishment of religion; and

WHEREAS, the City Council seeks to adopt a policy that establishes guidelines for the purpose, scope, speaker eligibility, content, procedures, and legal compliance related to invocations at City meetings.

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

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The City Council hereby adopts the Invocation Policy attached hereto as Exhibit "A". The City Manager is authorized to amend the Policy from time to time with changes approved as to form by the City Attorney.

Section 3. In the event of a conflict between the Policy and the City's Employee Handbook and Personnel Policy Manual, the provisions of the Policy shall apply.

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 17th day of February 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

_____
Sheryl L. Garcia, MMC, CPM
City Clerk

Exhibit "A"

<u>Invocation Policy</u>

(to be attached)

Invocation Policy

Policy Information

Policy Number:	23
Adoption Date:	2/17/26
Effective Date:	2/17/26
Lead Department:	City Manager

Revision/Amendment History

Date	**Action** (Adopted / Amended / Rescinded)	**Resolution # / Approval**	**Notes**
2/17/26	Adopted	2026-	–

City of Canyon Lake

Invocation Policy

1. Intent and Purpose.

The City of Canyon Lake recognizes the long-standing democratic tradition of legislative bodies solemnizing through invocations. This policy ensures that invocations before City of Canyon Lake events are conducted in a manner consistent with constitutional principles of freedom of religion and non-establishment of religion while providing an opportunity for voluntary participation.

2. Policy Statement.

The City Council may open its meetings with an invocation for the purpose of acknowledging traditions, promoting solemnity, and inviting reflection. Invocations shall be inclusive, voluntary, and respectful of the diversity of beliefs represented within the City of Canyon Lake.

3. Scope and Applicability.

This policy applies to all meetings of the City Council and, where applicable, to meetings of any board, committee, or commission of the City of Canyon Lake.

4. Invocation Guidelines.

A. Voluntary Participation. Participation in or attendance for the invocation shall be completely voluntary. No person shall be required to participate, and no official action or decision shall be influenced by an individual's participation, presence, or absence. No invocational speaker shall receive compensation for his or her service.

B. Non-Denominational and Inclusive. Invocations should not proselytize, disparage any faith, or advance any particular religion. They should strive to be inclusive and respectful of the community's diversity, including individuals of different faiths and those with no religious affiliation.

C. Speaker Eligibility.

1. City Staff may compile a list of religious leaders, spiritual representatives, and community members that are located within or serve the City of Canyon Lake.

2. Any adult representative of an established religious congregation, spiritual organization, or secular/non-religious group located within the City of Canyon Lake may request to provide an invocation.

3. Individuals shall be scheduled in a manner that provides for fairness and diversity.

4. City Staff will invite individuals through fair and neutral criteria.

5. City Staff may also request participation from chaplains who serve the City of Canyon Lake Police and/or Fire Department or any nearby military facilities.

6. Any Council Member or City employee may voluntarily provide an invocation.

D. Content of Invocations.

1. The content of the invocation shall be left to the discretion of the speaker, within the boundaries of this policy.

2. The invocation may include a request for reflection, guidance, peace, unity, or solemnity.

3. The City Council shall not review or approve the content of any invocation.

E. No Endorsement. The invocation is not intended to serve as an endorsement or disapproval of any religion, belief, or non-belief by the City of Canyon Lake, its City Council, or staff.

5. Procedures.

A. Scheduling Speakers.

1. City Staff shall make reasonable efforts to contact and schedule individuals or groups willing to provide an invocation.

2. City Staff will maintain a record of scheduled and past speakers.

B. Time for Invocation.

1. The invocation shall take place prior to the official start of the City Council meeting.

2. Speakers shall limit their invocation to no more than 2 minutes.

C. Opt-Out Option. Council Members, staff, or attendees may choose whether to participate or step out during the invocation without consequence or stigma.

D. Notification. Prior to each City Council meeting, the meeting agenda shall include notice of the invocation and a statement clarifying the voluntary nature of participation.

6. Legal Compliance.

This policy shall be implemented in compliance with applicable federal and state law, including but not limited to the U.S. Constitution's First Amendment and relevant case law.

7. Adoption and Review.

This policy shall be adopted by the City Council and reviewed periodically to ensure continued compliance with legal standards and community needs.

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, Administrative Services Director/City Clerk

DATE: 02/17/2026

SUBJECT: Receive and File - HCD Determination of Substantial Compliance with the City's 6th Cycle Housing Element

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Recommendation:
Receive and file the report.

Background/Analysis:
The City adopted its 6th Cycle Housing Element for the 2021--2029 planning period on November 12, 2025, and submitted it to the California Department of Housing and Community Development (HCD) for review. HCD received the adopted Housing Element on December 15, 2025, in accordance with State law.

By letter dated December 15, 2025, HCD notified the City that its adopted 6th Cycle Housing Element has been found to be in substantial compliance with State Housing Element Law (Government Code section 65580 et seq.). This determination confirms that the Housing Element satisfies statutory requirements for the current planning cycle.

As noted in HCD's letter, the City will continue the timely and effective implementation of all Housing Element programs and actions and will monitor and report progress through the required Annual Progress Reports pursuant to Government Code section 65400.

No further action by the City Council is required at this time.

Fiscal Impact Yes/No: No

Attachments:
1 - HCD Letter

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
651 Bannon Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

JAN 12 2026 AM 11:38

December 31, 2025

Arron Brown, City Manager
City of Canyon Lake
31516 Railroad Canyon Road
Canyon Lake, CA 92587

Dear Arron Brown:

RE: City of Canyon Lake's 6th Cycle (2021-2029) Adopted Housing Element

Thank you for submitting the City of Canyon Lake's (City) housing element adopted November 12, 2025, and received for review on December 15, 2025 along with Resolution No. 2025-47 and Ordinance No. 266. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review.

HCD is pleased to find the adopted housing element in substantial compliance with State Housing Element Law (Gov. Code, § 65580 et seq) as of the date of this letter. The adopted element was found to be substantially the same as the revised draft element that HCD's February 7, 2025 review determined met statutory requirements. HCD's finding was based on, among other reasons, completion of Program 1.2b (Rezone and Lot Consolidation Program on Mixed-use Sites within the TCSP) to rezone sites to accommodate the regional housing need allocation (RHNA), as well as findings in Resolution 2022-09, adopted on February 9, 2022, demonstrating that existing uses on nonvacant sites in the inventory are not an impediment and will likely discontinue in the planning period.

Additionally, the City must continue timely and effective implementation of all programs including but not limited to the following:

- Program 1.2a: Facilitate the full buildout of the TCSP to accommodate RHNA
- Program 1.2b: Rezone and Lot Consolidation Program on Mixed-use Sites within the TCSP
- Program 1.2d: City-owned Sites/Surplus Land Act
- Program 2.1: Section 8 Housing Choice Voucher (HCV) Program
- Program 2.3: Lower-Income and Special Needs Housing Incentives Program
- Program 2.4: ADU Incentives Plan

- Program 2.5: Area Agency on Aging Outreach Program
- Program 2.7: Density Bonus Ordinance
- Program 3.1: Zoning Ordinance Amendments
- Program 3.2: Reasonable Accommodation Procedure
- Program 3.3: SB 35 Streamlining Information
- Program 3.4: Support the Development of a Variety of Housing Types
- Program 4.2: Homeowner Housing Rehabilitation Program
- Program 5.1: AFFH Outreach Program
- Program 5.3: Affirmative Fair Housing (AFHM) Marketing Plan
- Program 5.4: Displacement Risk Program
- Program 5.5: Transit Expansion Program
- Program 5.6: Equitable Quality of Life Program

The City must monitor and report on the results of these and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, Government Code section 65585, subdivision (i) grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government's actions do not comply with state law.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities program, HCD's Prohousing Designation Program, HCD's Prohousing Incentive Program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City meets housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Land Use and Climate Innovation at: https://www.lci.ca.gov/planning/general-plan/guidelines.html.

HCD appreciates the hard work and dedication of the housing element team in the update and review of the housing element. HCD wishes the City success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section

65400. If HCD can provide assistance in implementing the housing element, please contact Clare Blackwell, of our staff, at Clare.Blackwell@hcd.ca.gov.

Sincerely,

Melinda Coy
Proactive Housing Accountability Chief

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Terry Shea, Finance Director

DATE: 02/17/2026

SUBJECT: Receive and File - Quarterly Investment Report for the Quarter Ended December 31, 2025

Recommendation:
Receive and file the Quarterly Investment Report for the quarter ended December 31, 2025, in compliance with the City's Investment Policy.

Background/Analysis:
The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended December 31, 2025. This report is in compliance with the California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All the investments contained within the portfolio are in full compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. It is recommended that the City Council receive and file the attached Quarterly Investment Report.

The City maintains a portfolio of investments in order to earn interest in cash balances that are not currently required to fund operations. California Government Code Sections 53601 and 53646 establish the types of investments allowed, the governing restrictions on these investments, the third-party custodian arrangement for certain investments, and the reporting practices related to the portfolios of local agencies. In keeping with best practices, the City has implemented an Investment Policy, which was last reviewed by the City Council on September 13, 2023. The policy is in full compliance with the requirements of both of the above-mentioned Code Sections.

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended December 31, 2025. The report complies with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All the investments contained within the portfolio are in full compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. As stated in the attached report, there is more than adequate liquidity within the portfolio for the City to meet its budgeted expenditures over the next six months.

The City's investment policy has set the primary goals of the portfolio management as Safety and Liquidity followed by Yield. The City's cash flow requirements are evaluated on an ongoing basis, with short-term needs accommodated through the City's pooled investment funds with Local Agency Investment Fund (LAIF) and Citizens Trust Allspring Funds Trust Government Money Market Funds. LAIF is a pool of public funds managed by the State Treasurer of California, providing 24-hour liquidity while yielding a rate of return approximately equivalent to a one-year treasury bill. With the combined use of a conservative approach to evaluating cash flow needs and LAIF and the Allspring Funds Trust

Government Money Market liquidity, the City will not have to liquidate securities at current market rates that are intended to be held for longer-term investment.

The table below shows the portfolio average yield to maturity for the quarter ending December 31, 2025, compared to the quarter ending December 31, 2024.

	Portfolio Balance At Cost	Average Yield to Maturity December 31,	
		2025	2024
Investments	$ 5,827,638	3.54%	3.60%

Fiscal Impact Yes/No: No

Attachments:
1 - Schedule of Investments
2 - Investment Policy
3 - Citizens Bank Statement
4 - Multi Bank Securities Statement

City of Canyon Lake
Schedule of Investments
as of December 31, 2025

Institution	Par Value	Book Value Price @ Cost	(Fair Value) Market Value	Yield	Purchase Date	Maturity Date
ACTIVE DEPOSITS						
Money Market Accounts:						
Citizens Business Bank - Money Market	$ 313,797.00	$ 313,797.00	$ 313,797.00	0.100%	N/A	N/A
Total Money Market	**$ 313,797.00**	**$ 313,797.00**	**$ 313,797.00**			
Pooled Investment Accounts:						
Local Agency Investment Fund	$ 11,658.00	$ 11,658.00	$ 11,658.00	4.025%	N/A	N/A
Total Pooled Investment	**$ 11,658.00**	**$ 11,658.00**	**$ 11,658.00**			
Multi-Bank Securities						
Cash Balance	$ 7,683.01	$ 7,683.01	$ 7,683.01	0.000%	N/A	N/A
Kemba Financial Credit Union CD	249,000.00	249,000.00	249,202.00	3.700%	10/23/25	10/23/26
Wells Fargo Bank CD	210,000.00	210,000.00	210,088.00	3.650%	10/23/25	10/23/26
Transportation Alliance Bank CD	249,000.00	249,000.00	249,080.00	3.650%	10/23/25	04/23/27
Seven Seventeen Credit Union CD	247,000.00	247,000.00	247,553.00	3.800%	10/24/25	04/26/27
Vibrant Credit Union CD	249,000.00	249,000.00	249,558.00	3.800%	10/27/25	04/26/27
California Credit Union CD	245,000.00	245,000.00	245,510.00	3.800%	10/28/25	04/28/27
Dort Financial Credit Union CD	247,000.00	247,000.00	247,269.00	3.700%	10/28/25	04/28/27
Live Oak Bank CD	249,000.00	249,000.00	249,075.00	3.650%	10/28/25	04/28/27
First Freedom Bank CD	210,000.00	210,000.00	210,088.00	3.650%	10/23/25	10/23/26
Total MBS	**$ 2,162,683.01**	**$ 2,162,683.01**	**$ 2,165,106.01**			
Citizens Trust:						
Allspring Funds TR Government MMKT	$ 2,568,320.72	$ 2,568,320.72	$ 2,568,320.72	4.500%	N/A	N/A
Federal Home Loan Bank	150,000.00	150,000.00	149,348.00	0.650%	02/24/21	02/24/26
Federal Home Loan Bank	150,000.00	150,000.00	147,512.00	1.050%	08/26/21	08/26/26
Federal Farm Credit Bank	100,000.00	99,925.00	98,188.00	0.900%	08/26/21	08/26/26
Federal Home Loan Bank	150,000.00	150,000.00	149,352.00	0.780%	02/26/21	02/26/26
Federal Home Loan Bank	100,000.00	100,000.00	99,055.00	1.000%	08/12/21	05/12/26
Apple Inc.	125,000.00	121,254.58	124,600.00	3.350%	02/23/23	02/09/27
Total Citizens Trust	**$ 3,343,320.72**	**$ 3,339,500.30**	**$ 3,336,375.72**			
ACTIVE DEPOSITS TOTAL	**$ 5,831,458.73**	**$ 5,827,638.31**	**$ 5,826,936.73**	Effective Interest Rate		**3.54%**
Unrealized Gains (Losses)			**$ (701.58)**			
INACTIVE DEPOSITS						
Checking Account:						
Citizens Business Bank - Checking		$ 1,043,288.43	$ 1,043,288.43	0.000%	N/A	N/A
Citizens Business Bank - Rental		9,170.88	9,171.00	0.000%	N/A	N/A
California Bank & Trust - Checking		8,016.82	8,016.82	0.000%	N/A	N/A
Investment in Real Estate		2,222,501.37	2,222,501.37	0.000%	N/A	N/A
Total		**$ 3,282,977.50**	**$ 3,282,977.62**	0.000%		
INACTIVE DEPOSITS TOTAL		**$ 3,282,977.50**	**$ 3,282,977.62**			
GRAND TOTAL CASH		**$ 9,110,615.81**	**$ 9,109,914.35**			

Per Government Code requirements, the Investment Report is in compliance with the City of Canyon Lake's Investment Policy, and there are adequate funds available to meet budgeted and actual expenditures for the next six months.

Terry Shea
12/31/2025

INVESTMENT POLICY

The City of Canyon Lake has adopted the following policy for the investment of City funds.

I. The Legal Authority

The Authority governing investments for the City of Canyon Lake is set forth in the California Government Code, sections 53601 et. Seq. The City Treasurer is granted authority to make investments on behalf of the City.

Government Code Section 53607 states ".....the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transaction to the legislative body."

Government Code Section 53649 states "...the treasurer is responsible for the safekeeping of money in his custody and shall enter into any contract with a depository relating to any inactive deposits which in his judgment is to the public advantage." The City Treasurer will enter into purchases subject to this policy and at the direction of City Council.

In addition, Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate the full responsibility to the treasurer of the local agency.

II. Investment Objectives

A. The purpose of this policy is to provide guidelines for the investment of the City's funds based upon State law and prudent money management. This policy is designed according to the specific needs of the City of Canyon Lake. The ultimate goal is to enhance the economic status of the City while ensuring the safety of funds.

B. The City holds to the "prudent investor rule" in that investments shall be made with a degree of judgment and care, not for speculation, but considering the safety of the monies and acting as a custodian of the public trust. Related activities, which comprise good cash management, include cash projections, the expeditious collection of revenue, disbursement control and a cost effective banking relationship.

C. The investment of the funds of the City of Canyon Lake shall be guided by the goals of safety, liquidity, diversification and return on investments in that order of priority.

Safety: Safety of principal is the foremost objective of the City of Canyon Lake. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk; credit risk and market risk.

> Credit Risk - Credit Risk; defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be the highest as rated by nationally known rating agencies and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.
>
> Market Risk - Market risk, the risk of the market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature earlier than or concurrent with the timing of major cash outflows, thus eliminating the need to sell securities prior to their maturity; (b) prohibiting the use of leverage or margin accounts; (c) prohibiting the taking of short positions, that is, selling securities which the City does not own; (d) prohibiting the use of reverse repurchase agreements and repurchase agreements; and (e) prohibiting the use of "inverse floaters". It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured loses are inevitable, and must be considered within the context of the overall investment return.

Liquidity: The City's financial portfolio must be structured in a manner which will provide that securities mature at approximately the same time as cash is needed to meet anticipated demands.

Return on Investments: The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

III. Deposits/Authorized Investments

A. Deposits

Money must be deposited in State or national banks, State or Federal savings associations, or State or Federal Credit unions within the State. It may be in inactive

deposits, active deposits or interest-bearing active deposits. The FDIC must insure the first $250,000 of a deposit.

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letter of credit drawn on the Federal Home Loan Bank (FHLB).

B. Authorized Investments

General Guidelines that the City should follow in managing its investments are as follows:

- No investment will be purchased which matures more than five years from the date of purchase without the prior approval of the City Council.
- Maturities of individual investments shall be diversified, attempting to match, where possible, cyclical cash flow requirements.
- The use of callable securities is permitted.

To reduce overall portfolio risk while attempting to attain market value rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified cross types of investments, maturities of those investments, and institutions in which those investments are made. Generally, the portfolio is to be invested in Federal Agency securities, with a modest addition of high-grade Medium Term Corporate Notes, Certificates of Deposit (CD's), U.S. Treasuries and Commercial Paper.

The City specifically prohibits investments in Bonds issued by other local agencies, Reverse Repurchase Agreements and Derivatives (Interest rate floaters, range notes, interest-only strips)

Permitted Investments Per City Policy:

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws.

The City's specific permitted investment guidelines are listed below. It should be noted that the City's permitted investments are moderately more restrictive than the State guidelines. Attachment A provides a summary of the State of California Statues Applicable to Municipal Investments and a Glossary.

PERMITTED INSTRUMENTS	CITY GUIDELINES
State or County Investment Pool (LAIF)	LAIF $75,000,000 / 50% of portfolio maximum

Federally Insured Banks/Time Deposits	5 Years / No limit
U.S. Treasuries	5 Years / No limit
Government Sponsored Enterprises *(US Agencies)	5 Years / No limit
Bankers Acceptances	180 Days / 10% max / 5% per issuer
Commercial Paper	270 Days / 10% max / 10% per issuer combined
Medium-Term Notes	5 Years / 15% max / 5% per issuer combined / 10% max by sector classification
Negotiable Certificates of Deposit	5 Years / 30% max / lesser of 5% or $1 million per issuer
Repurchase Agreements	1 Year / 10% max Only with Master Repurchase Agreement / Daily mark to market valuation
Money Market Mutual Funds	10% max / $500 million assets / 5% per issuer
Reverse Repurchase Agreements	Not Allowed
California State Obligations	Not Allowed
California Local Obligations	Not Allowed
Mutual Funds	Not Allowed
Mortgage Pass Through	Not Allowed

IV. Investment Program Controls

A. Separation of Reconciliation. A separation of responsibilities of reconciling bank statements and conducting investment transactions provides an internal control of checks and balances. Only individuals authorized by the City Manager and City Clerk may conduct investment transactions. Consequently, individuals responsible for reconciling bank statements may not conduct investment transactions.

B. Third Party Safekeeping Agreements. Contractual agreement between the City and third-party custodian public investment agencies (LAIF) is used to secure City invested funds.

C. Quarterly Treasurer's Report. The City Treasurer shall submit a quarterly investment report to the City Council. This report shall include types of investment, investment ratings, institutions involved, dates of purchases, dates of maturity, amount of deposits or cost of the security, current market value of securities, interest rates, investment fund balances and a statement that there are sufficient funds to meet the City's cash obligations.

D. Annual Policy Review. The City Manager shall review the City's investment policies annually and as needed to make recommendations for improvements to the City Council.

ATTACHMENT A:

Summary of State of California Statutes Applicable to Municipal Investment

The following investments are authorized by California State Code, Title 5, Division 2, Sections53600 et seq. and 16429.1.

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2023)[A] APPLICABLE TO ALL LOCAL AGENCIES[B]

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY[C]	MAXIMUM SPECIFIED % OF PORTFOLIO[D]	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations–CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%[E]	None	53601(g)
Commercial Paper–Non-Pooled Funds[F] (under $100,000,000 of investments)	270 days or less	25% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper–Non-Pooled Funds (min. $100,000,000 of investments)	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper–Pooled Funds[I]	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30%[J]	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50%[K]	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50%[K]	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days[L]	20% of the base value of the portfolio	None[M]	53601(j)
Medium-Term Notes[N]	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple[P,Q]	53601(l) and 53601.6(b)
Collateralized Bank Deposits[R]	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple[S]	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund[T]	N/A	None	None	16340
Supranational Obligations[U]	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

LOCAL AGENCY INVESTMENT GUIDELINES

TABLE OF NOTES FOR FIGURE 1

[A] *Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.*

[B] *Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.*

[C] *Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.*

[D] *Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.*

[E] *No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.*

[F] *Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.*

[G] *Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper and medium-term notes of any single issuer.*

[H] *Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.*

[I] *Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).*

[J] *No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).*

[K] *Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.*

[L] *Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.*

[M] *Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.*

[N] *"Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."*

[O] *No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.*

[P] *A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.*

[Q] *A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of $500 million.*

[R] *Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.*

[S] *A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).*

[T] *Local entities can deposit between $200 million and $10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.*

[U] *Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.*

GLOSSARY

ACTIVE DEPOSITS: Demand or checking accounts, which receive revenues and pay disbursements.

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at its maturity. An acceptance is a highgrade negotiable instrument. Acceptances are purchased in various denominations for 30, 60, or 90 days, but no longer than 180 days. The interest is calculated on a 360-day discount basis similar to treasury bills. Local agencies may not invest more than 40% of their surplus money in banker's acceptance.

BASIS POINT: A basis point equals one one-hundredth of 1% (.01%).

BID: The price offered for securities.

BOOK-ENTRY SECURITIES: All U.S. Treasury and Federal Agencies are maintained on computerized records at the Federal Reserve now known as "wireable" securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which
banks buy and sell money and in inter-dealer markets.

CERTIFICATES OF DEPOSIT (CD): Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. The interest is calculated on a 360-day, actual day month basis and is payable monthly.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of $1,000,000, the secondary market usually trades in denominations of $500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Canyon Lake. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related, legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMERCIAL PAPER: Short-term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Local agencies are permitted by State law to invest in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical ratings as provided by Moody's Investor's Service, Inc., or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor exceed 30% of the local agency's surplus funds.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipts is delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities and issuers offering independent returns.

DERIVATIVE: An asset that derives its value from another asset. For example, a call option on the stock of Coca-Cola is a derivative security that obtains value from the shares of Coca-Cola that can be purchased with the call option. Call options, put options, convertible bonds, futures contracts, and convertible preferred stock are examples of derivatives. A derivative can be either a risky or low-risk investment, depending upon the type of derivative and how it is used.

FEDERAL CREDIT AGENCIES: Guaranteed directly or indirectly by the United States Government. All agency obligations qualify as legal investments and are acceptable as security for public deposits. They usually provide higher yields than regular Treasury issues with all of the same advantages. Examples include Federal Home Loan Bank, Federal Farm Credit Bank, FNMA (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac).

FEDERAL FUNDS: Non-interest-bearing deposits held by member banks at the Federal Reserve. Also used to denote "immediately available" funds in the clearing sense. "Fed Funds" also used to refer to these funds.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

INTEREST-BEARING ACTIVE DEPOSITS: Money-market accounts at a financial institution, (e.g., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LAIF (Local Agency Investment Fund): A special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period, and the minimum transaction is $5,000, in multiples of $1,000 above that, with a maximum balance of $75,000,000 for any agency. The City is restricted to a maximum of fifteen transactions per month. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. The State retains an amount for reasonable costs of making the investments, not to exceed one-quarter of one percent of the earnings. The interest rates are fairly high because of pooling the State's surplus cash with the surplus cash deposited. This creates a multi-billion-dollar money pool and allows diversified investments.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM CORPORATE NOTES: Unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium-term corporate notes can be defined as extended-maturity commercial paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by a nationally recognized rating service. Further restrictions are a maximum term of five years to maturity and total investments in medium-term corporate notes may not exceed 30% of the local agency's surplus funds.

MONEY MARKET FUNDS: Open-ended mutual fund that invests in highly liquid and safe securities (bills, commercial paper, bankers' acceptances, CD's, etc.) and pays money market rates of interest. The fund's net asset value remains a constant $1 a share.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC, in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNTS: Similar to an inactive deposit except that the period of time is not fixed. The interest rate is much lower than for a certificate of deposit, but the savings account is more flexible. Funds can be deposited and withdrawn according to daily needs.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

PRIME RATE: The rate at which banks lend to their best or "prime" customers. Also known as the "reference rate."

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state (the so-called legal list). In other states, the trustee may invest in a security if it is one which would be brought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

REPURCHASE AGREEMENTS (RP OR REPO): A repo or reverse-repo is a short-term investment transaction. Banks buy temporarily idle funds from a customer by selling U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal funds and the maturity of the repo. Some banks will execute repurchase agreements for a minimum of $100,000 to $500,000, but most banks have a minimum of $1,000,000. A reverse-repo is exactly what the name implies.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds. This date may be the same as the trade date or later.

TRADE DATE: The date on which a transaction is initiated or entered into by the buyer and seller.

TREASURY BILLS: Issued weekly with maturity dates up to one year. They are issued and traded on a discount basis with interest figured on 1 360-day basis, actual number of days. They are issued in amounts of $10,000 and up, in multiples of $5,000. They are a highly liquid security.

TREASURY NOTES: Initially issued with two- to ten-year maturities. They are actively traded in a large secondary market and are very liquid. The Treasury may issue note issues with a minimum of $1,000; however, the average minimum is $5,000.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1): Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WHEN-ISSUED TRADES: Typically, there is a lag between the time a new bond is announced and sold, and the time when it is actually issued. During this interval, the security trades "when, as, and if issued."

YIELD: The rate of annual income returns on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY: The rate of return yielded by a debt security held to maturity when both interest payments and the investor's capital gain or loss on the security are taken into account.

CITIZENS BUSINESS BANK

CITIZENSTRUST™

Account Summary Statement

Account Number: [redacted]

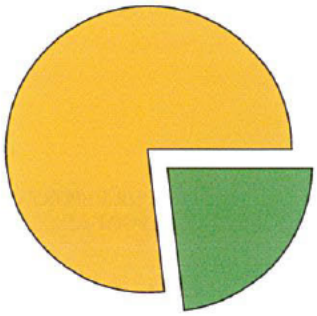
December 01, 2025 To December 31, 2025

CITY OF CANYON LAKE
31516 RAILROAD CANYON RD
CANYON LAKE, CA 92587

Account Name:	**CITY OF CANYON LAKE (PLEDGED) CITIZENS BUSINESS BANK**
Account Number:	[redacted]
Your Relationship Manager Is:	**ADAM T. COPPERSMITH**
Phone:	**626-564-6288**

Portfolio Manager

Market Value As Of	12/01/2025	12/31/2025	% Of Account
CASH AND CASH EQUIVALENTS	$ 948, 825. 33	2, 568, 320. 72	77. 0%
FIXED INCOME	1, 756, 339. 07	768, 054. 00	23. 0%
Total	3, 705, 164. 40	3, 336, 374. 72	100. 0%



Investment Portfolio Summary

	This Period	Year To Date
Beginning Market Value	3,705,164.40	0.00
Assets Distributed	400,000.00-	3,152,364.00-
Other Receipts	0.00	1,295,000.00
Bank Fees	547.41-	8,449.34-
Cash Management	619,495.39-	835,514.72-
Interest	23,412.80	89,837.83
Dividends	6,630.00	76,768.01
Change In Market Value	621,210.32	5,871,096.94
Ending Market Value	3,336,374.72	3,336,374.72

Realized Capital Gains / Losses

	This Period	Year To Date
Long Term	0.00	1,712.03
Short Term	1,000.00	1,000.00
Total Gains / Losses	1,000.00	2,712.03

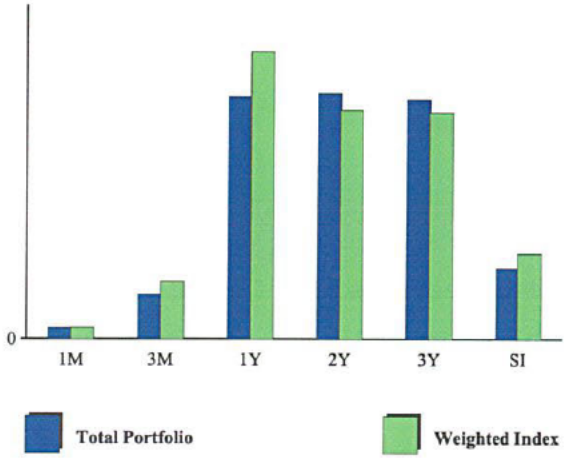
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ST425

Performance Summary - Total Returns

	Market Value	1 Month	3 Months	1 Year	2 Years	3 Years	Since Inception 03/01/2010
Total Portfolio	3,353,007	0.21	0.88	4.85	4.92	4.79	1.41
Return On Indexes							
Gov Bench 2		0.22	1.14	5.75	4.58	4.53	1.70

Return Comparison



PAST RESULTS ARE NOT INDICATIVE OF FUTURE INVESTMENT RESULTS. FUND DATA IS ON TRADE DATE BASIS. PERFORMANCE RESULTS ARE GROSS OF MANAGEMENT FEES. RETURNS FOR PERIODS LONGER THAN ONE YEAR ARE ANNUALIZED. MARKET VALUE DOES NOT INCLUDE ACCRUED INCOME.

Portfolio Statement

Quantity	Description	Market Value	Cost Basis
Fixed Income			
125,000.000	037833CJ7 APPLE INC DTD 02/09/2017 3.35% 02/09/2027-2026	124,600.00	121,254.58
150,000.000	3130AL5X8 FEDERAL HOME LOAN BANKS CONS DTD 02/24/2021 .65% 02/24/2026	149,347.50	150,000.00
150,000.000	3130ALEK6 FEDERAL HOME LOAN BANKS CONS DTD 02/26/2021 .78% 02/26/2026	149,352.00	150,000.00
100,000.000	3130ANCF5 FEDERAL HOME LOAN BANKS CONS DTD 08/12/2021 1% 05/12/2026	99,055.00	100,000.00
100,000.000	3130ANJT8 FEDERAL HOME LOAN BANKS CONS DTD 08/26/2021 .9% 08/26/2026	98,188.00	99,925.00
150,000.000	3130ANND8 FEDERAL HOME LOAN BANKS CONS DTD 08/26/2021 1.05% 08/26/2026-2022	147,511.50	150,000.00
Total	**Fixed Income**	768,054.00	771,179.58
Cash And Cash Equivalents			
2,568,320.720	94975P405 ALLSPRING FUNDS TR GOVT MMKT I	2,568,320.72	2,568,320.72
Total	**Cash And Cash Equivalents**	2,568,320.72	2,568,320.72
Miscellaneous			
1.000	CBB000AB6 INVESTMENT MANAGEMENT AGREEMENT CITY OF CANYON LAKE A/C# 1035003119	0.00	0.00
Total	**Miscellaneous**	0.00	0.00
Grand Total Assets		**3,336,374.72**	**3,339,500.30**

Account Activity Summary

	Total Cash	Cost Basis Excluding Cash	Market Value Including Cash
Balances Beginning Of Period	0.00	3,709,004.91	3,746,438.06
Prior Accruals			41.273.66-
Unrealized Depreciation This Period			369.789.68-
Current Accruals			10.323.18
Assets Distributed	400.000.00-	0.00	400.000.00-
Bank Fees	547.41-	0.00	547.41-
Cash Management	619.495.39-	619.495.39	619.495.39-
Dividends	6.630.00	0.00	6.630.00
Interest	23.412.80	0.00	23.412.80
Sales/maturities	990,000.00	989,000.00-	990,000.00

Account Activity Summary (Continued)

	Total Cash	Cost Basis Excluding Cash	Market Value Including Cash
Realized Gain/loss			1.000.00
Non Cash Asset Changes			
Balances End Of Period	0.00	3,339,500.30	3,346,697.90

Transaction Statement

Date	Quantity	Description	Transaction Type	Cash	Cost Basis
12/01/25		**Beginning Balance**		**0.00**	**3,709,004.91**
Sales/maturities					
12/11/25	500,000.000-	3130B43J8 REDEEMED 12/11/2025 500,000 UNITS FEDERAL HOME LOAN BANKS CONS BD DTD 12/11/2024 4.28% 12/11/2026-2025	REDEEMED	500,000.00	499,000.00-
12/19/25	245,000.000-	95763PTR2 MATURED 245,000 UNITS WESTERN ALLIANCE BK PHOENIX DTD 06/21/2024 5.2% 12/19/2025	MATURITY	245,000.00	245,000.00-
12/22/25	245,000.000-	919853MH1 MATURED 245,000 UNITS VALLEY NATL BK PASSAIC N J DTD 06/20/2024 5.15% 12/22/2025	MATURITY	245,000.00	245,000.00-
Total Sales/maturities				**990,000.00**	**989,000.00-**
Assets Distributed					
12/11/25		TRANSFER TO DDA/SAV ACCT CITY OF CANYON LAKE CASH TRANSFER TO CBB ACCT ENDING 5402 AS PER CLIENTS WRITTEN & VERBAL CONFIRMATION DTD 12/10/25 WITH CMD APPROVAL DTD 12/11/25	DISBURSEMENT	400,000.00-	
Total Assets Distributed				**400,000.00-**	**0.00**
Bank Fees					
12/30/25		MANAGEMENT FEES CITIZENS BUSINESS BANK FOR THE PERIOD ENDING 12/20/2025	DISBURSEMENT	547.41-	
Total Bank Fees				**547.41-**	**0.00**
Cash Management					
12/31/25	619,495.390	94975P405 NET CASH MANAGEMENT	NET CASH MGMT	619,495.39-	619,495.39
Total Cash Management				**619,495.39-**	**619,495.39**
Interest					
12/11/25		3130B43J8 INTEREST ON 500,000 UNITS FEDERAL HOME LOAN BANKS CONS BD DTD 12/11/2024 4.28% 12/11/2026-2025 PAYABLE 12/11/2025	INTEREST RCVD	10,700.00	

Transaction Statement (Continued)

Date	Quantity	Description	Transaction Type	Cash	Cost Basis
12/19/25		95763PTR2 INTEREST ON 245,000 UNITS WESTERN ALLIANCE BK PHOENIX DTD 06/21/2024 5.2% 12/19/2025 PAYABLE 12/19/2025	INTEREST RCVD	6,317.64	
12/22/25		919853MH1 INTEREST ON 245,000 UNITS VALLEY NATL BK PASSAIC N J DTD 06/20/2024 5.15% 12/22/2025 PAYABLE 12/22/2025	INTEREST RCVD	6,395.16	
Total Interest				**23,412.80**	**0.00**
Dividends					
12/01/25		94975P405 DIVIDEND ON ALLSPRING FUNDS TR GOVT MMKT I PAYABLE 12/01/2025 EFFECTIVE 11/30/2025 TAX EFFECTIVE 11/30/2025	DIVIDEND	6,630.00	
Total Dividends				**6,630.00**	**0.00**
12/31/25		**Ending Balance**		**0.00**	**3,339,500.30**

Important Information

Year-end statement REMINDER:
If your account was active on our trust and investment system that was upgraded on 2/3/25, your 12/31/25 annual statement will only include eleven (11) months of information from the new system under your new account number. This information should be reviewed along with your separate January, 2025 monthly statement which was generated under your old account number in order to represent a complete, full year of statement activity. Weblink users can readily obtain that historical statement from that site. Clients who receive printed statements in the mail were notified to retain those statements for reference. If you need additional assistance, please contact your relationship manager.

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1000 Town Center, Suite 2000
Southfield, MI 48075
(800) 967-9045
Member of FINRA & SIPC; MSRB Registered.

Brokerage
Account Statement

Scan for
Online Access

December 1, 2025 - December 31, 2025
Account Number [redacted]

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

Your Account Executive:
PETER YANEZ

Portfolio at a Glance

	This Period
BEGINNING ACCOUNT VALUE	$2,158,861.65
Dividends, Interest and Other Income	2,980.83
Net Change in Portfolio[1]	3,262.87
ENDING ACCOUNT VALUE	$2,165,105.35
Estimated Annual Income	$80,017.00

[1] *Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.*

Asset Summary

Percent	Asset Type	Last Period	This Period
1%	Cash, Money Funds, and Bank Deposits	4,702.18	7,683.01
99%	Fixed Income	2,154,159.47	2,157,422.34
100%	**Account Total**	**$2,158,861.65**	**$2,165,105.35**

Please review your allocation periodically with your Account Executive.

Client Service Information

Your Account Executive: FBG	Contact Information	Client Service Information
PETER YANEZ	**E-Mail:** customerservice@mbssecurities.com	**Service Hours:** Weekdays 09:00 a.m. - 05:00 p.m. (EST) **Client Service Telephone Number:** (800) 967-9045 **Web Site:** WWW.MBSSECURITIES.COM

A0047458CSFTTIDP-SD

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Your Account Information

INVESTMENT OBJECTIVE

Investment Objective: NONE SPECIFIED
Please discuss your investment objective with your Account Executive.

TAX LOT DEFAULT DISPOSITION METHOD

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

BOND AMORTIZATION ELECTIONS

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

ELECTRONIC DELIVERY

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

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

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

Income and Expense Summary

	Current Period		Year-to-Date	
	Taxable	Non Taxable	Taxable	Non Taxable
Interest Income				
Bond Interest	2,980.83	0.00	88,544.32	0.00
Credit Interest	0.00	0.00	55.47	0.00
Total Income	**$2,980.83**	**$0.00**	**$88,599.79**	**$0.00**

Portfolio Holdings

Description	Quantity	Opening Balance	Closing Balance	Accrued Income	30-Day Yield
CASH, MONEY FUNDS AND BANK DEPOSITS 1.00% of Portfolio					
Cash Balance		4,702.18	7,683.01		
TOTAL CASH, MONEY FUNDS AND BANK DEPOSITS		**$4,702.18**	**$7,683.01**	**$0.00**	

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME 99.00% of Portfolio *(In Maturity Date Sequence)*						
Certificates of Deposit						
FIRST FREEDOM BK LEBANON TENN CTF DEP 3.650% 10/23/26 B/E DTD 10/23/25 ACT/365 1ST CPN DTE 11/23/25	210,000.0000	100.0420	210,088.20	168.00	7,665.00	3.64%
Security Identifier: 32027BAY3						

Account Number: RMB-041344
A0047458CSFTIDP-SD

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Portfolio Holdings *(continued)*

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME *(continued)*						
Certificates of Deposit *(continued)*						
KEMBA FINL CR UN GAHANNA OHIO SH CTF 3.700% 10/23/26 B/E DTD 10/23/25 Security Identifier: 48836LCW0	249,000.0000	100.0810	249,201.69	201.93	9,213.00	3.69%
WELLS FARGO BK N A SIOUX FALLS S D CTF DEP 3.650% 10/23/26 B/E DTD 10/23/25 ACT/365 Security Identifier: 949764SN5	210,000.0000	100.0420	210,088.20	1,449.00	7,665.00	3.64%
TRANSPORTATION ALLIANCE BK INC OGDEN UTAH CTF DEP 3.650% 04/23/27 B/E DTD 10/23/25 ACT/365 Security Identifier: 89388CKV9	249,000.0000	100.0320	249,079.68	199.20	9,088.50	3.64%
SEVEN SEVENTEEN CR UN WARREN OHIO SH CTF 3.800% 04/26/27 B/E DTD 10/24/25 Security Identifier: 81788WAE7	247,000.0000	100.2240	247,553.28	1,748.62	9,386.00	3.79%
VIBRANT CR UN MOLINE IL SH CTF 3.800% 04/27/27 B/E DTD 10/27/25 Security Identifier: 92559TAR9	249,000.0000	100.2240	249,557.76	103.69	9,462.00	3.79%
CALIFORNIA FED CR UN GLENDALE CALIF SH CTF 3.800% 04/28/27 B/E DTD 10/28/25 Security Identifier: 130162BU3	245,000.0000	100.2080	245,509.60	1,632.44	9,310.00	3.79%
DORT FINL CR UN GRAND BLANC MI SH CTF 3.700% 04/28/27 B/E DTD 10/28/25 Security Identifier: 25844MCK2	247,000.0000	100.1090	247,269.23	1,602.45	9,139.00	3.69%
LIVE OAK BKG CO WILMINGTON N C CTF DEP 3.650% 04/28/27 B/E DTD 10/28/25 ACT/365 Security Identifier: 5380365X8	249,000.0000	100.0300	249,074.70	747.00	9,088.50	3.64%
Total Certificates of Deposit	2,155,000.0000		$2,157,422.34	$7,852.33	$80,017.00	
TOTAL FIXED INCOME	2,155,000.0000		$2,157,422.34	$7,852.33	$80,017.00	

	Market Value	Accrued Interest	Estimated Annual Income
Total Portfolio Holdings	$2,165,105.35	$7,852.33	$80,017.00

Account Number: RMB-041344
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Portfolio Holdings Disclosures

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

Estimated Annual Figures
The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions, they should not be relied on for making investment, trading, or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them. Refer to www.bny.com/pershing/us/en/disclosures.html for specific details as to formulas used to calculate the figures. Accrued interest represents interest earned but not yet received.

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

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

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

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

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

Proxy Vote
Securities not fully paid for in your margin account may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your

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Portfolio Holdings Disclosures *(continued)*

Proxy Vote *(continued)*
shares held on margin may be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

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

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

Structured Products
Structured products in this section are complex products and may be subject to special risks, which may include, but are not limited to: loss of initial investment; issuer credit risk; limited or no appreciation; risks associated with the underlying reference asset(s); no periodic payments; call prior to maturity (a redemption could affect the yield represented); early redemption fees or other applicable fees; price volatility resulting from issuer's and/or guarantor's credit quality; lower interest rates and/or yield compared to conventional debt with a comparable maturity; unique tax implications; concentration risk of owning the related security; limited or no secondary market; restrictions on transferability; conflicts of interest; and limits on participation in appreciation of underlying asset(s). To review a complete list of risks, please refer to the offering documents for the structured product. For more information about the risks specific to your structured products, you should contact your financial institution or advisor. Certain structured products are designed to make periodic distributions to you and any such structured product distributions you receive will be listed in the Transactions section of your statement. Structured product distributions may be listed there as "Bond Interest Received"; however, this description is not intended to reflect a determination as to either the asset classification of the product or the U.S. tax treatment of such distributions.

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

	Credits This Period	Debits This Period	Net This Period	Credits Year-to-Date	Debits Year-to-Date	Net Year-to-Date
Securities						
Securities Bought	0.00	0.00	0.00	0.00	-4,264,872.40	-4,264,872.40
Total Securities	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**-$4,264,872.40**	**-$4,264,872.40**

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Activity Summary *(continued)*

	Credits This Period	Debits This Period	Net This Period	Credits Year-to-Date	Debits Year-to-Date	Net Year-to-Date
Dividends and Interest	$3,758.53	-$777.70	$2,980.83	$89,377.49	-$777.70	$88,599.79
Distributions	$0.00	$0.00	$0.00	$4,182,445.50	$0.00	$4,182,445.50
Totals	$3,758.53	-$777.70	$2,980.83	$4,271,822.99	-$4,265,650.10	$6,172.89

Transactions by Type of Activity

Process/ Settlement Date	Trade/ Transaction Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency
Dividends and Interest								
12/01/25		BOND INTEREST RECEIVED 5380365X8	249000 LIVE OAK BKG CO WILMINGTON N C CTF DEP 3.650% 04/28/27 B/E DTD 10/28/25 RD 11/28 PD 12/01/25				846.60	USD
12/23/25		BOND INTEREST RECEIVED 32027BAY3	210000 FIRST FREEDOM BK LEBANON TENN CTF DEP 3.650% 10/23/26 B/E DTD 10/23/25 RD 12/08 PD 12/23/25				630.00	USD
12/23/25		BOND INTEREST RECEIVED 48836LCW0	249000 KEMBA FINL CR UN GAHANNA OHIO SH CTF 3.700% 10/23/26 B/E DTD 10/23/25 RD 12/22 PD 12/23/25				757.23	USD
12/23/25		BOND INTEREST RECEIVED 89388CKV9	249000 TRANSPORTATION ALLIANCE BK INC OGDEN UTAH CTF DEP 3.650% 04/23/27 B/E DTD 10/23/25 RD 12/22 PD 12/23/25				747.00	USD
12/29/25		BOND INTEREST RECEIVED 92559TAR9	249000 VIBRANT CR UN MOLINE IL SH CTF 3.800% 04/27/27 B/E DTD 10/27/25 RD 12/26 PD 12/27/25				777.70	USD
12/31/25	12/29/25	BOND INTEREST ADJUSTMENT 92559TAR9	249000 VIBRANT CR UN MOLINE IL SH CTF 3.800% 04/27/27 B/E DTD 10/27/25 RD 12/26 PD 12/27/25 REVERSE PAYS 01/02/26				-777.70	USD
Total Dividends and Interest						$0.00	$2,980.83	USD
Total Value of Transactions						$0.00	$2,980.83	USD

The price and quantity displayed may have been rounded.

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Fixed Income Analysis

Bond Quality

Bond Quality	Market Value	% of Bond Market Value
Not Rated	2,157,422.34	100%
Total	**2,157,422.34**	**100%**

Bond Maturity Schedule



Bond Maturity	Market Value	% of Bond Market Value
7 to 12 months	669,378.09	31%
1 to 5 years	1,488,044.25	69%
Total	**2,157,422.34**	**100%**

Percentages of bond market values are rounded to the nearest whole percentage.
Bond quality ratings reflect Moody's or Standard and Poor's ratings. Bonds may be rated by other services. Bonds that are in default are not included. Please refer to your Portfolio Holdings section.
You are 100% invested in bonds with a bond quality of Not Rated.

Messages

Although a money market mutual fund (money fund) seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in a money fund. The money fund's sponsor has no legal obligation to provide financial support to a money fund, and you should not expect that the sponsor will provide financial support to a money fund at any time. Although no money fund's board has current intentions to impose a fee upon the sale of shares, each board reserves the ability to impose liquidity fees if it determines it's in the best interest of the fund. Pursuant to SEC Rule 10b-10(b)(1) confirmations are not sent for purchases into money funds processed on the sweep platform. Pursuant to applicable regulation, account statements will be produced monthly or quarterly. Federal Deposit Insurance Corporation (FDIC) eligible bank deposit sweep products automatically deposit any available cash into FDIC member banks where those balances are eligible for pass through FDIC insurance coverage on swept balances. Balances in FDIC member banks in bank deposit sweep products are not protected by Securities Investor Protection Corporation (SIPC). Shares of a money fund or the balance of a bank deposit product held in your brokerage account may be liquidated upon request with the proceeds credited to your brokerage account. Please see the money fund's prospectus or the bank deposit product's disclosure document or contact your advisor for additional information.

MUNICIPAL SECURITIES RULEMAKING BOARD® (MSRB®) RULE G-10 INVESTOR AND MUNICIPAL ADVISORY CLIENT EDUCATION AND PROTECTION

An investor brochure that describes the protections available under MSRB rules and instructions on how to file a complaint with an appropriate regulatory authority can be found on

the MSRB website at www.msrb.org Multi-Bank Securities, Inc. is registered with the Securities and Exchange Commission (SEC) and MSRB, and is a member of FINRA

MSRB RULE G-42 Duties of NON-SOLICITOR MUNICIPAL ADVISORS

MSRB RULE G-42 requires that Multi-Bank Securities, Inc. provide you with information concerning legal and disciplinary events. These events will be on FORM MA and FORM MA-I

(For employees)

These forms are filed with the Securities and Exchange Commission and can be found here https://www.sec.gov/edgar/browse/?CIK=831157

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Messages (continued)

FINRA RULE 2266 SIPC DISCLOSURE

Multi-Bank Securities, Inc. is a member of the Securities Investor Protection Corporation ("SIPC") Information about SIPC, including the SIPC brochure, can be obtained by contacting SIPC directly at www.sipc.org or calling 202-371-8300

FINCEN FINAL RULE – ULTIMATE BENEFICIAL OWNER

Multi-Bank Securities Inc. is required, in certain circumstances, to secure Ultimate Beneficial Ownership information, and will continue to use Appendix A to the Final Rule

The PDF certificate can be found here https://www.fincen.gov/sites/default/files/shared/CDD_Rev7.0_Mar_2019_Certificate.pdf

REGULATION BEST INTEREST

Multi-Bank Securities, Inc., under limited circumstances, allows for natural person retail accounts to be maintained.

Our FORM CRS can be found here: https://files.brokercheck.finra.org/crs_22098.pdf

BUSINESS CONTINUITY PLAN

We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the Firm's books and records and allowing our customers to transact business.

We test our BCP on a regular and rigorous basis, ensuring that our critical staff are trained to facilitate customer access in any situation.

In the event of significant business disruption(s):

If DIRECT local contact through telephone services becomes unavailable, we will reroute phone calls across the country.

If any office were to suffer loss of functionality or access, we will operate in a secure remote setting, allocating necessary functionality in these locations to those critical business units necessary to maintain continuity.

Our BCP description can be found online at https://mbssecurities.com/business-continuity/

LEGAL ENTITY IDENTIFIER - 2549005VYPQV10HMKP26

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Messages (continued)

Can be found here https://search.gleif.org/#/record/2549005VYPQV10HMKP26

FOR MUNICIPAL ENTITY CLIENTS ONLY:

NEGATIVE CONSENT RELATION TO BOND PROCEEDS
FOR STATE AND LOCAL GOVERNMENTS AND MUNICIPAL BOND OBLIGORS

Regarding the account(s) the municipal entity has with Multi-Bank Securities, Inc.:

1. For the purposes of Section 15B of the Securities Exchange Act of 1934 (Rule 15Ba1 et seq.)(the "Municipal Advisor Rule") relating to the registration of municipal advisors, unless we have or will be notified by you to the contrary, Multi-Bank Securities, Inc. will assume that none of the funds currently invested in or through the account(s) that entity has with Multi-Bank Securities, Inc., or that the entity seeks to invest in these accounts, constitute (i) proceeds of municipal securities or (ii) municipal escrow investments;

2. For the purposes of the Municipal Advisor Rule and the Adopting Release:
a: the term "proceeds of municipal securities" means monies derived by a municipal entity from the primary offering of municipal securities, investment income derived from the investment or reinvestment of such monies, and any monies of a municipal entity or obligated person held in funds under legal documents for the municipal securities that are reasonably expected to be used as security or a source of payment for the payment of the debt service on the municipal securities, including reserves, sinking funds, and pledged funds created for such purpose, and the investment income derived from the investment or reinvestment of monies in such funds.

b: the term "municipal escrow investments" means proceeds of municipal securities and any other funds of a municipal entity Oor obligated person"that are deposited in an escrow account to pay the principal of, premium, if any, and interest on one or more issues of municipal securities.

3. In the future, the entity will not invest any funds in or through Multi-Bank Securities, Inc. that constitute proceeds of municipal securities or municipal escrow investments.

Cash Not Yet Received

Security	Record Date	Payable Date	Quantity Held	Rate	Dividend Option	Amount of Payment
Interest						
DORT FINL CR UN GRAND BLANC MI SH CTF	12/31/25	01/01/26	247,000.0000	6.589041	Cash	1,627.49
LIVE OAK BKG CO WILMINGTON N C CTF DEP	12/31/25	01/01/26	249,000.0000	3.100000	Cash	771.90

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Cash Not Yet Received *(continued)*

Security	Record Date	Payable Date	Quantity Held	Rate	Dividend Option	Amount of Payment
Interest *(continued)*						
SEVEN SEVENTEEN CR UN WARREN OHIO SH CTF	12/17/25	01/01/26	247,000.0000	7.183561	Cash	1,774.34
VIBRANT CR UN MOLINE IL SH CTF 3.800% 04/27/27 B/E	12/15/25	01/01/26	249,000.0000	3.643835	Cash	907.31
Total Cash Not Yet Received						**$5,081.04**

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

Important Information and Disclosures

The Role of Pershing

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

Important Arbitration Disclosures

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

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Important Information and Disclosures *(continued)*

Important Arbitration Disclosures *(continued)*

- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

Important Arbitration Agreement

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

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

TERMS AND CONDITIONS

GENERAL INFORMATION

- WHENEVER YOU ARE INDEBTED TO PERSHING LLC ("BNY PERSHING") FOR ANY AMOUNT, ALL SECURITIES HELD BY IT FOR YOU IN ANY ACCOUNT IN WHICH YOU HAVE ANY INTEREST SHALL SECURE ALL YOUR LIABILITIES TO BNY PERSHING, AND BNY PERSHING MAY IN ITS DISCRETION AT ANY TIME, WITHOUT TENDER, DEMAND OR NOTICE TO YOU, CLOSE OR REDUCE ANY OR ALL OF YOUR ACCOUNTS BY PUBLIC OR PRIVATE SALE OR PURCHASE OR BOTH OF ALL OR ANY SECURITIES CARRIED IN SUCH ACCOUNTS; ANY BALANCE REMAINING DUE BNY PERSHING TO BE PROMPTLY PAID BY YOU.
- WHENEVER YOU ARE INDEBTED TO BNY PERSHING FOR ANY AMOUNT, ALL SECURITIES CARRIED FOR YOUR ACCOUNT ARE OR MAY BE, WITHOUT FURTHER NOTICE TO YOU, LOANED OR PLEDGED BY BNY PERSHING, EITHER SEPARATELY OR UNDER CIRCUMSTANCES WHICH WILL PERMIT THE COMMINGLING THEREOF, WITH OTHER SECURITIES FOR ANY AMOUNT LESS THAN, EQUAL TO OR GREATER THAN YOUR LIABILITIES TO BNY PERSHING, BUT NOT UNDER CIRCUMSTANCES FOR AN AMOUNT PROHIBITED BY LAW.
- BNY PERSHING MAY TRADE FOR ITS OWN ACCOUNT AS A MARKET MAKER, SPECIALIST, ODD LOT DEALER, BLOCK POSITIONER, ARBITRAGEUR, OR INVESTOR. CONSEQUENTLY, AT THE TIME OF ANY TRANSACTION YOU MAY MAKE, BNY PERSHING MAY HAVE A POSITION IN SUCH SECURITIES, WHICH POSITION MAY BE PARTIALLY OR COMPLETELY HEDGED.
- IF AVERAGE PRICE TRANSACTION IS INDICATED ON THE FRONT OF THIS STATEMENT YOUR FINANCIAL INSTITUTION OR BNY PERSHING MAY HAVE ACTED AS PRINCIPAL, AGENT, OR BOTH. DETAILS AVAILABLE UPON REQUEST.
- A FINANCIAL STATEMENT OF BNY PERSHING IS AVAILABLE FOR YOUR PERSONAL INSPECTION AT BNY PERSHING'S OFFICES. A COPY OF IT WILL BE MAILED UPON YOUR WRITTEN REQUEST OR YOU CAN VIEW IT ONLINE AT www.bny.com/pershing.
- FOR BUSINESS CONTINUITY AND ADDITIONAL DISCLOSURES: www.bny.com/pershing/us/en/disclosures.html
- THIS STATEMENT SHOULD BE RETAINED FOR YOUR RECORDS.

TRANSACTIONS

- ALL ORDERS AND TRANSACTIONS SHALL BE SOLELY FOR YOUR ACCOUNT AND RISK SHALL BE SUBJECT TO THE CONSTITUTION, RULES, REGULATIONS, CUSTOMS, USAGES, RULINGS AND INTERPRETATIONS OF THE EXCHANGE OR MARKET AND THE CLEARING FACILITY, IF ANY, WHERE THE TRANSACTIONS ARE EXECUTED AND/OR SETTLED, OR IF APPLICABLE, OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY AND TO ALL APPLICABLE LAWS AND REGULATIONS.
- TITLE TO SECURITIES SOLD TO YOU, WHERE BNY PERSHING HAS ACTED AS PRINCIPAL, SHALL REMAIN WITH BNY PERSHING UNTIL THE ENTIRE PURCHASE PRICE IS RECEIVED OR UNTIL THE SETTLEMENT DATE, WHICHEVER IS LATER.
- YOU MAY HAVE RECEIVED CONFIRMATIONS FOR TRANSACTIONS WHICH DO NOT APPEAR ON YOUR STATEMENT. IF SO, THE TRANSACTIONS WILL APPEAR ON YOUR NEXT PERIODIC STATEMENT. SUCH TRANSACTIONS MUST BE CONSIDERED BY YOU WHEN COMPUTING THE VALUE OF YOUR ACCOUNT. THIS IS ESPECIALLY TRUE IF YOU HAVE WRITTEN OPTIONS WHICH HAVE BEEN EXERCISED.

FREE CREDIT BALANCES: ANY FREE CREDIT BALANCE CARRIED FOR YOUR ACCOUNT REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON BNY PERSHING'S BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF ITS BUSINESS.

DEBIT BALANCES: INTEREST CHARGED ON DEBIT BALANCES IN YOUR ACCOUNT APPEARS ON THE STATEMENT. THE RATE OF INTEREST AND PERIOD COVERED ARE INDICATED. THE RATE MAY CHANGE FROM TIME TO TIME DUE TO FLUCTUATIONS IN MONEY RATES OR OTHER REASONS. INTEREST IS COMPUTED AS DESCRIBED IN MATERIAL PREVIOUSLY FURNISHED TO YOU. PLEASE CONTACT YOUR FINANCIAL INSTITUTION IF YOU DESIRE ADDITIONAL COPIES.

MARGIN INFORMATION: IF YOU MAINTAIN A MARGIN ACCOUNT, THIS IS A COMBINED STATEMENT OF YOUR GENERAL ACCOUNT AND A SPECIAL MEMORANDUM ACCOUNT MAINTAINED FOR YOU UNDER REGULATION T OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM. THE PERMANENT RECORD OF THE SEPARATE ACCOUNT AS REQUIRED BY REGULATION T IS AVAILABLE FOR YOUR INSPECTION UPON REQUEST.

TAX INFORMATION

- AFTER YEAR END, BNY PERSHING IS REQUIRED TO PROVIDE TAX INFORMATION TO THE INTERNAL REVENUE SERVICE AND OTHER GOVERNMENTAL AUTHORITIES. AT THAT TIME BNY PERSHING WILL PROVIDE THAT INFORMATION ON THE ANNUAL TAX INFORMATION STATEMENT TO YOU; USE THAT STATEMENT TO PREPARE YOUR TAX FILINGS. THE TAX STATEMENT ALSO INCLUDES OTHER USEFUL INFORMATION TO ASSIST IN ACCUMULATING THE DATA TO PREPARE YOUR TAX RETURNS.
- DIVIDENDS, INTEREST AND OTHER DISTRIBUTIONS SHOWN ON THIS STATEMENT WERE CLASSIFIED AS TAXABLE OR NONTAXABLE BASED ON CERTAIN INFORMATION KNOWN AS OF THE DISTRIBUTION DATE. THIS CLASSIFICATION IS SUBJECT TO CHANGE AND IS SOLELY INTENDED FOR USE AS GENERAL INFORMATION.
- BNY PERSHING DOES NOT PROVIDE TAX, INVESTMENT OR LEGAL ADVISORY SERVICES AND NO ONE ASSOCIATED WITH BNY PERSHING IS AUTHORIZED TO RENDER SUCH ADVICE. DO NOT RELY UPON ANY SUCH ADVICE, IF GIVEN. INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS TO DETERMINE THE APPROPRIATE TAX TREATMENT OF THEIR BUSINESS.

PAYMENT FOR ORDER FLOW AND ORDER ROUTING POLICY DISCLOSURES (REGULATION NMS – RULE 607 (A) (1) – (2))

BNY PERSHING SENDS EQUITY AND OPTION ORDERS TO EXCHANGES, OR BROKER–DEALERS AS MARKET MAKERS OR AUTOMATED TRADING SYSTEMS (ATSS). CERTAIN OF THESE VENUES PROVIDE PAYMENTS TO BNY PERSHING OR CHARGE ACCESS FEES TO BNY PERSHING DEPENDING UPON THE CHARACTERISTICS OF THE ORDER AND ANY SUBSEQUENT EXECUTION. THE DETAILS OF THESE PAYMENTS AND FEES ARE AVAILABLE UPON WRITTEN REQUEST. COMPENSATION IS GENERALLY IN THE FORM OF A PER SHARE OR PER OPTION CONTRACT CASH PAYMENT. IN ADDITION, BNY PERSHING EXECUTES CERTAIN TRANSACTIONS IN EQUITY PREFERRED SECURITIES AND FRACTIONAL SHARES AS PRINCIPAL. BNY PERSHING ALSO ROUTES CERTAIN EQUITY ORDERS TO ITS AFFILIATE, BNY MELLON CAPITAL MARKETS, LLC, FOR EXECUTION AS PRINCIPAL.

BEST EXECUTION: NOTWITHSTANDING THE PREVIOUS PARAGRAPH REGARDING PAYMENT FOR ORDER FLOW, BNY PERSHING SELECTS CERTAIN MARKET CENTERS TO PROVIDE EXECUTION OF OVER-THE-COUNTER AND EXCHANGE-LISTED SECURITIES TRANSACTIONS WHICH AGREE TO ACCEPT ORDERS, TRANSMITTED ELECTRONICALLY UP TO A SPECIFIED SIZE, AND TO EXECUTE THEM AT OR BETTER THAN THE NATIONAL BEST BID OR OFFER (NBBO). IN CERTAIN SECURITIES THAT ARE NOT ELECTRONICALLY QUOTED, BNY PERSHING DIRECTLY CONTACTS MARKET CENTERS TO OBTAIN AN EXECUTION. THE DESIGNATED MARKET CENTERS TO WHICH ORDERS ARE AUTOMATICALLY ROUTED ARE SELECTED BASED ON THE CONSISTENT HIGH QUALITY OF THEIR EXECUTIONS AND THEIR ABILITY TO PROVIDE OPPORTUNITIES FOR EXECUTIONS AT PRICES SUPERIOR TO THE NBBO. BNY PERSHING ALSO REGULARLY REVIEWS REPORTS FOR QUALITY OF EXECUTION PURPOSES.

IF ANY OF THE ABOVE TERMS AND CONDITIONS ARE UNACCEPTABLE TO YOU, PLEASE NOTIFY BNY PERSHING IMMEDIATELY IN WRITING BY CERTIFIED MAIL TO ONE PERSHING PLAZA, JERSEY CITY, NJ 07399, ATTN: LEGAL DEPT

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CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Terry Shea, Finance Director

DATE: 02/17/2026

SUBJECT: Receive and File - Fiscal Year 2024-25 Audited Financial Statements and Related Reports

---

Recommendation:
Receive and file the Fiscal Year 2024-25 Annual Financial Statements and the related reports.

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

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

Based on the Fiscal Year 2024-25 Audited Financial Statements the Fund Balance for the General Fund is $7,249,929, of which $2,023,609 is nonspendable. For Fiscal Year 2024-25 the General Fund added $16,026 to the General Fund Fund Balance. The Fiscal Year 2025-26 General Fund Budgeted expenditures were $8,624,319, which would set the June 30, 2025, Emergency Reserve at $862,435, the Contingency Reserve at $431,217 and based on the Equipment Replacement schedule we are reserving $430,380 for the Equipment Replacement Reserve. This leaves the Surplus Reserve at $3,502,288 which is 40.61% of the upcoming fiscal year's General Fund budgeted expenditures.

Fiscal Impact Yes/No: No

Attachments:
1 - ACFR
2 - Communications Letter
3 - Internal Control Report

CITY OF CANYON LAKE,
CALIFORNIA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

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City of Canyon Lake

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

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City of Canyon Lake

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other post-employment benefits schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
November 18, 2025

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, 2025.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the end of fiscal year 2025 by $17,705,833. 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 $369,191 during fiscal year 2024-2025.

- As of June 30, 2025, the City's governmental funds reported combined fund balances of $10,731,576, a decrease of $(631,368) from the prior fiscal year, and $3,709,550 of the governmental funds' fund balances are assigned and unassigned.

- As of June 30, 2025, the unassigned fund balance for the General Fund was $3,502,288 or 38.5 percent of total General Fund expenditures.

- The City's total debt for governmental activities decreased by $252,900 as a result of a new lease liability of $29,107 offset by principal payments of $282,007. The unfunded pension liability of $612,430 and the unfunded OPEB liability of $905,457 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, community 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, and Measure A 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, and Measure A 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 - 56 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 57 - 63.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 65- 66 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, 2025, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by $17,705,833 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 2025. 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	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 12,085,715	$ 12,371,588	$ 371,434	$ 263,723	$ 12,457,149	$ 12,635,311
Capital assets (net of depreciation/ amortization)	9,194,767	8,189,894	-	-	9,194,767	8,189,894
Total assets	21,280,482	20,561,482	371,434	263,723	21,651,916	20,825,205
Deferred outflows of resources:						
Pension related items	345,389	371,944	-	-	345,389	371,944
OPEB related	162,783	177,032	-	-	162,783	177,032
	508,172	548,976	-	-	508,172	548,976
Liabilities:						
Current and other liabilities	1,718,420	1,322,918	51,316	210	1,769,736	1,323,128
Long-term liabilities	2,337,987	2,484,262	-	-	2,337,987	2,484,262
Total liabilities	4,056,407	3,807,180	51,316	210	4,107,723	3,807,390
Deferred inflows of resources:						
Pension related items	2,956	7,040	-	-	2,956	7,040
OPEB related	343,576	161,812	-	-	343,576	161,812
	346,532	168,852	-	-	346,532	168,852
Net position:						
Net investment in capital assets	8,214,170	6,956,397	-	-	8,214,170	6,956,397
Restricted	3,274,385	2,505,732	-	-	3,274,385	2,505,732
Unrestricted	5,897,160	7,672,297	320,118	263,513	6,217,278	7,935,810
Total net position	$ 17,385,715	$ 17,134,426	$ 320,118	$ 263,513	$ 17,705,833	$ 17,397,939

Excluding the unknown value of infrastructure assets, net investment in capital assets represents 46.39 percent of the City's net position. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, $3,274,385 or 18.49 percent, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net position), is $6,217,278.

Statement of Activities: The statement of activities shows how the City's net position changed during the fiscal years 2024-25 and 2023-24. Provided below is a summary of changes in net position.

Statement of Changes in Net position

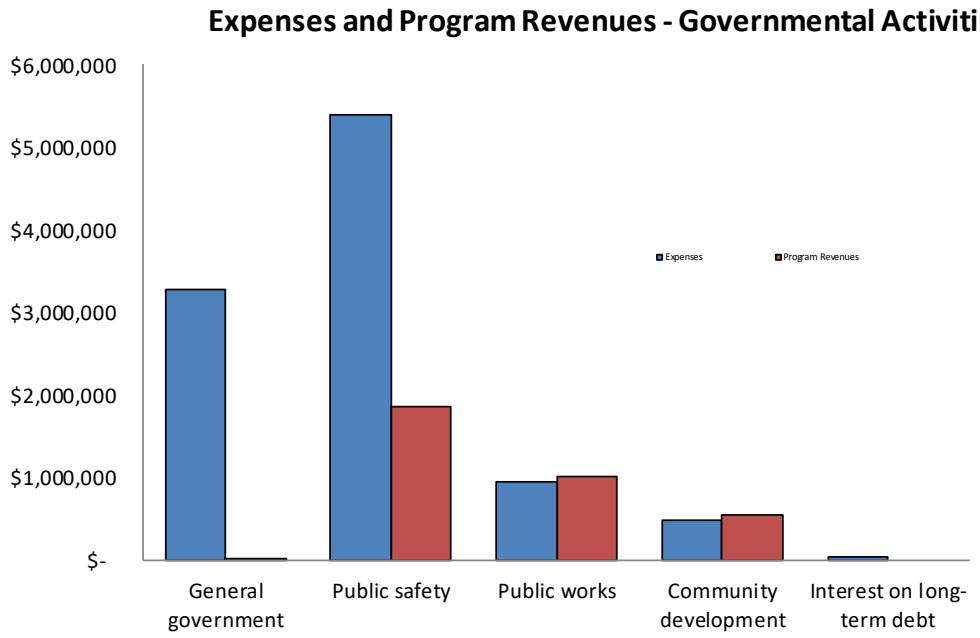
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	$ 2,023,222	$ 1,414,534	$ 116,823	$ 84,003	$ 2,140,045	$ 1,498,537
Operating grants and contributions	1,368,910	2,786,543	-	-	1,368,910	2,786,543
Capital grants and contributions	38,250	178,269	-	-	38,250	178,269
General revenues	7,031,761	6,928,488	102,642	-	7,134,403	6,928,488
Total revenues	10,462,143	11,307,834	219,465	84,003	10,681,608	11,391,837
Expenses:						
General government	3,280,150	2,648,043	-	-	3,280,150	2,648,043
Public safety	5,394,077	4,801,482	-	-	5,394,077	4,801,482
Public works	953,491	1,331,010	-	-	953,491	1,331,010
Community development	481,102	488,456	-	-	481,102	488,456
Rental activities	-	-	135,412	57,401	135,412	57,401
Interest on long-term debt	40,737	39,365	27,448	18,419	68,185	57,784
Total expenses	10,149,557	9,308,356	162,860	75,820	10,312,417	9,384,176
Change in net position	312,586	1,999,478	56,605	8,183	369,191	2,007,661
Net position - beginning, restated	17,073,129	15,134,948	263,513	255,330	17,336,642	15,390,278
Net position - ending	$ 17,385,715	$ 17,134,426	$ 320,118	$ 263,513	$ 17,705,833	$ 17,397,939

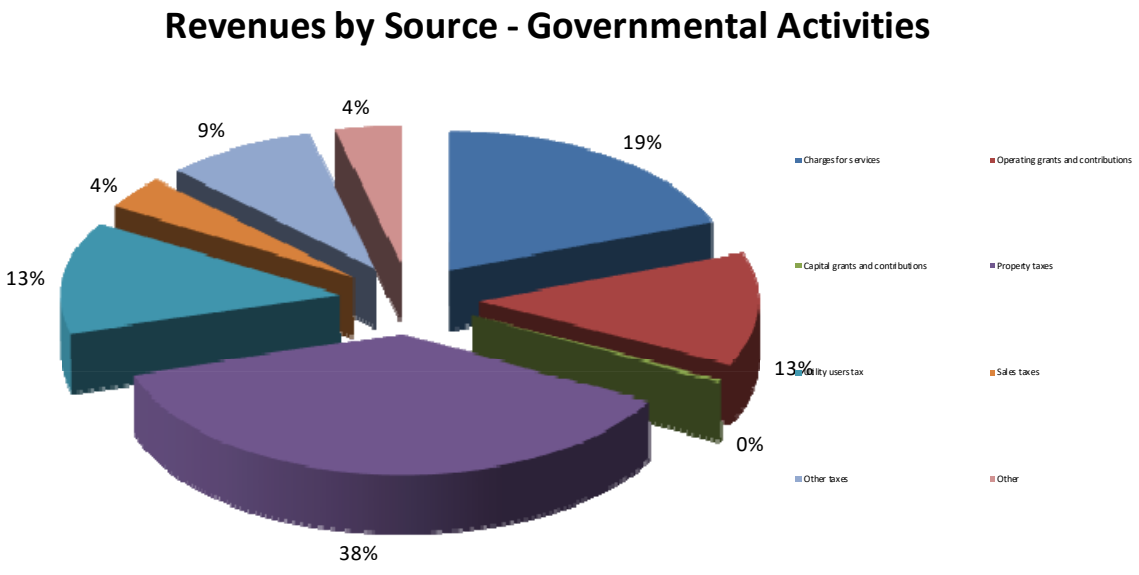
The City's net position increased overall by $369,191 during the current fiscal year. The reason for the increase is explained in the governmental activity's discussion below.

Governmental activities: Net position from governmental activities assets increased by $312,586. Key elements of the increase are as follows:

- Measure A Fund revenues over the expenditures of $294,068.
- Gas Tax Fund revenues over expenditures of $502,709
- Governmental expenditures reduced by capital asset purchases of $2,106,026, offset by depreciation and amortization expense of $927,692.

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





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 38 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 $56,605 to an ending balance of $320,118. The Rental Fund accounts for the activity of two City-owned commercial 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, 2025, the City's governmental funds reported combined ending fund balances of $10,731,576, a decrease of $(631,368) in comparison with the prior year. Of the $10,731,576 $3,709,550 or 34.57 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 $16,026, an increase in the Gas Tax Fund of $502,709 an increase in Measure A Fund of $294,608, a decrease in the Capital Projects Fund of $(1,416,047) and a decrease of non-major governmental funds of $(28,124). For the General Fund this is a decrease of $804,079 from the last fiscal year's increase of $820,105. General Fund revenues of $9,125,876 were up $551,713 over the prior year amount of $8,574,163. The major components of the increase are, Property Taxes increased $123,701 due to higher assessed values, Utility Users Tax increased $411,202, and EMS Subscriptions increased by $467,868 due to an increase in the fee to reflect actual costs. These were offset by decreases in Grant Revenues of $225,806 and Construction and Building Permits of $30,291. General Fund expenditures of $9,106,315 were up $2,106,475 from the prior year amount of $6,999,840. The major components of this are an increase in salaries and benefits across all Departments of $498,201. The Law Enforcement costs for the General Fund increased by $1,164,000 as the City used ARPA Funds for $1,284,692 for public safety costs in Fiscal Year 2023-24. The increase in the Gas Tax Fund is revenues of $664,231 were more than expenditures of $161,522, as the prior year included $910,128 in right-of-way purchases. The increase in the Measure A Fund is revenues of $338,253 were more than the expenditures of $44,185, as the prior year decrease included a capital improvement project of $362,500. The decrease in the Capital Projects Fund is the result of the $1,284,692 transferred in from the General Fund in Fiscal Year 2023-24 to be used for the City Hall remodeling project and the expenditure of $1,307,700 for the City Hall Improvement Project in the current fiscal year.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. On June 30, 2025, unassigned fund balance was $3,502,288. 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 38.46 percent of General Fund expenditures. For the fiscal year, the General Fund's fund balance increased $16,026 from the prior year. The differences between the General Fund budget and actual are summarized below:

- General Fund actual revenues were above budget by $306,919 mainly due to higher than anticipated property taxes, EMS subscription fees, and utility user's tax.

- Actual expenditures were $147,391 less than the final budgeted amount of $9,106,315, 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, 2025, amounted to $9,194,767 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, machinery/vehicles, intangible assets (leases and SBITA) and infrastructure assets.

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

- Converting of 31520 Railroad Canyon Road for City Hall purposes for $400,000.
- City Hall improvements for $1,239,168.
- Remodeling of Fire Station Kitchen for $38,653.
- Furniture and equipment for $394,151.
- New equipment leases of $29,107.

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/amortization)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 500,399	$ 353,856	$ -	$ -	$ 500,399	$ 353,856
Building and improvements	3,175,731	1,760,374	-	-	3,175,731	1,760,374
Machinery, equipment and vehicles	1,669,767	1,560,404	-	-	1,669,767	1,560,404
Infrastructure	3,790,541	4,303,251	-	-	3,790,541	4,303,251
Construction in progress	-	105,001	-	-	-	105,001
Intangible right to use assets:						
Equipment	69,581	40,474	-	-	69,581	40,474
Buildings	-	-	-	-	-	-
SBITA	-	66,534	-	-	-	66,534
Total	$ 9,206,019	$ 8,189,894	$ -	$ -	$ 9,206,019	$ 8,189,894

Long-term liabilities: At the end of fiscal year 2025, the City's total long-term liabilities outstanding was $980,597. This amount was comprised of a $356,841 Loan from the CLPOA for the purchase of the Fire Station, two vehicle leases with PNC Bank of $574,171, other leases for $49,585.

Outstanding long-term liabilities of the City is summarized below, and additional information can be found on pages 41 - 43 in the notes to basic financial statements.

City of Canyon Lake
Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
PNC Equipment Lease	$ 456,621	$ 525,277	$ -	$ -	$ 456,621	$ 525,277
PNC Equipment Lease	117,550	154,926	-	-	117,550	154,926
CLPOA Loan	356,841	446,826	-	-	356,841	446,826
Other Leases	49,585	38,043	-	-	49,585	38,043
SBITA Liability	-	68,425	-	-	-	68,425
Total long-term labilities	$ 980,597	$ 1,233,497	$ -	$ -	$ 980,597	$ 1,233,497

Pension Plan Obligations

The City implemented GASB Statement No. 68 during fiscal year 2014-15 which resulted in an ending net pension liability of $615,663 on June 30, 2024, and $612,430 on June 30, 2025. Additional information can be found on pages 44 - 50 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 $814,628 on June 30, 2024, and $905,457 on June 30, 2025. Additional information can be found on pages 51 - 53 in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

In preparing the budget for fiscal year 2025-26, 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 2025-26 anticipates having a surplus of $50,101 for the General Fund.

- Anticipated General Fund Revenues of $8,674,450, an increase of $253,589 from the previous year due to projected increases in property taxes, EMS Subscription fees, and interest income.
- Proposed General Fund Expenditures of $8,624,349, an increase of $358,001 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 2025-26 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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 9,357,076	$ -	$ 9,357,076
Investments in real estate	-	2,222,501	2,222,501
Receivables:			
Accounts	203,981	-	203,981
Interest	31,261	-	31,261
Intergovernmental	389,089	-	389,089
Deposits	-	61,700	61,700
Prepaid items	191,541	-	191,541
Internal balances	1,912,767	(1,912,767)	-
Capital assets, not being depreciated/amortized	500,399	-	500,399
Capital assets, net of accumulated depreciation/ amortization	8,694,368	-	8,694,368
Total assets	21,280,482	371,434	21,651,916
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	345,389	-	345,389
OPEB related items	162,783	-	162,783
	508,172	-	508,172
LIABILITIES			
Accounts payable	966,731	51,316	1,018,047
Accrued interest payable	4,323	-	4,323
Accrued payroll payable	128,522	-	128,522
Unearned revenues	258,886	-	258,886
Compensated absences, due within one year	139,623	-	139,623
Lease payable, due within one year	16,328	-	16,328
Financing payable, due within one year	108,946	-	108,946
Notes payable, due within one year	95,061	-	95,061
Noncurrent liabilities:			
Compensated absences	59,838	-	59,838
Lease payable	33,257	-	33,257
Financing payable	465,225	-	465,225
Notes payable	261,780	-	261,780
Net OPEB liability	905,457	-	905,457
Net pension liability	612,430	-	612,430
Total liabilities	4,056,407	51,316	4,107,723
DEFERRED INFLOWS OF RESOURCES			
Pension related items	2,956	-	2,956
OPEB related items	343,576	-	343,576
	346,532	-	346,532
NET POSITION			
Net investment in capital assets	8,214,170	-	8,214,170
Restricted	3,274,385	-	3,274,385
Unrestricted	5,897,160	320,118	6,217,278
Total net position	$ 17,385,715	$ 320,118	$ 17,705,833

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, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 3,280,150	$ -	$ 5,848	$ -
Public safety	5,394,077	1,477,848	343,546	38,250
Public works	953,491	-	1,019,516	-
Community development	481,102	545,374	-	-
Interest on long-term debt	40,737	-	-	-
Total governmental activities	10,149,557	2,023,222	1,368,910	38,250
Business-type activities:				
Rental	135,412	116,823	-	-
Interest on long-term debt	27,448	-	-	-
Total business-type activities	162,860	116,823	-	-
Total Primary Government	$ 10,312,417	$ 2,140,045	$ 1,368,910	$ 38,250
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				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning of year				
Adoption of new GASB				
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		
Governmental Activities	Business-Type Activities	Total
$ (3,274,302)	$ -	$ (3,274,302)
(3,534,433)	-	(3,534,433)
66,025	-	66,025
64,272	-	64,272
(40,737)	-	(40,737)
(6,719,175)	-	(6,719,175)
-	(18,589)	(18,589)
-	(27,448)	(27,448)
-	(46,037)	(46,037)
(6,719,175)	(46,037)	(6,765,212)
3,946,649	-	3,946,649
1,365,858	-	1,365,858
65,681	-	65,681
667,655	-	667,655
405,285	-	405,285
181,260	-	181,260
267,005	-	267,005
165,010	70,000	235,010
(32,642)	32,642	-
7,031,761	102,642	7,134,403
312,586	56,605	369,191
17,134,426	263,513	17,397,939
(61,297)	-	(61,297)
17,073,129	263,513	17,336,642
$ 17,385,715	$ 320,118	$ 17,705,833

The accompanying notes are an integral part of these financial statements

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

	General	Special Revenue Funds: Gas Tax Fund	Special Revenue Funds: Measure A Fund	Capital Projects Fund: Capital Projects	Total Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 5,999,947	$ 1,407,195	$ 1,651,786	$ 209,327	$ 88,821	$ 9,357,076
Receivables:						
Accounts	203,981	-	-	-	-	203,981
Interest	31,261	-	-	-	-	31,261
Intergovernmental	256,712	80,069	48,758	-	3,550	389,089
Prepaid items	191,541	-	-	-	-	191,541
Due from other funds	80,699	-	-	-	-	80,699
Advances from other funds	1,832,068	-	-	-	-	1,832,068
Total assets	$ 8,596,209	$ 1,487,264	$ 1,700,544	$ 209,327	$ 92,371	$ 12,085,715
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 958,872	$ 5,794	$ -	$ 2,065	$ -	$ 966,731
Accrued payroll payable	128,522	-	-	-	-	128,522
Unearned revenues	258,886	-	-	-	-	258,886
Total liabilities	1,346,280	5,794	-	2,065	-	1,354,139
Fund Balances:						
Nonspendable	2,023,609	-	-	-	-	2,023,609
Restricted	-	1,481,470	1,700,544	-	92,371	3,274,385
Committed	1,724,032	-	-	-	-	1,724,032
Assigned	-	-	-	207,262	-	207,262
Unassigned	3,502,288	-	-	-	-	3,502,288
Total fund balances	7,249,929	1,481,470	1,700,544	207,262	92,371	10,731,576
Total liabilities and fund balances	$ 8,596,209	$ 1,487,264	$ 1,700,544	$ 209,327	$ 92,371	$ 12,085,715

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, 2025

Fund balances of governmental funds		$ 10,731,576
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.		9,194,767
Deferred outflow of resources relate to:		
Pension related deferred outflows of resources		345,389
OPEB related deferred outflows of resources		162,783
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.		(4,323)
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	$ (199,461)	
Financing payable	(574,171)	
Lease payable	(49,585)	
CLPOA loan payable	(356,841)	
Net OPEB liability	(905,457)	
Net pension liability	(612,430)	(2,697,945)
Deferred inflows of resources relate to:		
Pension related deferred outflows of resources		(2,956)
OPEB related deferred outflows of resources		(343,576)
Net position of governmental activities		$ 17,385,715

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, 2025

	General	Special Revenue Funds: Gas Tax Fund	Special Revenue Funds: Measure A Fund	Special Revenue Funds: (Formerly Major Fund) Miscellaneous Grants Fund	Capital Projects Fund: Capital Projects	Total Non-major Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 6,547,650	$ -	$ -		$ -	$ -	$ 6,547,650
Licenses and permits	1,942,349	-	-		-	-	1,942,349
Fines and forfeitures	11,255	-	-		-	-	11,255
Intergovernmental	213,499	619,158	281,427		-	363,615	1,477,699
Use of money and property	267,005	45,073	56,826		-	2,810	371,714
Other	144,118	-	-		-	-	144,118
Total revenues	9,125,876	664,231	338,253		-	366,425	10,494,785
EXPENDITURES							
Current:							
General government	3,163,497	-	-		-	900	3,164,397
Public safety	4,600,123	-	-		-	372,883	4,973,006
Public works	206,499	161,522	-		-		368,021
Community development	481,102	-	-		-	-	481,102
Capital outlay	400,000	-	44,185		1,416,047	20,766	1,880,998
Debt service:							
Principal	213,582	-	-		-	-	213,582
Interest and fiscal charges	41,512	-	-		-	-	41,512
Total expenditures	9,106,315	161,522	44,185		1,416,047	394,549	11,122,618
Excess (deficiency) of revenues over (under) expenditures	19,561	502,709	294,068		(1,416,047)	(28,124)	(627,833)
OTHER FINANCING SOURCES (USES)							
Transfers in	24,358	-	-		-	-	24,358
Transfers out	(57,000)	-	-		-	-	(57,000)
Proceeds from lease issuance	29,107	-	-		-	-	29,107
Total other financing sources	(3,535)	-	-		-	-	(3,535)
Net change in fund balances	16,026	502,709	294,068		(1,416,047)	(28,124)	(631,368)
Fund balances, beginning of year	7,233,903	978,761	1,406,476	15,818	1,623,309	104,677	11,362,944
Change within financial reporting entity	-	-	-	(15,818)	-	15,818	-
Fund balances, beginning of year, as restated	7,233,903	978,761	1,406,476	-	1,623,309	120,495	11,362,944
Fund balances, end of year	$ 7,249,929	$ 1,481,470	$ 1,700,544	$ -	$ 207,262	$ 92,371	$ 10,731,576

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, 2025

Net change in fund balances - total governmental funds	$ (631,368)
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	2,106,026
Depreciation and amortization expense	(927,692)
Capital assets disposed of	(173,461)
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	(29,107)
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	106,032
Principal payments on leases	17,565
Principal payments on SBITA liability	68,425
Principal payments on loan	89,985
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	(19,238)
OPEB related net of adjustments	(286,842)
Increase in compensated absences payable	(8,514)
Decrease in accrued interest payable on long-term liabilities	775
Change in net position of governmental activities	$ 312,586

The accompanying notes are an integral part of these financial statements

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

	Enterprise Fund Rental
ASSETS	
Current Assets:	
Investment in real estate	$ 2,222,501
Deposits	61,700
Total current assets	2,284,201
Total assets	2,284,201
LIABILITIES	
Current Liabilities:	
Accounts payable	51,316
Due to other funds	80,699
Advances to other funds	1,832,068
Total current liabilities	1,964,083
Total liabilities	1,964,083
NET POSTION	
Unrestricted	320,118
Total net position	$ 320,118

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, 2025

	Enterprise Fund Rental
OPERATING REVENUES	
Rental income	$ 116,823
Total operating revenues	116,823
OPERATING EXPENSES	
Property management	1,961
Repairs and maintenance	77,124
Utilities	16,933
Property assessments	37,208
Property taxes	1,660
Other operating expenses	526
Total operating expenses	135,412
Operating loss	(18,589)
NON-OPERATING REVENUES AND EXPENSES	
Interest expense	(27,448)
Contributions	70,000
Total non-operating revenue and expenses	42,552
Income (loss) before transfers	23,963
TRANSFERS	
Transfers in	57,000
Transfers out	(24,358)
Change in net position	56,605
Net Position, Beginning	263,513
Net Position, Ending	$ 320,118

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, 2025

	Enterprise Fund Rental
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 116,823
Payments to suppliers for goods and services	(84,306)
Net cash provided by operating activities	32,517
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Deposits	(61,700)
Net cash used for non-capital financing activities	(61,700)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	57,000
Transfers to other funds	(24,358)
Investment in real estate	(1,095,262)
Capital debt proceeds	1,413,364
Principal payments	(1,413,364)
Contributions	70,000
Due from other funds	2,697
Interfund loan	1,046,554
Interest payments	(27,448)
Net cash provided by capital financing activities	29,183
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (18,589)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase (decrease) in operating liabilities:	
Accounts payable	51,106
Net cash provided by operating activities	$ 32,517

The accompanying notes are an integral part of these financial statements

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

	Custodial Fund
ASSETS	
Cash and investments	$ 4,035
Receivables:	
Intergovernmental	46,410
Total assets	50,445
LIABILITIES	
Accounts payable	50,445
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	$ 2,060,149
Fees collected for other government	40,756
Total additions	2,100,905
DEDUCTIONS	
Payment to other agencies	2,060,149
Payment of fees collected to other government	40,756
Total deductions	2,100,905
Change in net position	-
Net Position, Beginning	-
Net Position, Ending	$ -

The accompanying notes are an integral part of these financial statements

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.

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

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 two 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."

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.

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.

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 of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. 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.

Generally accepted accounting principles 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	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

e. Financial statement elements (continued)

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 balance

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:

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.

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

e. Financial statement elements (continued)

Fund balance, (continued)

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. 101

For the fiscal year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences*. This Statement provides guidance on the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Note 2: Budgetary Information

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

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

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

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

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

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net position	
Cash and investments	$ 9,357,076
Investments in real estate	2,222,501
Statement of Fiduciary Net Position	
Cash and investments	4,035
Total cash and investments	$ 11,583,612

Cash and investments as of June 20, 2025 consists of the following:

Deposits with financial institutions	$ 2,276,146
Cash on hand	300
Investments	9,307,166
Total cash and investments	$ 11,583,612

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.

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
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.

Investment type	Total	12 months or less	13 to 24 months	25 to 60 months
Local Agency Investment Fund	$ 11,407	$ 11,407	$ -	$ -
Negotiable certificates of deposit	492,040	492,040	-	-
U.S. Treasury Bills	2,123,232	2,123,232	-	-
Federal agency securities	1,775,399	1,035,132	740,267	-
Corporate debt securities	248,609	124,890	123,719	-
Money market	2,433,978	2,433,978	-	-
Real estate	2,222,501	2,222,501	-	-
Totals	$ 9,307,166	$ 8,443,180	$ 863,986	$ -

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	$ 11,407	N/A	Not rated
Negotiable certificates of deposit	492,040	N/A	Not rated
U.S. Treasury Bills	2,123,232		
Federal agency securities	1,775,399	AA-a2	Aa1
Corporate debt securities	248,609	A	Aaa,A2
Money market	2,433,978	N/A	Not rated
Real estate	2,222,501	N/A	Not rated
Totals	$ 9,307,166		

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	$ 1,180,753
U.S. Treasury	U.S. Treasury Bills	2,123,232

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, 2025, the City had deposits of $2,333,265 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, 2025, the carrying amount (at amortized cost) of the Pool was $178,938,897,012 and the estimated fair value of the pool was $179,918,091,940. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2025, was $11,407. 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.

Note 3: Cash and Investments (continued)

The City has the following recurring fair value measurements as of June 30, 2025:

Investments by Fair Value Level	Total	Fair Value Measurement Using Level 1	Level 2	Level 3
Negotiable certificates of deposit	$ 492,040	$ -	$ 492,040	$ -
U.S. Treasury Bills	2,123,232	-	2,123,232	-
Federal agency securities	1,775,399	-	1,775,399	-
Corporate debt securities	248,609	-	248,609	-
Money Market	2,433,978	-	2,433,978	-
	7,073,258	$ -	$ 7,073,258	$ -
Uncategorized:				
Local Agency Investment Fund	11,407			
Real estate	2,222,501			
Totals	$ 9,307,166			

Note 4: Interfund Receivables, Payables and Transfers

The composition of interfund balances on June 30, 2025, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Rental Fund	$ 80,699

The above amount owed to the General Fund is for negative cash balance on June 30, 2025, of $80,699. The negative cash amount will be repaid to the General Fund in Fiscal Year 2025-26.

Advances to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Rental Fund	$ 1,832,068

The above amount owed to the General Fund is for advances to the Rental Fund for the purchase of two buildings and is being repaid monthly, final payments are due April 14, 2055 on one advance and March 14, 2045 on the second advance.

Interfund Transfers:

Fund Receiving Transfers	Fund Making Transfers	Amount
Rental Fund	General Fund	$ 57,000
General Fund	Rental Fund	24,358
		$ 81,358

The transfer to the Rental Fund is for the capital improvements and the transfer to the General Fund is related to the City converting the use of a building to City offices.

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/ amortized:				
Land	$ 353,856	$ 146,543	$ -	$ 500,399
Construction in progress	105,001	-	105,001	-
Total capital assets, not being depreciated/amortized	458,857	146,543	105,001	500,399
Capital assets, being depreciated/ amortized:				
Buildings	2,264,260	1,536,225	-	3,800,485
Machinery & equipment	981,119	394,151	-	1,375,270
Vehicles	1,586,684	-	-	1,586,684
Infrastructure	10,728,255	-	-	10,728,255
Lease equipment	40,474	29,107	-	69,581
Subscriptions	87,396	-	87,396	-
Total capital assets, being depreciated/amortized	15,688,188	1,959,483	87,396	17,560,275
Less accumulated depreciation/ amortization for:				
Buildings	(503,886)	(120,868)	-	(624,754)
Machinery & equipment	(477,134)	(123,229)	-	(600,363)
Vehicles	(530,265)	(161,559)	-	(691,824)
Infrastructure	(6,425,004)	(512,710)	-	(6,937,714)
Lease equipment	(1,926)	(9,326)	-	(11,252)
Subscriptions	(18,936)	-	18,936	-
Total accumulated depreciation/ amortization	(7,957,151)	(927,692)	18,936	(8,865,907)
Total capital assets, being depreciated/amortized, net	7,731,037	1,031,791	68,460	8,694,368
Governmental activities capital assets, net	$ 8,189,894	$ 1,178,334	$ 173,461	$ 9,194,767

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

Governmental activities:	
General government	$ 105,313
Public safety	297,265
Public works	525,114
Total depreciation/amortization expense - governmental activities	$ 927,692

Note 6: Compensated Absences

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

	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated Absences	$ 190,947	$ 8,514	$ 199,461	$ 139,623

Note 7: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt					
Direct borrowings:					
PNC Equipment Finance	$ 525,277	$ -	$ 68,656	$ 456,621	$ 70,681
PNC Equipment Finance	154,926	-	37,376	117,550	38,265
CLPOA Loan	446,826	-	89,985	356,841	95,061
Toshiba Copier Lease - 3	38,043	-	7,116	30,927	7,354
Security Equipment Lease	-	29,107	10,449	18,658	8,974
SBITA Liabilities	68,425	-	68,425	-	-
Governmental activities long-term debt	$ 1,233,497	$ 29,107	$ 282,007	$ 980,597	$ 220,335

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, 2025, is $456,621.

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, 2025, is $117,550.

Note 7: Long-Term Liabilities (continued)

The annual debt service requirements for the equipment financing payable outstanding on June 30, 2025, are as follows:

Year Ending	Lease No. 98994503-1		Lease No. 98994503-2		
June 30,	Principal	Interest	Principal	Interest	Total
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	79,398	4,753	-	-	84,151
2031	81,741	7,164	-	-	88,905
	$ 456,621	$ 53,039	$ 117,550	$ 5,639	$ 632,849

Toshiba Copier 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, 2025, the value of the lease liability is $30,927. 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, 2025, of $40,474 with accumulated amortization of $9,635 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, 2025, are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2026	$ 7,354	$ 910	$ 8,264
2027	7,600	664	8,264
2028	7,855	409	8,264
2029	8,118	146	8,264
	$ 30,927	$ 2,129	$ 33,056

Security Equipment Lease

On April 1, 2025, the City entered into a 36-month lease as Lessee for the use of security equipment. An initial lease liability was recorded in the amount of $29,107. As of June 30, 2025, the value of the lease liability is $18,658. The City is required to make annual fixed payments of $10,449 commencing May 1, 2025 and ending May 1, 2027. The lease has an interest rate of 7.91%. 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, 2025, of $29,107 with accumulated amortization of $1,617 is included Lease Equipment Disclosure (Note 5).

Note 7: Long-Term Liabilities (continued)

The annual debt service requirements for the leases payable outstanding on June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 8,974	$ 1,476	$ 10,450
2027	9,684	766	10,450
	$ 18,658	$ 2,242	$ 20,900

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, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
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
	$ 356,841	$ 36,261	$ 393,102

Business-Type Activities:

Long-term debt	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct borrowings:					
Note Payable - CBB	$ -	$ 1,413,364	$ 1,413,364	$ -	$ -

In March of 2020, the entered into a Promissory Note with Citizens Business Bank for a variable rate Revolving Line of Credit in the amount of $2,000,000. The Line was renewed on January 29, 2025 and matures on March 11, 2026. The loan bears an interest rate based on an index which is the Citizens Business Bank Prime Rate Index. The current rate is 7.5%. During the current fiscal year the City borrowed $1,413,364 for the purchase of commercial real estate and subsequently repaid the loan during the fiscal year. The principal balance as of June 30, 2025, is $0 as the loan was repaid in full.

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.

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, 2025, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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	7.000%	7.750%
Required employer contribution rates	11.880%	7.870%

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, 2025 were $157,110.

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, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair 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	Contract COLA up to 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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, 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.

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 corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021-22 Asset Liability Management study.

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

There were no subsequent events that would materially affect the results presented in this disclosure.

Note 8: Retirement Plan (continued)

B. Net Pension Liability (continued)

Pension Plan Fiduciary Net Position

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

C. Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2023 (MD)	$ 2,432,723	$ 1,817,060	$ 615,663
Balance at: 6/30/2024 (MD)	2,713,578	2,101,148	612,430
Net Changes during 2023-24	$ 280,855	$ 284,088	$ (3,233)

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

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

The City's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2023, and 2024 measurement dates was as follows:

	Miscellaneous
Proportionate Share - June 30, 2023	0.01231%
Proportionate Share - June 30, 2024	0.01266%
Change - Increase (Decrease)	0.00035%

Note 8: Retirement Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

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	$ 978,601	$ 612,430	$ 311,017

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

Note 8: Retirement Plan (continued)

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

As of the start of the measurement period (July 1, 2023), the City's net pension liability was $615,663. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense/(income) of $176,350.

As of June 30, 2025, 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	$ 52,950	$ (2,066)
Changes of Assumptions	15,741	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	35,257	-
Change in Employer's Proportion	13,375	(890)
Difference in Actual vs. Projected Contributions	70,956	-
Pension Contributions Subsequent to Measurement Date	157,110	-
Total	$ 345,389	$ (2,956)

These amounts above are net of outflows and inflows recognized in the 2023-24 measurement period expense. Contributions subsequent to the measurement date of $157,110 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	$ 73,369
2027	109,629
2028	14,407
2029	(12,082)
Thereafter	-
	$ 185,323

D. Payable to the Pension Plan

At June 30, 2025, the City reported a payable of $4,634 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

As of the June 30, 2025 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	30
Inactive employees or beneficiaries currently receiving benefits	1
Total	31

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, 2025, the City's required minimum payments amounted to $4,809 in payment for premiums.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2025 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, 2025
Discount Rate	5.20%
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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20% percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Net OPEB Liability

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

	Total OPEB Liability	Plan Fiduciary Net Position (B)	Net OPEB Liability/(Asset) (c)= (a) - (b)
Balance at June 30, 2024 (Measurement Date June 30, 2024)	$ 865,749	$ 51,121	$ 814,628
Changes recognized for the measurement period:			
Service Cost	267,629	-	267,629
Interest	39,402	2,421	36,981
Changes of assumptions	(208,527)	-	(208,527)
Change in benefit terms	-	-	-
Experience (gains)/losses	-	-	-
Contributions - employer	-	4,101	(4,101)
Investment gains/(losses)	-	1,464	(1,464)
Benefit payments	(4,101)	(4,101)	-
Administrative expenses	-	(311)	311
Net Changes	94,403	3,574	90,829
Balance at June 30, 2025 (Measurement Date June 30, 2025)	$ 960,152	$ 54,695	$ 905,457

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, 2025:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 5.20%
Net OPEB Liability	$ 1,068,411	$ 905,457	$ 778,445

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, 2025:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 715,784	$ 905,457	$ 1,138,962

Change of Assumptions

The discount rate increased from 3.95% to 5.20% in the current year.

Amortization of Deferred Inflows and Outflows of Resources

As of the fiscal year ended June 30, 2025 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	$ 114,026	$ (305,423)
Differences between expected and actual experience	48,757	(36,244)
Differences between projected and actual return on assets	-	(1,909)
Total	$ 162,783	$ (343,576)

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	$ (13,978)
2027	(13,978)
2028	(13,975)
2029	(13,730)
2030	(13,438)
Thereafter:	(111,694)
	$ (180,793)

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.

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 Balance

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					
	General Fund	Gas Tax Fund	Measure A Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Prepaid items	$ 191,541	$ -	$ -	$ -	$ -	$ 191,541
Advances from other funds	1,832,068	-	-	-	-	1,832,068
Restricted for:						
Public works	-	1,481,470	1,700,544	-	87,036	3,269,050
Public safety	-	-	-	-	5,335	5,335
Committed to:						
Emergency reserve	862,435	-	-	-	-	862,435
Contingency reserve	431,217	-	-	-	-	431,217
Equipment replacement	430,380	-	-	-	-	430,380
Assigned to:						
Capital projects	-	-	-	207,262	-	207,262
Unassigned:	3,502,288	-	-	-	-	3,502,288
	$ 7,249,929	$ 1,481,470	$ 1,700,544	$ 207,262	$ 92,371	$10,731,576

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 $133,873 for the fiscal year ended June 30, 2025, which included $17,984 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.

Note 14: Changes to or Within the Financial Reporting Entity

Change in Major Fund Presentation (Column A)

The Miscellaneous Grants Fund was reported as a Major Fund for Fiscal Year 2023-24, however in Fiscal Year 2024-25 the Fund did not meet the quantitative threshold for a major fund.

Adoption of a new Accounting Principle (Column B)

The City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. The adoption resulted in an increase of Compensated Absences payable of $61,297 as of June 30, 2024 and resulted in the restatement of beginning net position in the governmental activities.

	June 30, 2024 As Previously Reported	Change to or Within the Financial Reporting Entity (A)	Adoption of New Accounting Principal (B)	June 30, 2024 As Restated
Government-Wide				
Governmental Activities	$ 17,134,426	$ -	$ (61,297)	$ 17,073,129
Business-Type Activities	263,513	-	-	263,513
Total Primary Government	$ 17,397,939	$ -	$ (61,297)	$ 17,336,642
Governmental Funds				
Major Funds:				
General Fund	$ 7,233,903	-	-	$ 7,233,903
Gas Tax Fund	978,761	-	-	978,761
Measure A Fund	1,406,476	-	-	1,406,476
Miscellaneous Grants Fund	15,818	(15,818)	-	-
Capital Projects Fund	1,623,309	-	-	1,623,309
Nonmajor Funds	104,677	15,818	-	120,495
Total Governmental Funds	$ 11,362,944	$ -	$ -	$ 11,362,944
Proprietary Fund				
Rental Fund	$ 263,513	$ -	$ -	$ 263,513
Fiduciary Funds				
Custodial Fund	$ -	$ -	$ -	$ -

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 6,069,861	$ 6,219,486	$ 6,547,650	$ 328,164
Licenses and permits	2,060,000	2,050,000	1,942,349	(107,651)
Fines and forfeitures	15,000	15,000	11,255	(3,745)
Intergovernmental	44,000	242,718	213,499	(29,219)
Use of money and property	200,000	204,753	267,005	62,252
Other	32,000	87,000	144,118	57,118
Total revenues	8,420,861	8,818,957	9,125,876	306,919
EXPENDITURES				
Current:				
General government	2,498,933	3,032,973	3,163,497	(130,524)
Public safety	4,572,087	4,742,935	4,600,123	142,812
Public works	173,500	234,600	206,499	28,101
Community development	766,734	588,104	481,102	107,002
Capital outlay	-	400,000	400,000	-
Debt service:				
Principal	213,582	213,582	213,582	-
Interest and fiscal charges	41,512	41,512	41,512	-
Total expenditures	8,266,348	9,253,706	9,106,315	147,391
Excess (deficiency) of revenues over (under) expenditures	154,513	(434,749)	19,561	454,310
OTHER FINANCING SOURCES				
Transfers in	-	-	24,358	24,358
Transfers out	-	(60,000)	(57,000)	3,000
Proceeds from lease issuance	-		29,107	29,107
Total other financing sources	-	(60,000)	(3,535)	56,465
Net change in fund balance	154,513	(494,749)	16,026	510,775
Fund balance, beginning of year	7,233,903	7,233,903	7,233,903	-
Fund balance, end of year	$ 7,388,416	$ 6,739,154	$ 7,249,929	$ 510,775

City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
Gas Tax Special Revenue
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental	$ 594,820	$ 594,820	$ 619,158	$ 24,338
Use of money and property	4,200	4,200	45,073	40,873
Total revenues	599,020	599,020	664,231	65,211
EXPENDITURES				
Current:				
Public works	234,705	234,705	161,522	73,183
Capital outlay	120,000	120,000	-	120,000
Total expenditures	354,705	354,705	161,522	193,183
Net change in fund balance	244,315	244,315	502,709	258,394
Fund balance, beginning of year	978,761	978,761	978,761	-
Fund balance, end of year	$ 1,223,076	$ 1,223,076	$ 1,481,470	$ 258,394

City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
Measure A Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental	$ 285,000	$ 285,000	$ 281,427	$ (3,573)
Use of money and property	4,500	4,500	56,826	52,326
Total revenues	289,500	289,500	338,253	48,753
EXPENDITURES				
Current:				
Capital outlay	76,150	76,150	44,185	31,965
Total expenditures	76,150	76,150	44,185	31,965
Net change in fund balance	213,350	213,350	294,068	80,718
Fund balance, beginning of year	1,406,476	1,406,476	1,406,476	-
Fund balance, end of year	$ 1,619,826	$ 1,619,826	$ 1,700,544	$ 80,718

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, 2025

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
6/30/2015	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%
6/30/2024	0.01266%	612,430	1,272,099	48.14%	77.43%

[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, 2025

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
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%
2024-25	157,110	(157,110)	-	1,424,093	11.03%

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.

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, 2025

Measurement Period	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service Cost	$ 21,629	$ 22,224	$ 24,506	$ 84,100	$ 87,584	$200,124	$ 201,263	$ 267,629
Interest on the Total OPEB Liability	4,592	5,011	6,109	7,445	9,241	18,954	26,986	39,402
Actual and expected experience difference	-	-	-	-	-	-	-	-
Changes in assumptions	-	7,672	162,794	4,165	(115,651)	(11,912)	(19,356)	(208,527)
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)	(4,101)
Net change in Total OPEB Liability	21,809	30,319	133,682	91,738	47,037	203,630	224,998	94,403
Total OPEB Liability - beginning	112,536	134,345	164,664	298,346	390,084	437,121	640,751	865,749
Total OPEB Liability - ending	$134,345	$164,664	$298,346	$390,084	$437,121	$640,751	$ 865,749	$ 960,152
Plan Fiduciary Net Position								
Contribution - employer	$ -	$ -	$ -	$ -	$ -	$ -	$ 54,094	$ 4,101
Investment gains/(losses)	-	-	-	-	-	-	1,232	3,885
Benefit payments	-	-	-	-	-	-	(4,094)	(4,101)
Administrative expense	-	-	-	-	-	-	(111)	(311)
Net change in Plan Fiduciary Net Position	-	-	-	-	-	-	51,121	3,574
Plan Fiduciary Net Position - beginning	-	-	-	-	-	-	-	51,121
Plan Fiduciary Net Position - ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ 51,121	$ 54,695
Total OPEB Liability - ending	$134,345	$164,664	$298,346	$390,084	$437,121	$640,751	$ 814,628	$ 905,457
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%	5.70%
Covered payroll	$300,891	$371,707	$483,844	$607,262	$633,633	$992,399	$ 1,170,253	$ 1,245,627
Total OPEB liability as a percentage of covered employee payroll	44.65%	44.30%	61.66%	64.24%	68.99%	64.57%	69.61%	72.69%

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 5.20% from 3.95% 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, 2025

Fiscal Year Ended June 30	2024	2025
Contractually or Statutorily Determined Contributions (C/S DC)	$ 54,094	$ 4,740
Contributions in relation to the C/S DC	(54,094)	(4,101)
Contribution deficiency/(excess)	$ -	$ 639
Covered payroll	$ 1,170,253	$ 1,245,627
Contribution as a percentage of covered payroll	4.62%	0.33%

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

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

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, 2025

	Special Revenue Funds			Total Non-major Governmental Funds
	Miscellaneous Grants Fund	AQMD	Law Enforcement Grants	
ASSETS				
Cash and investments	$ -	$ 83,486	$ 5,335	$ 88,821
Receivables:				
Intergovernmental	-	3,550	-	3,550
Total assets	$ -	$ 87,036	$ 5,335	$ 92,371
FUND BALANCES				
Fund Balances:				
Restricted for:				
Public works	$ -	$ 87,036	$ -	$ 87,036
Public safety	-	-	5,335	5,335
Total fund balances	$ -	$ 87,036	$ 5,335	$ 92,371

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

	Special Revenue Funds			Total
	(Formerly Major) Miscellaneous Grants Fund	AQMD	Law Enforcement Grants	Non-major Governmental Funds
REVENUES				
Intergovernmental	$ 154,731	$ 14,221	$ 194,663	$ 363,615
Use of money and property	-	2,810	-	2,810
Total revenues	154,731	17,031	194,663	366,425
EXPENDITURES				
Current:				
General government	900	-	-	900
Public safety	148,883	-	224,000	372,883
Capital Outlay	20,766	-	-	20,766
Total expenditures	170,549	-	224,000	394,549
Net change in fund balances	(15,818)	17,031	(29,337)	(28,124)
Fund balances, beginning of year, as previously reported	-	70,005	34,672	104,677
Change within financial reporting entity	15,818	-	-	15,818
Fund Balances, beginning of year, restated	15,818	70,005	34,672	120,495
Fund balances, end of year	$ -	$ 87,036	$ 5,335	$ 92,371

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November 18, 2025

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 City of Canyon Lake, California (hereafter, the City) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 18, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2025. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimates of the net pension liability and net other post-employment benefits liability are based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the net pension liability and net other post-employment benefits liability 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 misstatements were identified during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 November 18, 2025.

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 post-employment benefits schedules, which are required supplementary information (RSI) that supplement 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.

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

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 2025-2026

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets.*

Future Projects

Comprehensive Project, *Revenue and Expense Recognition.*

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

Major Project, *Infrastructure Assets.*

Practice Issue, *Subsequent Events.*

Restriction on Use

This information is intended solely for the information and use of 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,

LSL, LLP
Irvine, California

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 the City of Canyon Lake, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

LSL, LLP

Irvine, California
November 18, 2025

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Madalyne Gonzales, Community Engagement Coordinator

DATE: 02/17/2026

SUBJECT: Receive and File - 2026 City Events Calendar

Recommendation:
Receive and file the 2026 City Events Calendar.

Background/Analysis:
The City of Canyon Lake prepares an annual City Events Calendar to provide the City Council, staff, and the community with an overview of events that are planned, organized, and administered by the City throughout the calendar year. The calendar serves as an internal planning and coordination tool to support scheduling, staffing, resource allocation, and public communication efforts.

The 2026 City Events Calendar reflects the City's continued commitment to community engagement and civic connection through a variety of City-led programs and events. These events are designed to encourage resident participation, promote community pride, and provide opportunities for residents to connect directly with City leadership and staff.

Event dates, locations, and program details may be adjusted as necessary based on operational needs, staffing availability, weather conditions, or City Council direction. Presenting the 2026 City-Hosted Events Calendar as a receive-and-file item allows the City Council to review anticipated City-led events for the upcoming year and remain informed of planned community programming while maintaining flexibility in event planning and implementation.

Fiscal Impact Yes/No: No

Additional Fiscal Information:
There is no fiscal impact associated with receiving and filing the 2026 City Events Calendar. Costs associated with individual City events have been addressed in the current City Events budget.

Attachments:
1 - 2026 City Events Calendar

www.canyonlakeca.gov
Ⓟ 951.244.2955
Ⓕ 951.246.2022

2026 Calendar of City Events

1. **Fire Station Open House**
   Saturday, May 2, 2026 | 10:00 a.m. – 1:00 p.m.
2. **Citywide Clean-Up**
   Saturday, May 16, 2026 | 8:00 a.m. – 2:00 p.**m.**
3. **National Night Out**
   Tuesday, August 4, 2026 | Time TBD
4. **9/11 Remembrance Ceremony**
   Friday, September 11, 2026 | 8:30 a.m. – 9:30 a.m.
5. **Battle of the Cities Golf Tournament**
   Friday, October 2, 2026 | 7:30 a.m. – 1:00 p.m.
6. **State of the City Address**
   Thursday, October 8, 2026 | 5:00 p.m. – 7:00 p.m.
7. **Pumpkin Bash**
   Thursday, October 22, 2026 | 4:00 p.m. – 9:00 p.m.
8. **Veterans Day Patriotic Market**
   Wednesday, November 11, 2026 | 1:00 p.m. – 4:00 p.m.
9. **Annual Turkey Drive**
   Thursday, November 19, 2026 | 2:00 p.m. – 4:00 p.m.
10. **Donuts with Santa**
    Saturday, December 19, 2026 | 10:00 a.m. – 12:00 p.m.

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Jeff LaTendresse, Fire Chief

DATE: 02/17/2026

SUBJECT: Receive and File - 2025 Canyon Lake Fire Department Annual Report

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Recommendation:
Receive and file the 2025 Canyon Lake Fire Department Annual Report.

Background/Analysis:
The Canyon Lake Fire Department prepares an annual report to document fire department statistics and major achievements. Attached is the Annual Report for 2025.

This report will be available for public view at City Hall and available on the City's Fire Department webpage.

Fiscal Impact Yes/No: No

Additional Fiscal Information:
There is no fiscal impact.

Attachments:
1 - 2025 Canyon Lake Fire Department Annual Report

Canyon Lake Fire Department Annual Report 2025





2025 City Council



Mayor
Mark Terry



Mayor Pro Tem
Kasey Castillo



Council Member
Dale Welty



Council Member
Josh Steeber



Council Member
Jeremy Smith

2025 City Staff



City Manager
Arron Brown



City Clerk
Sheryl Garcia

A Message From Your Fire Chief



On behalf of the men and women of the Canyon Lake Fire Department, I am proud to present our Annual Report for 2025. This report reflects not only the statistics for the year, but the dedication, professionalism, and commitment to service that define the Canyon Lake Fire Department each and every day. This report highlights our activities as we completed four years of service to the City of Canyon Lake.

Throughout 2025, our Firefighters responded to emergencies with courage and compassion, often under challenging and unpredictable conditions. Whether answering calls for fire suppression, emergency medical services, fire prevention activities, or community outreach, our personnel remained steadfast in their mission to protect life, property, and the community we serve.

None of this would be possible without the support of our elected officials, city leadership, automatic and mutual aid partners, and residents and business members of Canyon Lake. Your trust and support allow us to carry out our mission with pride. I am especially grateful to the families of our firefighters, whose patience and sacrifice make this service possible.

As we look ahead to 2026, the Canyon Lake Fire Department remains committed to continuous improvement, fiscal responsibility, and service excellence. We will continue to adapt, train, and serve our community with P.R.I.D.E. and meet the growing needs of the City of Canyon Lake.

Thank you for your continued support. It is an honor to serve as your Fire Chief.

Jeff Latendresse

Our Mission

The Mission of the Canyon Lake Fire Department is to sustain and enhance quality of life for the community by protecting the lives, environment, and property of those who live, work, visit, and invest in our City, with efficient and cost-effective emergency response, fire prevention, and public education, while being active participants in the community we serve.







Our Vision

The Canyon Lake Fire Department will continually strive to achieve new and innovative ways of providing all-risk emergency services while being a positive partner with the community we serve. We aim to accomplish this by each member of the Fire Department living up to our five core values, and doing so with P.R.I.D.E.



Core Values "P.R.I.D.E."

1. **Professionalism: We shall always maintain our professional image; on emergency incidents, in the community, and at the fire station.**
2. **Respect: We believe in the rights and dignity of every person.**
3. **Integrity: We recognize that trustworthiness is the most important aspect granted by our community and it is the foundation of our service.**
4. **Dependability: We will be there for the community, and not just during emergency incidents; we will engage with the public and endeavor to be active and reliable members of the Canyon Lake Family.**
5. **Excellence: We will deliver quality services to the City of Canyon Lake while keeping in mind the regional support we mutually share with our neighboring communities.**

Canyon Lake Fire Department

Fire Chief
Jeff LaTendresse

Office Assistant
Yvette Soto

Battalion Chief
Mike Samuels

Battalion Chief
Jeff Roberts

A Shift	B Shift	C Shift
Captain Vincent Valdivia	**Captain/PM** Nate Garcia	**Captain** Tim O'Marra
Engineer/PM Jon Sasse	**Engineer** Chico Sanchez	**Engineer/PM** Ryan Moore
Firefighter/PM Chris Bratt	**Firefighter/PM** Sean Rivello	**Firefighter/PM** Rocky Rehberg
Reserve Firefighter	**Reserve Firefighter**	**Reserve Firefighter**

The Canyon Lake Team



MEET YOUR CANYON LAKE FIREFIGHTERS!

2025















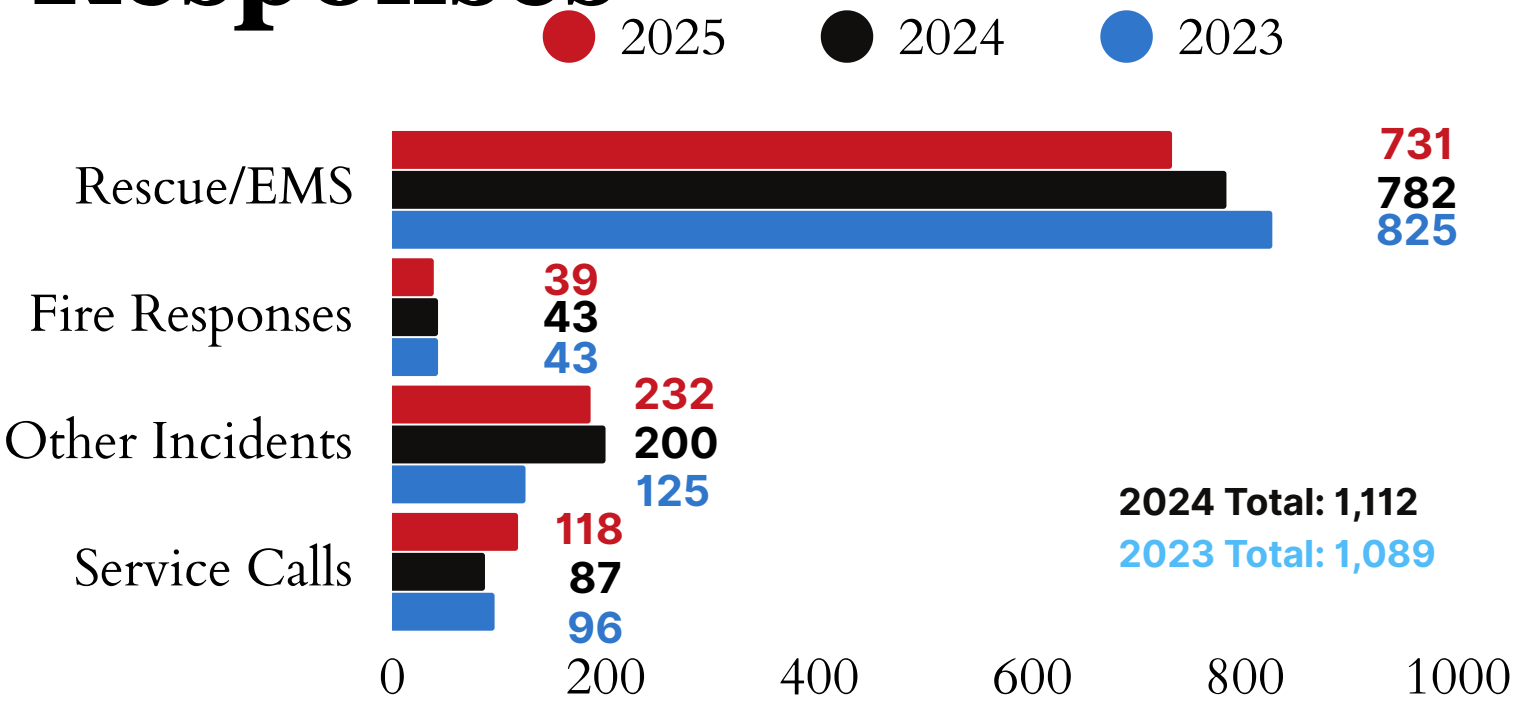






Years in Review

1,120 Emergency Responses







GETTING THERE IS THE FIRST PART!



2025

0:48 Average Turnout Time	5:17 Average Travel Time	05:59 Average Response Time
1:24 90% Fractile Turnout Time	7:30 90% Fractile Travel Time	8:35 90% Fractile Response Time

2024

0:55 Average Turnout Time	5:17 Average Travel Time	6:06 Average Response Time
1:31 90% Fractile Turnout Time	7:25 90% Fractile Travel Time	8:30 90% Fractile Response Time

2023

0:54 Average Turnout Time	5:12 Average Travel Time	5:57 Average Response Time
1:35 90% Fractile Turnout Time	7:34 90% Fractile Travel Time	8:34 90% Fractile Response Time

Push Harder Than Yesterday, If You Want A Different Tomorrow!

Canyon Lake Firefighters completed over 2,424 hours of training.









MEET THE FIRE FLEET!





CANYON LAKE FIRE DEPT. EST. 2022





2025

Automatic and Mutual Aid







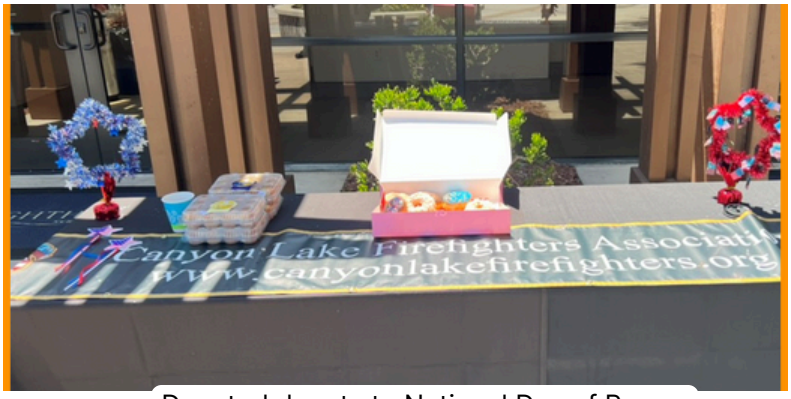


Canyon Lake Firefighters responded to 117 incidents outside the City. Riverside County/ Cal Fire, Murrieta, and Corona responded to 73 incidents inside the City.

Canyon Lake Firefighters Association



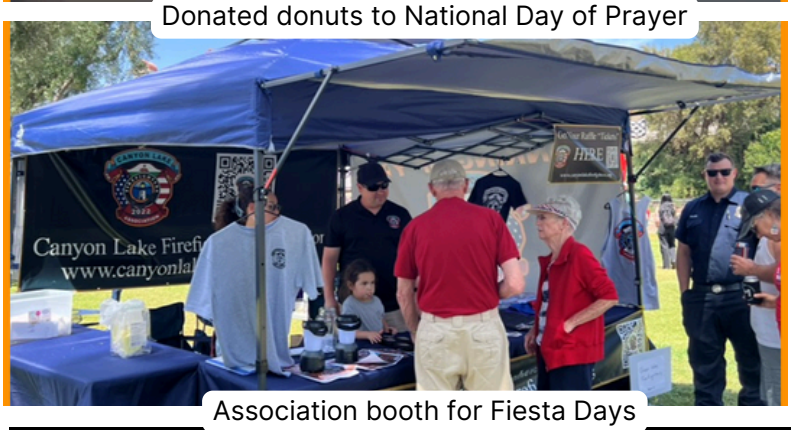
Donated to the Canyon Lake Jr. Women's Club Annual Charity Golf Tournament



Donated donuts to National Day of Prayer



Canyon Lake Firefighters Association Golf Cart Show



Association booth for Fiesta Days



Certificate of Appreciation

"2025 was a year of progress and purpose for the Canyon Lake Firefighters Association. Guided by our mission and supported by the City and community, we strengthened our foundation and remain dedicated to serving Canyon Lake with excellence in the years ahead"

Canyon Lake Firefighters Association

RESERVE FIREFIGHTER PROGRAM









The Canyon Lake Fire Department is funded for up to 15 Reserve Firefighters. All Reserves must have graduated from a State Certified Fire Academy, have an EMT License, and work at least two 24 hours shifts per month and attend monthly training.






CANYON
LAKE
Pierce
CYN


CANYON
FIRE
DEPT
FIRE COMPANY


FIRE
FIRE
FIRE
FIRE

Looking Back on 2025

- **Conducted a three-day CERT Training Program.**
- **Implemented the use of Table Command for Chief Officers.**
- **Trained two Department Fire Investigators.**
- **Participated in EVMWD's Water Leadership Program.**
- **Provided a Fire Engine for the March ARB Air Show.**
- **Participated in County-Wide Wildland Fire training.**
- **Completed a complete remodel of the Fire Station kitchen.**
- **Participated in Strike Team Responses.**
  - **Hurst Fire - Los Angeles County.**
  - **Eaton Fire - Los Angeles County.**
- **Implemented "Alert Canyon Lake" for emergency notification of residents during a disaster.**
- **Hired two new Captains, two Engineers, two Firefighters, eight Reserve Firefighters, and an Office Assistant.**
- **All personnel completed live fire training in Corona.**



FIREFIGHTER AND RESERVE OF THE YEAR



Fire Engineer/ Paramedic Jonathan "Jon" Sasse



Reserve Firefighter Michael Longobardo









WE ARE A PART OF THE COMMUNITY WE SERVE











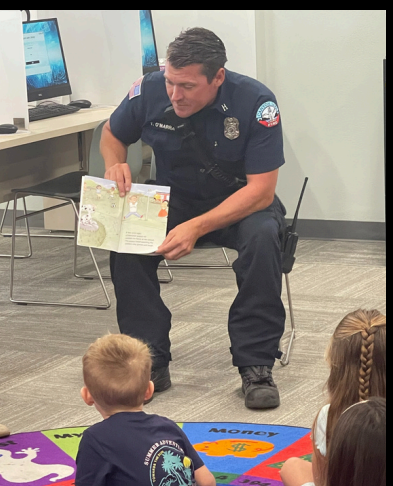



Professionalism:
Respect:
CAPTAIN/PARAMEDIC
N. GARCIA


JUNIOR


E-1 CAPTAIN - A SHIFT
E-1 FIREFIGHTER - A SHIFT
FIRE
R. MOORE









JOIN CANYON LAKE CERT!

WHAT IS CERT?

The Community Emergency Response Team (CERT) program educates people about disaster preparedness for hazards that may impact their area.

HOW TO JOIN.

CERT Meetings are held every 3rd Thursday of each month at City Hall at 6:00 p.m. To join the email subscription list for monthly meeting reminders and future trainings visit the Canyon Lake Fire Department website.













2025
Annual Report
Canyon Lake Fire Department



Stay Connected With Us!

https://www.facebook.com/CanyonLakeFire

https://www.instagram.com/canyonlakefire/

https://www.canyonlakeca.gov/clfd/

951-335-9414

28730 Vacation Drive
Canyon Lake, CA 92587

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Madalyne Gonzales, Community Engagement Coordinator

DATE: 02/17/2026

SUBJECT: Consideration of a Resolution Adopting an Advertising Policy and Fee Schedule for the City-Owned Monument Sign at 31790 Railroad Canyon Road

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Recommendation:

(1) Open the public hearing and take public testimony; and (2) adopt Resolution No. 2026-11 approving the Advertising Policy and establishing the fee schedule for advertising on the City-owned monument sign.

Background/Analysis:

In December 2025, the monument sign located in the Canyon Lake Towne Center was donated to the City of Canyon Lake, transferring ownership of the sign to the City. More recently, as part of formalizing City records and operations, the monument sign was assigned the address 31790 Railroad Canyon Road, and the City assumed full operational responsibility for its use and administration.

Prior to the City's acquisition, advertising fees for the 2025-2026 period were established and administered by the former owner, West Coast Outdoor Messaging, Inc. The proposed fee schedule reflects the same fee structure previously charged during that period and is being formally adopted by the City to ensure continuity, transparency, and City oversight.

The monument sign includes two distinct advertising components: (1) digital advertising content displayed on a rotating basis, and (2) permanent panel signage occupied by long-term tenants. Permanent panel signage is reserved exclusively for tenants located within the Canyon Lake Towne Center, consistent with the long-term nature and fixed placement of those panels. Digital advertising on the monument sign is open to any business, organization, or entity that meets the eligibility criteria and content standards established in the adopted Advertising Policy, regardless of physical location, subject to availability and administrative approval.

Following the City's assumption of ownership and operational control, staff identified an opportunity to formalize the advertising program by adopting an Advertising Policy and establishing an advertising fee schedule to guide the use, administration, and long-term sustainability of the sign. A key objective of this effort is to ensure the sign remains current, well-maintained, and refreshed, while continuing to provide value to local businesses and serving as a well-presented community asset.

The proposed Advertising Policy is designed to provide consistency and transparency by outlining eligibility requirements, content standards, display parameters, and administrative procedures governing the use of the City-owned monument sign. Adoption of the policy ensures the program is managed fairly and consistently while protecting City assets and aligning advertising content with community standards.

In conjunction with the proposed policy, Resolution No. 2026-11 establishes the official Advertising Fee Schedule, including pricing and tier structures for digital marquee advertising and an annual fee for permanent panel signage.

The resolution further establishes that the adopted fees apply through the remainder of calendar year 2026, with a single, non-recurring fee adjustment of ten percent (10%) to all such fees effective January 1, 2027, in order to support cost recovery and the ongoing operation of the program.

Together, adoption of the Advertising Policy and fee schedule will modernize the advertising program, simplify administration, and create a scalable framework that supports the long-term sustainability and refresh of the City-owned monument sign.

Fiscal Impact Yes/No: No

Additional Fiscal Information:
Approval of Resolution No. 2026-11 establishes the Advertising Fee Schedule for the City-owned monument sign. The fees are intended to cover costs for program administration, maintenance, operations, and future upgrades.

Revenue from digital advertising and permanent panel signage will go into the Enterprise Fund to support the ongoing operation and management of the monument sign.

This fee schedule provides a cost-recovery framework, does not authorize new spending, and is not expected to have an immediate fiscal impact. Any related budget adjustments will be addressed through the City's mid-year budget.

Attachments:
1 - Resolution
2- Policy

RESOLUTION NO. 2026-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADOPTING A MONUMENT SIGN ADVERTISING POLICY AND ESTABLISHING AN ADVERTISING FEE SCHEDULE FOR THE CITY-OWNED MONUMENT SIGN LOCATED AT 31790 RAILROAD CANYON ROAD

WHEREAS, in December 2025, a monument sign located in the Canyon Lake Towne Center was donated to the City of Canyon Lake, thereby becoming a City-owned asset; and

WHEREAS, prior to the City's acquisition of the monument sign, advertising fees for the 2025–2026 period were established and administered by the former owner, West Coast Outdoor Messaging, Inc.; and

WHEREAS, the advertising fees adopted herein reflect the same fee structure previously charged during the 2025–2026 period under prior private ownership and are being formally adopted by the City to ensure continuity, transparency, and City oversight; and

WHEREAS, the City-owned monument sign includes both digital advertising display capabilities and permanent panel signage occupied by long-term tenants; and

WHEREAS, the City Council desires to ensure that advertising on the City-owned monument sign is administered in a manner that is fair, transparent, fiscally responsible, and consistent with community standards; and

WHEREAS, the City has developed a Monument Sign Advertising Policy to establish eligibility criteria, content standards, display parameters, term lengths, and administrative procedures governing advertising on the monument sign; and

WHEREAS, the City desires to adopt a clear and consistent fee schedule for advertising on the monument sign that supports cost recovery for administration, maintenance, operations, and future upgrades; and

WHEREAS, the City Manager is authorized to revise and update the Monument Sign Advertising Policy and administratively adjust advertising fees as necessary to respond to operational costs, market conditions, maintenance needs, and program sustainability; and

WHEREAS, the City Council desires to establish advertising fees applicable through the remainder of calendar year 2026, with a single, non-recurring fee adjustment of ten percent (10%) to all such fees taking effect on January 1, 2027, in order to support cost recovery and the ongoing operation of the City-owned monument sign advertising program; and

WHEREAS, the proposed advertising program is structured to provide tiered digital advertising options based on overall visibility and time on the sign, rather than fixed guaranteed rotations, while also maintaining a separate annual fee for permanent panel signage; and

WHEREAS, the City Council finds the proposed Monument Sign Advertising Policy and Advertising Fee Schedule to be fair, reasonable, and necessary to ensure consistent administration, protect City assets, and support the long-term sustainability of the monument sign.

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

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The City Council hereby adopts the Monument Sign Advertising Policy governing the use of the City-owned monument sign located at 31790 Railroad Canyon Road, establishing uniform standards for eligibility, content review, display parameters, agreement terms, and administrative oversight, attached as Exhibit A hereto.

Section 3. The following fees are hereby adopted as the official City of Canyon Lake Advertising Fee Schedule for digital advertising on the City-owned monument sign, effective immediately upon adoption of this Resolution:

Digital Advertising Tier	Description	Estimated Display Frequency*	Monthly Fee	Annual Fee
Basic	Standard rotation	Approximately 8–10 plays per hour	$85	$1,020
Standard	Enhanced rotation	Approximately 11–14 plays per hour	$115	$1,380
Premium	High visibility rotation	Approximately 16–20 plays per hour	$160	$1,920
Premium +	Highest visibility rotation	Approximately 20–24 plays per hour	$229	$2,748

Section 4. The following fee is hereby adopted as the official annual maintenance fee for permanent panel signage located on the City-owned monument sign:

Fee Type	Amount
Standard Permanent Panel – Annual Maintenance Fee	$575
Large Permanent Panel – Annual Maintenance Fee	$2,875

*The Large Permanent Panel fee reflects the proportional size and capacity of the panel area relative to standard permanent panels.

In addition to the annual maintenance fee, any new permanent panel installation shall be subject to a one-time startup cost equal to the actual cost incurred by the City for fabrication, production, and installation of the panel, including materials and labor. Such cost shall be paid in full prior to installation.

Section 5. Revenue generated from digital marquee advertising fees and permanent panel signage fees shall be deposited into the appropriate Enterprise Fund and used to support the operation, maintenance, administration, and future improvements of the City-owned monument sign.

Section 6. The City Manager, or designee, shall have the authority to administer and interpret the Monument Sign Advertising Policy and Fee Schedule, execute advertising agreements, manage display scheduling, and impose reasonable conditions necessary to protect City property and ensure consistent program operation.

Section 7. 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 8. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 9. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 17th day of February 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

_____
Sheryl L. Garcia, MMC, CPM
City Clerk

Exhibit "A"

Monument Sign

Advertising Policy

(to be attached)

Monument Sign Advertising Policy

Policy Information

Policy Number:	23
Adoption Date:	2/17/2026
Effective Date:	2/17/2026
Lead Department:	Community Development

Revision/Amendment History

Date	**Action** (Adopted / Amended / Rescinded)	**Resolution # / Approval**	**Notes**
2/17/2026	Adopted	R-2026-11	–

City of Canyon Lake

Monument Sign Advertising Policy

Intent and Purpose

The City of Canyon Lake ("City") owns and operates a monument sign, including digital advertising display components, as part of the City's economic development program to encourage local business activity, provide public information, enhance public safety, and other governmental purposes.

This Policy is intended to set forth that advertising displayed on the City-owned monument sign is a means by which the City communicates messages selected and conveyed by the City itself. The City does not intend to create, and does not create, a public forum, designated public forum, or limited public forum for private expressive activity. All content displayed on the Digital Marquee constitutes government speech within the meaning of applicable federal and state law.

This policy may be amended by the City Manager at any time to reflect changes in technology, applicable law, organizational needs, or operational considerations.

Definitions

a. **City Manager** shall mean the City Manager of the City of Canyon Lake or the City Manager's designee.

b. **Designee** shall mean an individual authorized by the City Manager to carry out duties under this policy.

c. **Monument Sign** shall mean the City-owned monument sign located at the Canyon Lake Towne Center, including any digital display, marquee, or other advertising components owned and operated by the City of Canyon Lake.

d. **Government Speech** shall mean expression that is selected, approved, controlled, and conveyed by the City in furtherance of City objectives, and that reflects messages the City has adopted as its own.

e. **Message** shall mean any text, graphic, image, or multimedia content, including paid advertising content, displayed on any portion of the monument sign.

Advertising Components

The monument sign includes two distinct advertising components:

1. Digital Advertising Displays, which display advertising content on a rotating basis; and

2. Permanent Panel Signage, which consists of fixed, non-digital panels occupied by long-term tenants.

Permanent panel signage is reserved exclusively for tenants located within the Canyon Lake Towne Center, consistent with the long-term nature, fixed placement, and limited capacity of those panels.

Digital advertising on the monument sign may be made available to businesses, organizations, or entities that meet the eligibility criteria and content standards established in this Policy, regardless of physical location, subject to availability, administrative approval, and City operational needs.

City Control

The City retains exclusive authority over all content displayed on the Monument Sign. The City Manager or designee shall have sole discretion to:

- Select messages for display;
- Retain full editorial control over all message content, including the authority to approve, require revisions to, or decline any proposed message;
- Approve or modify message timing, duration, sequencing, and frequency;
- Remove or replace any message at any time.

The City Manager may delegate authority under this policy to specific City staff positions in writing. Any such delegation shall:

- Specify the scope of delegated authority;
- Be maintained on file with the City Clerk;
- Be revocable at will by the City Manager; and
- Not create independent authority beyond the terms of this Policy.

No person or entity has a right of access to the Monument Sign. No approval or display of a message shall be construed to create a contractual right, vested right, entitlement, or expectation of continued or future display.

Content Standards and Restrictions

In determining the messages it will convey on the Monument Sign, the City will not display content that, in the judgment of the City Manager or designee:

- Is false, misleading, or deceptive;
- Promotes unlawful activity or violates applicable law;
- Contains obscenity;
- Depicts violence or sexual content;
- Contains profanity or lewd material inappropriate for a general audience;
- Promotes or opposes a political candidate, ballot measure, or legislation;

- Contains sectarian religious content that would create a reasonable perception of City endorsement of a particular faith tradition, except where such content is part of a neutral recognition of cultural or community observances (e.g., “Merry Christmas” “Happy Holidays,” etc.);
- Does not advance the City's economic development priorities, including but not limited to, promotion of retail businesses with physical locations in Canyon Lake, City-permitted events, community programs, tourism promotion, and civic activities;
- Creates a risk to public safety, including content that may cause driver distraction, incite imminent lawless action, or interfere with emergency response operations; or
- Interferes with City operations.

These standards reflect the City's determination of the messages it chooses to convey and do not obligate the City to display any particular message or category of content.

Editorial Control

The City maintains exclusive editorial control and is not obligated to display any submitted content.

Public Safety and City Preemption

The City reserves the right at all times to preempt, interrupt, replace, or remove any message displayed on the Monument Sign in order to display public safety announcements, emergency notifications, disaster response information, or other time-sensitive City communications. Such messages shall take precedence over all other content.

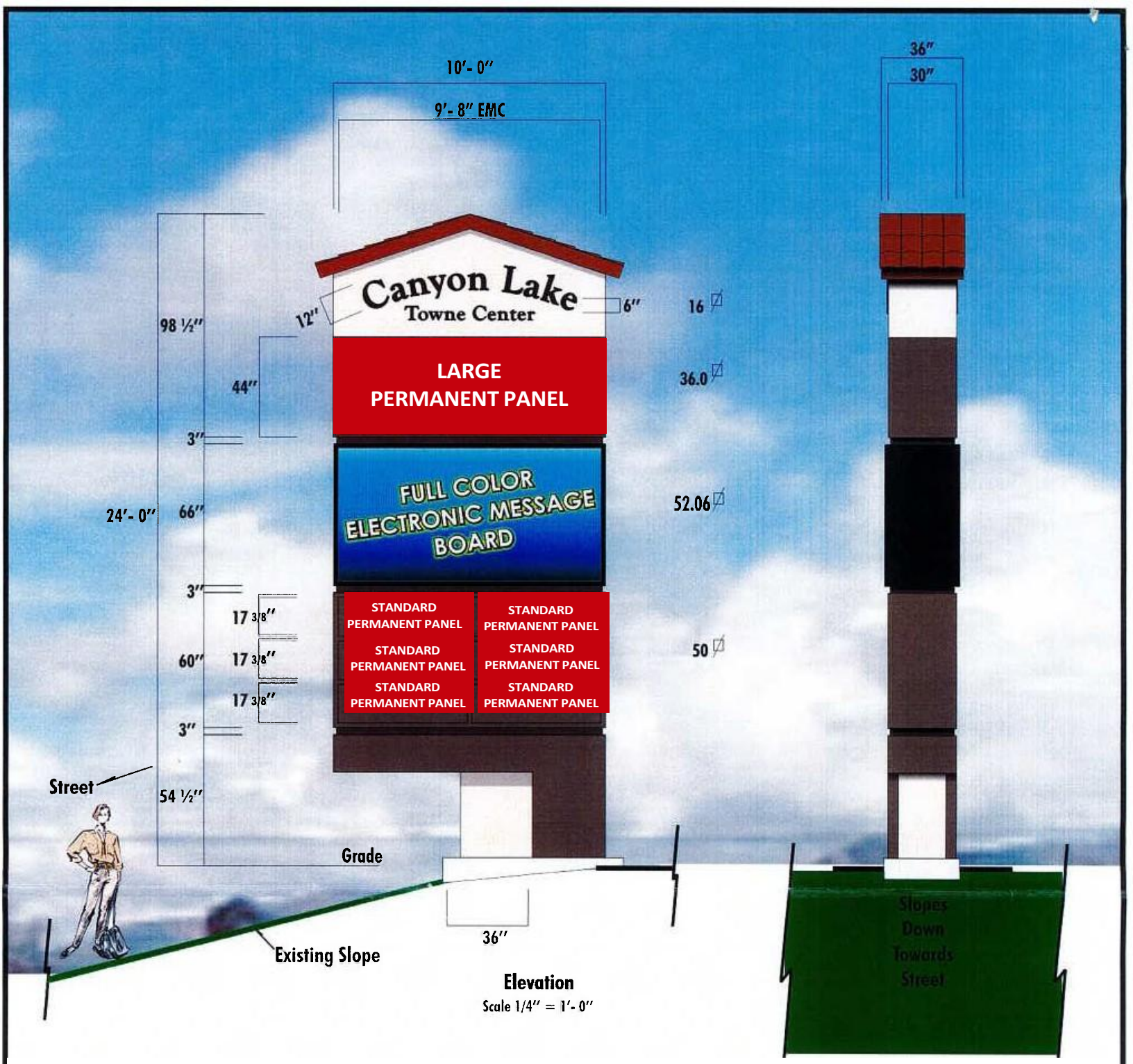
No Forum Created/No Endorsement

Nothing in this Policy shall be construed to create a forum for private speech or expressive activity. The Monument Sign is not open for public expression.

The display of information about local businesses, organizations, or events constitutes the City's own communication regarding matters of community interest and economic development. Such display reflects the City's determination that the information serves a valid governmental purpose and does not constitute a commercial endorsement, recommendation, or warranty of quality.

Severability and Interpretation

If any provision of this Policy is found invalid, the remaining provisions shall remain in full force and effect. This Policy shall be interpreted to maximize the City's authority to control content while maintaining compliance with applicable law. In the event of conflict, public safety considerations shall take precedence.


10'- 0"
9'- 8" EMC
Canyon Lake
Towne Center
12"
6"
98 ½"
44"
3"
24'- 0"
66"
3"
17 3/8"
60"
17 3/8"
17 3/8"
3"
54 ½"
LARGE
PERMANENT PANEL
FULL COLOR
ELECTRONIC MESSAGE
BOARD
STANDARD
PERMANENT PANEL
STANDARD
PERMANENT PANEL
STANDARD
PERMANENT PANEL
STANDARD
PERMANENT PANEL
STANDARD
PERMANENT PANEL
STANDARD
PERMANENT PANEL
Street
Grade
Existing Slope
36"
Elevation
Scale 1/4" = 1'- 0"
36"
30"
16
36.0
52.06
50
Slopes
Down
Towards
Street

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Jim Morrissey, City Planner

DATE: 02/17/2026

SUBJECT: (1) Adopt Urgency Ordinance No. 270 - An Urgency Ordinance of the City Council of the City of Canyon Lake, California, An Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location and Design of Cannabis Businesses; and (2) Introduction and First Reading of Ordinance No. 271 - An Ordinance of the City Council of the City Of Canyon Lake, California, an Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location And Design of Cannabis Businesses

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Recommendation:

(1) Adopt Urgency Ordinance No. 270 - An Urgency Ordinance of the City Council of the City of Canyon Lake, California, an Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location and Design of Cannabis Businesses; and (2) introduce and read by title only Ordinance No. 271 - An Ordinance of the City Council of the City of Canyon Lake, California, an Amendment to the Canyon Lake Municipal Code, Chapter 4.20: Commercial Cannabis Businesses, Section 4.20.250, Location And Design of Cannabis Businesses.

Background/Analysis:

Background

On October 6, 2021, the City Council adopted Ordinance No. 215 regulating Commercial Cannabis Businesses. The Ordinance was subsequently amended several times (Ordinances Nos. 246 and 269) in response to a number of items, including the number of businesses to be permitted, their security measures, operating procedures, and the processing of subsequent approvals.

The original ordinance specified cannabis businesses would be conducted within the City's C-1 General Commercial Zone. At one time the C-1 Zone included all three of the City's commercial areas. In June 2022, the City rezoned the Towne Center to Mixed Use to reflect the General Plan Land Use designation of Mixed Use and implement the Towne Center Specific Plan.

Discussion

The intent of the Cannabis Ordinance is to permit cannabis uses in the City's commercially zoned districts. The Mixed Use Zone allows all uses permitted within the C-1 Zone. However, the Cannabis Ordinance specifically restricts cannabis businesses to only the C-1 Zone. To reflect the City's original intent to permit cannabis uses within all commercial areas of the City and properly reflect the applicable zoning categories that now exist, the Cannabis Ordinance is proposed to be amended to add the Mixed Use Zone as provided below (underlined represents additions, strikethrough deletions):

Sec. 4.20.250. Location and Design of Cannabis Businesses.

Cannabis businesses permitted to engage in Retail subject to the following zoning and locational requirements:

(a) Retail must be in the C-1 General Commercial ~~Zone~~ or Mixed Use Zones and must meet all of the requirements for development in these zones. The cannabis business must also meet all of the following distance requirements:

Fiscal Impact Yes/No: No

Attachments:
1 - Urgency Ordinance
2 - Ordinance (Non-Urgency)

URGENCY ORDINANCE NO. 270

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AN AMENDMENT TO THE CANYON LAKE MUNICIPAL CODE, CHAPTER 4.20: COMMERCIAL CANNABIS BUSINESSES, SECTION 4.20.250, LOCATION AND DESIGN OF CANNABIS BUSINESSES

WHEREAS, the City of Canyon Lake has adopted Ordinance No. 215 and subsequent Ordinance amendments Nos. 246 and 269 to regulate cannabis businesses with the City; and

WHEREAS, the City has undertaken actions to update these regulations to reflect changing circumstances and reflect current desires that include efforts to modernize and streamline the approval processes; and

WHEREAS, the City's original actions referenced permitting cannabis uses within all of the commercially zoned areas of the City, which were zoned C-1, General Commercial; and

WHEREAS, the City has rezoned an area known as the Canyon Lake Towne Center from C-1 General Commercial to Mixed Use to provide consistency with the General Plan and permit the adoption of the Towne Center Specific Plan, which is intended to permit both commercial and residential uses and implement the City's adopted Housing Element; and

WHEREAS, the intent of the adopted Specific Plan was to maintain the types of uses currently permitted within the Towne Center Mixed Use Zone, the Mixed Use Zone was amended to explicitly reference all uses permitted within the C-1 General Commercial Zone; and

WHEREAS, the City desires to maintain the original intent of Ordinance No. 215 that required cannabis uses in commercial areas, including the Towne Center, notwithstanding subsequent zoning changes; and

WHEREAS, this ordinance is adopted pursuant to Government Code section 36937(b) as an urgency ordinance necessary for the immediate preservation of the public peace, health, and safety.

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

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

Section 2. Environmental Determination and Findings. The proposed amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Section 3. **Municipal Code Amendments.** Section 4.20.250. Location and Design of Cannabis Businesses, is hereby amended as provided below (underlined represents additions, strikethrough deletions):

(a) Retail must be in the C-1 General Commercial ~~Zone~~ or Mixed Use Zones and must meet all of the requirements for development in these zones.

Section 4. **Concluding Facts and Reasons.** Based on the substantial evidence presented to the City Council during the public hearing on the Ordinance, and the specific findings set forth in the Recitals, and Sections 1 and 2, above, the City Council hereby concludes that the proposed Amendment to the City of Canyon Lake Municipal Code is consistent with the goals, policies, plans, and exhibits of the General Plan. Staff has thoroughly reviewed the proposed Municipal Code Amendment and the conditions under which it will be implemented and has determined the proposed Municipal Code provisions to be consistent with the applicable goals, policies, plans, and exhibits of the General Plan. Additionally the City Council finds that the proposed Amendment to the City of Canyon Lake Municipal Code would not be detrimental to the public interest, health, safety, convenience, or general welfare of the City.

Section 5. **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 6. **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 7. **Effective Date (Urgency).** This Ordinance shall become effective immediately upon adoption by four-fifths of the City Council as this ordinance relates to the immediate preservation of the public peace, health, or safety for the reasons set forth above.

Section 8. 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 17th day of February 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

_____
Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

_____
Steven Graham Pacifico, City Attorney

ORDINANCE NO. 271

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AN AMENDMENT TO THE CANYON LAKE MUNICIPAL CODE, CHAPTER 4.20: COMMERCIAL CANNABIS BUSINESSES, SECTION 4.20.250, LOCATION AND DESIGN OF CANNABIS BUSINESSES

WHEREAS, the City of Canyon Lake has adopted Ordinance No. 215 and subsequent Ordinance amendments Nos. 246 and 269 to regulate cannabis businesses with the City; and

WHEREAS, the City has undertaken actions to update these regulations to reflect changing circumstances and reflect current desires that include efforts to modernize and streamline the approval processes; and

WHEREAS, the City's original actions referenced permitting cannabis uses within all of the commercially zoned areas of the City, which were zoned C-1, General Commercial; and

WHEREAS, the City has rezoned an area known as the Canyon Lake Towne Center from C-1 General Commercial to Mixed Use to provide consistency with the General Plan and permit the adoption of the Towne Center Specific Plan, which is intended to permit both commercial and residential uses and implement the City's adopted Housing Element; and

WHEREAS, the intent of the adopted Specific Plan was to maintain the types of uses currently permitted within the Towne Center Mixed Use Zone, the Mixed Use Zone was amended to explicitly reference all uses permitted within the C-1 General Commercial Zone; and

WHEREAS, the City desires to maintain the original intent of Ordinance No. 215 that required cannabis uses in commercial areas, including the Towne Center, notwithstanding subsequent zoning changes.

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

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

Section 2. Environmental Determination and Findings. The proposed amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Section 3. **Municipal Code Amendments.** Section 4.20.250. Location and Design of Cannabis Businesses, is hereby amended as provided below (underlined represents additions, strikethrough deletions):

(a) Retail must be in the C-1 General Commercial ~~Zone~~ or Mixed Use Zones and must meet all of the requirements for development in these zones.

Section 4. **Concluding Facts and Reasons.** Based on the substantial evidence presented to the City Council during the public hearing on the Ordinance, and the specific findings set forth in the Recitals, and Sections 1 and 2, above, the City Council hereby concludes that the proposed Amendment to the City of Canyon Lake Municipal Code is consistent with the goals, policies, plans, and exhibits of the General Plan. Staff has thoroughly reviewed the proposed Municipal Code Amendment and the conditions under which it will be implemented and has determined the proposed Municipal Code provisions to be consistent with the applicable goals, policies, plans, and exhibits of the General Plan. Additionally the City Council finds that the proposed Amendment to the City of Canyon Lake Municipal Code would not be detrimental to the public interest, health, safety, convenience, or general welfare of the City.

Section 5. **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 6. **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 7. **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 8. 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 _____ 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

_____
Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

_____
Steven Graham Pacifico, City Attorney

CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Terry Shea, Finance Director

DATE: 02/17/2026

SUBJECT: Review of the Fiscal Year 2025-26 Mid-Year Budget and Approval of Proposed Budget Adjustments

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Recommendation:
Review the Fiscal Year 2025-26 Mid-Year Budget Report and approve the recommended budget adjustments.

Background/Analysis:
In May 2025, the City Council adopted Resolution 2025-26, approving the Fiscal Year 2025-26 Budget and Appropriations Limit. The adopted General Fund budget included $8,674,450 in revenues and $8,624,349 in expenditures for a budgeted Revenues over Expenditures of $50,101. Through January, the City Council has approved additional appropriations of $1,384,250, for various items including Police Department Start-up and building remodel costs of $1,200,000, establishing a Facilities Maintenance/Capital Improvement Program Contingency account for $135,000, which is offset by funds received from a penalty for a failed bid, and $37,500 for an employee settlement. In addition, the City Council approved additional revenues for $1,512,000 in Proceeds from Long-term Debt for the purchase of property and $11,750 for sponsorships received for various City Events. The results of the changes as described above increased the proposed Revenues over Expenditures to $189,601.

Actual revenues through December 2025 with projections for the remainder of the fiscal year are higher than anticipated by $174,925. The largest projected increase is in Miscellaneous Income $85,000 as the result of a penalty received for a failed bid, Insurance claim payments $24,300 and sponsorships received for City Events $7,000. The proposed adjustment for revenues is as follows:

10-000-4791	Insurance Reimbursements	$24,300
10-000-4790	Miscellaneous Income	$85,000
10-421-4801	City Events	$7,000
Total	**General Fund**	**$116,300**

Actual expenditures through December 2025 with projections for the remainder of the fiscal year are in line with the original budget, with projected savings in most Departments and Divisions. However, certain line items are over, and some items need to be added to the budget. For the increases, decreases and proposed budget adjustments see Attachment 2 hereto.

Fiscal Year 2026-2027 Budget Adoption Timeline

As Staff continue to monitor the City's financial position, preparations for the Fiscal Year 2026-2027

budget are underway. The schedule below outlines key dates in the budget adoption process:

- *March 5, Budget Kickoff Meeting*. Internal staff meeting to initiate the budget process.
- *March 16, Draft Budget Presented to City Manager*. Finance Director to present the draft budget to the City Manager.
- *April 8, Preliminary Budget Presentation*. Staff presentation of the draft budget to City Council.
- *May 13, Budget Adoption*. Final approval of the budget incorporating any changes directed by City Council at the April 8, 2025, City Council meeting.

Fiscal Impact Yes/No: Yes

Additional Fiscal Information:
If the proposed Budget Adjustments are approved, the planned budgeted Revenues over Expenditures for the General Fund for Fiscal Year 2025-26 increases from $189,601 to $219,730.

Attachments:
1 - Revenues and Expenditures
2 - Adjustments for Discussion
3 - Proposed Adjustments

CITY OF CANYON LAKE
MID-YEAR REVIEW - REVENUES AND EXPENDITURES
10 - GENERAL FUND
FISCAL YEAR 2025-26

REVENUES	Year-to-Date Actual 31-Dec-25	Projected January to June	Projected FY 2025/26	Amended Budget	% Total of Budget Used Mid-Year	% Total of Budget Used Yearend	Variance
PROPERTY TAXES	$ 952,834	$ 3,331,012	$ 4,283,846	$ 4,262,250	22.36	100.51	$ 21,596
SALES TAXES	129,976	276,940	406,916	406,400	31.98	100.13	516
UTILITY USERS	318,520	662,000	980,520	952,500	33.44	102.94	28,020
TRANSIENT LODGING TAX	13,993	51,000	64,993	72,000	19.44	90.27	(7,007)
BUSINESS LICENSE FEES	34,026	33,850	67,876	69,000	49.31	98.37	(1,124)
COURT, VEHICLE, PARKING	2,746	2,400	5,146	15,000	18.30	34.30	(9,854)
FRANCHISE FEES	128,394	560,200	688,594	696,200	18.44	98.91	(7,606)
INTEREST INCOME	118,834	97,703	216,537	200,000	59.42	108.27	16,537
PERMITS AND FEES	303,728	328,213	631,941	618,100	49.14	102.24	13,841
EMS SUBSCRIPTION FEE	9,995	1,288,861	1,298,856	1,300,000	0.77	99.91	(1,145)
MOTOR VEHICLE FEE	16,909	-	16,909	18,000	93.94	93.94	(1,091)
GRANTS	7,840	4,400	12,240	8,000	98.00	153.00	4,240
MISCELLANEOUS	166,527	20,224	186,751	68,750	242.22	271.64	118,001
PROCEEDS FROM LONG-TERM DEBT	1,512,000	-	1,512,000	1,512,000	100.00	100.00	-
TOTAL REVENUES	**$ 3,716,322**	**$ 6,656,803**	**$ 10,373,125**	**$ 10,198,200**	**36.44**	**101.72**	**$ 174,925**

EXPENDITURES	Year-to-Date Actual 31-Dec-25	Projected January to June	Projected FY 2025/26	Amended Budget	% Total of Budget Used Mid-Year	% Total of Budget Used Yearend	Variance
CITY COUNCIL							
SALARIES AND BENEFITS	$ 32,511	$ 32,700	$ 65,211	$ 66,012	49.25	98.79	$ 801
OPERATIONS AND MATERIALS	18,300	37,140	55,440	63,600	28.77	87.17	8,160
	50,811	**69,840**	**120,651**	**129,612**	**39.20**	**93.09**	**8,961**
CITY ATTORNEY							
CONTRACT SERVICES	58,221	95,889	154,110	159,224	36.57	96.79	5,114
	58,221	**95,889**	**154,110**	**159,224**	**36.57**	**96.79**	**5,114**

	Year-to-Date Actual 31-Dec-25	Projected January to June	Projected FY 2025/26	Amended Budget	% Total of Budget Used Mid-Year	% Total of Budget Used Yearend	Variance
CITY MANAGER							
SALARIES AND BENEFITS	$ 220,317	$ 203,130	$ 423,446	$ 462,205	47.67	91.61	$ 38,759
OPERATIONS AND MATERIALS	57,505	13,300	70,805	71,450	80.48	99.10	645
CAPITAL OUTLAY	-	85,475	85,475	135,000	-	63.31	49,525
	277,822	**301,905**	**579,726**	**668,655**	41.55	86.70	**88,929**
COMMUNITY DEVELOPMENT							
SALARIES AND BENEFITS	135,583	48,030	183,613	340,217	39.85	53.97	156,604
OPERATIONS AND MATERIALS	234,938	59,390	294,328	288,332	81.48	102.08	(5,996)
	370,521	**107,420**	**477,940**	**628,549**	58.95	76.04	**150,609**
CITY CLERK							
SALARIES AND BENEFITS	111,463	101,941	213,404	204,893	54.40	104.15	(8,511)
OPERATIONS AND MATERIALS	31,191	57,686	88,877	102,050	30.56	87.09	13,173
	142,654	**159,627**	**302,281**	**306,943**	**46.48**	**98.48**	**4,662**
FINANCE							
SALARIES AND BENEFITS	125,797	127,052	252,850	255,781	49.18	98.85	2,931
CONTRACT SERVICES	69,969	77,951	147,920	126,650	55.25	116.79	(21,270)
OPERATIONS AND MATERIALS	92,904	8,249	101,153	105,195	88.32	96.16	4,042
	288,670	**213,252**	**501,923**	**487,626**	59.20	102.93	**(14,297)**
PLANNING							
CONTRACT SERVICES	31,010	22,700	53,710	162,800	19.05	32.99	109,090
	31,010	**22,700**	**53,710**	**162,800**	19.05	32.99	**109,090**
BUILDING & SAFETY							
SALARIES AND BENEFITS	127,180	123,820	251,000	254,723	49.93	98.54	3,723
CONTRACT SERVICES	28,177	88,000	116,177	150,000	18.78	77.45	33,823
OPERATIONS AND MATERIALS	4,817	2,154	6,971	11,500	41.89	60.62	4,529
	160,174	**213,974**	**374,148**	**416,223**	38.48	89.89	42,075
LAW ENFORCEMENT							
CONTRACT SERVICES	347,642	1,698,000	2,045,642	2,052,390	16.94	99.67	6,748
OPERATIONS AND MATERIALS	13,807	42,500	56,307	59,500	23.21	94.63	3,193
CAPITAL OUTLAY	5,000	-	5,000	5,000	100.00	100.00	-
	366,449	**1,740,500**	2,106,949	**2,116,890**	17.31	99.53	**9,941**

	Year-to-Date Actual 31-Dec-25	Projected January to June	Projected FY 2025/26	Amended Budget	% Total of Budget Used Mid-Year	% Total of Budget Used Yearend	Variance
CITY POLICE DEPARTMENT							
SALARIES AND BENEFITS	$ 46,126	$ 106,537	$ 152,663	**$ -**	#DIV/0!	#DIV/0!	$ (152,663)
POLICE DEPARTMENT STARTUP COST	84,931	398,404	483,335	547,137	15.52	88.34	63,802
BUILDING IMPROVEMENTS PD	716,665	-	716,665	652,863	109.77	109.77	(63,802)
	847,722	**504,941**	**1,352,663**	**1,200,000**	70.64	112.72	**(152,663)**
CITY FIRE DEPARTMENT							
SALARIES AND BENEFITS	826,199	782,869	1,609,068	1,724,502	47.91	93.31	115,434
DEBT SERVICE	-	125,215	125,215	125,215	-	100.00	-
OPERATIONS AND MATERIALS	70,195	174,660	244,855	269,596	26.04	90.82	24,741
CONTRACT SERVICES	8,610	162,107	170,717	187,456	4.59	91.07	16,739
	905,004	**1,244,851**	**2,149,855**	**2,306,769**	39.23	93.20	**156,914**
EMERGENCY PREPAREDNESS							
OPERATIONS AND MATERIALS	2,369	39,224	41,593	45,000	5.26	92.43	3,407
	2,369	**39,224**	**41,593**	**45,000**	5.26	92.43	**3,407**
ANIMAL CONTROL							
CONTRACT SERVICES	64,854	47,323	112,177	126,350	51.33	88.78	14,173
	64,854	**47,323**	**112,177**	**126,350**	51.33	88.78	**14,173**
PUBLIC WORKS ADMINISTRATION							
CONTRACT SERVICES	1,891	14,000	15,891	30,000	6.30	52.97	14,109
	1,891	**14,000**	**15,891**	**30,000**	6.30	52.97	**14,109**
NPDES							
OPERATIONS AND MATERIALS	87,305	60,216	147,521	159,200	54.84	92.66	11,679
	87,305	**60,216**	147,521	**159,200**	54.84	92.66	**11,679**
CODE ENFORCEMENT							
SALARIES AND BENEFITS	185,899	187,009	372,908	379,396	49.00	98.29	6,488
OPERATIONS AND MATERIALS	3,878	13,860	17,738	22,500	17.23	78.83	4,762
	189,777	**200,869**	**390,646**	**401,896**	47.22	97.20	**11,250**
BUILDING & FACILITY							
OPERATIONS AND MATERIALS	435,691	79,635	515,326	524,546	83.06	98.24	9,220
DEBT SERVICE	56,157	56,157	112,315	112,316	50.00	100.00	1
CAPITAL IMPROVEMENTS	1,455	24,150	25,605	26,000	5.60	98.48	395
	493,304	**159,942**	**653,246**	**662,862**	74.42	98.55	**9,616**

	Year-to-Date Actual 31-Dec-25	Projected January to June	Projected FY 2025/26	Amended Budget	% Total of Budget Used Mid-Year	% Total of Budget Used Yearend	Variance
TRANSFERS TO OTHER FUNDS	$ -	$ -	$ -	$ -	#DIV/0!	#DIV/0!	$ -
TOTAL EXPENDITURES	$ 4,338,557	$ 5,196,474	$ 9,535,031	$ 10,008,599	43.35	95.27	473,568
EXCESS (DEFICIT) REVENUES OVER EXP.	$ (622,235)	$ 1,460,329	$ 838,094	$ 189,601			

City of Canyon lake
Proposed Budget Adjustments for Discussion

Account No.	Account Description	Description	Amount
		General Fund	
Revenues			
10-000-4790	Miscellaneous Income	Failed contractor bid	$ 85,000
10-000-4791	Insurance Reimbursement	Insurance reimbursements for City damages	24,300
10-000-4801	City Events	Increase for Sponsorships received	7,000
Expenditures			
10-310-6245	Tuition Reimbursement	Adjust balance in account to $2,500	$ 500
10-311-6010	Salaries & Wages	Vacant position	(100,000)
10-311-6080	Benefits	Vacant position	(30,000)
10-311-6610	Professional/Specialized Serv.	Additional IT support and increased costs	10,250
10-311-6831	City Events	For Donuts with Santa, not included in the Budget	1,200
10-311-6831	City Events	Increase for State of City for sponsorships received	15,350
10-311-6831	City Events	Increase for Community Cleanup Day	1,700
10-311-6831	City Events	Increase for actual costs of CLEAR Lifeguard Program	906
10-330-6210	Office Expense & Supplies	Increase for bank fees	1,550
10-330-6530	Software	Adding EFT Module to software	750
10-330-6610	Professional/Specialized Serv.	Increase for additional support and training	22,000
10-350-6616	Regular Planning Services	Contract Planner retiring & change in service method	(15,000)
10-350-6619	General Plan Services	Budgeted amount will be included in the FY 2026-27 Budget	(90,000)
10-416-6030	Salaries-PD Management	Salary for new Chief of Police	114,000
10-416-6091	Benefits-PD Mgmt	Benefits for new Chief of Police	4,000
10-416-6093	Benefits-PD Health Ins Mgmt	Health Insurance for new Chief of Police	19,500
10-416-6095	Benefits-PD PARS Mgmt	Retirement for new Chief of Police	15,300
10-416-XXX	Explorer Program	Establish an Explorer Program	2,800
10-416-6976	Police Department Startup Costs	Decrease for Change Order to construction	(63,802)
10-416-8014	Building Improvements	Increase for construction Change Order	63,802
10-421-6020	Salaries FD Mgmt	Move budgeted amounts to new Part-Time account	(10,350)
10-421-6023	Salaries FD FF	Move budgeted amounts to new Part-Time account	(14,885)
10-421-6024	Salaries FD Part-Time	Increase in Part-Time salaries and budigeted amounts from above	32,235
10-421-6710	Training & Education	AED & CPR Training	1,365
10-430-6610	Professional/Specialized Serv.	Adjust Budget to actual	(3,000)
10-430-6900	Interest Expense	Adjust Budget to actual	(9,000)
10-550-6840	Liability Property Ins and Ded	Adjust Budget to actual	(5,000)
10-550-9000	Transfers Out to Rental Fund	Transfer to Rental Fund for digital sign improvements	100,000
10-550-9000	Transfers Out to Capital Projects	Improv.	20,000
		Capital Projects Fund (Fund 40)	
Revenues			
40-421-5091	Transfers In From General Fund	Transfer in for engineering plans for improvements	$ 20,000
Expenditures			
40-421-8017	Fire & Life Saving Equipment	Engineering plans for Fire/Police Gym at Fire Station	$ 8,000
40-421-8017	Fire & Life Saving Equipment	Engineering plans for Fuel Tanks and Generator at Fire Station	12,000

City of Canyon lake
Proposed Budget Adjustments for Discussion

Account No.	Account Description	Description		Amount
		Rental Fund		
Revenues				
60-585-5091	Transfers In From General Fund	Transfer in from General Fund for digital sign improvements	$	100,000
60-585-4698	Rental Income	Advertising rent for digital sign		44,000
Expenditures				
60-585-6320	Utilities	Electrical expense for Digital Sign	$	4,800
60-585-6325	Repairs & Maintenance	Repairs and equipment for digital sign		80,000
		Miscellaneous Grants Fund		
Revenues				
27-311-4590	Calrecycle Grant OWR4	For new Calrecycle grant for the Community Deveolpment Dept.	$	75,000
Expenditures				
27-311-6455	Calrecycle Grant Exp	For new Calrecycle grant for the Community Deveolpment Dept.	$	75,000

CITY OF CANYON LAKE
MID-YEAR PROPOSED BUDGET ADJUSTMENTS
FISCAL YEAR 2025-26 BUDGET ADJUSTMENTS

Account#	Account Name	Reason for Adjustment	Mid-Year Adj.	Amended Budget FY 2025/26	Mid-Year Adjustment	Adjusted Budget FY 2025/26
		GENERAL FUND REVENUES				
10-000-4790	Miscellaneous Income	Increase of revenues for penalty for failed bid	$ 85,000		$ 85,000	$ 85,000
10-000-4791	Insurance Reimbursements	Increase for actual insurance reimbursements	$ 24,300	$ -	$ 24,300	$ 24,300
10-000-4801	City Events	Increase for Sponsorship revenue for City Events	$ 7,000	$ -	$ 7,000	$ 7,000
		Increase in Revenues	.		**$ 116,300**	
		Original General Fund Budget (as amended) - Revenues			$ 10,198,200	
		Adjusted General Fund Budget - Revenues			**$ 10,314,500**	
		GENERAL FUND EXPENDITURES				
City Manager						
10-310-6245	Tuition Reimbursement	Increase balance to $2,500	$ 500	$ 2,000	$ 500	$ 2,500
Community Development						
10-311-6010	Salaries & Wages	Vacant position	$ (100,000)	$ 271,255	$ (100,000)	$ 171,255
10-311-6080	Benefits	Vacant position	$ (30,000)	$ 68,962	$ (30,000)	$ 38,962
10-311-6610	Professional/Specialized Serv.	Additional IT support and increased monthly costs	$ 10,250	$ 63,650	$ 10,250	$ 73,900
10-311-6831	City Events	For Donuts with Santa, not included in the Budget	$ 1,200	$ 160,850	$ 19,156	$ 180,006
10-311-6831	City Events	Increase for State of City for sponsorships received	$ 15,350			
10-311-6831	City Events	Increase for Community Cleanup Day	$ 1,700			
10-311-6831	City Events	Increase for actual costs of CLEAR Lifeguard Program	$ 906			
Finance						
10-330-6210	Office Expense & Supplies	Increase for bank fees	$ 1,550	$ 740	$ 1,550	$ 2,290
10-330-6530	Software	Adding EFT Module to software	$ 750	$ 7,640	$ 750	$ 8,390
10-330-6610	Professional/Specialized Serv.	Increase for additional support and training	$ 22,000	$ 126,650	$ 22,000	$ 148,650
Planning						
10-350-6616	Regular Planning Services	Contract Planner retiring & change in service method	$ (15,000)	$ 72,800	$ (15,000)	$ 57,800
10-350-6619	General Plan Services	Budgeted amount will be included in the FY 2026-27 Budget	$ (90,000)	$ 90,000	$ (90,000)	$ -

Account#	Account Name	Reason for Adjustment	Mid-Year Adj.	Amended Budget FY 2025/26	Mid-Year Adjustment	Adjusted Budget FY 2025/26
City Police Department						
10-416-6030	Salaries-PD Management	Hiring of Police Chief	$ 114,000	$ -	$ 114,000	$ 114,000
10-416-6091	Benefits-PD Mgmt.	Hiring of Police Chief benefits	$ 4,000	$ -	$ 4,000	$ 4,000
10-416-6093	Benefits-PD Health Ins Mgmt.	Hiring of Police Chief health insurance	$ 19,500	$ -	$ 19,500	$ 19,500
10-416-6095	Benefits-PD PARS Mgmt.	Hiring of Police Chief retirement payments	$ 15,300	$ -	$ 15,300	$ 15,300
10-416-XXX	Explorer Program	Establish and Explorer Program	$ 2,800	$ -	$ 2,800	$ 2,800
10-416-6976	Police Department Startup Costs	Reduce for Change Order to construction	$ (63,802)	$ 547,137	$ (63,802)	$ 483,335
10-416-8014	Building Improvements	Increase for construction Change Order	$ 63,802	$ 652,863	$ 63,802	$ 716,665
City Fire Department						
10-421-6020	Salaries FD Mgmt.	Move budgeted amounts to new Part-Time account	$ (10,350)	$ 320,804	$ (10,350)	$ 310,454
10-421-6023	Salaries FD FF	Move budgeted amounts to new Part-Time account	$ (14,885)	$ 822,383	$ (14,885)	$ 807,498
10-421-6027	Salaries FD Part-Time	Increase for Part-Time salaries and wages and transfers	$ 32,235	$ -	$ 32,235	$ 32,235
10-421-6710	Training & Education	AED & CPR Training	$ 1,365	$ 33,000	$ 1,365	$ 34,365
Animal Control						
10-430-6610	Professional/Specialized Serv.	Adjust Budget to actual	$ (3,000)	$ 103,050	$ (3,000)	$ 100,050
10-430-6900	Interest Expense	Adjust Budget to actual	$ (9,000)	$ 23,300	$ (9,000)	$ 14,300
Building & Facilities Maint						
10-550-6840	Liability Property Ins and Ded	Adjust Budget to actual	$ (5,000)	$ 379,230	$ (5,000)	$ 374,230
10-550-9000	Transfers Out	Transfer to Rental Fund for digital sign improvements	$ 100,000	$ -	$ 120,000	$ 120,000
10-550-9000	Transfers Out	Transfer to Capital Projects Fund for engineering plans	$ 20,000			
		Total Budget Adjustments - Expenditures	$ 86,171		**$ 86,171**	
		Amended General Fund Budget - Expenditures			$ 10,008,599	
		Adjusted General Fund Budget - Expenditures			**$ 10,094,770**	
		Amended General Fund Budget - Surplus			$ 189,601	
		Adjusted General Fund Budget - Surplus			**$ 219,730**	

RENTAL FUND REVENUES AND EXPENSES

60-585-5091	Transfers In From General Fund	Transfer in from General Fund for digital sign improvements	$ 100,000	$ -	$ 100,000	$ 100,000
60-585-4698	Rental Income	Advertising rent for digital sign	$ 44,000	$ -	$ 44,000	$ 44,000
60-585-6320	Utilities	Electrical costs for Digital Sign	$ 4,800	$ -	$ 4,800	$ 4,800
60-585-6325	Repairs & Maintenance	Repairs and equipment for digital sign	$ 80,000	$ -	$ 80,000	$ 80,000

Account#	Account Name	Reason for Adjustment	Mid-Year Adj.	Amended Budget FY 2025/26	Mid-Year Adjustment	Adjusted Budget FY 2025/26
CAPITAL PROJECTS FUND REVENUES AND EXPENDITURES						
40-421-5091	Transfers In From General Fund	Transfer in for engineering plans for improvements	$ 20,000	$ -	$ 20,000	$ 20,000
40-421-8017	Fire & Life Saving Equipment	Engineering plans for Fire/Police Gym at Fire Station	$ 8,000	$ -	$ 20,000	$ 20,000
40-421-8017	Fire & Life Saving Equipment	Engineering plans for Fuel Tanks and Generator at Fire Station	$ 12,000			
MISCELLANEOUS GRANTS FUND REVENUES AND EXPENDITURES						
27-311-4590	Calrecycle Grant OWR4	For new Calrecycle grant for the Community Development Dept.	$ 75,000	$ -	$ 75,000	$ 75,000
27-311-6457	Calrecycle Grant Exp	For new Calrecycle grant for the Community Deveolpment Dept.	$ 75,000	$ -	$ 75,000	$ 75,000