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CANYON LAKE MONIES REMAIN SAFE AND SOUND

With tax dollars protected by Statute, City of Canyon Lake assures residents that its funds are safely invested amidst current economic and market fluctuations.

Canyon Lake, CA— With an economic crisis gripping the country, residents of the City of Canyon Lake can take a small sigh of relief in knowing the City's fiscal oversight has ensured that their invested tax dollars remain safe.

The City of Canyon Lake has safely invested nearly \$6.7 million, or 98 percent, of its reserves into the Local Agency Investment Fund (LAIF), where it is accruing returns of almost four percent. LAIF is backed by the State of California, and the State cannot borrow or withhold LAIF monies.

"These are tax dollars paid by our residents to provide them with the services they need," said City Manager Lori Moss. "That's why, even though it is important to invest our funds where they can experience liquidity and generate returns, safety is and always will be number one."

Since 1991, the City has strategically placed its funds into the LAIF program. After recent concerns arose over the safety of governmental funds in the midst of the state's budget deficit, the California State Treasurer assured Cities that LAIF funds are protected by government statute and cannot be used or withheld by the state, said Moss.

By maintaining a balanced budget and maintaining revenue sources, the City of Canyon Lake is able to accomplish the City's Goals for improving transportation and providing outstanding police and fire protection, said Moss.

"In a time of so much economic uncertainty for our residents, the state and now our country, its good to know that our reserve funds are safe," said Moss. "With the possibility of more financial turmoil in the future, we will continue to find ways to protect and strengthen our investments."

The City Council regularly reviews and takes action on staff's recommendation regarding financial reporting including internal auditing, payroll, accounts receivable/payable, business licensing, purchasing, and administration of all City funds and accounts. City staff prepares the City's annual operating budget and administers the City's involvement in LAIF.

Although LAIF insulates the City's investments from the economic turmoil on Wall Street, City revenues are expected to continue to decrease as local property taxes, the main source of the City's funding, decline. A City budget forecast has concluded that without new revenue sources, Canyon Lake will increasingly rely on its reserves – essentially its savings account -- to bridge its funding gaps to maintain vital city services, such as public safety and fire protection.

LAIF is a voluntary program created by statute in 1977 as an investment alternative that offers California's local governments and special districts the chance to participate in a major pooled investment portfolio using the investment expertise of the California State Treasurer's Office investment

staff at no additional cost to the taxpayer. The LAIF has grown from 293 participants and \$468 million in to more than 2,706 participants and \$23.3 billion at the end of August 2008.

The City of Canyon Lake's mission is to provide public services that sustain and enhance the quality of life for its unique community. It is one of only five gated cities in California; Canyon Lake is believed to be the largest non-senior gated community in the country. Canyon Lake began as a master-planned community developed by Corona Land Company in 1968. The Lake originally was formed in 1927 after Railroad Canyon Dam was built. It covers 383 acres and has 14.9 miles of shoreline. The "City of Canyon Lake" was incorporated on December 1, 1990. The City has a population of 10,969 and geographically spans 4.6 square miles.

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