



City of Perris, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



CITY OF PERRIS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

PREPARED BY THE FINANCE DEPARTMENT



City of Perris, California

INTRODUCTORY SECTION



City of Perris, California
Comprehensive Annual Financial Report
Year Ended June 30, 2012

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City of Perris California

December 20, 2012

Honorable Mayor, Members of the City Council, and Citizens of the City of Perris:

It is with great pleasure that I submit the City of Perris' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement.

Teaman, Ramirez & Smith, Inc. Certified Public Accountants, have issued an unqualified opinion on the City of Perris' financial statements for the fiscal year ended June 30, 2012. The opinion states that the financial statements are presented fairly and are in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Perris' MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Perris

Perris covers approximately 31.4 square miles and is located 70 miles east of Los Angeles and 20 miles southwest of Riverside. The City offers a temperate Mediterranean climate with warm dry summers and mild winters. Demographically, Perris is an ethnically diverse community of approximately 70,180 residents, of which 56% are of Hispanic origin. Perris strives to maintain a family-friendly environment as evidenced by the fact that an estimated 51% of audits are married. The average household size is 3.76 people.

The City of Perris was incorporated in 1911 under the general laws of the State of California and enjoys all the rights and privileges afforded to a general law city. The City is governed by a five member City Council under the Mayor-Council-Manager form of government. Policy-making and legislative authority are vested in the City Council, consisting of the Mayor and four other members. Council Members are elected at-large and do not represent any one district or area within the City. The Mayor and Council Members are elected to a four-year term and the City does not have term limits. Regular elections are conducted in November of even numbered years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City

Manager is responsible for carrying out the policy direction of the City Council and for overseeing the day-to-day operations of the government.

The City of Perris employs approximately 58 employees. Services include construction and maintenance of City streets, economic development, parks, recreation and senior services, animal control, disaster preparation, as well as community development activities such as urban planning, building permits and inspections, and business licensing. The City contracts for police and fire protection and water and waste water services. The Perris Public Financing Authority, Utility Authority and newly created Housing Authority are financially accountable by the City of Perris and are included as an integral part of the City's financial statements.

Budgets are adopted bi-annually by the City Council through resolution. As provided by City ordinance, the Director of Finance is responsible for preparing the budget and for its implementation after adoption. All appropriations lapse at year end, except those approved for carryover. The City Manager has the legal authority to transfer budget appropriations within a fund. Changes to total fund appropriations require the majority approval of the City Council. The City maintains budgetary controls to ensure compliance with legal provisions specified in the budget adopted by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

Local Economy

Perris, like most cities in the inland empire, has been affected by the economic slowdown. The City's overall residential market has slowed in response to the general economy. However, existing home sale prices are up 8.4% over 3rd quarter 2011 which is a positive economic indicator. New home construction, from national developers like KB Homes continue to build in Perris showing that the Perris new housing market is recovering.

Retail sales tax is a principal revenue source for the City. Sales tax for the 1st quarter of 2012 increased 4.8% over the same quarter of 2011. Retail businesses are attracted to the area for a variety of reasons: a solid income base; growing residential population; and easy freeway access for shoppers. The 565,000 square foot Perris Crossing Center is anchored by WinCo Foods and Home Depot at the northwest corner of the 215 and Ethanac Road. Phase One has opened, tenants include WinCo Grocery, Home Depot, Walgreens, Just Tires, Circle K, Bank of America, Dental Offices and a variety of restaurants. Other future retail projects in the City include Perris Marketplace, a 520,000 square foot retail development to be anchored by a Wal-Mart Supercenter. Wal-Mart will be completing its plan check process with six retail pads to be in front of their store. The Venue at Perris, renamed The Perris Valley Town Center, a Lewis Retail Centers project totaling 676,000 square feet, is projected to be anchored by Target and is scheduled to break ground in 2013.

The Successor Agency to the City's Redevelopment Agency (now abolished) continues to revitalize the City's downtown area and make infrastructure improvements. The Agency provides for a procedural and financial mechanism where it can assist, complement and coordinate public and private development, redevelopment, revitalization and enhancement of the Perris community. The Successor Agency is completing Redevelopment Agency projects that have been approved by the State of California, Department of Finance, namely, downtown façade and seismic renovations, D St enhancements, Perris Theatre construction drawings and the Perris Station Mixed Use Senior Apartments.

Long Range Financial Planning

Annually, the City updates a five year capital improvement program. All funds operate under a two year budget. Strong financial reporting practices, conservative budgeting, and vigilance over costs have resulted in the City maintaining healthy financial position. The City's General Fund has designated over \$6.2 million for street maintenance, disaster preparedness, vehicle and equipment replacement, major capital improvements and repairs. Perris, like all cities in Riverside County, has felt the financial impact over the past years of the global economic slowdown. Responsible financial management, however, has left the City of Perris able to withstand challenging fiscal times and maintain a position of readiness for when the national and local economies enter a recovery phase.

Relevant Financial Policies

Reserves. Under the City's reserve policy, an amount equal to 35% of proposed budgeted general fund revenues is kept as general fund reserves.

Cash Management Policies and Practices. The City Council annually adopts an investment policy with the intention of minimizing credit and market risks while maintaining a competitive yield on its investments. During 2011-12, the City's funds were invested primarily in demand deposit accounts, the State of California Local Agency Investment Fund (LAIF), U.S. Government Treasuries, Agency securities, and commercial paper. Investments are made from pooled cash of all funds and earnings are allocated to the various funds in proportion to their relative cash book balance.

Risk Management. The City maintains a self-insurance program for workers' compensation. For workers' compensation claims, the City is at risk for up to \$250,000 per occurrence, amounts in excess of \$250,000 are covered through PERMA. The limits of the coverage are \$200,000 per accident for workers' compensation and \$5,000,000 each accident for employers' liability. More details regarding specific coverage levels may be found in the notes to the financial statements.

The City's risk management program focuses on proactive identification of risk exposures to eliminate any potential negative impacts to public safety and welfare. This is accomplished through effectively monitoring City activities and providing clear guidance to remedy those situations where an exposure to risk has been identified. Additional risk control techniques, including employee accident prevention training, have been developed to minimize accident related losses.

Pension and Other Post-employment Benefits. The City of Perris has a defined benefit pension plan that provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The City contributes to the California Public Employees Retirement System (CalPERS), an agent, multiple-employer public employees defined benefit pension plan for its regular employees.

The City also provides post-retirement health care benefits for its retired employees according to the employee agreements for each of the employee groups. As of the end of the current fiscal year, there were 39 retired employees receiving these benefits, which are financed on a pay-as-you-go basis.

Additional information regarding the City of Perris' pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Major Initiatives

The City plans to maintain an ongoing commitment to several major initiatives as described below.

City Infrastructure and other Capital Improvements. The five year capital improvement program has committed in excess of \$77 million in funding for transportation, parks, community facilities, and other projects.

Public Safety. More General Fund dollars are devoted to public safety than for any other purpose. The City's general fund budget has set aside over \$16.5 million for Police and Fire services.

Parks.

From 2004 to 2007 the Community Services Department and the City benefited from the increased development in Riverside County. The development fee revenues generated from new residential projects, which are the primary funding source for the creation of new parks, resulted in unprecedented growth the park system, nearly doubling the available parkland acreage from 75 acres to its current 144 acres. However, when the economy slowed, funds for development dropped off dramatically and demand for affordable recreation increased. The challenge for the department at that time was to generate new revenue sources to maintain existing parks, facilities, and programs to keep up with the increased demand for more affordable recreational activities. With the continued flat growth in development, impact fees that would ordinarily be committed to new park development became scarce and new funding sources for park development such as grants became extremely competitive.

Despite the slowdown, the City of Perris is in a very fortunate position. Key objectives for this year will include completion of the City of Perris Trails Master Plan, which will enable the City to compete for federal transportation funding; and conditioning developers to construct new park facilities as part of their conditions of project approval. In 2012 the City broke ground on construction of Mercado Park, a new 2.5 acre park in the Mercado District downtown specific plan area. Mercado Park will compliment the recently completed 60 unit affordable housing development, Mercado Family apartments. The park was financed entirely by an award of a \$3.4 million grant from the State of California.

There are other funded or developer conditioned park projects that are anticipated to go forward to construction in the next year including the following:

- Monument Ranch Park
- San Jacinto River Trail
- Metropolitan Water District Linear Park

Other long term project(s) that are in design but not ready for construction include:

- Perris Valley Storm Channel Trail

Financial Management. The City is committed to the highest standards of financial management and stewardship of public resources.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada awarded the seventh Certificate of Achievement for Excellence in Financial Reporting to the City of Perris for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2012. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Completion of the City's Comprehensive Annual Financial Report is a significant accomplishment. Special recognition is due to the entire staff of the Finance Department. Special thanks go to Melinda Ward, Accounting Supervisor and Jim Raia, Accountant. Only through the efforts and cooperation of all of the Finance Department staff, was the preparation of this document possible. I would also like to express my appreciation to the Mayor, the City Council, and the City Manager and Assistant City Manager for their interest and support in planning and conducting the financial activities of the City in a responsible and progressive manner.

Sincerely,



Misty V. Cheng
Interim Finance Director

City of Perris

Elected Officials

Daryl Busch
Al Landers
Julio Rodriguez
Mark Yarbrough
Rita Rogers

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member

Judy Haughney

City Clerk

Management

Richard Belmudez
Ron Carr
Darren Madkin
Rene Avila
Sabrina Chavez
Isabel Lugo
Michael McDermott
Clara Miramontes

City Manager
Assistant City Manager
Deputy City Manager - Community Services
Assistant Director of Development Services
Housing Manager
Human Resources & Risk Manager
Redevelopment and Economic Development Manager
Planning Manager

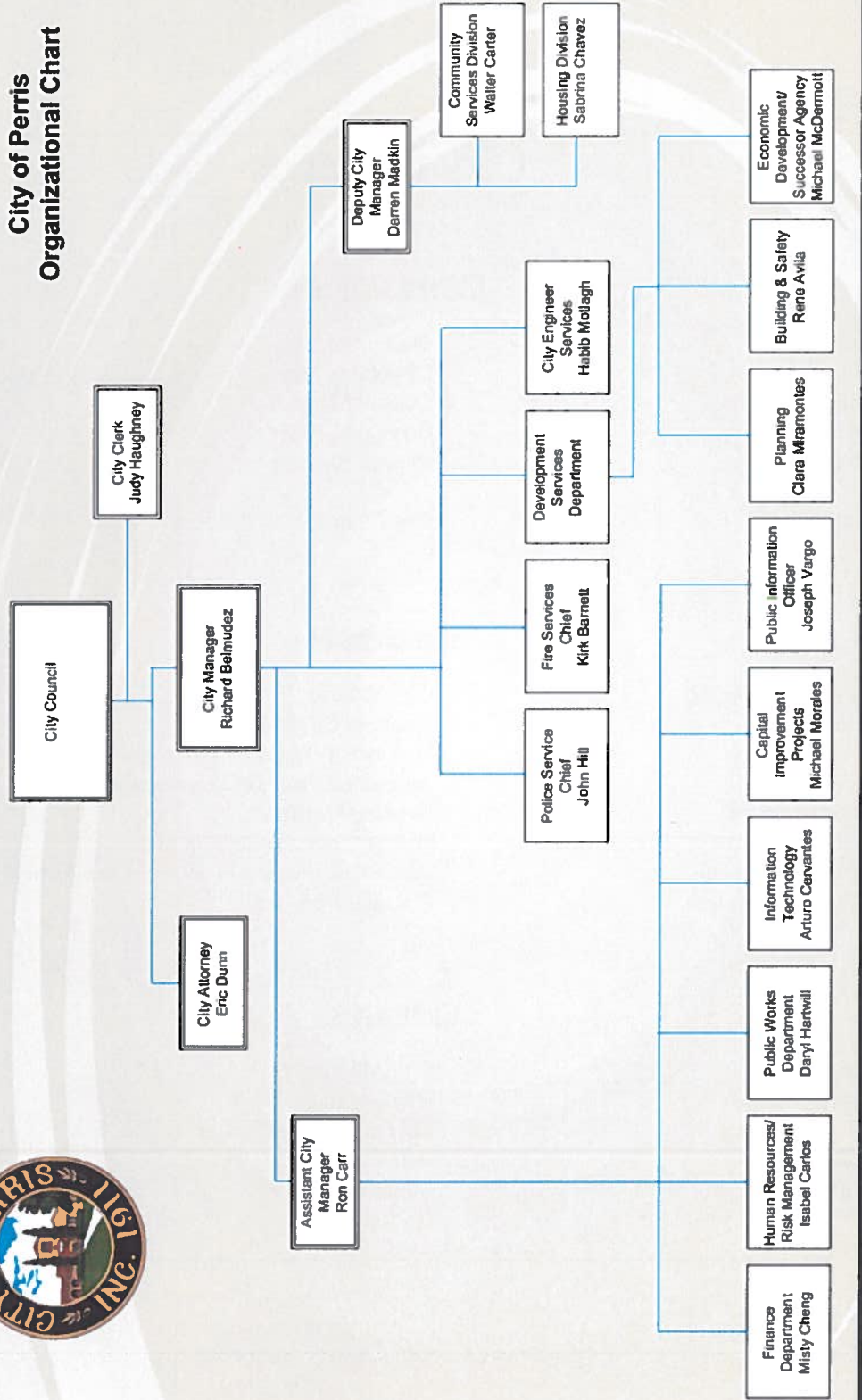
Contractors

Eric Dunn
Habib Motlagh
Misty V. Cheng
John Hill
Kirk Barnett

City Attorney
City Engineer
Interim Finance Director
Police Captain
Battalion Chief



City of Perris Organizational Chart





*City of Ferris,
California*



**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Perris
California**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011**

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Enos

Executive Director



City of Perris, California

FINANCIAL SECTION

Independent Auditors' Report

Honorable Mayor and Members of The City Council
City of Perris
Perris, California

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 Perris, California (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 of Perris, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the City of Perris'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As explained in Note 17, the Redevelopment Agency previously reported as a blended component unit was dissolved by legislation from the California State Legislature and a decision by the California Supreme Court.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary section on pages 3 through 12 and 67 through 70 be presented to supplement the basic financial statements. Such information, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, supplementary section, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary section is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Teaman Ramirez & Smith, Inc.

Riverside, California
December 20, 2012

CITY OF PERRIS

Management's Discussion and Analysis

This section of the City's Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with City's financial statements beginning on page 13. All amounts are expressed in thousands of dollars.

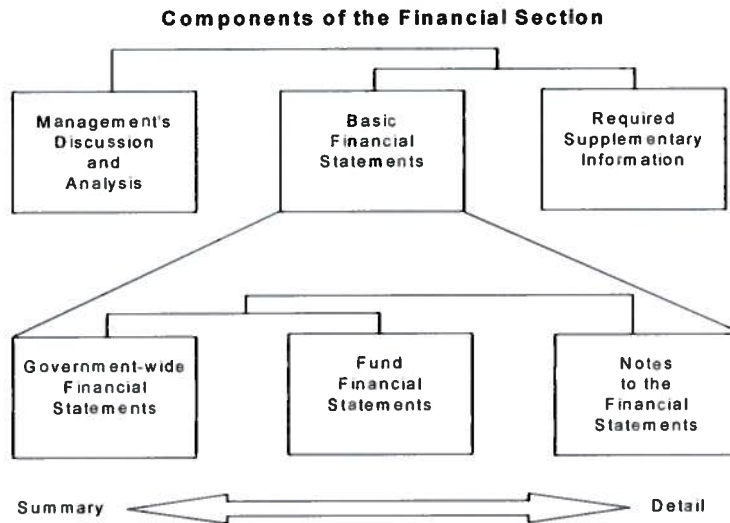
Financial Highlights

The following are some key financial highlights for the fiscal year:

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$248,550 (net assets). Of this amount, \$68,320 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$39,495 for fiscal year 2011-2012.
- As of June 30, 2012, the City's governmental funds reported combined fund balances of \$199,891, a decrease of \$17,403 in comparison with the prior year.
- At the end of the current fiscal year, assigned fund balance for the General Fund was \$6,200 and unassigned fund balance for the General Fund was \$10,576, totaling \$16,776 or 71.7% of total general fund expenditures.
- The City of Perris' total long-term debt decreased by \$3,839 for fiscal year 2011-2012.
- The City had an extraordinary item of \$40,474 in the Statement of Activities which is the result of the dissolution of the Perris Redevelopment Agency.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Perris' 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 basic financial statements. This report also contains supplementary information in addition to the basic financial statements.



CITY OF PERRIS

Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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 similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 of Perris include general government, public safety, public works, parks and recreation, and interest on long-term debt. The *business-type activities* of the City of Perris include a Water, Sewer, Public Utility Authority, and Solid Waste Utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also three legally separate entities, the Perris Public Utility Authority, the Perris Public Financing Authority and the Perris Housing Authority. The Perris Redevelopment Agency has since been abolished and its activities are reported as a separate Successor Agency trust fund. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 13 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. All of the City's funds 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 the 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 financial requirements.

Because the focus of governmental funds is narrower 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-three individual governmental funds. 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, Redevelopment Agency Special Revenue Fund, Public Financing Authority Debt Service Fund, Redevelopment Agency Debt Service Fund, Storm Drain Development Capital Project Fund, Capital Improvements Projects fund and the Redevelopment Agency Capital Projects Fund, each of which are considered to be major funds. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *non-major governmental funds supplementary information* section of this report.

CITY OF PERRIS

Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found beginning on page 16 of this report.

Proprietary Funds. The City maintains several proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Water Enterprise Fund, Sewer Enterprise Fund, Public Utility Authority Enterprise Fund, and the Solid Waste Enterprise Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the maintenance and operation of the City's water services, sewer services and solid waste disposal services for residents. These are considered to be Business-type activities in the government-wide financial statements. The water enterprise fund, sewer enterprise, public utility authority, and solid waste enterprise funds are aggregated and presented as a major fund in the financial statements. Individual fund data for the non-major proprietary funds is provided in the form of combining statements in the *supplementary information* section of this report.

The basic proprietary fund financial statements can be found beginning on page 22 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Perris' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 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 beginning on page 27 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and a comparison of budgeted to actual results for the general and major special revenue funds. *Required supplementary information* can be found beginning on page 67 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major enterprise funds are presented immediately following *the required supplementary information*. Combining and individual fund statements and schedules can be found beginning on page 71 of this report.

Government-wide Financial Analysis

Net assets serve as a useful indicator of a government's financial position. At June 30, 2012, the net assets for the City of Perris were \$248,550. A summary of the government-wide statement of net assets at June 30, 2012 follows:

CITY OF PERRIS
Management's Discussion and Analysis

City of Perris Net Assets
June 30, 2012

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 240,378	\$ 219,328	\$ 10,843	\$ 1,321	\$ 251,221	\$ 220,649
Capital assets	165,177	156,805	19,626	19,542	184,803	176,347
Total assets	<u>405,555</u>	<u>376,133</u>	<u>30,469</u>	<u>20,863</u>	<u>436,024</u>	<u>396,996</u>
Liabilities:						
Current and other liabilities	34,161	30,961	1,482	1,311	35,643	32,272
Long-term liabilities	139,309	145,120	12,522	10,549	151,831	155,669
Total liabilities	<u>173,470</u>	<u>176,081</u>	<u>14,004</u>	<u>11,860</u>	<u>187,474</u>	<u>187,941</u>
Net assets:						
Invested in capital assets, net of related debt	165,177	156,805	8,268	9,369	173,445	166,174
Restricted		7,410	6,785		6,785	7,410
Unrestricted	66,908	35,837	1,412	(366)	68,320	35,471
Total net assets	<u>\$ 232,085</u>	<u>\$ 200,052</u>	<u>\$ 16,465</u>	<u>\$ 9,003</u>	<u>\$ 248,550</u>	<u>\$ 209,055</u>

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In this case, City's assets exceeded liabilities by \$248,550 at June 30, 2012.

The largest portion of the City's net assets (\$173,445) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets (\$6,785) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, if any, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report a positive balance in all three categories of net assets for the City as a whole as well as for its governmental activities.

Governmental and Business-type Activities. Governmental and Business-type activities increased the City's net assets by \$39,495 thereby accounting for the .19% increase in the net assets of the City. Key elements of this increase are as follows:

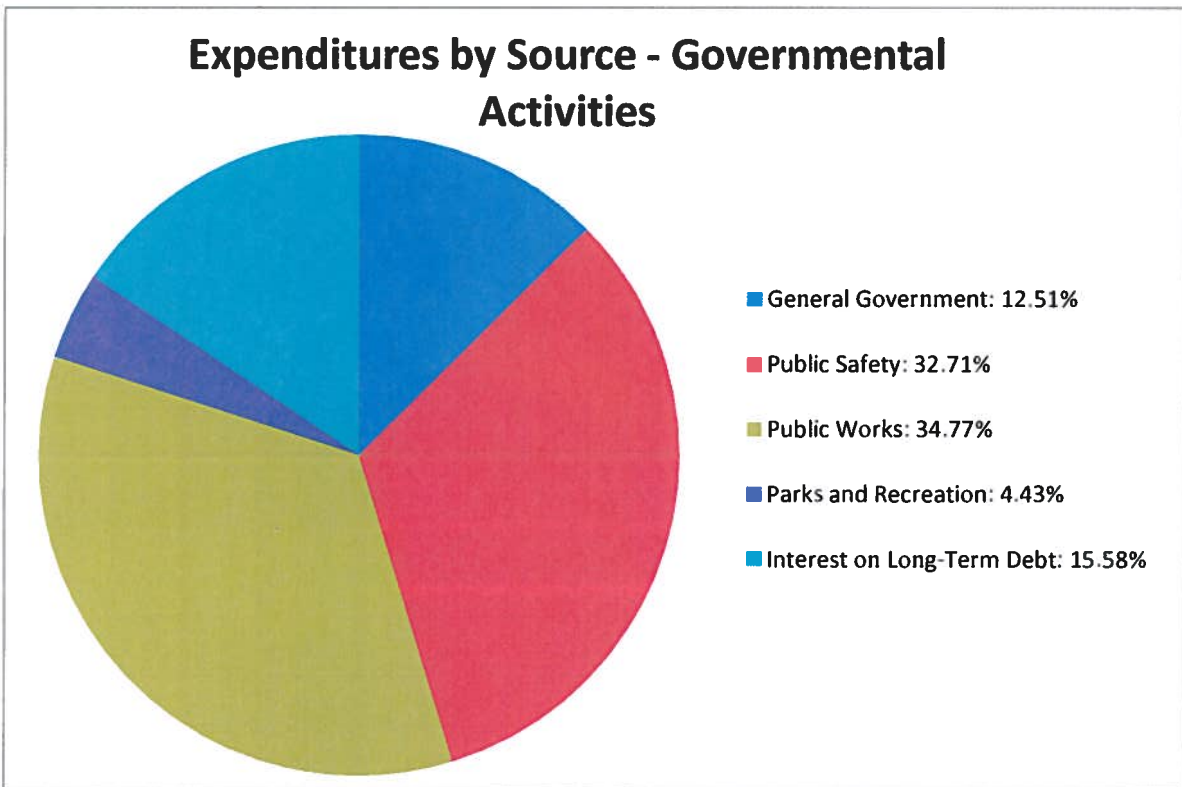
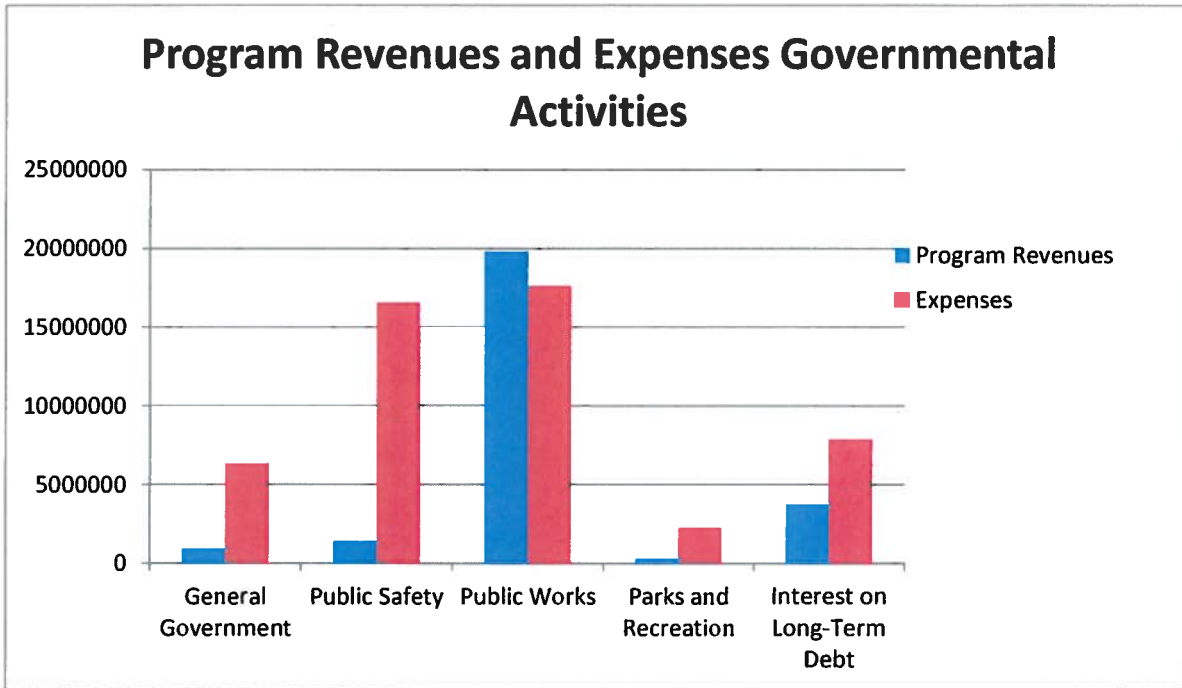
- Governmental activities increased the City's net assets by \$31,963 primarily from the dissolution of the Perris Redevelopment Agency as of January 31, 2012 reflected as an extraordinary item of \$33,774. Most of the other activity remained similar to the prior year except for property taxes that decreased by \$7,962 which would of been received if the redevelopment agency was not dissolved. Capital contributions increased by \$6,363 which is mostly from assets received from developers.
- Business-type activities increased the City of Perris net assets by \$7,462 which is mostly from the dissolution of the redevelopment agency whereby \$6,700 of certain assets were transferred to the Housing Authority.

CITY OF PERRIS
Management's Discussion and Analysis

City of Perris, Change in Net Assets
June 30, 2012

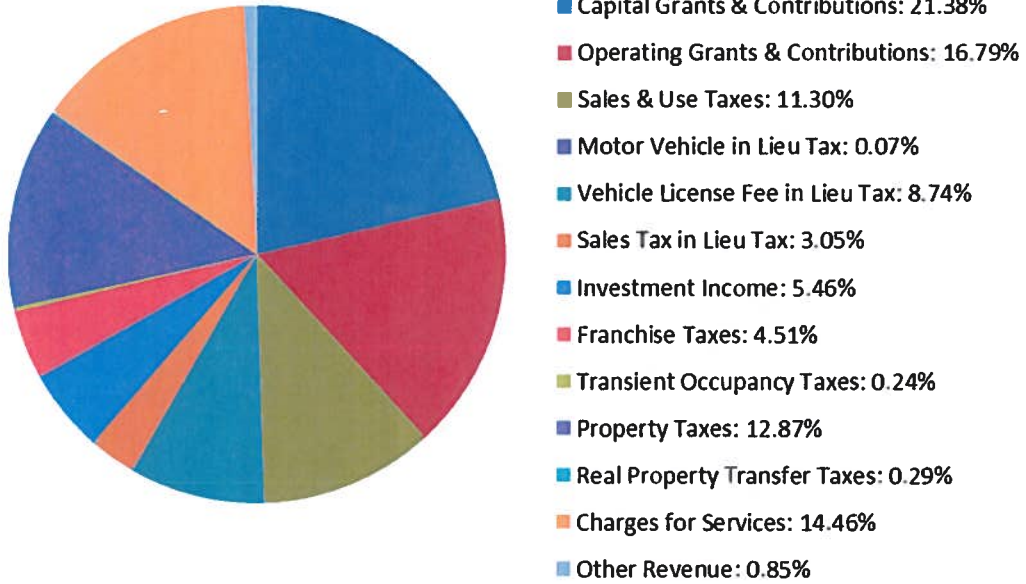
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 7,199	\$ 6,676	\$ 5,689	\$ 5,466	\$ 12,888	\$ 12,142
Operating grants and Contributions	8,358	7,320	-	-	8,358	7,320
Capital grants and Contributions	10,639	4,276	-	-	10,639	4,276
General revenues:						
Property taxes	6,406	14,368	-	-	6,406	14,368
Sales and Use taxes	5,624	4,594	-	-	5,624	4,594
Sales Tax in Lieu Tax	1,517	1,358	-	-	1,517	1,358
Motor Vehicle	35	266	-	-	35	266
Vehicle License in Lieu Tax	4,348	4,291	-	-	4,348	4,291
Franchise taxes	2,245	2,154	-	-	2,245	2,154
Transient occupancy taxes	121	60	-	-	121	60
Real property taxes	143	211	-	-	143	211
Investment income	2,690	2,831	25	26	2,715	2,857
Gain on Sale of Property	-	-	117	-	117	-
Miscellaneous	305	279	-	-	305	279
Total revenues	49,630	48,684	5,831	5,492	55,461	54,176
Expenses:						
General government	6,338	6,718	-	-	6,338	6,718
Public safety	16,575	16,155	-	-	16,575	16,155
Public works	17,620	19,661	-	-	17,620	19,661
Parks and recreation	2,246	2,144	-	-	2,246	2,144
Interest on long term debt	7,897	8,045	-	-	7,897	8,045
State ERAF	-	776	-	-	-	776
Water utility	-	-	2,507	2,390	2,507	2,390
Sewer utility	-	-	1,691	1,638	1,691	1,638
Public Utility	-	-	955	927	955	927
Solid waste utility	-	-	627	596	627	596
Housing Authority	-	-	54	-	54	-
Total Expenses	50,676	53,499	5,834	5,551	56,510	59,050
Increase (decrease) in net assets before extraordinary item and transfers	(1,046)	(4,815)	(3)	(59)	(1,049)	(4,874)
Extraordinary Item	33,774	-	6,700	-	40,474	-
Transfers	(765)	-	765	-	-	-
Change in net assets	31,963	(4,815)	7,462	(59)	39,425	(4,874)
Net assets, July 1, 2011, as restated	200,122	204,867	9,003	9,062	209,125	213,929
Net assets, June 30, 2012	\$ 232,085	\$ 200,052	\$ 16,465	\$ 9,003	\$ 248,550	\$ 209,055

CITY OF PERRIS
Management's Discussion and Analysis

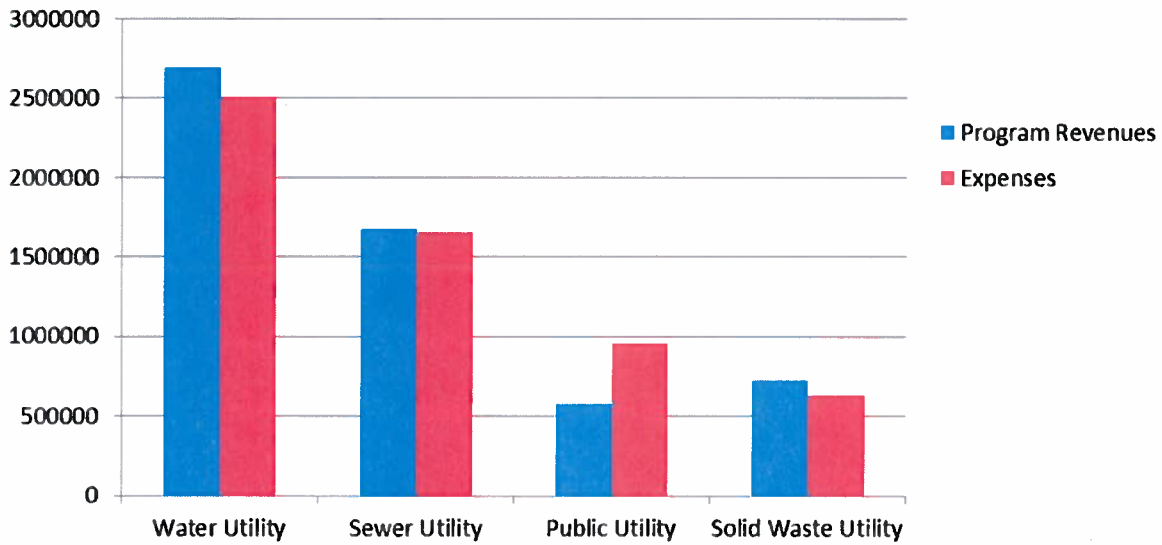


CITY OF PERRIS
Management's Discussion and Analysis

Revenues by Source - Governmental Activities

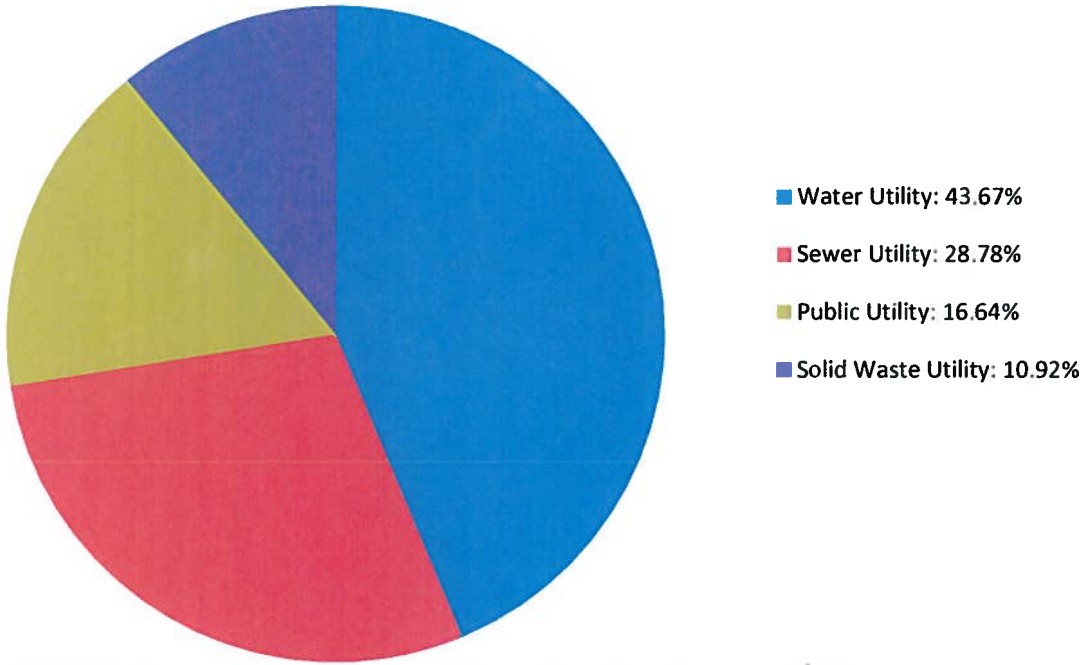


Program Revenues and Expenses - Business-Type Activities

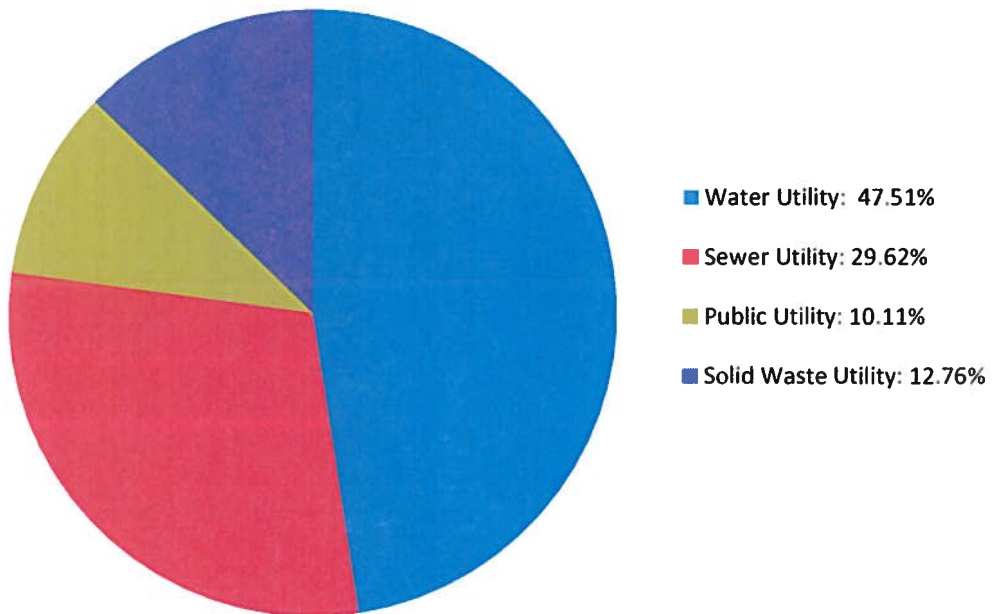


CITY OF PERRIS
Management's Discussion and Analysis

Expenditures by Source - Business-Type Activities



Revenues by Source - Business-Type Activities



CITY OF PERRIS

Management's Discussion and Analysis

As noted earlier, the City's 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 may be 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$199,891. The City's governmental funds report a surplus of \$10,248 *unassigned fund balance*. The remainder of the fund balances are either non-spendable, restricted, committed or assigned to indicate amounts to be used for a specific purpose or in a non-spendable form 1) for deposits with other agencies (\$1,074), 2) for advances (\$1,702), 3) restricted resources (\$173,139), 4) committed amounts (\$7,528) and 5) for assigned amounts (\$6,200).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned and assigned fund balance of the General Fund was \$16,776, while the total fund balance reached \$27,080. As a measure of General Fund liquidity, it may be useful to compare the unassigned and assigned fund balances to total fund revenues. General fund balance represents 67% of total general fund revenues of \$25,012.

The fund balance of the City's General Fund increased by \$2,359 during the current fiscal year. The increase in the fiscal year can be attributed primarily due an increase in taxes and contributions. Revenue from taxes increased \$2,026. Contributions increased \$2,111 from the prior year.

The Perris Redevelopment Agency was dissolved as of January 31, 2012. This was due to a court ruling regarding legislation that was passed by the State of California. The funds related to the redevelopment agency ceased activity as of that date. The redevelopment agency's special revenue, capital project and debt service funds had an increase of \$16,170. Most of the increase is related to the extraordinary items in the fund statements of \$30,469 and \$781 is reported in other governmental funds for this dissolution. This was the most significant change in those funds over prior year. The redevelopment agency special revenue fund taxes decreased by \$1,778 and the redevelopment agency debt service fund taxes decreased by \$7,110 which was the result of the of the redevelopment agency dissolving before the end of year.

The Public Financing Authority Debt Service Fund had a decrease of \$3,051, which is mostly due to the payment of long-term debt. The long-term debt payments are primarily paid from repayments on loans receivable and investment income.

General Fund Budget. During the year, there was a \$339 decrease in the original and final expenditure budget. There were no variances between the actual and final budget amounts in the General Fund revenues.

Special Revenue Funds. The City's special revenue funds are governmental funds used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes. The total fund balance of all special revenue funds is \$35,015.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise Funds. Unrestricted net assets of the enterprise funds totaled \$1,412 which represents an increase of \$1,046 from the prior fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities amounts to \$184,803 (net of accumulated depreciation of \$162,189) as of June 30, 2012. This investment in capital assets includes buildings, building improvements, infrastructure (roads, sidewalks, streetlights, etc.), and machinery/equipment, vehicles and water and sewer infrastructures and equipment. The net increase in the City's investment in capital assets for the current fiscal year was \$14,634 before depreciation.

CITY OF PERRIS
Management's Discussion and Analysis

	Activities		Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 39,755	\$ 42,274	\$ 301	\$ 301	\$ 40,056	\$ 42,575
Buildings	20,101	20,101	-	-	20,101	20,101
Building Improvements	7,125	5,961	-	-	7,125	5,961
Improvements other than Buildings	-	-	315	315	315	315
Machinery	1,367	1,367	-	-	1,367	1,367
Vehicles	2,682	2,654	290	290	2,972	2,944
Infrastructure	235,260	222,296	-	-	235,260	222,296
Major equipment	-	-	462	462	462	462
Boosters	-	-	36	36	36	36
Reservoirs	-	-	2,068	2,068	2,068	2,068
Mains	-	-	16,544	15,779	16,544	15,779
Services	-	-	2,403	2,403	2,403	2,403
Meters	-	-	1,406	1,406	1,406	1,406
Hydrants	-	-	1,272	1,272	1,272	1,272
Manholes	-	-	827	827	827	827
Wells	-	-	996	996	996	996
Construction in progress	13,782	11,551	-	-	13,782	11,551
Total	320,072	306,204	26,920	26,155	346,992	332,359
Less: Accumulated Depreciation	154,895	149,399	7,294	6,613	162,189	156,012
Total net capital assets	\$ 165,177	\$ 156,805	\$ 19,626	\$ 19,542	\$ 184,803	\$ 176,347

Additional information on the City's capital assets can be found in note 4 to the basic financial statements on page 45 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$134,030 which represents revenue and tax allocation bonds issued for redevelopment projects and bonds issued by the public financing authority to purchase CFD and assessment district bonds. The City of Perris' total bonded debt decreased by \$3,130 during the fiscal year.

Additional information on the City's outstanding debt can be found in note 5 to the basic financial statements on page 47 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$576 which is significantly in excess of the City's outstanding general obligation debt.

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Interim Finance Director, 101 North "D" Street, Perris, CA.

BASIC FINANCIAL STATEMENTS

City of Perris, California
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 79,094,497	\$ 3,336,475	\$ 82,430,972
Restricted Cash and Investments	70,043,701		70,043,701
Receivables:			
Accounts	1,872,642	1,661,044	3,533,686
Interest	1,197,911	6,732	1,204,643
Taxes	2,537,705		2,537,705
Grants	1,566,766		1,566,766
Loans	73,385,000	6,645,893	80,030,893
Other	204,761		204,761
Internal Balances	975,606	(975,606)	0
Due from Other Governments	606,066	168,340	774,406
Deposits	1,074,416		1,074,416
Unamortized Bond Issuance Costs	7,819,618		7,819,618
Land and Construction in Progress, Not Being Depreciated	53,537,575	300,564	53,838,139
Capital Assets, Net of Depreciation	111,639,196	19,325,440	130,964,636
 Total Assets	 405,555,460	 30,468,882	 436,024,342
LIABILITIES			
Accounts Payable and Accrued Liabilities	5,906,187	1,249,901	7,156,088
Deposits and Other Liabilities	18,746,788	202,479	18,949,267
Due to Other Government Agencies	1,700	29,705	31,405
Unearned Revenue	7,250,940		7,250,940
Interest Payable on Long-term Liabilities	2,256,128		2,256,128
Long-term Liabilities:			
Due Within One Year	2,669,396	52,641	2,722,037
Due in More Than One Year	136,639,309	12,469,219	149,108,528
 Total Liabilities	 173,470,448	 14,003,945	 187,474,393
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	165,176,771	8,268,249	173,445,020
Restricted for Low & Moderate Housing		6,784,528	6,784,528
Unrestricted	66,908,241	1,412,160	68,320,401
 Total Net Assets	 \$ 232,085,012	 \$ 16,464,937	 \$ 248,549,949

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 6,337,613	\$ 947,938	\$	\$
Public Safety	16,574,684	864,543	528,477	37,261
Public Works	17,620,479	5,139,259	4,079,965	10,602,201
Parks and Recreation	2,245,801	247,484	35,898	
Interest on Long-term Debt	7,897,357		3,713,611	
Total Governmental Activities	50,675,934	7,199,224	8,357,951	10,639,462
Business-type Activities:				
Water Utility	2,507,293	2,692,622		
Sewer Utility	1,690,994	1,678,469		
Public Utility	955,404	572,930		
Solid Waste Utility	626,833	723,116		
Housing Authority	54,299	21,710		
Total Business-type Activities	5,834,823	5,688,847	0	0
Total Primary Government	\$ 56,510,757	\$ 12,888,071	\$ 8,357,951	\$ 10,639,462

General Revenues:

- Property Taxes
- Sales and Use Taxes
- Motor Vehicle in Lieu Tax (Intergovernmental/Unrestricted)
- Vehicle License Fee in Lieu Tax
- Sales Tax in Lieu Tax
- Franchise Taxes
- Transient Occupancy Taxes
- Real Property Transfer Taxes
- Investment Income
- Gain on Sale of Property
- Miscellaneous
- Extraordinary Item
- Transfers

Total General Revenues, Extraordinary Items, and Transfers

Change in Net Assets

Net Assets - Beginning of Year, As Previously Reported

Prior Period Adjustment

Net Assets - Beginning of Year, As Restated

Net Assets - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activites</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,389,675)	\$	\$ (5,389,675)
(15,144,403)		(15,144,403)
2,200,946		2,200,946
(1,962,419)		(1,962,419)
(4,183,746)		(4,183,746)
<u>(24,479,297)</u>	<u>0</u>	<u>(24,479,297)</u>
	185,329	185,329
	(12,525)	(12,525)
	(382,474)	(382,474)
	96,283	96,283
	(32,589)	(32,589)
<u>0</u>	<u>(145,976)</u>	<u>(145,976)</u>
<u>(24,479,297)</u>	<u>(145,976)</u>	<u>(24,625,273)</u>
6,406,433		6,406,433
5,624,110		5,624,110
34,522		34,522
4,348,068		4,348,068
1,517,157		1,517,157
2,245,098		2,245,098
121,049		121,049
143,356		143,356
2,689,767	25,522	2,715,289
	116,925	116,925
304,871		304,871
33,773,494	6,700,192	40,473,686
(765,251)	765,251	0
<u>56,442,674</u>	<u>7,607,890</u>	<u>64,050,564</u>
<u>31,963,377</u>	<u>7,461,914</u>	<u>39,425,291</u>
200,052,029	9,003,023	209,055,052
<u>69,606</u>		<u>69,606</u>
<u>200,121,635</u>	<u>9,003,023</u>	<u>209,124,658</u>
<u>\$ 232,085,012</u>	<u>\$ 16,464,937</u>	<u>\$ 248,549,949</u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Redevelopment Agency	Debt Service Public Financing Authority
ASSETS			
Cash and Investments	\$ 28,338,653	\$	\$
Cash and Investments with Fiscal Agent			69,232,520
Receivables:			
Accounts	441,261		
Interest	53,191		
Taxes	1,980,316		
Grants			
Loans			73,385,000
Other	204,761		
Due from Other Funds			
Due from Other Governments	43,024		
Advances to Other Funds	1,701,511		
Deposits with Other Agencies	1,074,416		
	<u>\$ 33,837,133</u>	<u>\$ 0</u>	<u>\$ 142,617,520</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 3,368,119	\$	\$ 2,418
Deposits and Other Liabilities	2,636,613		5,925,833
Due to Other Governments			
Due to Other Funds	750,859		
Advances from Other Funds			
Deferred Revenue	1,354		2,012,102
	<u>6,756,945</u>	<u>0</u>	<u>7,940,353</u>
Fund Balances:			
Nonspendable	2,775,927		
Restricted			134,677,167
Committed	7,528,150		
Assigned	6,200,000		
Unassigned	10,576,111		
	<u>27,080,188</u>	<u>0</u>	<u>134,677,167</u>
Total Fund Balances	<u>27,080,188</u>	<u>0</u>	<u>134,677,167</u>
Total Liabilities and Fund Balances	<u>\$ 33,837,133</u>	<u>\$ 0</u>	<u>\$ 142,617,520</u>

The accompanying notes are an integral part of this statement.

<u>Debt Service</u>	<u>Capital Project</u>				
<u>Redevelopment Agency</u>	<u>Storm Drain Development</u>	<u>Capital Improvement Projects</u>	<u>Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 9,120,737	\$ 3,796,971	\$	\$ 37,838,136	\$ 79,094,497
				811,181	70,043,701
		894,837		536,544	1,872,642
	18,210	7,320		75,615	154,336
				557,389	2,537,705
				1,566,766	1,566,766
					73,385,000
					204,761
	31,272	750,000		7,872	789,144
		73,607		489,435	606,066
					1,701,511
					1,074,416
<u>\$ 0</u>	<u>\$ 9,170,219</u>	<u>\$ 5,522,735</u>	<u>\$ 0</u>	<u>\$ 41,882,938</u>	<u>\$ 233,030,545</u>
\$	\$ 5,003	\$ 13,456	\$	\$ 2,517,191	\$ 5,906,187
	9,165,216			1,019,126	18,746,788
				1,700	1,700
		31,272		7,013	789,144
				725,905	725,905
	0	3,641,907		1,314,447	6,969,810
<u>0</u>	<u>9,170,219</u>	<u>3,686,635</u>	<u>0</u>	<u>5,585,382</u>	<u>33,139,534</u>
					2,775,927
		1,836,100		36,625,968	173,139,235
					7,528,150
					6,200,000
				(328,412)	10,247,699
<u>0</u>	<u>0</u>	<u>1,836,100</u>	<u>0</u>	<u>36,297,556</u>	<u>199,891,011</u>
<u>\$ 0</u>	<u>\$ 9,170,219</u>	<u>\$ 5,522,735</u>	<u>\$ 0</u>	<u>\$ 41,882,938</u>	<u>\$ 233,030,545</u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Fund Balances of Governmental Funds	\$ 199,891,011
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Interest accrued on loans receivable from the Successor Agency to the Perris Redevelopment Agency	1,043,575
Assets that are not due and payable in the current period are not reported in the funds.	
Unamortized Bond Issuance Costs	7,819,618
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	165,176,771
Liabilities that are not due and payable in the current period and are not reported in the funds.	
Interest Payable on Long-term Liabilities	(2,256,128)
Long-term Liabilities	(139,308,705)
Premiums on Long-term Liabilities	(281,130)
	(141,845,963)
Net Assets of Governmental Activities	\$ 232,085,012

The accompanying notes are an integral part of this statement.

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City of Perris, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Revenue Redevelopment Agency	Debt Service Public Financing Authority
REVENUES			
Taxes	\$ 18,683,274	\$ 351,305	\$
Licenses, Permits and Fees	1,002,799		
Intergovernmental Revenues	49,503		
Charges for Services	557,085		
Fines, Forfeitures and Penalties	522,294		
Developer Fees			
Investment Income	187,173	19,296	6,172,051
Special Assessments			
Contributions	3,857,640		
Miscellaneous	151,902	44,632	94,450
Total Revenues	<u>25,011,670</u>	<u>415,233</u>	<u>6,266,501</u>
EXPENDITURES			
Current:			
General Government	4,560,618		17,571
Public Safety	15,571,752		
Public Works	1,394,274	3,721,776	366,794
Parks and Recreation	1,795,300		
Capital Outlay	80,575		
Debt Service:			
Pass-through Agreements			
Principal Retirement			3,130,000
Interest and Fiscal Charges			7,941,489
Total Expenditures	<u>23,402,519</u>	<u>3,721,776</u>	<u>11,455,854</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,609,151</u>	<u>(3,306,543)</u>	<u>(5,189,353)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	850,000	14,736,075	2,144,295
Transfers Out	(108,701)	(896,292)	(5,804)
Issuance of Long-term Debt			
Sale of Property	8,988	(267,010)	
Total Other Financing Sources (Uses)	<u>750,287</u>	<u>13,572,773</u>	<u>2,138,491</u>
Extraordinary Item		<u>(17,676,396)</u>	
Net Change in Fund Balances	<u>2,359,438</u>	<u>(7,410,166)</u>	<u>(3,050,862)</u>
Fund Balances, Beginning - As Previously Reported	24,720,750	7,410,166	137,728,029
Prior Period Adjustments			
Fund Balances, Beginning - As Restated	<u>24,720,750</u>	<u>7,410,166</u>	<u>137,728,029</u>
Fund Balances, Ending	<u>\$ 27,080,188</u>	<u>\$ 0</u>	<u>\$ 134,677,167</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Project			Other Governmental Funds	Total Governmental Funds
Redevelopment Agency	Storm Drain Development	Capital Improvement Projects	Redevelopment Agency		
\$ 1,405,216	\$	\$	\$	\$	\$ 20,439,795
		284,552		5,095,003	1,002,799
	24,330	538,842		208,661	5,429,058
2,213		29,030	46,781	853,328	557,085
				294,692	730,955
				4,027,304	1,416,500
				85,000	6,751,236
			9,257	32,705	4,027,304
					3,942,640
					332,946
<u>1,407,429</u>	<u>24,330</u>	<u>852,424</u>	<u>56,038</u>	<u>10,596,693</u>	<u>44,630,318</u>
105,716					4,683,905
				799,871	16,371,623
			1,567,016	3,294,622	10,344,482
	73,730	823,394	6,922,172	4,667,627	1,795,300
1,596,686					12,567,498
					1,596,686
					3,130,000
					7,941,489
<u>1,702,402</u>	<u>73,730</u>	<u>823,394</u>	<u>8,489,188</u>	<u>8,762,120</u>	<u>58,430,983</u>
(294,973)	(49,400)	29,030	(8,433,150)	1,834,573	(13,800,665)
896,292			38,944,956	108,703	57,680,321
(55,819,524)				(850,000)	(57,680,321)
141,189					141,189
					(258,022)
<u>(54,782,043)</u>	<u>0</u>	<u>0</u>	<u>38,944,956</u>	<u>(741,297)</u>	<u>(116,833)</u>
68,941,072			(20,795,574)	781,370	31,250,472
13,864,056	(49,400)	29,030	9,716,232	1,874,646	17,332,974
(13,864,056)	0	1,807,070	(8,502,228)	33,188,700	182,488,431
	49,400		(1,214,004)	1,234,210	69,606
<u>(13,864,056)</u>	<u>49,400</u>	<u>1,807,070</u>	<u>(9,716,232)</u>	<u>34,422,910</u>	<u>182,558,037</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,836,100</u>	<u>\$ 0</u>	<u>\$ 36,297,556</u>	<u>\$ 199,891,011</u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 17,332,974

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense.

Capital Outlay	11,049,788
Capital Contributions	5,337,363
Depreciation	(5,496,601)
Gain (Loss) on Sale of Capital Assets	(228,439)

Governmental funds report activity of long-term liabilities as revenues and expenditures, but they are included as increases and reductions on the long-term liabilities in the Statement of Net Assets.

Long-term Debt Principal Payments	3,130,000
Pass-through Agreements	1,999
Compensated Absences	(74,055)
Net OPEB Obligation	(858,255)
Claims Payable	46,163
Issuance of Long-term Debt	(141,189)
Accrued Interest	44,132

Interest related to long-term liabilities that are paid from the Successor Agency to the Perris Redevelopment Agency loans. (347,858)

Governmental funds report bond issuance costs as an expense in the full amount as current financial resources are used. However, in the Statement of Activities the cost is amortized over the life of the debt. (366,912)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 11,245

Assets and liabilities that are not due and payable in the current period are not reported in the funds. These amounts represent the difference in the extraordinary loss in the governmental funds and the extraordinary loss in the Statement of Activities, due to the dissolution of the Redevelopment Agency.

Capital Assets	(2,290,087)
Unamortized Issuance Costs	(285,376)
Long-term Liabilities	4,488,422
Accrued Interest	1,391,433
Advances to Other Funds	(781,370)

Change in Net Assets of Governmental Activities \$ 31,963,377

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities Enterprise Funds				Totals
	Sewer Utility	Public Utility Authority	Water Utility	Other Enterprise Funds	
	ASSETS				
Current Assets:					
Cash and Investments	\$ 1,497,507	\$ 81,227	\$ 418	\$ 1,757,323	\$ 3,336,475
Receivables:					
Accounts	368,179	264,734	579,992	448,139	1,661,044
Loans				6,645,893	6,645,893
Interest	2,923	201	324	3,284	6,732
Due from Other Agencies				168,340	168,340
Total Current Assets	1,868,609	346,162	580,734	9,022,979	11,818,484
Noncurrent Assets:					
Land, Not Being Depreciated		300,564			300,564
Capital Assets, Net of Depreciation	5,843,903	9,960,877	3,520,660		19,325,440
Total Noncurrent Assets	5,843,903	10,261,441	3,520,660	0	19,626,004
Total Assets	7,712,512	10,607,603	4,101,394	9,022,979	31,444,488
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	110,208	311,524	236,555	591,614	1,249,901
Due to Other Governments				29,705	29,705
Advances from Other Funds		327,751	647,855		975,606
Deposits		84,125	118,354		202,479
Notes Payable - Current Portion	39,087				39,087
Compensated Absences - Current Portion	5,368	2,097	5,396	693	13,554
Total Current Liabilities	154,663	725,497	1,008,160	622,012	2,510,332
Noncurrent Liabilities:					
Notes Payable	1,057,227	11,357,781			12,415,008
Compensated Absences Payable	21,472	8,388	21,579	2,772	54,211
Total Noncurrent Liabilities	1,078,699	11,366,169	21,579	2,772	12,469,219
Total Liabilities	1,233,362	12,091,666	1,029,739	624,784	14,979,551
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	4,747,589		3,520,660		8,268,249
Restricted for Low & Moderate Housing Unrestricted	1,731,561	(1,484,063)	(449,005)	6,784,528	6,784,528
Total Net Assets	\$ 6,479,150	\$ (1,484,063)	\$ 3,071,655	\$ 8,398,195	\$ 16,464,937

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds				Totals
	Sewer Utility	Public Utility Authority	Water Utility	Other Enterprise Funds	
OPERATING REVENUES					
Charges for Services	\$ 1,602,949	\$ 572,930	\$ 2,647,017	\$ 722,838	\$ 5,545,734
Licenses, Permits, and Fees				21,710	21,710
Miscellaneous	75,520		45,605	278	121,403
Total Operating Revenues	<u>1,678,469</u>	<u>572,930</u>	<u>2,692,622</u>	<u>744,826</u>	<u>5,688,847</u>
OPERATING EXPENSES					
Maintenance and Operations	156,376	100,804	166,697	29,765	453,642
Contractual Services	1,293,570	239,658	2,095,587	586,720	4,215,535
Materials and Supplies			16,796		16,796
Repairs and Maintenance			2,148		2,148
Administrative and General	13,052	293,863	55,370	10,348	372,633
Depreciation	189,209	321,079	170,695		680,983
Loan Amortization Expense				54,299	54,299
Total Operating Expenses	<u>1,652,207</u>	<u>955,404</u>	<u>2,507,293</u>	<u>681,132</u>	<u>5,796,036</u>
Operating Income (Loss)	<u>26,262</u>	<u>(382,474)</u>	<u>185,329</u>	<u>63,694</u>	<u>(107,189)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	11,322	838	1,060	12,302	25,522
Interest Expense	(38,787)				(38,787)
Gain (Loss) on Sale of Property				116,925	116,925
Total Nonoperating Revenues (Expenses)	<u>(27,465)</u>	<u>838</u>	<u>1,060</u>	<u>129,227</u>	<u>103,660</u>
Income (Loss) before Contributions	<u>(1,203)</u>	<u>(381,636)</u>	<u>186,389</u>	<u>192,921</u>	<u>(3,529)</u>
Capital Contributions	<u>765,251</u>				<u>765,251</u>
Extraordinary Item				<u>6,700,192</u>	<u>6,700,192</u>
Change in Net Assets	<u>764,048</u>	<u>(381,636)</u>	<u>186,389</u>	<u>6,893,113</u>	<u>7,461,914</u>
Total Net Assets, Beginning	<u>5,715,102</u>	<u>(1,102,427)</u>	<u>2,885,266</u>	<u>1,505,082</u>	<u>9,003,023</u>
Total Net Assets, Ending	<u>\$ 6,479,150</u>	<u>\$ (1,484,063)</u>	<u>\$ 3,071,655</u>	<u>\$ 8,398,195</u>	<u>\$ 16,464,937</u>

The accompanying notes are an integral part of this statement.

City of Perris
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ 23,199,082	\$ 1,783,923
Cash and Investments with Fiscal Agent		25,707,707
Receivables:		
Accounts	1,337,096	
Assessments		435,350
Interest	66,565	5,847
Loans	2,932,308	
Other		1,019,634
Due from Other Governments	38,739	
Deposits with Other Agencies	5,925,834	
Land Held for Resale	1,820,940	
Unamortized Bond Issuance Costs	2,313,201	
Land	335,048	
	<u>37,968,813</u>	<u>28,952,461</u>
Total Assets		
LIABILITIES		
Accounts Payable and Accrued Liabilities	1,204,890	209,133
Deposits		983,783
Interest Payable	1,043,575	
Due to Other Government Agencies	5,161,844	
Due to Developers	78,244	
Deferred Revenue	155,307	
Compensated Absences	231,351	
Pass-through Agreements Payable	4,299,729	
Loans Payable	73,385,000	
Due to Bondholders		27,759,545
	<u>85,559,940</u>	<u>\$ 28,952,461</u>
Total Liabilities		
NET ASSETS		
Net Assets Held in Trust for Redevelopment (Deficit)	<u>(47,591,127)</u>	
Total Net Assets	<u>\$ (47,591,127)</u>	

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities			Totals	
	Enterprise Funds				
	Sewer Utility	Public Utility Authority	Water Utility		Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 1,660,726	\$ 541,400	\$ 2,641,253	\$ 1,029,391	\$ 5,872,770
Cash Payments for Employee Services	(153,573)	(99,112)	(165,079)	(29,686)	(447,450)
Cash Payments to Suppliers for Goods and Services	(1,278,971)	(427,184)	(2,160,119)	(618,029)	(4,484,303)
Net Cash Provided (Used) by Operating Activities	228,182	15,104	316,055	381,676	941,017
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from (to) Other Funds	(4,551)	(3,464)	(318,256)	(13,059)	(339,330)
Net Cash Provided (Used) by Noncapital Financing Activities	(4,551)	(3,464)	(318,256)	(13,059)	(339,330)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Payments on Capital Debt	(37,794)				(37,794)
Interest Payments on Capital Debt	(38,787)				(38,787)
Net Cash Provided (Used) by Capital and Related Financing Activities	(76,581)	0	0	0	(76,581)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	9,992	716	1,199	10,669	22,576
Net Cash Provided (Used) by from Investing Activities	9,992	716	1,199	10,669	22,576
Net Increase (Decrease) in Cash and Cash Equivalents	157,042	12,356	(1,002)	379,286	547,682
Cash and Cash Equivalents - Beginning of the Year	1,340,465	68,871	1,420	1,378,037	2,788,793
Cash and Cash Equivalents - End of the Year	<u>\$ 1,497,507</u>	<u>\$ 81,227</u>	<u>\$ 418</u>	<u>\$ 1,757,323</u>	<u>\$ 3,336,475</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 26,262	\$ (382,475)	\$ 185,329	\$ 63,694	\$ (107,190)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	189,209	321,079	170,695	54,299	735,282
Changes in Assets and Liabilities:					
Accounts and Other Receivables (Increase) Decrease	(17,743)	(41,035)	(67,049)	297,935	172,108
Accounts Payable and Accrued Liabilities Increase (Decrease)	29,082	108,030	10,007	(20,524)	126,595
Deposits Payable Increase (Decrease)		9,505	15,680	(13,370)	11,815
Compensated Absences Increase (Decrease)	1,372		1,393	(358)	2,407
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 228,182</u>	<u>\$ 15,104</u>	<u>\$ 316,055</u>	<u>\$ 381,676</u>	<u>\$ 941,017</u>

The accompanying notes are an integral part of this statement.

City of Perris
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 3,572,100
Investment Income	<u>163,723</u>
Total Additions	<u>3,735,823</u>
DEDUCTIONS	
Administration	458,756
Contractual/Professional Services	164,415
Project Improvement Costs	8,111,322
Loss on Sale of Land Held for Resale	168,138
Contributions to Other Governments	140,016
Interest Expense	1,748,036
Amortized Issuance Costs	<u>62,581</u>
Total Deductions	<u>10,853,264</u>
Extraordinary Item	<u>(40,473,686)</u>
Change in Net Assets	(47,591,127)
Total Net Assets - Beginning of Year	<u>0</u>
Total Net Assets - End of Year	<u>\$ (47,591,127)</u>

The accompanying notes are an integral part of this statement.

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City of Perris, California
Notes to Financial Statements
June 30, 2012

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City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The City of Perris (the "City") was incorporated in 1911 as a General Law City. The City operates under a Council - Manager form of government, and provides the following services: general administrative services; public safety services; highway and street repairs and maintenance; water, sanitation, and sewer services.

The financial statements of the City of Perris include the financial activities of the City, the Perris Redevelopment Agency, the Perris Public Utility Authority and the Perris Public Financing Authority. In accordance with GASB Statement No. 14, the basic criteria for including an agency, institution, authority or other organization in a governmental unit's financial reporting entity is financial accountability. Financial accountability includes, but is not limited to 1) selection of the governing body, 2) imposition of will, 3) ability to provide a financial benefit to or impose financial burden on and 4) fiscal dependency.

There may, however, be factors other than financial accountability that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include scope of public service and special financing relationships.

Based upon the application of these criteria, an agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30 year end. The following is a brief review of each component unit included in the primary government's reporting entity.

The Perris Redevelopment Agency

The Perris Redevelopment Agency (the "Agency") was established pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Perris. The City provides management assistance to the Agency, and the members of the City Council also act as the governing body of the Agency. The Agency's activities are blended with those of the City in these financial statements and are reported as a special revenue fund, a debt service fund, and a capital project fund. On February 1, 2012, the Perris Redevelopment Agency was dissolved by legislation from the California State Legislature and a decision by the California Supreme Court. The City of Perris is the Successor Agency of the Perris Redevelopment Agency which oversees the remaining activities of the former Perris Redevelopment Agency. These activities are reflected as a special private-purpose trust fund in the fiduciary statements (see Note 17).

The Perris Public Utility Authority

The City of Perris (City) and the Perris Redevelopment Agency (Agency) formed a Joint Powers Authority, pursuant to a Joint Exercise of Powers Agreement, dated as of December 29, 1999, by and between the Agency and the City. The Perris Public Utility Authority (Utility Authority) was created to assist the City in its financing objectives by purchasing

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A) Reporting Entity - Continued

The Perris Public Utility Authority - Continued

and operating the Sewer and Water systems from the City. The governing body of the Utility Authority is comprised of the City Council. On February 1, 2012, the Perris Redevelopment Agency was dissolved. See note above regarding the Perris Redevelopment Agency.

The City and the Utility Authority entered into a "Purchase Agreement", dated March 16, 2000, to sell the Sewer and Water Enterprise from the City to the Utility Authority. The sale price was based upon the completion of an appraisal of the Enterprise, which was not completed until November 2000. On August 28, 2001, the original purchase agreement was rescinded and replaced by a new purchase agreement. This agreement was subsequently rescinded on February 12, 2002. Therefore transactions related to the sale have not been enacted nor are they presented in these financial statements. The Utility Authority in December 2008, purchased the McCanna Ranch Water Company. The Utility Authority's activities are blended with those of City in these financial statements and are reported as an enterprise fund.

The Perris Public Financing Authority

The Perris Public Financing Authority (the "Authority") is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Authority exists under a Joint Exercise of Power Agreement dated August 28, 1989, between the City of Perris and the Perris Redevelopment Agency. Its purpose is to facilitate financing for public capital improvements of the City and the Agency. The Authority's activities are blended with those of the City in these financial statements and are reported as a debt service fund. On February 1, 2012, the Perris Redevelopment Agency was dissolved. See note above regarding the Perris Redevelopment Agency.

The Perris Housing Authority

The Perris Housing Authority (Housing Authority) was formed on March 29, 2011 and operates as a public authority whose primary goal is to provide decent, safe and sanitary housing in a suitable living environment for families that cannot afford private housing that comply with housing quality standards.

A component unit financial statement for each component unit previously described may be obtained at 101 North D Street, Perris, California 92570.

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 57

In December of 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement clarifies that when actuarially

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 57 - Continued

determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Currently, this statement has no effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 60

In November of 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement also provides guidance for governments that are operators in an SCA. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 60 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 61

In November of 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Currently, this statement has no effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 62

In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations.
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

City of Perris, California
Notes to Financial Statements
June 30, 2012

I) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 62 - Continued

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 62 and has not determined its effect on the City’s financial statements.

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 63 and has not determined its effect on the City’s financial statements.

Governmental Accounting Standards Board Statement No. 64

In June of 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*. Statement No. 64 provides guidance for accounting and reporting when interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty’s credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty’s credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. Statement No. 64 clarifies the accounting treatment when this occurs. Statement No. 64 is effective for periods beginning after June 15, 2011. Currently the City has no investments with derivatives.

Governmental Accounting Standards Board Statement No. 65

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as

City of Perris, California
Notes to Financial Statements
June 30, 2012

2) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 65 - Continued

outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The City has elected not to early implement GASB No. 65 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 66

In March of 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*. Statement No. 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal fund type. This statement also amends Statement No. 62, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. Statement No. 66 is effective for periods beginning after December 15, 2012. The City has elected not to early implement GASB No. 66 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 67

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. This statement was issued to improve the financial reporting by state and local governmental pension plans. The statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trust or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trust covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. Statement No. 67 is effective for periods beginning after June 15, 2013. The City has elected not to early implement GASB No. 67 and has not determined its effect on the City's financial statements.

City of Perris, California
Notes to Financial Statements
June 30, 2012

2) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

C) Basis of Presentation

The basic financial statements of the City of Perris have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for governmental accounting and financial reporting purposes.

These statements require that the financial statements described below be presented:

Government-wide Statements: The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. 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 expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City 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 that are properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund, private-purpose trust funds and fiduciary fund financial statements except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

The *Redevelopment Agency Special Revenue Fund* is used to account for a portion of tax increment (20%) required to be set aside for low and moderate income housing activities within the Redevelopment Agency's Project Areas.

The *Public Financing Authority Debt Service Fund* is used to account for the accumulation of resources for, and the repayment of, long-term debt principal, interest and related costs of the Authority.

The *Redevelopment Agency Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs within the Redevelopment Agency's project areas.

The *Storm Drain Development Capital Project Fund* is used to account for the capital improvements of upgrading the storm drains within the City.

The *Capital Improvement Projects Capital Project Fund* is used to account for miscellaneous improvement projects which are financed primarily from developer contributions and transportation uniform mitigation fees.

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The *Redevelopment Agency Capital Project Fund* is used to account for financial resources to be used for the acquisition or construction of redevelopment projects and administrative expenses within the Redevelopment Agency's project areas.

The City reports the following major proprietary funds:

The *Sewer Utility* accounts for the activities of the City's sewer utility distribution operations.

The *Public Utility Authority* accounts for the water and wastewater activities of McCanna Ranch area.

The *Water Utility* accounts for the activities of the City's water utility distribution operations.

Additionally, the City reports the following fund types:

The *Enterprise Funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Revenues are fully accrued to include unbilled services at year end.

The *Fiduciary Funds* are used to account for resources held in the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used by the fiduciary funds is much like that used for proprietary funds.

The City reports the following activities:

The *Private-purpose Trust Fund* is used to report resources held in trust for the Successor Agency to the Perris Redevelopment Agency.

The *Agency Funds* are used to account for money received by the City as an agent for individuals, other governments and other entities. These funds account for the following activities:

- 1) The City receives deposits from other organizations or private individuals in a custodial nature.
- 2) Special taxes and assessments are receipted to the City to make principal and interest payments for Community Facilities Districts and Assessment District 86-1 bonds. The City has no obligations to these debt issues.

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E) Encumbrances

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations is employed as an extension of formal budgetary integration in all governmental funds. Unencumbered appropriations of the governmental funds automatically lapse at year end.

F) Investments

As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value.

In applying GASB 31, the City utilized the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
 - a) Items required to be reported at amortized cost,
 - b) Items in external pools that are not SEC-registered,
 - c) Items subject to involuntary participation in an external pool,
 - d) Items associated with a fund other than the fund to which the income is assigned;

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F) Investments - Continued

- 3) Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;
- 4) The gain/loss resulting from valuation will be reported within the revenue account "investment income" on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds. For Proprietary Fund Types the gain/loss from valuation will be reported within the "investment income" account on the Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Assets for Proprietary Funds.

G) Capital Assets

Capital assets, which include land, buildings, building improvements, machinery, vehicles, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Capital assets purchased in excess of \$5,000, and buildings and building improvements purchased in excess of \$20,000 are capitalized if they have an expected useful life of 2 years or more. Infrastructure is capitalized if cost is in excess of \$50,000 and it has an expected useful life of 2 years or more. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Donated capital assets are valued at their estimated fair market value at the date of donation.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The range of lives used for depreciation purposes for each capital asset class is as follows:

Buildings	30 - 45 years
Building Improvements	7 - 30 years
Machinery	6 - 15 years
Vehicles	5 - 15 years
Infrastructure	20 - 40 years
Structures and Improvements	35 - 40 years
Reservoirs and Manholes	50 - 60 years
Boosters	25 years
Other Equipment and Services	35 - 60 years

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H) Appropriations Limit

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2012, proceeds of taxes did not exceed appropriations.

I) Fund Equity

Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given. The City Council has by resolution authorized the Finance Director to assign fund balance. The City Council may also assign fund balance, however, unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) General Fund Reserve Policy

The City adopted a policy to commit a General Fund Reserve amount consisting of 35% of the proposed budgeted revenues for any given fiscal year for specific uses such as economic uncertainty, declaration of a local, state or federal emergency/disaster, or another other emergency expenditure deemed appropriate by the City Council. This commitment can only be modified or removed by an action of the City Council.

K) Use of Estimates

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

L) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Water, Sewer and Solid Waste Enterprise Funds consider all cash and investments with original maturities of 90 days or less to be cash or cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents.

M) Inter-fund Activity

In the governmental fund financial statements, 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 inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Noncurrent portions of long-term inter-fund loan receivables are reported as advances and such amounts are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

In the government-wide financial statements, these activities have been eliminated.

N) Property Taxes

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1. Such taxes are delinquent on December 10 and April 10, respectively. Any unpaid amounts at the end of the fiscal year are recorded as accounts receivable. The County of Riverside bills and collects the property taxes and subsequently remits the amount due to the City in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied.

The County is permitted by State Law (Article XIIB of the California Constitution) to levy taxes at one percent (1%) of full market value (at time of purchase) and can increase the property's value no more than two percent (2%) per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

City of Perris, California
Notes to Financial Statements
June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O) Prior Period Adjustments

Included in the Governmental Fund's Statements and Statement of Activities are prior period adjustments for the following:

1. \$49,400 in the Storm Drain Development Special Revenue Fund relates to a deposit that was charged against a project that should have been originally charged to this fund.
2. \$(20,206) in the CDPH Prop 84 Special Revenue Fund relates to a receivable that should have not been recorded in the prior year.
3. \$1,214,004 in the Road and Bridge Benefit Special Revenue Fund relates to expenses in the prior year that should have been recorded in the former Redevelopment Agency Capital Project Fund.

P) Extraordinary Item

The extraordinary item included in the fund financial statements and the government-wide financials are due to the dissolution of the Perris Redevelopment Agency as of February 1, 2012. On December 29, 2011, the California Supreme Court upheld Assembly Bill IX 26 that provides for the dissolution of all redevelopment agencies in the State of California. The remaining assets and liabilities of the former redevelopment agency were transferred to a Successor Agency, the City of Perris, which are reported in a private-purpose trust fund in the fiduciary statements (see Note 17).

2) CASH AND INVESTMENTS

Cash and Investments are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 82,430,972
Restricted Cash and Investments	70,043,701
Statement of Fiduciary Assets and Liabilities:	
Cash and Investments	24,983,005
Cash and Investments with Fiscal Agent	<u>25,707,707</u>
Total Cash and Investments	<u>\$ 203,165,385</u>

Cash and investments consist of the following:

Petty Cash	\$ 2,100
Deposits with Financial Institutions	26,223,577
Investments	<u>176,939,708</u>
Total Cash and Investments	<u>\$ 203,165,385</u>

City of Perris, California
Notes to Financial Statements
June 30, 2012

2) CASH AND INVESTMENTS - Continued

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the City's investment policy. 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity⁽¹⁾</u>	<u>Maximum Percentage Of Portfolio⁽²⁾</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	80%	None
U.S. Agency Securities	5 years	80%	None
Banker's Acceptances	180 days	20%	5%
Commercial Paper	270 days	15% of market value	5%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	20%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	80%	None
Bank / Time Deposits	5 years	25%	None

⁽¹⁾ No more than 50% of the portfolio shall have maturity dates in excess of 2 years at any given time.

⁽²⁾ Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Disclosures Relating to 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. In accordance with its investment policy, one of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter term 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 is provided by the following table that shows the distribution of the City's investments by maturity:

City of Perris, California
Notes to Financial Statements
June 30, 2012

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk - Continued

Investment Type	Remaining Maturity (in Months)				
	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months	
Federal Agency Securities	\$ 64,295,072	\$ 21,902,466	\$ 19,589,415	\$ 19,659,551	\$ 3,143,640
U.S. Treasury Bills	7,738,785	4,771,460	1,972,572	994,753	
Commercial Paper	5,924,141	5,924,141			
Money Market Fund	310,918	310,918			
State Investment Pool - LAIF	3,332,715	3,332,715			
Held By Bond Trustee:					
Guaranteed Investment Contract	1,192,250				1,192,250
Federal Agency Securities	4,337,812	3,001,655	1,336,157		
Commercial Paper	14,868,841	14,868,841			
Money Market Fund	18,099,291	18,099,291			
Certificates of Deposit	393,394	393,394			
Local Obligation Bonds	56,446,489	1,010,928	1,150,928	4,432,783	49,851,850
Total	\$ 176,939,708	\$ 73,615,809	\$ 24,049,072	\$ 25,087,087	\$ 54,187,740

Disclosures Relating to 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.

Presented below is the minimum rating required by (where applicable) the California Government Code or the Authority's investment policy and the actual rating as of year end for each investment type.

		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	P-1	Not Rated
Federal Agency Securities	\$ 64,295,072	N/A	\$	\$ 64,295,072	\$	\$
U.S. Treasury Bills	7,738,785	N/A	7,738,785			
Commercial Paper	5,924,141	P-1			5,924,141	
Money Market Fund	310,918	N/A		310,918		
State Investment Pool - LAIF	3,332,715	N/A				3,332,715
Held By Bond Trustee:						
Guaranteed Investment Contract	1,192,250	N/A				1,192,250
Federal Agency Securities	4,337,812	N/A		4,337,812		
Commercial Paper	14,868,841	N/A			14,868,841	
Money Market Fund	18,099,291	N/A		18,099,291		
Certificates of Deposit	393,394	N/A				393,394
Local Obligation Bonds	56,446,489	N/A				56,446,489
Total	\$ 176,939,708		\$ 7,738,785	\$ 87,043,093	\$ 20,792,982	\$ 61,364,848

City of Perris, California
Notes to Financial Statements
June 30, 2012

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal Agency Securities	\$ 15,789,498
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 14,489,624
Federal Home Loan Bank	Federal Agency Securities	\$ 23,938,201
U.S. Bank N.A.	Commercial Paper	\$ 17,734,819
First American Prime Obligations Fund	Money Market Fund	\$ 18,099,291
CFD 2001-1 Improvement Refunding Bonds, 2003 Series A	Local Obligations Bonds	\$ 10,610,588
CFDs 88-1, 88-3 & 90-1 Special Tax Bonds, 2007 Series A & B	Local Obligations Bonds	\$ 10,065,000
CFD 2001-1 Special Tax Bonds, 2007 Series D	Local Obligations Bonds	\$ 12,527,571

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 government 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, \$25,849,314 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts, and none of the City's investments were held by the broker-dealer (counterparty) that was used by the City to buy the securities.

Local Agency Investment Fund (LAIF)

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The City may invest up to \$50,000,000 in the fund for the City and \$50,000,000 for the Public Financing Authority. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2012 was 0.36%. The carrying value and estimated market value of the LAIF Pool at June 30, 2012 was \$60,514,457,551 and \$60,588,263,603, respectively. The City's share of the Pool at June 30, 2012 was approximately 0.0055 percent.

City of Perris, California
Notes to Financial Statements
June 30, 2012

2) CASH AND INVESTMENTS - Continued

Local Agency Investment Fund (LAIF) - Continued

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. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities totaling \$800,000,000 and \$1,297,405,000. LAIF's and the City's exposure to risk (credit, market or legal) is not currently available.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. LAIF is also regulated by California Government Code Section 16429.

Investment in Bonds

The Perris Public Financing Authority has purchased various Assessment District (AD) and Community Facilities District (CFD) Bonds from the proceeds of revenue bonds issued by the Authority to facilitate the respective bond issues of the Districts. Due to the long-term nature of these investments, a portion of fund balance has been reserved in the Governmental Fund Financial Statements.

The CFD and Assessment District Bonds are secured solely by assessments on property owners within the Districts. The repayment schedules of the bonds, and interest thereon, to the Authority are concurrent and sufficient to satisfy the debt service requirements of the respective Authority revenue bonds.

The CFD and Assessment District Bonds investments are summarized below.

Investment	Fair Value
CFD 93-2 Special Tax Bonds, 1995 Series A	\$ 4,258,963
CFD 2001-1 Improvement Refunding Bonds, 2003 Series A	10,610,588
CFD 2004-3 Improvement Refunding Bonds, 2005 Series A	7,847,850
CFDs 88-1, 88-3 and 90-1 Special Tax Bonds, 2007 Series A and B	10,065,000
CFD 2006-1 Special Tax Bonds, 2007 Series C	2,388,089
CFD 2001-1 Special Tax Bonds, 2007 Series D	12,527,571
CFD 2005-4 Special Tax Bonds, 2008 Series A	4,932,894
CFD 2005-1 Special Tax Bonds, 2008 Series B	3,815,534
	\$ 56,446,489

Cash and Investments with Fiscal Agent

Included in cash and investments with fiscal agent are the debt securities issued by some of the City's Assessment Districts and Community Facilities Districts. These are special assessment obligations and, therefore, are not obligations of the Public Financing Authority or the City.

City of Perris, California
Notes to Financial Statements
June 30, 2012

3) LOANS RECEIVABLE

The Perris Public Financing Authority has entered into loan agreements with the Perris Redevelopment Agency (Agency) whereby the Authority loaned the proceeds of the 2001 Series A and B Revenue Bonds, the 2002 Series A, B and C Revenue Bonds, the 2006 Tax Allocation Bonds, the 2009 Series A, B and C Revenue Bonds, and the 2010 Series A Revenue Bond issued by the Authority to retire debt and provide funds for certain public improvements in Agency project areas. As of February 1, 2012, the Perris Redevelopment Agency was dissolved (see Note 1) and the Successor Agency of the Perris Redevelopment Agency oversees the remaining activities of the former Perris Redevelopment Agency. The balance of these loans is \$73,385,000 as of June 30, 2012. The Authority retained \$7,937,935 to fund reserve accounts and issuance costs for the above related debt issues.

4) CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 42,273,796	\$ 12,414,953	\$ 2,518,526 ⁽¹⁾	\$ 39,755,270
Construction in Progress	<u>11,550,747</u>	<u>12,414,953</u>	<u>10,183,395</u>	<u>13,782,305</u>
Total Capital Assets Not Depreciated	<u>53,824,543</u>	<u>12,414,953</u>	<u>12,701,921</u>	<u>53,537,575</u>
Capital Assets Being Depreciated:				
Buildings	20,100,961			20,100,961
Building Improvements	5,960,855	1,163,832		7,124,687
Machinery	1,366,811			1,366,811
Vehicles	2,653,837	28,649		2,682,486
Infrastructure	<u>222,296,435</u>	<u>12,963,112</u>		<u>235,259,547</u>
Total Capital Assets Being Depreciated	<u>252,378,899</u>	<u>14,155,593</u>	<u>0</u>	<u>266,534,492</u>
Less Accumulated Depreciation:				
Buildings	(3,847,366)	(485,027)		(4,332,393)
Building Improvements	(2,242,518)	(288,507)		(2,531,025)
Machinery	(978,446)	(62,188)		(1,040,634)
Vehicles	(1,270,057)	(215,575)		(1,485,632)
Infrastructure	<u>(141,060,308)</u>	<u>(4,445,304)</u>		<u>(145,505,612)</u>
Total Accumulated Depreciation	<u>(149,398,695)</u>	<u>(5,496,601)</u>	<u>0</u>	<u>(154,895,296)</u>
Total Capital Assets Being Depreciated, Net	<u>102,980,204</u>	<u>8,658,992</u>	<u>0</u>	<u>111,639,196</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 156,804,747</u>	<u>\$ 21,073,945</u>	<u>\$ 12,701,921</u>	<u>\$ 165,176,771</u>

⁽¹⁾ Included in land deletions is \$2,290,087 that was transferred to the Successor Agency (see Note 17).

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 281,100
Public Safety	203,061
Public Works	4,561,939
Parks and Recreation	<u>450,501</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,496,601</u>

City of Perris, California
Notes to Financial Statements
June 30, 2012

4) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 300,564	\$	\$	\$ 300,564
Total Capital Assets Not Depreciated	300,564	0	0	300,564
Capital Assets Being Depreciated:				
Major Equipment	462,226			462,226
Structures and Improvements	315,186			315,186
Boosters	35,845			35,845
Reservoirs	2,068,567			2,068,567
Mains	15,778,976	765,251		16,544,227
Services	2,402,776			2,402,776
Meters	1,405,617			1,405,617
Hydrants	1,271,892			1,271,892
Manholes	826,868			826,868
Wells	996,071			996,071
Vehicles	290,155			290,155
Total Capital Assets Being Depreciated	25,854,179	765,251	0	26,619,430
Less Accumulated Depreciation:				
Major Equipment	(82,240)	(26,520)		(108,760)
Structures and Improvements	(58,477)	(7,385)		(65,862)
Boosters	(34,317)	(345)		(34,662)
Reservoirs	(370,842)	(44,944)		(415,786)
Mains	(4,101,941)	(395,121)		(4,497,062)
Services	(660,168)	(71,050)		(731,218)
Meters	(352,774)	(41,132)		(393,906)
Hydrants	(395,130)	(34,058)		(429,188)
Manholes	(218,794)	(16,496)		(235,290)
Wells	(70,279)	(28,459)		(98,738)
Vehicles	(268,045)	(15,473)		(283,518)
Total Accumulated Depreciation	(6,613,007)	(680,983)	0	(7,293,990)
Total Capital Assets Being Depreciated, Net	19,241,172	84,268	0	19,325,440
Business-type Activities Capital Assets, Net of Depreciation	\$ 19,541,736	\$ 84,268	\$ 0	\$ 19,626,004

Depreciation was charged to functions/programs as follows:

Business-type Activities:	
Sewer Utility	\$ 189,209
Public Utility Authority	321,079
Water Utility	170,695
Total Depreciation Expense - Business-type Activities	\$ 680,983

City of Perris, California
Notes to Financial Statements
June 30, 2012

5) LONG-TERM LIABILITIES

Governmental Activities:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes Payable	\$	\$ 781,370 ⁽²⁾	\$	\$ 781,370	\$
Revenue Bonds	137,160,000		3,130,000	134,030,000	2,525,000
Due to Other Governments	4,160,539	141,189	4,301,728 ⁽¹⁾	0	
Compensated Absences (Note 6)	836,616	52,685	167,323	721,978	141,396
Net OPEB Obligation (Note 13)	2,917,102	1,184,112	325,857	3,775,357	
Claims Payable (Note 15)	46,163		46,163	0	
Total	\$ 145,120,420	\$ 2,018,167	\$ 7,829,882	\$ 139,308,705	\$ 2,669,396

⁽¹⁾ \$4,299,729 was transferred to the Successor Agency (see Note 17).

⁽²⁾ Interfund advance was reclassified to notes payable (see Notes Payable below and Note 17).

Business-type Activities:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes Payable	\$ 10,494,108	\$ 1,997,781 ⁽¹⁾	\$ 37,794	\$ 12,454,095	\$ 39,087
Compensated Absences (Note 6)	54,873	23,868	10,976	67,765	13,554
Total	\$ 10,548,981	\$ 2,021,649	\$ 48,770	\$ 12,521,860	\$ 52,641

⁽¹⁾ Interfund advance was reclassified to notes payable (see Notes Payable below and Note 17).

Notes Payable

Governmental Activities:

The Perris Redevelopment Agency entered into a promissory note with the City of Perris for \$2,192,000 on October 26, 2004. The note was to reimburse the Agency's cost to acquire a property for a new sheriff station and other facilities. Interest is accrued at a rate of 4% per annum. Payments are solely made for police and community facilities development impact fees. The balance of this note is \$781,370 as of June 30, 2012. During the 2012 fiscal year, the Perris Redevelopment Agency was dissolved and the note is now with the Successor Agency to the Perris Redevelopment Agency (see Note 17). Currently, this note payable has no debt service schedule available.

\$ 781,370

Business-type Activities:

On July 23, 2002, the City of Perris entered into an installment sale agreement for \$1,600,000, payable to the California Infrastructure and Economic Development Bank. The agreement is to provide funding for the removal, replacement and upgrading of existing sewer mains under the Indian Hills/Enchanted Heights Reach II Sewer Upgrade Project. Interest on the agreement is payable August 1st and February 1st of each year. Interest on the agreement accrues at 3.42% per annum. Principal on the agreement is payable in annual installments ranging from \$30,888 to \$74,048 commencing February 1, 2004, through February 1, 2032. The agreements requires a maintenance of system revenues that (a) pledged net system revenues are in an amount which will be sufficient to be at least equal to one hundred ten percent (110%) of the annual debt service for such fiscal year and (b) if pledged net system revenues are insufficient to comply with (a) then the City has 180 days following the date the pledged net system revenues failure to meet the requirement to increase rent, rates, fees, charges and/or assessments.

1,096,314

City of Perris, California
Notes to Financial Statements
June 30, 2012

5) LONG-TERM LIABILITIES - Continued

Notes Payable - Continued

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2013	\$ 39,087	\$ 37,494	\$ 76,581
2014	40,423	36,157	76,580
2015	41,805	34,775	76,580
2016	43,236	33,345	76,581
2017	44,714	31,866	76,580
2018-2022	247,583	135,320	382,903
2023-2027	292,916	89,986	382,902
2028-2032	346,550	36,353	382,903
Total	\$ 1,096,314	\$ 435,296	\$ 1,531,610

On December 12, 2008, the Perris Public Utility Authority entered into a promissory note with McCanna Ranch Water Company for \$9,360,000. The note is for the acquisition of the company's capital assets and operations. Interest on the note accrues at 2% per annum. The note is secured by the issuance of bonds. The first bond is required to equal or exceed \$4,950,000. The remaining \$4,410,000 shall be determined by the subsequent issuance of bonds according to the promissory note covenants. As of June 30, 2012, the Utility Authority has not issued bonds to finance the promissory note. The promissory note currently has no debt service schedule available. \$ 9,360,000

The Perris Redevelopment Agency loans the Perris Public Utility Authority \$1,997,781. The loan was used to assist the Perris Public Utility Authority in acquiring the McCanna Ranch Water Company. As of February 1, 2012, the Perris Redevelopment Agency was dissolved and the Successor Agency to the Perris Redevelopment Agency oversees the remaining activities of the former Perris Redevelopment Agency. This loan is not expected to be collected within one year. Currently, this note has no debt service schedule available. 1,997,781

Total Notes Payable \$ 12,454,095

Revenue Bonds

On March 23, 1995, the Public Financing Authority issued \$6,795,000 1995 Revenue Bonds, Series D, to acquire CFD 93-2 Special Tax Bonds, 1995 Series A. The Authority purchased the Special Tax Bonds as an investment to provide funding to the District. Interest on the bonds is payable September 1 and March 1 of each year. Interest on the bonds accrues at rates varying from 6.00% to 7.20% per annum. Principal on serial bonds is payable in annual installments ranging from \$70,000 to \$120,000 commencing September 1, 1997, through September 1, 2005. Term bonds of \$5,875,000 mature September 1, 2025. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$568,778 which is sufficient to cover the Bond Indenture Reserve Requirement. \$ 4,665,000

On June 20, 2001, the Public Financing Authority issued \$10,745,000 2001 Revenue (Tax Allocation) Bonds, Series A, to enable the Redevelopment Agency to refund its previously issued 1987 Tabs 91 Parity Bonds and 1992 Series D Revenue (Tax Allocation) Bonds. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 3.10% to 5.75% per annum. Principal on serial bond is payable in annual installments ranging from \$165,000 to \$695,000 commencing October 1, 2001 through October 1, 2031. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$743,572 which is sufficient to cover the Bond Indenture Reserve Requirement. 8,600,000

City of Perris, California
Notes to Financial Statements
June 30, 2012

5) LONG-TERM LIABILITIES - Continued

Revenue Bonds - Continued

On June 20, 2001, the Public Financing Authority issued \$1,280,000 2001 Revenue (Tax Allocation) Bonds, Series B, to enable the Redevelopment Agency to refund its previously issued 1996 Series A Parity Bonds. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at a rate of 6.50% per annum. Principal on serial bonds is payable in annual installments ranging from \$30,000 to \$105,000 commencing October 1, 2010 through October 1, 2031. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$114,097 which is sufficient to cover the Bonds Indenture Reserve Requirement.

\$ 1,220,000

On July 9, 2002, the Public Financing Authority issued \$6,335,000 2002 Revenue (Tax Allocation) Bonds, Series A, to provide loans to the Redevelopment Agency. The proceeds of these new loans will be used to refund loans related to the 1992 Revenue (Tax Allocation) Bonds, Series B, which in turn will allow the Authority to refund those bonds. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 3.00% to 5.25% per annum. Principal on the serial bonds is payable in annual installments ranging from \$120,000 to \$390,000 commencing October 1, 2003 through October 1, 2031. The reserve requirement is covered by a Surety Bond.

5,130,000

On August 14, 2002, the Public Financing Authority issued \$3,505,000 2002 Revenue (Tax Allocation) Bonds, Series B, to provide loans to the Redevelopment Agency. The proceeds of these loans will facilitate the refunding of the 1992 Revenue (Subordinate Tax Allocation) Bonds, Series C. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 2.00% to 4.85% per annum. Principal on the serial bonds is payable in annual installments ranging from \$55,000 to \$215,000 commencing October 1, 2003 through October 1, 2031. The reserve requirement is covered by a Surety Bond.

2,835,000

On August 14, 2002, the Public Financing Authority issued \$3,235,000 2002 Revenue (Tax Allocation) Bonds, Series C, to provide loans to the Redevelopment Agency. The proceeds of these loans will be used to finance capital projects of the Redevelopment Agency. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 3.125% to 5.625% per annum. Principal on the serial bonds is payable in annual installments ranging from \$55,000 to \$210,000 commencing October 1, 2003 through October 1, 2031. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$228,361 which is sufficient to cover the Bond Indenture Reserve Requirement.

2,660,000

On September 30, 2003 the Public Financing Authority issued \$12,380,000 2003 Revenue Bonds Series A to acquire CFD 2001-1 (May Ranch) Improvement Area 1, Improvement Area 2, and Improvement Area 3 Bonds. The Authority purchased the CFD Bonds as an investment to provide funding to the Districts. Interest on the Authority Bonds is payable September 1 and March 1 of each year. Interest on the Bonds accrue at rates varying from 3.00% to 6.25% per annum. Principal on the Bonds is payable in annual installments ranging from \$30,000 to \$1,050,000 commencing September 1, 2006 through September 1, 2003. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$1,105,980 which is sufficient to cover the Bond Indenture Reserve Requirement.

11,765,000

On July 20, 2005, the Public Financing Authority issued \$8,955,000 2004 Revenue Bonds Series A to acquire CFD 2004-3 (Monument Ranch) Improvement Area 1 Bonds. The Authority purchased the CFD Bonds as an investment to provide funding to the District. Interest on the Authority Bonds is payable September 1 and March 1 of each year. Interest on the Bonds accrue at rates varying from 4.00% to 6.125% per annum. Principal on the Bonds is payable in annual installments ranging from \$5,000 to \$810,000 commencing September 1, 2007 through September 1, 2034. At June 30, 2012 the Authority has a cash reserve balance for debt service of \$862,210 which is sufficient to cover the Bond Indenture Reserve Requirement.

8,780,000

City of Perris, California
Notes to Financial Statements
June 30, 2012

5) LONG-TERM LIABILITIES - Continued

Revenue Bonds - Continued

On April 19, 2006, the Public Financing Authority issued \$31,005,000 2006 Revenue (Tax Allocation) Bonds, to provide loans to the Redevelopment Agency. The proceeds of these loans will be used to finance capital projects and the low and moderate income housing program of the Redevelopment Agency. Interest on the bonds is payable October 1 and April 1 of each year. Interest on the bonds accrues at rates varying from 4.000% to 5.350% per annum. Principal on the serial bonds is payable in annual installments ranging from \$175,000 to \$3,355,000 commencing October 1, 2007 through October 1, 2036. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$2,677,146 which is sufficient to cover the Bond Indenture Reserve Requirement. \$ 29,200,000

On August 7, 2007, the Public Financing Authority issued \$11,895,000 2007 Revenue Refunding Bonds, Series A, to refund a portion of the 1996 Revenue Bonds, Series F. Interest on the bonds is payable September 1 and March 1 of each year. Interest on the bonds accrues at rates varying from 4.000% to 5.000% per annum. Principal on the serial bonds is payable in annual installments ranging from \$395,000 to \$1,115,000 commencing September 1, 2008 through September 1, 2024. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$599,120 which is sufficient to cover the Bond Indenture Reserve Requirement. 8,485,000

On December 6, 2007, the Public Financing Authority issued \$2,775,000 2007 Revenue Bonds, Series C, to acquire CFD 2006-1 (Meritage Homes) Special Tax Bonds. The Authority purchased the CFD Bonds as an investment to provide funding to the District. Interest on the bonds is payable September 1 and March 1 of each year. Interest on the bonds accrues at rates varying from 4.500% to 5.500% per annum. Principal on the serial bonds is payable in annual installments ranging from \$5,000 to \$240,000 commencing September 1, 2011 through September 1, 2038. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$257,813 which is sufficient to cover the Bond Indenture Reserve Requirement. 2,770,000

On November 2, 2007, the Public Financing Authority issued \$14,630,000 2007 Revenue Bonds, Series D, to acquire CFD 2001-1 (May Farms) Improvement Areas Nos. 6 and 7 Special Tax Bonds. The Authority purchased the CFD Bonds as an investment to provide funding to the District. Interest on the bonds is payable September 1 and March 1 of each year. Interest on the bonds accrues at rates varying from 4.500% to 5.500% per annum. Principal on the serial bonds is payable in annual installments ranging from \$10,000 to \$1,395,000 commencing September 1, 2010 through September 1, 2038. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$1,400,631 which is sufficient to cover the Bond Indenture Reserve Requirement. 14,170,000

On March 11, 2008, the Public Financing Authority issued \$5,640,000 2008 Revenue Bonds, Series A, to acquire CFD 2005-4 (Stratford Ranch) Special Tax Bonds. The Authority purchased the CFD Bonds as an investment to provide funding to the District. Interest on the bonds is payable September 1 and March 1 of each year. Interest on the bonds accrues at rates varying from 4.250% to 5.700% per annum. Principal on the serial bonds is payable in annual installments ranging from \$5,000 to \$500,000 commencing September 1, 2011 through September 1, 2038. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$539,020 which is sufficient to cover the Bond Indenture Reserve Requirement. 5,635,000

On March 26, 2008, the Public Financing Authority issued \$4,375,000 2008 Revenue Bonds, Series B, to acquire CFD 2005-1 (Perris Valley Vistas) Improvement Area 3 Special Tax Bonds. The Authority purchased the CFD Bonds as an investment to provide funding to the District. Interest on the bonds is payable September 1 and March 1 of each year. Interest on the bonds accrues at rates varying from 4.750% to 6.150% per annum. Principal on the serial bonds is payable in annual installments ranging from \$10,000 to \$385,000 commencing September 1, 2012 through September 1, 2038. At June 30, 2012, the Authority has a cash reserve balance for debt service of \$413,380 which is sufficient to cover the Bond Indenture Reserve Requirement. 4,375,000

City of Perris, California
Notes to Financial Statements
June 30, 2012

5) LONG-TERM LIABILITIES - Continued

Revenue Bonds - Continued

On February 3, 2009, the Public Financing Authority issued \$4,055,000 2009 Revenue (Tax Allocation) Bonds, Series A, to provide loans to the Redevelopment Agency. The proceeds of these loans will be used to finance the 1987 Project Loan and to pay related expenses of the Authority. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 3.250% to 6.100% per annum. Principal on the serial bonds is payable in annual installments ranging from \$60,000 to \$875,000 commencing October 1, 2009 through October 1, 2037. At June 30, 2012 the Authority has a cash reserve balance for debt service of \$408,331 which is sufficient to cover the Bond Indenture Reserve Requirement. \$ 3,865,000

On February 25, 2009, the Public Financing Authority issued \$7,605,000 2009 Revenue (Tax Allocation) Bonds, Series B, to provide loans to the Redevelopment Agency. The proceeds of these loans will be used to finance the 1994 Project Loan and to pay related expenses of the Authority. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 3.250% to 6.150% per annum. Principal on the serial bonds is payable in annual installments ranging from \$65,000 to \$1,310,000 commencing October 1, 2009 through October 1, 2039. At June 30, 2012 the Authority has a cash reserve balance for debt service of \$746,972 which is sufficient to cover the Bond Indenture Reserve Requirement. 7,410,000

On June 19, 2009, the Public Financing Authority issued \$5,490,000 2009 Revenue (Tax Allocation) Bonds, Series C, to provide loans to the Redevelopment Agency. The proceeds of these loans will be used to finance the Central North Project Loan and to pay related expenses to the Authority. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 3.000% to 6.375% per annum. Principal on the serial bonds is payable in annual installments ranging from \$60,000 to \$1,380,000 commencing October 1, 2010 through October 1, 2035. At June 30, 2012 the Authority has a cash reserve balance for debt service of \$531,607 which is sufficient to cover the Bond Indenture Requirement. 5,360,000

On April 19, 2010, the Public Financing Authority issued \$7,180,000 2010 Revenue (Tax Allocation) Bonds, Series A, to provide loans to the Redevelopment Agency. The proceeds of these loans will be used to finance the Housing Loans and to pay related expenses to the Authority. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 3.000% to 5.500% per annum. Principal on the serial bonds is payable in annual installments ranging from \$25,000 to \$1,200,000 commencing October 1, 2010 through October 1, 2040. At June 30, 2012 the Authority has a cash reserve balance for debt service of \$707,007 which is sufficient to cover the Bond Indenture Requirement. 7,105,000

Total Revenue Bonds \$ 134,030,000

City of Perris, California
Notes to Financial Statements
June 30, 2012

5) LONG-TERM LIABILITIES - Continued

The future debt requirements of the Revenue Bonds are as follows:

Year Ending June 30.	Principal	Interest	Total
2013	\$ 2,525,000	\$ 7,753,036	\$ 10,278,036
2014	2,700,000	7,625,998	10,325,998
2015	2,920,000	7,484,475	10,404,475
2016	3,140,000	7,328,872	10,468,872
2017	3,390,000	7,158,101	10,548,101
2018-2022	19,940,000	32,663,741	52,603,741
2023-2027	24,705,000	26,241,739	50,946,739
2028-2032	29,885,000	18,254,008	48,139,008
2033-2037	32,620,000	8,598,566	41,218,566
2038-2041	<u>12,205,000</u>	<u>1,056,665</u>	<u>13,261,665</u>
Total	<u>\$ 134,030,000</u>	<u>\$ 124,165,201</u>	<u>\$ 258,195,201</u>

Revenues Pledged

- A) The Redevelopment Agency and the Public Financing Authority have pledged a portion of future tax increment revenues and a portion of investment earnings to repay the City's revenue bonds and pass-throughs due to other governments. The descriptions for the revenue bonds indicate which bonds are related to the Redevelopment Agency. The City's revenue bonds and pass-throughs due to other governments are payable solely from the tax increment and a portion of investment earnings. Total principal and interest remaining on the revenue bonds related to the Redevelopment Agency and pass-through amounts are \$142,365,637, payable through fiscal year 2041 for the revenue bonds and the pass-through amounts, currently, have no debt service schedule available. However, the debt related to pledge revenues was transferred to the Successor Agency as of February 1, 2012. For the current year, principal and interest paid by tax increment revenues and investment earnings were \$1,306,999 and \$2,115,803, respectively.
- B) The City has pledged a portion of future sewer revenues to repay a note payable to the California Infrastructure and Economic Development Bank. The note payable is secured solely by operating revenues from the sewer fund. Total principal and interest remaining on the note payable is \$1,531,610 payable through fiscal year 2032. For the current year, principal and interest paid by the sewer operating revenues were \$37,794 and \$38,787, respectively.

6) COMPENSATED ABSENCES

For governmental funds and proprietary funds, accumulated vacation and sick leave benefits and compensatory time payable in future years when used by City employees amounted to \$721,978 and \$67,765, respectively at June 30, 2012. These amounts are payable from future resources and therefore have been recorded in long-term liabilities in the government-wide financial statements. Vacation benefits, sick leave, and compensatory time are recorded as expenditures in the related governmental fund financial statements when used. Upon retirement or termination, the expenditures are recorded in the fund which incurred the original obligation. Generally, in governmental activities, the general fund has liquidated compensated absences in prior years. Compensated absences payable for proprietary funds are reported within the respective funds.

City of Perris, California
Notes to Financial Statements
June 30, 2012

7) ASSESSMENT DISTRICT AND COMMUNITY FACILITIES DISTRICT BONDS

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915 are liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

Neither the faith and credit, nor the general taxing power, of the Perris Redevelopment Agency or the City of Perris have been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds have been included in the accompanying financial statements.

<u>District Bonds</u>	<u>Amount of Issue</u>	<u>Outstanding at End of Year</u>
CFD 90-2	\$ 31,320,000	\$ 3,470,000
CFD 91-1	8,010,000	4,285,000
CFD 93-2	6,200,000	4,410,000
CFD 93-1 2002 Refunding Bond	8,020,000	5,755,000
CFD 2001-2 2002 Series A Bonds	16,890,000	15,925,000
CFD 2002-1 2003 Series A Bonds	5,860,000	5,530,000
CFD 2004-2 2004 Series B Bonds	4,890,000	4,725,000
CFD 2004-1 2004 Series A Bonds	2,375,000	2,270,000
CFD 2001-1 2003 Series A Bonds	1,500,000	1,450,000
CFD 2001-1 2003 Series B Bonds	4,345,000	4,130,000
CFD 2001-1 2003 Series C Bonds	6,535,000	6,185,000
CFD 2003-1 2003 Series A Bonds	3,060,000	2,985,000
CFD 2004-3 2005 Series A Bonds	8,955,000	8,780,000
CFD 2004-3 2005 Series A Bonds	8,430,000	8,065,000
CFD 2004-5 2004 Series A Bonds	1,810,000	1,745,000
CFD 2001-2 2005 Series B Bonds	5,210,000	5,170,000
CFD 2005-2 2005 Series A Bonds	14,740,000	14,350,000
CFD 2001-1 2005 Series A Bonds	16,475,000	16,005,000
CFD 2001-1 2006 Series A Bonds	9,680,000	9,150,000
CFD 2005-1 2007 Series A Bonds	3,385,000	3,250,000
CFD 88-1 2007 Refunding Bonds	7,690,000	5,090,000
CFD 88-3 2007 Refunding Bonds	5,005,000	2,730,000
CFD 90-1 2007 Refunding Bonds	3,140,000	2,245,000
CFD 2006-1 2007 Series C Bonds	2,775,000	2,770,000
CFD 2001-1 IA6 2007 Series D Bonds	6,285,000	6,130,000
CFD 2001-1 IA7 2007 Series D Bonds	8,345,000	8,040,000
CFD 2005-4 2008 Series A Bonds	5,640,000	5,635,000
CFD 2005-1 2008 Series B Bonds	<u>4,375,000</u>	<u>4,375,000</u>
	<u>\$ 210,945,000</u>	<u>\$ 164,650,000</u>

City of Perris, California
Notes to Financial Statements
June 30, 2012

8) SINGLE FAMILY MORTGAGE REVENUE BONDS

The City has issued mortgage revenue bonds as follows:

	Outstanding Balance End of Year
City of Perris Single Family Mortgage Revenue Bonds	
1988 Series A	\$ 10,325,000
1988 Series B	13,145,000
1989 Series A	9,315,000
Total	\$ 32,785,000

The Bonds are special obligations payable solely from payments made on the loans and are secured by a pledge of such loans. Neither the faith and credit nor the taxing power of the City of Perris or the Perris Redevelopment Agency have been pledged to the payment of the bonds, and, therefore, the bond indebtedness is not shown in the financial statements of the City.

9) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of normal operations, the City enters into numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying governmental fund financial statements generally reflect such transactions as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as transfers. Inter-fund transactions and inter-fund payables/receivables at year-end are not eliminated in the governmental fund financial statements.

		DUE TO			Total
		General Fund	Storm Drain Development Capital Project Fund	Non-major Governmental Funds	
DUE FROM	Storm Drain Development Capital Project Fund	\$ 750,000	\$	\$	\$ 750,000
	Capital Improvement Projects Capital Project Fund		31,272		31,272
	Non-major Governmental Funds	859		7,013	7,872
	Total	\$ 750,859	\$	31,272	\$

City of Perris, California
Notes to Financial Statements
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9) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Advances to/from other funds are as follows:

		ADVANCES TO			Total
		Other Governmental Funds	Public Utility Authority	Water Utility	
ADVANCES FROM	General Fund	\$ 725,905	\$ 327,751	\$ 647,855	\$ 1,701,511
	Total	<u>\$ 725,905</u>	<u>\$ 327,751</u>	<u>\$ 647,855</u>	<u>\$ 1,701,511</u>

The Public Utility Authority has a balance of \$327,751 from the General Fund. This balance is to assist the fund with general operations.

The General Fund has advances of \$725,905 to other governmental funds to assist those funds in paying expenditures until amounts are received from outside sources to pay for those expenditures.

The General Fund advanced the Water Utility Fund \$322,682 on October 9, 2007. This advance was used by the Water Utility Fund to make a final payment on its note payable to the California Infrastructure and Economic Development Bank. The balance of the advance is \$322,682 as of June 30, 2012. In addition to this advance, the General Fund advanced the Water Utility Fund \$325,173 for operational activities.

Transfers are used to provide services, construct assets, and debt service between funds. Inter-fund transfers are as follows:

	TRANSFERS OUT			
	General Fund	Redevelopment Agency Special Revenue Fund	Public Financing Authority Debt Service Fund	Redevelopment Agency Debt Service Fund
TRANSFERS IN:				
General Fund	\$	\$	\$	\$
Redevelopment Agency Special Revenue Fund				14,736,075
Public Financing Authority Debt Service Fund				2,144,295
Redevelopment Agency Debt Service Fund		896,292	5,802	
Redevelopment Agency Capital Project Fund				38,939,154
Non-major Governmental Funds	<u>108,701</u>		<u>2</u>	
Total	<u>\$ 108,701</u>	<u>\$ 896,292</u>	<u>\$ 5,804</u>	<u>\$ 55,819,524</u>

	TRANSFERS OUT	
	Non-major Governmental Funds	Total
TRANSFERS IN:		
General Fund	\$ 850,000	\$ 850,000
Redevelopment Agency Special Revenue Fund		14,736,075
Public Financing Authority Debt Service Fund		2,144,295
Redevelopment Agency Debt Service Fund		896,292
Redevelopment Agency Capital Project Fund		38,944,956
Non-major Governmental Funds		<u>108,703</u>
Total	<u>\$ 850,000</u>	<u>\$ 57,680,321</u>

City of Perris, California
Notes to Financial Statements
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10) FUND BALANCE

As noted in Note 1, restricted funds are used first as appropriate. Assigned fund balance is reduced to the extent that expenditure has been appropriated by City Council. Decreases in fund balance first reduce committed fund balance, in the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in that order.

The details of the fund balances as of June 30, 2012 are presented below:

	<u>General Fund</u>	<u>Public Financing Authority Debt Service Fund</u>	<u>Capital Improvement Projects Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Advances to Other Funds	\$ 1,701,511	\$	\$	\$	\$ 1,701,511
Deposits	1,074,416				1,074,416
Restricted for:					
Development				18,383,169	18,383,169
Debt Service		134,677,167			134,677,167
Air Quality Management				241,410	241,410
Traffic Safety				1,582,292	1,582,292
Lighting and Landscape Maintenance				8,602,593	8,602,593
Streets				6,456,341	6,456,341
Community Development				77,621	77,621
Construction			1,836,100	1,282,542	3,118,642
Committed:					
General Fund Reserve	7,528,150				7,528,150
Assigned to:					
General Fund	6,200,000				6,200,000
Unassigned:					
	<u>10,576,111</u>			<u>(328,412)</u>	<u>10,247,699</u>
Total Fund Balance	<u>\$ 27,080,188</u>	<u>\$ 134,677,167</u>	<u>\$ 1,836,100</u>	<u>\$ 36,297,556</u>	<u>\$ 199,891,011</u>

General Fund balance assignments are as follows:

Disaster Preparedness	\$ 3,400,000
Vehicle and Equipment Replacement	1,300,000
Major Capital Improvements and Repairs	1,300,000
Budget Contingency	<u>200,000</u>
Total	<u>\$ 6,200,000</u>

City of Perris, California
Notes to Financial Statements
June 30, 2012

11) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Total expenditures exceeded total appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
Special Revenue Funds:			
City-wide Lighting District	\$ 0	\$ 153,932	\$ (153,932)
CDPH Prop 84	\$ 0	\$ 105,798	\$ (105,798)
Federal Grants	\$ 190,484	\$ 280,744	\$ (90,260)
HUD NSP-3	\$ 0	\$ 273,041	\$ (273,041)
Debt Service Funds:			
Public Financing Authority	\$ 9,593,469	\$ 11,455,854	\$ (1,862,385)
Redevelopment Agency	\$ 1,040,038	\$ 1,702,403	\$ (662,365)
Capital Project Funds:			
Community Facilities District 05-1 Area 3	\$ 0	\$ 16	\$ (16)
Community Facilities District 05-1 Area 4	\$ 0	\$ 42,746	\$ (42,746)
Community Facilities District 05-4	\$ 0	\$ 1	\$ (1)
Community Facilities District VA	\$ 0	\$ 1	\$ (1)

The following had a deficit fund balance at June 30, 2012. These deficits are expected to be eliminated through future revenues.

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Asset Seizure Forfeiture	\$ (58)
Federal Grants	\$ (24,853)
Road and Bridge Benefit District	\$ (303,501)
Public Utility Authority	\$ (1,484,063)

12) CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The City of Perris contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. As of fiscal year 2007, entities participating in the California Public Employees Retirement System (PERS) with less than one hundred members, are mandated by the State to be in a risk pool. The City of Perris has less than one hundred members participating in PERS and has presented information based on the requirements of cost-sharing multiple-employer defined benefits plans since certain information for an agent multiple-employer defined benefit plan are unavailable. Copies of the PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

City of Perris, California
Notes to Financial Statements
June 30, 2012

12) CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) - Continued

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes half of the contributions required of City employees. Employees in fiscal year 2013 will be required to contribute their entire portion of PERS. The City is required to contribute at an actuarially determined rate. These rates were determined as part of the June 30, 2009 actuarial valuation: the current rate is 11.652% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Miscellaneous Employees

For 2011-12, the City's annual pension cost for miscellaneous employees, of \$499,337 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2011-12 was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

THREE YEAR TREND INFORMATION FOR PERS					
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
6/30/10	\$ 370,534	100%	\$	-	0-
6/30/11	\$ 365,066	100%	\$	-	0-
6/30/12	\$ 499,337	100%	\$	-	0-

Safety Employees

At one time, the City of Perris had its own police force. It was disbanded and now the City contracts with the County Sherriff for police services. For 2011-12, the City's annual pension cost, for safety employees, of \$0 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2011-12 was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

THREE YEAR TREND INFORMATION FOR PERS					
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
6/30/10	\$ -0-	100%	\$	-	0-
6/30/11	\$ -0-	100%	\$	-	0-
6/30/12	\$ -0-	100%	\$	-	0-

City of Perris, California
Notes to Financial Statements
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13) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's defined benefit postemployment healthcare plan, (City of Perris Retiree Healthcare Plan, CPRHP), provides medical benefits to eligible retired employees and qualified dependents. CPRHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. CPRHP selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Retirees hired prior to June 26, 2007 are covered by an "equal contribution method" resolution. The City contributes 100% of the retiree and dependent premiums up to the average of the family premiums for the two median-cost plans.

Retirees hired after June 25, 2007 are covered under a "vesting" resolution. A summary of the "vesting" resolution is as follows:

Contributions		
Employee Only	Employee and 1 Dependent	Employee and 2+ Dependents
\$471	\$886	\$1,129

Years of Service	Vesting %
Less than 10	0%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or More	100%

City of Perris, California
Notes to Financial Statements
June 30, 2012

13) OTHER POST EMPLOYMENT BENEFITS - Continued

Funding Policy - Continued

The City is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. ARC rate is 39.8% of the annual covered payroll. The plan is financed on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 1,190,680
Interest on Net OPEB Obligation	116,684
Adjustments to Annual Required Contribution	<u>(123,252)</u>
 Annual OPEB Cost (Expense)	 1,184,112
Contributions Made	<u>(325,857)</u>
 Increase (Decrease) in Net OPEB Obligation	 858,255
Net OPEB Obligation - Beginning of Year	<u>2,917,102</u>
 Net OPEB Obligation - End of Year	 <u>\$ 3,775,357</u>

For 2012, the City's annual OPEB cost (expense) of \$1,184,112 for CPRHP was equal to the ARC. OPEB costs are typically charged to the General fund and to the Government-wide financial statements for governmental activities. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the three preceding years were as follows:

<u>THREE YEAR TREND INFORMATION FOR CPRHP</u>			
<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 1,246,335	24%	\$ 1,885,716
6/30/11	\$ 1,331,192	23%	\$ 2,917,102
6/30/12	\$ 1,184,112	23%	\$ 3,775,357

City of Perris, California
Notes to Financial Statements
June 30, 2012

13) OTHER POST EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, was as follows:

Actuarial Accrued Liability (AAL)	\$ 12,740,036
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 12,740,036
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 4,343,823
UAAL as a Percentage of Covered Payroll	293.29

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2011
Funding Method	Entry Age Normal Cost, Level of Percentage of Pay
Discount Rate	4.00%
Salary Increase	3.25% per year
Inflation Rate	3.25%
Mortality	CalPERS Public Agency Miscellaneous Mortality Tables
Turnover	CalPERS Public Agency Miscellaneous Tables
Retirement Rates	CalPERS Public Agency Miscellaneous Tables
Health Care Trend Rate	4.50% to 9.00%
Investment Rate of Return	4.00%

City of Perris, California
Notes to Financial Statements
June 30, 2012

14) JOINT VENTURE

The March Joint Powers Authority (the "Authority") was formed November 14, 1993, under a joint exercise of powers agreement among the Cities of Perris, Moreno Valley and Riverside and the County of Riverside for the purpose of formulating and implementing plans for the use and reuse of March Air Force Base. In the event that the Authority is unable to sustain its operations, it may request contributions from its members.

The Authority's office and records are located on March Air Reserve Base (23555 Meyer Drive) Riverside, California 92518.

As of June 30, 2012, the latest financial information obtained from the Authority is as follows:

Assets	\$ <u>222,593,076</u>
Liabilities	\$ <u>4,630,869</u>
Net Assets	\$ <u>217,962,207</u>
Revenues	\$ 11,019,528
Expenditures	<u>12,255,485</u>
Changes in Net Assets	\$ <u>(1,235,957)</u>

15) RISK MANAGEMENT

The City maintains a self-insurance program for workers' compensation. For workers' compensation claims, the City is at risk for up to \$250,000 per occurrence, amounts in excess of \$250,000 are covered through PERMA. The limits of the coverage are \$200,000 per accident for workers' compensation and \$5,000,000 each accident for employers' liability. Estimates for all liabilities including an estimate for incurred but not reported claims, have been included in the long-term liabilities as claims payable (See Note 5).

PERMA was created under a joint exercise of powers agreement for the purpose of providing insurance coverage for its members. The governing Board of Directors consists of one member from each participating agency.

PERMA also provides a non-risk sharing "deductible", or banking, pool for claims within the SIR level. Annual contributions are deposited with the PERMA from which claims are paid. Any excess funds held by PERMA for the City at year-end are recorded as "Deposits with Other Agencies" within the general fund. Any deficit funds are recorded as a liability within the general fund. At June 30, 2012, the City had an excess of funds of \$451,797 for such claims.

Under the liability programs risk-sharing pool, each member's share of total claims liabilities, including IBNR's, is determined by the application of risk factors to specific characteristics of each member which provides the relative share of each member in total losses of PERMA. These losses are paid from premiums charged to the members which are established at levels to fund all claims costs.

City of Perris, California
Notes to Financial Statements
June 30, 2012

15) RISK MANAGEMENT - Continued

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>
Claims Payable, Beginning of Year	\$ 46,163	\$ 59,431
Incurred Claims (Including IBNRs)	-	-
Claim Payments	(5,963)	(5,918)
Other	<u>(40,200)</u>	<u>(7,350)</u>
Claims Payable, End of Year	<u>\$ 0</u>	<u>\$ 46,163</u>

The workers' compensation insurance program is a non-risk sharing program. Therefore, each member is directly charged for any losses incurred. Each member's equity represents accumulated contributions held by PERMA on the member's behalf. Any deficits created for losses in excess of assets available for a given member is funded over a ten year period through an adjustment to required premiums.

During the past three fiscal years none of the above programs of protection have had settlements or judgements that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The aforementioned information is not included in the accompanying financial statements. Separate financial statements of PERMA may be obtained at 77-670 Springfield Lane, Suite 1A, Palm Desert, California, 92211.

16) COMMITMENTS AND CONTINGENCIES

In April 1991, the Community Facilities District No. 91-1 (Perris Valley Spectrum) of the City of Perris issued \$8,010,000 1991 Special Tax Bonds. The bonds consist of \$1,790,000 serial bonds maturing in amounts ranging from \$80,000 to \$200,000 from 1993 to 2006, and term bonds of \$6,220,000 maturing in 2021. Interest is payable semiannually on March 1 and September 1 of each year at rates ranging from 6.20% to 8.75%. The bonds are payable from the proceeds of a special tax levied on property within the District, certain tax increment revenues and certain sales and use taxes.

17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Perris (City) that previously had reported a redevelopment agency within the reporting entity of the Authority as a blended component unit.

City of Perris, California
Notes to Financial Statements
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17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On March 29, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 4383.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final several months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss). Certain assets related to housing were transferred to the Perris Housing Authority.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

City of Perris, California
Notes to Financial Statements
June 30, 2012

17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ (31,250,472)
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	2,290,087
Accrued interest on loans to the former redevelopment agency were eliminated in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(1,391,433)
Unamortized bond issuance cost reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	285,376
Interfund payables to the former redevelopment agency were eliminated in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	781,370
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(4,488,422)
Housing assets transferred to the Perris Housing Authority - decrease to net assets of the Successor Agency Trust Fund.	<u>(6,700,192)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to (amount of extraordinary gain reported in the government-wide financial statements of the City).	<u>\$ (40,473,686)</u>

Successor Agency Capital Assets

The Successor Agency received \$2,290,087 of capital assets from the former redevelopment agency that consisted of land. Subsequently, \$1,955,039 of the land was granted to a developer for development. The remaining capital assets as of June 30, 2012 is \$335,048.

Successor Agency Long-term Obligations

The following is a summary of the changes in the Successor Agency long-term obligations for the year:

	Beginning Balance	Additions ⁽¹⁾	Deletions	Ending Balance
Pass-through Agreements	\$	\$ 4,299,729	\$	\$ 4,299,729
Loans Payable to PFA		73,385,000		73,385,000
Compensated Absences	_____	269,090	37,739	231,351
	<u>\$ 0</u>	<u>\$ 77,953,819</u>	<u>\$ 37,739</u>	<u>\$ 77,916,080</u>

⁽¹⁾ Included in additions, is the \$77,873,422 of debt transferred from the former Perris Redevelopment Agency.

City of Perris, California
Notes to Financial Statements
June 30, 2012

17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

Pass-through Agreements Payables

The Agency has entered into pass-through agreements with several other units of local governments in order to lessen the fiscal impact of tax increment financing of redevelopment projects on these other governments. Amounts will be repaid as tax increment funds become available, therefore, a debt amortization schedule is not provided. The estimated portion due is \$1,999 based on the most recent activity.

Loans Payable to Public Financing Authority

The City of Perris Public Financing Authority (the "Authority") has issued Tax Allocation Revenue Bonds for financing projects of the Agency and to provide funds for the various debt obligations of the Agency. The Agency has entered into loan agreements with the Authority which mirror the bonds issued by the Authority. Concurrent with the execution and delivery of the loan agreements, the Authority issued the aggregate principal amount of its Tax Allocation Revenue Bonds to the Agency. The loans were made as an advance for the principal amount which was made from the proceeds of the bonds on the closing date of the bond. The principal and interest are payable in installment payments payable not less than three business days prior to the due date on the bonds. See note 3 loans receivable for the related bond issues of the Authority.

The following table represents the balance of net proceeds loaned to the Successor Agency at the end of the year:

	<u>Amount Issued</u>	<u>Loans Receivable End of Year</u>
2001 Series A Issue	\$ 10,745,000	\$ 8,600,000
2001 Series B Issue	1,280,000	1,220,000
2002 Series A Issue	6,335,000	5,130,000
2002 Series B Issue	3,505,000	2,835,000
2002 Series C Issue	3,235,000	2,660,000
2006 Tax Allocation Bonds	31,005,000	29,200,000
2009 Series A Issue	4,055,000	3,865,000
2009 Series B Issue	7,605,000	7,410,000
2009 Series C Issue	5,490,000	5,360,000
2010 Series A Issue	<u>7,180,000</u>	<u>7,105,000</u>
Total	<u>\$ 80,435,000</u>	<u>\$ 73,385,000</u>

The balance at June 30, 2012, of the accounts with retained funds is \$5,925,833 by the Authority and is reflected as deposits in the fiduciary fund statements.

Compensated Absences

The accumulated vacation and sick leave benefits and compensatory time payable in future years related to the Successor Agency amounted to \$231,351 at June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 17,664,000	\$ 17,664,000	\$ 18,683,274	\$ 1,019,274
Licenses and Permits	670,000	670,000	1,002,799	332,799
Intergovernmental Revenue	164,000	164,000	49,503	(114,497)
Charges for Services	294,000	294,000	557,085	263,085
Fines and Forfeitures	350,000	350,000	522,294	172,294
Investment Income	370,000	370,000	187,173	(182,827)
Contributions	1,875,000	1,875,000	3,857,640	1,982,640
Miscellaneous	122,000	122,000	151,902	29,902
Total Revenues	<u>21,509,000</u>	<u>21,509,000</u>	<u>25,011,670</u>	<u>3,502,670</u>
EXPENDITURES				
Current:				
General Government	4,928,410	5,057,001	4,560,618	496,383
Public Safety	16,559,129	16,693,348	15,571,752	1,121,596
Public Works	1,376,120	1,449,508	1,394,274	55,234
Parks and Recreation	1,745,694	2,038,633	1,795,300	243,333
Capital Outlay	1,046,000	77,749	80,575	(2,826)
Total Expenditures	<u>25,655,353</u>	<u>25,316,239</u>	<u>23,402,519</u>	<u>1,913,720</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,146,353)</u>	<u>(3,807,239)</u>	<u>1,609,151</u>	<u>5,416,390</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,000,000	1,000,000	850,000	(150,000)
Transfers Out	(140,000)	(140,000)	(108,701)	31,299
Sale of Property			8,988	8,988
Total Other Financing Sources (Uses)	<u>860,000</u>	<u>860,000</u>	<u>750,287</u>	<u>(109,713)</u>
Net Change in Fund Balances	<u>\$ (3,286,353)</u>	<u>\$ (2,947,239)</u>	<u>2,359,438</u>	<u>\$ 5,306,677</u>
Fund Balance, Beginning			<u>24,720,750</u>	
Fund Balance, Ending			<u>\$ 27,080,188</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,640,000	\$ 2,640,000	\$ 351,305	\$ (2,288,695)
Investment Income	95,000	95,000	19,296	(75,704)
Miscellaneous	25,000	25,000	44,632	19,632
Total Revenues	<u>2,760,000</u>	<u>2,760,000</u>	<u>415,233</u>	<u>(2,344,767)</u>
EXPENDITURES				
Current:				
Public Works	12,633,649	5,123,855	3,721,776	1,402,079
Total Expenditures	<u>12,633,649</u>	<u>5,123,855</u>	<u>3,721,776</u>	<u>1,402,079</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,873,649)</u>	<u>(2,363,855)</u>	<u>(3,306,543)</u>	<u>(942,688)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			14,736,075	14,736,075
Transfers Out	(1,445,042)	(894,801)	(896,292)	(1,491)
Sale of Property			(267,010)	(267,010)
Total Other Financing Sources (Uses)	<u>(1,445,042)</u>	<u>(894,801)</u>	<u>13,572,773</u>	<u>14,467,574</u>
Extraordinary Item			<u>(17,676,396)</u>	
Net Change in Fund Balances	<u>\$ (11,318,691)</u>	<u>\$ (3,258,656)</u>	(7,410,166)	<u>\$ 13,524,886</u>
Fund Balance, Beginning			<u>7,410,166</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Funding Progress for CPRHP
Year Ended June 30, 2012

Schedule of Funding Progress for CPRHP

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
07/01/08	\$ -	\$ 11,276,502	\$ 11,276,502	0%	\$ 4,847,379	232.63%
07/01/11	\$ -	\$ 12,740,036	\$ 12,740,036	0%	\$ 4,343,823	293.29%

*GASB 45 was implemented prospectively in fiscal year 2010. There were no previous actuarial valuations.

City of Perris, California
Notes to Required Supplementary Information
June 30, 2012

1. BUDGETARY DATA

Revenues and expenditures accounted for in the governmental funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the City's operations.

Budgets have been adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for nearly all governmental funds.

Budgetary control is exercised at the departmental level. Accordingly, department heads are authorized to make transfers between budgeted line items within their respective departments. Interdepartmental transfers within funds require City Manager authorization; all other changes to the budget must be authorized by the City Council.

SUPPLEMENTARY SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Asset Seizure Forfeiture - is used to account for proceeds from sales of assets seized during drug-related arrests and disburses these funds for authorized public safety activities.

AQMD Air Pollution Program - is used to account for AB2766 Subvention revenues and expenditures related to the reduction of vehicular emissions according to South Coast Air Quality Management District guidelines.

Traffic Safety - is used to account for monies received under federal and state programs to enforce traffic safety laws.

Federal Grants - is used to account for monies received from miscellaneous federal grants and expenditures.

City-wide Lighting District - is used to account for funds received from assessment fees thru property tax collections from individual property owners and the expenditures for the lighting, maintenance and improvements of the City.

Lighting District No. 84-1 - is used to account for funds received from assessment fees thru property tax collections from individual property owners and the expenditures for lighting maintenance and improvements.

Landscape Maintenance District - is used to account for funds received from assessment fees thru property tax collections from individual property owners and the expenditures for the maintenance and new landscape improvements.

Flood Control Maintenance District - is used to account for funds received from assessment fees thru property tax collections from individual property owners and the expenditures for flood control maintenance and improvements.

Gas Tax - is used to account for the revenues and expenditures received from the State of California under the Street and Highway Code. The allocations must be spent for street maintenance and construction and a limited amount for engineering.

Proposition "A" - is used to account for the revenues and expenditures received for the portion of the half-cent County-wide sales surtax levied to fund transportation improvements to local streets.

CDBG Entitlement - is used to account for federal grant monies received directly from the Department of Housing and Urban Development

State Grants - is used to account for monies received for miscellaneous state grants and expenditures.

Road and Bridge Benefit District - is used to account for funds received from assessment fees through property tax collection from individual property owners and the expenditures for the maintenance and improvements of roads and bridges.

Development Fees - is used to account for funds received to mitigate the impact of new development on the City's infrastructure.

CDPH Prop 84 - is used to account for the receipt of Prop 84 disbursement funds from the California Department of Public Health. These funds will be used for the construction of the Enchanted Heights Sewer Project.

HUD NSP-3 - is used to account for the receipt of intergovernmental funds to stabilize and revitalize areas within the community.

Capital Project Funds:

Community Facilities District 91-1 - is used to account for the capital projects for the 1991 Perris Valley Spectrum Special Tax Bonds.

Community Facilities District 93-2 - is used to account for the 1995 Perris Plaza Special Tax Bonds Series A.

Construction - is used to account for miscellaneous construction and rehabilitation projects.

Railway Depot Restoration - is used to account for the revenues and expenditures for the restoration of the historic Santa Fe Depot in downtown Perris, including a seismic retrofit, refurbishment of the roof, and other structural, mechanical, electrical, and aesthetic improvements.

Community Facilities District 04-3 - is used to account for the acquisition and construction for the 2004-3 Monument Ranch Improvement Area No. 1, 2005 Special Tax Revenue Bonds, Series A.

Community Facilities District 05-1 Area 3 - is used to account for the capital projects for the 2005-1 Perris Valley Vista, Improvement Area No. 3, 2007 Special Tax Bonds, Series A.

Community Facilities District 05-1 Area 4 - is used to account for the capital projects for the 2005-1 Perris Valley Vista, Improvement Area No. 4, 2007 Special Tax Bonds, Series A.

Community Facilities District 05-4 - is used to account for the capital projects for the 2005-4 Stratford Ranch, 2008 Special Tax Bonds, Series A.

Community Facilities District 06-1 - is used to account for the capital projects for the 2006-1 Meritage Homes, 2007 Special Tax Revenue Bonds, Series A.

Community Facilities District VA - is used to account for the acquisition and construction for the 2001-2 (Villages of Avalon), 2005 Special Tax Revenue Bonds, Series B.

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City of Perris, California
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2012

	Special Revenue			
	Asset Seizure Forfeiture	AQMD Air Pollution Program	Traffic Safety	Federal Grants
ASSETS				
Cash and Investments	\$	\$ 219,385	\$ 1,505,897	\$
Cash and Investments with Fiscal Agent				
Receivables:				
Accounts				
Interest		428	2,871	
Taxes				
Grants				
Due from Other Funds				
Due from Other Governments	3,121	21,597	162,219	90,149
	3,121	21,597	162,219	90,149
Total Assets	\$ 3,121	\$ 241,410	\$ 1,670,987	\$ 90,149
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$	\$	\$ 50,321	\$ 10,555
Deposits and Other Liabilities				
Due to Other Governments				
Due to Other Funds				
Advances from Other Funds	3,179			104,447
Deferred Revenue			38,374	
	3,179	0	88,695	115,002
Total Liabilities	3,179	0	88,695	115,002
Fund Balances:				
Restricted		241,410	1,582,292	
Unassigned	(58)			(24,853)
	(58)	241,410	1,582,292	(24,853)
Total Fund Balances	(58)	241,410	1,582,292	(24,853)
Total Liabilities and Fund Balances	\$ 3,121	\$ 241,410	\$ 1,670,987	\$ 90,149

Special Revenue

City-wide Lighting District	Lighting District No. 84-1	Landscape Maintenance District	Flood Control Maintenance District	Gas Tax	Proposition "A"
\$ 829,605	\$ 956,657	\$ 2,549,827	\$ 4,376,382	\$ 2,644,875	\$ 3,585,144
	801				
1,607	1,791	4,756	8,597	5,024	7,376
49,177	29,487	61,139	40,399	194,680	182,507
	859				
<u>\$ 880,389</u>	<u>\$ 989,595</u>	<u>\$ 2,615,722</u>	<u>\$ 4,425,378</u>	<u>\$ 2,844,579</u>	<u>\$ 3,775,027</u>
\$ 12,436	\$ 74,720	\$ 164,842	\$ 52,582	\$ 6,688	\$ 156,577
	3,911				
12,436	78,631	164,842	52,582	6,688	156,577
867,953	910,964	2,450,880	4,372,796	2,837,891	3,618,450
<u>867,953</u>	<u>910,964</u>	<u>2,450,880</u>	<u>4,372,796</u>	<u>2,837,891</u>	<u>3,618,450</u>
<u>\$ 880,389</u>	<u>\$ 989,595</u>	<u>\$ 2,615,722</u>	<u>\$ 4,425,378</u>	<u>\$ 2,844,579</u>	<u>\$ 3,775,027</u>

Continued

City of Perris, California
Combining Balance Sheet - Continued
Non-major Governmental Funds
June 30, 2012

	Special Revenue			
	CDBG Entitlement	State Grants	Road and Bridge Benefit District	Development Fees
ASSETS				
Cash and Investments	\$	\$ 1,177,414	\$ 749,238	\$ 18,722,692
Cash and Investments with Fiscal Agent				
Receivables:				
Accounts		3,900		
Interest		2,317	1,575	38,247
Taxes				
Grants		1,120		
Due from Other Funds	7,013			
Due from Other Governments	25,662	181,127		
Total Assets	\$ 32,675	\$ 1,365,878	\$ 750,813	\$ 18,760,939
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 14,953	\$ 23,108	\$ 36,188	\$ 369,057
Deposits and Other Liabilities			1,018,126	
Due to Other Governments				1,700
Due to Other Funds				7,013
Advances from Other Funds	10,709			
Deferred Revenue		1,272,162		
Total Liabilities	25,662	1,295,270	1,054,314	377,770
Fund Balances:				
Restricted	7,013	70,608		18,383,169
Unassigned			(303,501)	
Total Fund Balances	7,013	70,608	(303,501)	18,383,169
Total Liabilities and Fund Balances	\$ 32,675	\$ 1,365,878	\$ 750,813	\$ 18,760,939

Special Revenue		Capital Project			
CDPH Prop 84	HUD NSP-3	Community Facilities District 91-1	Community Facilities District 93-2	Construction	Railway Depot Restoration
\$ 49		\$ 338,868	\$ 6,922 35,391	\$ 49,870	\$ 125,311
750 38		674	16	531,093	249
1,565,646	5,560				
<u>\$ 1,566,483</u>	<u>\$ 5,560</u>	<u>\$ 339,542</u>	<u>\$ 42,329</u>	<u>\$ 580,963</u>	<u>\$ 125,560</u>
\$ 1,468,076	\$ 1,324	\$	\$	\$ 75,764	\$
98,135	4,236			505,199	
<u>1,566,211</u>	<u>5,560</u>	<u>0</u>	<u>0</u>	<u>580,963</u>	<u>0</u>
272		339,542	42,329		125,560
<u>272</u>	<u>0</u>	<u>339,542</u>	<u>42,329</u>	<u>0</u>	<u>125,560</u>
<u>\$ 1,566,483</u>	<u>\$ 5,560</u>	<u>\$ 339,542</u>	<u>\$ 42,329</u>	<u>\$ 580,963</u>	<u>\$ 125,560</u>

Continued

City of Perris, California
Combining Balance Sheet - Continued
Non-major Governmental Funds
June 30, 2012

	Capital Project			
	Community Facilities District 04-3	Community Facilities District 05-1 Area 3	Community Facilities District 05-1 Area 4	Community Facilities District 05-4
ASSETS				
Cash and Investments	\$	\$	\$	\$
Cash and Investments with Fiscal Agent	397,998			19,082
Receivables:				
Accounts				
Interest	26			
Taxes				
Grants				
Due from Other Funds				
Due from Other Governments				
Total Assets	\$ 398,024	\$ 0	\$ 0	\$ 19,082
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$	\$	\$	\$
Deposits and Other Liabilities	1,000			
Due to Other Governments				
Due to Other Funds				
Advances from Other Funds				
Deferred Revenue				
Total Liabilities	1,000	0	0	0
Fund Balances:				
Restricted	397,024			19,082
Unassigned				
Total Fund Balances	397,024	0	0	19,082
Total Liabilities and Fund Balances	\$ 398,024	\$ 0	\$ 0	\$ 19,082

<u>Capital Project</u>		
<u>Community Facilities District 06-1</u>	<u>Community Facilities District VA</u>	<u>Total Non-major Governmental Funds</u>
\$ 232,103	\$ 126,607	\$ 37,838,136
		811,181
		536,544
15	8	75,615
		557,389
		1,566,766
		7,872
		489,435
<u>\$ 232,118</u>	<u>\$ 126,615</u>	<u>\$ 41,882,938</u>
\$	\$	\$ 2,517,191
		1,019,126
		1,700
		7,013
		725,905
		1,314,447
<u>0</u>	<u>0</u>	<u>5,585,382</u>
232,118	126,615	36,625,968
		(328,412)
<u>232,118</u>	<u>126,615</u>	<u>36,297,556</u>
<u>\$ 232,118</u>	<u>\$ 126,615</u>	<u>\$ 41,882,938</u>

City of Perris, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2012

	Special Revenue			
	Asset Seizure Forfeiture	AQMD Air Pollution Program	Traffic Safety	Federal Grants
REVENUES				
Intergovernmental Revenues	\$	\$ 87,486	\$ 516,235	\$ 280,744
Fines, Forfeitures and Penalties			208,661	
Developer Fees				
Investment Income		1,738	11,274	7
Special Assessments				
Contributions				
Miscellaneous				
Total Revenues	<u>0</u>	<u>89,224</u>	<u>736,170</u>	<u>280,751</u>
EXPENDITURES				
Current:				
Public Safety			516,235	
Public Works		5,660		190,487
Capital Outlay		86,461	55,181	90,257
Total Expenditures	<u>0</u>	<u>92,121</u>	<u>571,416</u>	<u>280,744</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(2,897)</u>	<u>164,754</u>	<u>7</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extraordinary Item				
Net Change in Fund Balances	<u>0</u>	<u>(2,897)</u>	<u>164,754</u>	<u>7</u>
Fund Balances - Beginning, As Previously Reported	(58)	244,307	1,417,538	(24,860)
Prior Period Adjustments				
Fund Balances - Beginning, As Restated	(58)	244,307	1,417,538	(24,860)
Fund Balances - Ending	<u>\$ (58)</u>	<u>\$ 241,410</u>	<u>\$ 1,582,292</u>	<u>\$ (24,853)</u>

Special Revenue

City-wide Lighting District	Lighting District No. 84-1	Landscape Maintenance District	Flood Control Maintenance District	Gas Tax	Proposition "A"
\$	\$	\$	\$	\$ 1,920,266	\$ 1,087,209
6,120 273,953	6,628 789,494	17,110 1,655,408	32,268 1,308,449	17,834	28,367
	10,500	15,765	6,440		
280,073	806,622	1,688,283	1,347,157	1,938,100	1,115,576
153,932	748,471	1,253,181	684,336	101,309	768,944
153,932	748,471	1,253,181	684,336	101,309	768,944
126,141	58,151	435,102	662,821	1,836,791	346,632
				(850,000)	
0	0	0	0	(850,000)	0
126,141	58,151	435,102	662,821	986,791	346,632
741,812	852,813	2,015,778	3,709,975	1,851,100	3,271,818
741,812	852,813	2,015,778	3,709,975	1,851,100	3,271,818
\$ 867,953	\$ 910,964	\$ 2,450,880	\$ 4,372,796	\$ 2,837,891	\$ 3,618,450

Continued

City of Perris, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Non-major Governmental Funds
Year Ended June 30, 2012

	Special Revenue			
	CDBG Entitlement	State Grants	Road and Bridge Benefit District	Development Fees
REVENUES				
Intergovernmental Revenues	\$ 498,803	\$ 325,421	\$	\$
Fines, Forfeitures and Penalties				
Developer Fees			35,452	817,876
Investment Income		9,222	6,248	153,392
Special Assessments				
Contributions				
Miscellaneous				
Total Revenues	498,803	334,643	41,700	971,268
EXPENDITURES				
Current:				
Public Safety	283,636			
Public Works		57,947		13,173
Capital Outlay	208,154	287,916		2,746,980
Total Expenditures	491,790	345,863	0	2,760,153
Excess (Deficiency) of Revenues Over Expenditures	7,013	(11,220)	41,700	(1,788,885)
OTHER FINANCING SOURCES (USES)				
Transfers In		20,444		
Transfers Out				
Total Other Financing Sources (Uses)	0	20,444	0	0
Extraordinary Item				781,370
Net Change in Fund Balances	7,013	9,224	41,700	(1,007,515)
Fund Balances - Beginning, As Previously Reported	0	61,384	(1,559,205)	19,390,684
Prior Period Adjustments			1,214,004	
Fund Balances - Beginning, As Restated	0	61,384	(345,201)	19,390,684
Fund Balances - Ending	\$ 7,013	\$ 70,608	\$ (303,501)	\$ 18,383,169

Special Revenue		Capital Project			
CDPH Prop 84	HUD NSP-3	Community Facilities District 91-1	Community Facilities District 93-2	Construction	Railway Depot Restoration
\$ 105,798	\$ 273,041	\$	\$	\$	\$
272		2,657	76		983
106,070	273,041	2,657	76	0	983
105,798	38,875 234,166			88,257	
105,798	273,041	0	0	88,257	0
272	0	2,657	76	(88,257)	983
				88,257	
0		0	0	88,257	0
272	0	2,657	76	0	983
(20,206)	0	336,885	42,253	0	124,577
20,206					
0	0	336,885	42,253	0	124,577
\$ 272	\$ 0	\$ 339,542	\$ 42,329	\$ 0	\$ 125,560

Continued

City of Perris, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Non-major Governmental Funds
Year Ended June 30, 2012

	Capital Project			
	Community Facilities District 04-3	Community Facilities District 05-1 Area 3	Community Facilities District 05-1 Area 4	Community Facilities District 05-4
REVENUES				
Intergovernmental Revenues	\$	\$	\$	\$
Fines, Forfeitures and Penalties				
Developer Fees				
Investment Income	246		19	12
Special Assessments				
Contributions				
Miscellaneous				
Total Revenues	<u>246</u>	<u>0</u>	<u>19</u>	<u>12</u>
EXPENDITURES				
Current:				
Public Safety				
Public Works		16	42,746	
Capital Outlay				1
Total Expenditures	<u>0</u>	<u>16</u>	<u>42,746</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	246	(16)	(42,727)	11
OTHER FINANCING SOURCES (USES)				
Transfers In	2			
Transfers Out				
Total Other Financing Sources (Uses)	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extraordinary Item				
Net Change in Fund Balances	<u>248</u>	<u>(16)</u>	<u>(42,727)</u>	<u>11</u>
Fund Balances - Beginning, As Previously Reported	396,776	16	42,727	19,071
Prior Period Adjustments				
Fund Balances - Beginning, As Restated	<u>396,776</u>	<u>16</u>	<u>42,727</u>	<u>19,071</u>
Fund Balances - Ending	<u>\$ 397,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,082</u>

<u>Capital Project</u>		
<u>Community Facilities District 06-1</u>	<u>Community Facilities District VA</u>	<u>Total Non-major Governmental Funds</u>
\$	\$	\$ 5,095,003
		208,661
		853,328
143	76	294,692
		4,027,304
	85,000	85,000
		32,705
<u>143</u>	<u>85,076</u>	<u>10,596,693</u>
		799,871
		3,294,622
	1	4,667,627
<u>0</u>	<u>1</u>	<u>8,762,120</u>
<u>143</u>	<u>85,075</u>	<u>1,834,573</u>
		108,703
		(850,000)
<u>0</u>	<u>0</u>	<u>(741,297)</u>
		781,370
<u>143</u>	<u>85,075</u>	<u>1,874,646</u>
231,975	41,540	33,188,700
		1,234,210
<u>231,975</u>	<u>41,540</u>	<u>34,422,910</u>
<u>\$ 232,118</u>	<u>\$ 126,615</u>	<u>\$ 36,297,556</u>

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Financing Authority Debt Service Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 3,936,195	\$ 3,936,195	\$ 6,172,051	\$ 2,235,856
Miscellaneous	<u>26,750</u>	<u>26,750</u>	<u>94,450</u>	<u>67,700</u>
Total Revenues	<u>3,962,945</u>	<u>3,962,945</u>	<u>6,266,501</u>	<u>2,303,556</u>
EXPENDITURES				
Current:				
General Government	16,450	16,450	17,571	(1,121)
Public Works			366,794	(366,794)
Debt Service:				
Principal Retirement	2,160,000	2,160,000	3,130,000	(970,000)
Interest and Fiscal Charges	<u>7,417,019</u>	<u>7,417,019</u>	<u>7,941,489</u>	<u>(524,470)</u>
Total Expenditures	<u>9,593,469</u>	<u>9,593,469</u>	<u>11,455,854</u>	<u>(1,862,385)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,630,524)</u>	<u>(5,630,524)</u>	<u>(5,189,353)</u>	<u>441,171</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	4,674,914	4,674,914	2,144,295	(2,530,619)
Transfers Out			<u>(5,804)</u>	<u>(5,804)</u>
Total Other Financing Sources (Uses)	<u>4,674,914</u>	<u>4,674,914</u>	<u>2,138,491</u>	<u>(2,536,423)</u>
Net Change in Fund Balances	<u>\$ (955,610)</u>	<u>\$ (955,610)</u>	(3,050,862)	<u>\$ (2,095,252)</u>
Fund Balance, Beginning			<u>137,728,029</u>	
Fund Balance, Ending			<u>\$ 134,677,167</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Debt Service Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 13,155,000	\$ 13,155,000	\$ 1,405,216	\$ (11,749,784)
Investment Income	26,500	26,500	2,213	(24,287)
Total Revenues	<u>13,181,500</u>	<u>13,181,500</u>	<u>1,407,429</u>	<u>(11,774,071)</u>
EXPENDITURES				
Current:				
General Government	94,000	105,716	105,716	0
Debt Service:				
Pass-through Agreements	3,065,000	383,740	1,596,686	(1,212,946)
Principal Retirement	260,000	260,000		260,000
Interest and Fiscal Charges	808,053	290,582		290,582
Total Expenditures	<u>4,227,053</u>	<u>1,040,038</u>	<u>1,702,402</u>	<u>(662,364)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,954,447</u>	<u>12,141,462</u>	<u>(294,973)</u>	<u>(12,436,435)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	440,473	440,473	896,292	455,819
Transfers Out	(5,578,182)	(288,919)	(55,819,524)	(55,530,605)
Issuance of Long-term Debt			141,189	141,189
Total Other Financing Sources (Uses)	<u>(5,137,709)</u>	<u>151,554</u>	<u>(54,782,043)</u>	<u>(54,933,597)</u>
Extraordinary Item			<u>68,941,072</u>	
Net Change in Fund Balances	<u>\$ 3,816,738</u>	<u>\$ 12,293,016</u>	13,864,056	<u>\$ (67,370,032)</u>
Fund Balance, Beginning			<u>(13,864,056)</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Storm Drain Development Capital Project Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developer Fees	\$ 500,000	\$ 500,000	\$ 24,330	\$ (475,670)
Total Revenues	500,000	500,000	24,330	(475,670)
EXPENDITURES				
Capital Outlay	4,213,821	9,640,696	73,730	9,566,966
Total Expenditures	4,213,821	9,640,696	73,730	9,566,966
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (3,713,821)</u>	<u>\$ (9,140,696)</u>	(49,400)	<u>\$ 9,091,296</u>
Fund Balance, Beginning - As Previously Reported			0	
Prior Period Adjustment			<u>49,400</u>	
Fund Balance, Beginning - As Restated			<u>49,400</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Projects Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 12,360,000	\$ 12,360,000	\$ 284,552	\$ (12,075,448)
Development Fees			538,842	538,842
Investment Income	25,000	25,000	29,030	4,030
	<u>12,385,000</u>	<u>12,385,000</u>	<u>852,424</u>	<u>(11,532,576)</u>
Total Revenues				
EXPENDITURES				
Capital Outlay	<u>15,929,231</u>	<u>13,589,120</u>	<u>823,394</u>	<u>12,765,726</u>
Total Expenditures	<u>15,929,231</u>	<u>13,589,120</u>	<u>823,394</u>	<u>12,765,726</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (3,544,231)</u>	<u>\$ (1,204,120)</u>	29,030	<u>\$ 1,233,150</u>
Fund Balance, Beginning			<u>1,807,070</u>	
Fund Balance, Ending			<u>\$ 1,836,100</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Capital Project Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 395,000	\$ 395,000	\$ 46,781	\$ (348,219)
Miscellaneous			9,257	9,257
Total Revenues	<u>395,000</u>	<u>395,000</u>	<u>56,038</u>	<u>(338,962)</u>
EXPENDITURES				
Current:				
Public Works	4,009,989	1,240,814	1,567,016	(326,202)
Capital Outlay	21,624,994	8,136,173	6,922,172	1,214,001
Total Expenditures	<u>25,634,983</u>	<u>9,376,987</u>	<u>8,489,188</u>	<u>887,799</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(25,239,983)</u>	<u>(8,981,987)</u>	<u>(8,433,150)</u>	<u>548,837</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	903,937	903,937	38,944,956	38,041,019
Total Other Financing Sources (Uses)	<u>903,937</u>	<u>903,937</u>	<u>38,944,956</u>	<u>38,041,019</u>
Extraordinary Item			<u>(20,795,574)</u>	
Net Change in Fund Balances	<u>\$ (24,336,046)</u>	<u>\$ (8,078,050)</u>	<u>9,716,232</u>	<u>\$ 38,589,856</u>
Fund Balance, Beginning - As Previously Reported			(8,502,228)	
Prior Period Adjustment			<u>(1,214,004)</u>	
Fund Balance, Beginning - As Restated			<u>(9,716,232)</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Asset Seizure Forfeiture Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$</u>	<u>\$ (30,000)</u>
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>(30,000)</u>
EXPENDITURES				
Current:				
Public Safety	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Fund Balance, Beginning			<u>(58)</u>	
Fund Balance, Ending			<u>\$ (58)</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AQMD Air Pollution Program Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 60,000	\$ 35,000	\$ 87,486	\$ 52,486
Investment Income	2,500	2,500	1,738	(762)
Total Revenues	<u>62,500</u>	<u>37,500</u>	<u>89,224</u>	<u>51,724</u>
EXPENDITURES				
Current:				
Public Works	8,000	13,250	5,660	7,590
Capital Outlay	<u>13,000</u>	<u>180,000</u>	<u>86,461</u>	<u>93,539</u>
Total Expenditures	<u>21,000</u>	<u>193,250</u>	<u>92,121</u>	<u>101,129</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 41,500</u>	<u>\$ (155,750)</u>	(2,897)	<u>\$ 152,853</u>
Fund Balance, Beginning			<u>244,307</u>	
Fund Balance, Ending			<u>\$ 241,410</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Safety Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 210,000	\$ 210,000	\$ 516,235	\$ 306,235
Fines, Forfeitures and Penalties	280,000	280,000	208,661	(71,339)
Investment Income	20,000	20,000	11,274	(8,726)
	<u>510,000</u>	<u>510,000</u>	<u>736,170</u>	<u>226,170</u>
EXPENDITURES				
Current:				
Public Safety	169,200	169,200	516,235	(347,035)
Capital Outlay	761,971	861,971	55,181	806,790
	<u>931,171</u>	<u>1,031,171</u>	<u>571,416</u>	<u>459,755</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(421,171)</u>	<u>(521,171)</u>	<u>164,754</u>	<u>685,925</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(175,000)</u>	<u>(175,000)</u>	<u>0</u>	<u>175,000</u>
	<u>(175,000)</u>	<u>(175,000)</u>	<u>0</u>	<u>175,000</u>
Net Change in Fund Balances	<u>\$ (596,171)</u>	<u>\$ (696,171)</u>	<u>164,754</u>	<u>\$ 860,925</u>
Fund Balance, Beginning			<u>1,417,538</u>	
Fund Balance, Ending			<u>\$ 1,582,292</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Federal Grants Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 341,617	\$ 341,617	\$ 280,744	\$ (60,873)
Investment Income	<u>5,000</u>	<u>5,000</u>	<u>7</u>	<u>(4,993)</u>
Total Revenues	<u>346,617</u>	<u>346,617</u>	<u>280,751</u>	<u>(65,866)</u>
EXPENDITURES				
Current:				
Public Works	341,617	190,484	190,487	(3)
Capital Outlay	<u> </u>	<u> </u>	<u>90,257</u>	<u>(90,257)</u>
Total Expenditures	<u>341,617</u>	<u>190,484</u>	<u>280,744</u>	<u>(90,260)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 5,000</u>	<u>\$ 156,133</u>	7	<u>\$ (156,126)</u>
Fund Balance, Beginning			<u>(24,860)</u>	
Fund Balance, Ending			<u>\$ (24,853)</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - City-Wide Lighting District Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ 2,500	\$ 2,500	\$ 6,120	\$ 3,620
Special Assessments	290,500	290,500	273,953	(16,547)
Total Revenues	293,000	293,000	280,073	(12,927)
EXPENDITURES				
Current:				
Public Works			153,932	(153,932)
Total Expenditures	0	0	153,932	(153,932)
Excess (Deficiency) of Revenues over Expenditures	293,000	293,000	126,141	(166,859)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(150,000)	(150,000)		150,000
Total Other Financing Sources (Uses)	(150,000)	(150,000)	0	150,000
Net Change in Fund Balances	\$ 143,000	\$ 143,000	126,141	\$ (16,859)
Fund Balance - Beginning			741,812	
Fund Balance, Ending			\$ 867,953	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Lighting District No. 84-1 Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Investment Income	\$ 10,000	\$ 10,000	\$ 6,628	\$ (3,372)
Special Assessments	899,066	899,066	789,494	(109,572)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>10,500</u>	<u>(9,500)</u>
Total Revenues	<u>929,066</u>	<u>929,066</u>	<u>806,622</u>	<u>(122,444)</u>
EXPENDITURES				
Current:				
Public Works	<u>889,827</u>	<u>892,203</u>	<u>748,471</u>	<u>143,732</u>
Total Expenditures	<u>889,827</u>	<u>892,203</u>	<u>748,471</u>	<u>143,732</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 39,239</u>	<u>\$ 36,863</u>	58,151	<u>\$ 21,288</u>
Fund Balance, Beginning			<u>852,813</u>	
Fund Balance, Ending			<u>\$ 910,964</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Landscape Maintenance District Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$ 20,000	\$ 20,000	\$ 17,110	\$ (2,890)
Special Assessments	1,856,937	1,856,937	1,655,408	(201,529)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>15,765</u>	<u>(4,235)</u>
Total Revenues	<u>1,896,937</u>	<u>1,896,937</u>	<u>1,688,283</u>	<u>(208,654)</u>
EXPENDITURES				
Current:				
Public Works	<u>1,680,860</u>	<u>1,683,630</u>	<u>1,253,181</u>	<u>430,449</u>
Total Expenditures	<u>1,680,860</u>	<u>1,683,630</u>	<u>1,253,181</u>	<u>430,449</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 216,077</u>	<u>\$ 213,307</u>	435,102	<u>\$ 221,795</u>
Fund Balance, Beginning			<u>2,015,778</u>	
Fund Balance, Ending			<u>\$ 2,450,880</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Flood Control Maintenance District Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 35,000	\$ 35,000	\$ 32,268	\$ (2,732)
Special Assessments	1,489,682	1,489,682	1,308,449	(181,233)
Miscellaneous	5,000	5,000	6,440	1,440
Total Revenues	<u>1,529,682</u>	<u>1,529,682</u>	<u>1,347,157</u>	<u>(182,525)</u>
EXPENDITURES				
Current:				
Public Works	3,579,942	3,585,648	684,336	2,901,312
Capital Outlay	71,700	71,699		71,699
Total Expenditures	<u>3,579,942</u>	<u>3,585,648</u>	<u>684,336</u>	<u>2,901,312</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (2,050,260)</u>	<u>\$ (2,055,966)</u>	662,821	<u>\$ 2,718,787</u>
Fund Balance, Beginning			<u>3,709,975</u>	
Fund Balance, Ending			<u>\$ 4,372,796</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 1,009,131	\$ 1,009,130	\$ 1,920,266	\$ 911,136
Investment Income	<u>15,000</u>	<u>15,000</u>	<u>17,834</u>	<u>2,834</u>
Total Revenues	<u>1,024,131</u>	<u>1,024,130</u>	<u>1,938,100</u>	<u>913,970</u>
EXPENDITURES				
Current:				
Public Works	<u>118,488</u>	<u>191,780</u>	<u>101,309</u>	<u>90,471</u>
Total Expenditures	<u>118,488</u>	<u>191,780</u>	<u>101,309</u>	<u>90,471</u>
Excess (Deficiency) of Revenues over Expenditures	<u>905,643</u>	<u>832,350</u>	<u>1,836,791</u>	<u>1,004,441</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u>0</u>
Net Change in Fund Balances	<u>\$ 55,643</u>	<u>\$ (17,650)</u>	986,791	<u>\$ 1,004,441</u>
Fund Balance, Beginning			<u>1,851,100</u>	
Fund Balance, Ending			<u>\$ 2,837,891</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Proposition "A" Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 1,250,000	\$ 1,250,000	\$ 1,087,209	\$ (162,791)
Investment Income	45,000	45,000	28,367	(16,633)
Total Revenues	<u>1,295,000</u>	<u>1,295,000</u>	<u>1,115,576</u>	<u>(179,424)</u>
EXPENDITURES				
Capital Outlay	<u>1,752,021</u>	<u>1,752,021</u>	<u>768,944</u>	<u>983,077</u>
Total Expenditures	<u>1,752,021</u>	<u>1,752,021</u>	<u>768,944</u>	<u>983,077</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (457,021)</u>	<u>\$ (457,021)</u>	346,632	<u>\$ 803,653</u>
Fund Balance, Beginning			<u>3,271,818</u>	
Fund Balance, Ending			<u>\$ 3,618,450</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Entitlement Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 699,141	\$ 699,141	\$ 498,803	\$ (200,338)
Total Revenues	<u>699,141</u>	<u>699,141</u>	<u>498,803</u>	<u>(200,338)</u>
EXPENDITURES				
Current:				
Public Safety	427,969	431,070	283,636	147,434
Capital Outlay	<u>271,172</u>	<u>482,157</u>	<u>208,154</u>	<u>274,003</u>
Total Expenditures	<u>699,141</u>	<u>913,227</u>	<u>491,790</u>	<u>421,437</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ (214,086)</u>	7,013	<u>\$ 221,099</u>
Fund Balance, Beginning			<u>0</u>	
Fund Balance, Ending			<u>\$ 7,013</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Grants Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 4,753,022	\$ 4,753,022	\$ 325,421	\$ (4,427,601)
Investment Income	20,000	20,000	9,222	(10,778)
Total Revenues	<u>4,773,022</u>	<u>4,773,022</u>	<u>334,643</u>	<u>(4,438,379)</u>
EXPENDITURES				
Current:				
Public Works			57,947	(57,947)
Capital Outlay	4,753,022	4,570,754	287,916	4,282,838
Total Expenditures	<u>4,753,022</u>	<u>4,570,754</u>	<u>345,863</u>	<u>4,224,891</u>
Excess (Deficiency) of Revenues over Expenditures	<u>20,000</u>	<u>202,268</u>	<u>(11,220)</u>	<u>(213,488)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			20,444	20,444
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>20,444</u>	<u>20,444</u>
Net Change in Fund Balances	<u>\$ 20,000</u>	<u>\$ 202,268</u>	9,224	<u>\$ (193,044)</u>
Fund Balance, Beginning			<u>61,384</u>	
Fund Balance, Ending			<u>\$ 70,608</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Road and Bridge Benefit District Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Developer Fees	\$	\$	\$ 35,452	\$ 35,452
Investment Income			6,248	6,248
Total Revenues	<u>0</u>	<u>0</u>	<u>41,700</u>	<u>41,700</u>
EXPENDITURES				
Current:				
Public Works	<u>54,000</u>	<u>54,000</u>	<u>0</u>	<u>54,000</u>
Total Expenditures	<u>54,000</u>	<u>54,000</u>	<u>0</u>	<u>54,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (54,000)</u>	<u>\$ (54,000)</u>	<u>41,700</u>	<u>\$ 95,700</u>
Fund Balance, Beginning - As Previously Reported			(1,559,205)	
Prior Period Adjustment			<u>1,214,004</u>	
Fund Balance, Beginning - As Restated			<u>(345,201)</u>	
Fund Balance, Ending			<u>\$ (303,501)</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Development Fees Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Developer Fees	\$ 6,099,783	\$ 6,099,783	\$ 817,876	\$ (5,281,907)
Investment Income	400,000	400,000	153,392	(246,608)
Total Revenues	<u>6,499,783</u>	<u>6,499,783</u>	<u>971,268</u>	<u>(5,528,515)</u>
EXPENDITURES				
Current:				
Public Works			13,173	(13,173)
Capital Outlay	<u>8,834,329</u>	<u>8,497,334</u>	<u>2,746,980</u>	<u>5,750,354</u>
Total Expenditures	<u>8,834,329</u>	<u>8,497,334</u>	<u>2,760,153</u>	<u>5,737,181</u>
Extraordinary Item			<u>781,370</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,334,546)</u>	<u>\$ (1,997,551)</u>	(1,007,515)	<u>\$ 990,036</u>
Fund Balance, Beginning			<u>19,390,684</u>	
Fund Balance, Ending			<u>\$ 18,383,169</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDPH Prop 84 Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$	\$	\$ 105,798	\$ 105,798
Investment Income			272	272
			<u> </u>	<u> </u>
Total Revenues	<u>0</u>	<u>0</u>	<u>106,070</u>	<u>106,070</u>
EXPENDITURES				
Current:				
Public Works			<u>105,798</u>	<u>(105,798)</u>
			<u> </u>	<u> </u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>105,798</u>	<u>(105,798)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>272</u>	<u>\$ (272)</u>
Fund Balance - Beginning - As Previously Reported			(20,206)	
Prior Period Adjustment			<u>20,206</u>	
Fund Balance - Beginning - As Restated			<u>0</u>	
Fund Balance, Ending			<u>\$ 272</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - HUD NSP-3 Special Revenue Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$	\$	\$ 273,041	\$ 273,041
Total Revenues	<u>0</u>	<u>0</u>	<u>273,041</u>	<u>273,041</u>
EXPENDITURES				
Current:				
Public Works			38,875	(38,875)
Capital Outlay			<u>234,166</u>	<u>(234,166)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>273,041</u>	<u>(273,041)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	0	<u>\$ 0</u>
Fund Balance, Beginning			<u>0</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 91-1 Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$ _____	\$ _____	\$ 2,657	\$ 2,657
Total Revenues	<u>0</u>	<u>0</u>	<u>2,657</u>	<u>2,657</u>
EXPENDITURES				
Capital Outlay	_____	_____	_____	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	2,657	<u>\$ 2,657</u>
Fund Balance, Beginning			<u>336,885</u>	
Fund Balance, Ending			<u>\$ 339,542</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 93-2 Capital Project Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 76	\$ 76
Total Revenues	0	0	76	76
EXPENDITURES				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	76	\$ 76
Fund Balance, Beginning			42,253	
Fund Balance, Ending			\$ 42,329	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Construction Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	\$	\$ 0
Total Revenues	0	0	0	0
EXPENDITURES				
Capital Outlay	5,899,299	5,456,544	88,257	5,368,287
Total Expenditures	5,899,299	5,456,544	88,257	5,368,287
Excess (Deficiency) of Revenues over Expenditures	(5,899,299)	(5,456,544)	(88,257)	5,368,287
OTHER FINANCING SOURCES (USES)				
Transfers In	5,999,299	5,999,299	88,257	(5,911,042)
Total Other Financing Sources (Uses)	5,999,299	5,999,299	88,257	(5,911,042)
Net Change in Fund Balances	<u>\$ 100,000</u>	<u>\$ 542,755</u>	0	<u>\$ (542,755)</u>
Fund Balance, Beginning			0	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Railway Depot Restoration Capital Project Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 0	\$ 0	\$ 983	\$ 983
Total Revenues	<u>0</u>	<u>0</u>	<u>983</u>	<u>983</u>
EXPENDITURES				
Capital Outlay				<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	983	<u>\$ 983</u>
Fund Balance, Beginning			<u>124,577</u>	
Fund Balance, Ending			<u>\$ 125,560</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 04-3 Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	246	246
Total Revenues	0	0	246	246
EXPENDITURES				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	246	246
OTHER FINANCING SOURCES (USES)				
Transfers In			2	2
Total Other Financing Sources (Uses)	0	0	2	2
Net Change in Fund Balances	\$ 0	\$ 0	248	\$ 248
Fund Balance, Beginning			396,776	
Fund Balance, Ending			\$ 397,024	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 05-1 Area 3 Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	\$	\$ 0
Total Revenues	0	0	0	0
EXPENDITURES				
Current:				
Public Works			16	(16)
Total Expenditures	0	0	16	(16)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	(16)	\$ (16)
Fund Balance, Beginning			16	
Fund Balance, Ending			\$ 0	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 05-1 Area 4 Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	19	\$ 19
Total Revenues	0	0	19	19
EXPENDITURES				
Current:				
Public Works			42,746	(42,746)
Total Expenditures	0	0	42,746	(42,746)
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	(42,727)	<u>\$ (42,727)</u>
Fund Balance, Beginning			<u>42,727</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 05-4 Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	\$ 12	\$ 12
Total Revenues	<u>0</u>	<u>0</u>	<u>12</u>	<u>12</u>
EXPENDITURES				
Capital Outlay			1	(1)
Total Expenditures	<u>0</u>	<u>0</u>	<u>1</u>	<u>(1)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	11	<u>\$ 11</u>
Fund Balance, Beginning			<u>19,071</u>	
Fund Balance, Ending			<u>\$ 19,082</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 06-1 Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	143	\$ 143
Total Revenues	0	0	143	143
EXPENDITURES				
Capital Outlay			0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	143	<u>\$ 143</u>
Fund Balance, Beginning			<u>231,975</u>	
Fund Balance, Ending			<u>\$ 232,118</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District VA Capital Project Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	\$ 76	\$ 76
Contributions			85,000	85,000
Total Revenues	<u>0</u>	<u>0</u>	<u>85,076</u>	<u>85,076</u>
EXPENDITURES				
Capital Outlay			1	(1)
Total Expenditures	<u>0</u>	<u>0</u>	<u>1</u>	<u>(1)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	85,075	<u>\$ 85,075</u>
Fund Balance, Beginning			<u>41,540</u>	
Fund Balance, Ending			<u>\$ 126,615</u>	

NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds - To account for the operations that are financed and operated in a manner similar to private business enterprises. The City's intent is to demonstrate that the cost of services provided to the general public on a continuing basis is financed or recovered primarily through user charges; or the City has decided that the periodic determination of net income is appropriate for accountability purposes.

Housing Authority - To account for the activities of the City's housing operations.

Solid Waste Utility - To account for the activities of the City's solid waste utility distribution operations.

City of Perris, California
Combining Statement of Net Assets
Non-major Enterprise Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds		
	Housing Authority	Solid Waste Utility	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$	\$ 1,757,323	\$ 1,757,323
Receivables:			
Accounts		448,139	448,139
Loans	6,645,893		6,645,893
Interest		3,284	3,284
Due from Other Agencies	168,340		168,340
	6,814,233	2,208,746	9,022,979
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities		591,614	591,614
Due to Other Governments	29,705		29,705
Compensated Absences Payable - Current Portion		693	693
	29,705	592,307	622,012
Noncurrent Liabilities:			
Compensated Absences Payable		2,772	2,772
	0	2,772	2,772
	29,705	595,079	624,784
NET ASSETS			
Restricted for Low & Moderate Housing	6,784,528		6,784,528
Unrestricted		1,613,667	1,613,667
	\$ 6,784,528	\$ 1,613,667	\$ 8,398,195

City of Perris, California
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Non-major Enterprise Funds
Year Ended June 30, 2012

	Business-type Activities		
	Enterprise Funds		
	Housing Authority	Solid Waste Utility	Totals
OPERATING REVENUES			
Charges for Services	\$	\$ 722,838	\$ 722,838
Licenses, Permits, and Fees	21,710		21,710
Miscellaneous		278	278
Total Operating Revenue	21,710	723,116	744,826
OPERATING EXPENSES			
Maintenance and Operation		29,765	29,765
Contractual Services		586,720	586,720
Administrative and General		10,348	10,348
Loan Amortization Expense	54,299		54,299
Total Operating Expenses	54,299	626,833	681,132
Operating Income (Loss)	(32,589)	96,283	63,694
NONOPERATING REVENUES (EXPENSES)			
Investment Income		12,302	12,302
Gain (Loss) on Sale of Property	116,925		116,925
Total Nonoperating Revenues (Expenses)	116,925	12,302	129,227
Extraordinary Item	6,700,192		6,700,192
Change in Net Assets	6,784,528	108,585	6,893,113
Total Net Assets, Beginning of Year	0	1,505,082	1,505,082
Total Net Assets, End of Year	<u>\$ 6,784,528</u>	<u>\$ 1,613,667</u>	<u>\$ 8,398,195</u>

City of Perris, California
Combining Statement of Cash Flows
Non-major Enterprise Funds
Year Ended June 30, 2012

	Business-type Activities		
	Enterprise Funds		
	<u>Housing Authority</u>	<u>Solid Waste Utility</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 8,340	\$ 1,021,051	\$ 1,029,391
Cash Payments for Employee Services		(29,686)	(29,686)
Cash Payments to Suppliers for Goods and Services		(618,029)	(618,029)
Net Cash Provided (Used) by Operating Activities	<u>8,340</u>	<u>373,336</u>	<u>381,676</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) Other Funds	<u>(8,340)</u>	<u>(4,719)</u>	<u>(13,059)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(8,340)</u>	<u>(4,719)</u>	<u>(13,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income		<u>10,669</u>	<u>10,669</u>
Net Cash Provided (Used) from Investing Activities	<u>0</u>	<u>10,669</u>	<u>10,669</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0	379,286	379,286
Cash and Cash Equivalents - Beginning of the Year	<u>0</u>	<u>1,378,037</u>	<u>1,378,037</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 0</u></u>	<u><u>\$ 1,757,323</u></u>	<u><u>\$ 1,757,323</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (32,589)	\$ 96,283	\$ 63,694
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Amortization	54,299		54,299
Changes in Assets and Liabilities:			
Accounts Receivables (Increase) Decrease		297,935	297,935
Accounts Payable and Accrued Liabilities Increase (Decrease)		(20,524)	(20,524)
Loan Receivables (Increase) Decrease	(13,370)		(13,370)
Compensated Absences Increase (Decrease)		(358)	(358)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 8,340</u></u>	<u><u>\$ 373,336</u></u>	<u><u>\$ 381,676</u></u>

AGENCY FUNDS

City Cash Trust Fund - is used to account for monies held for other organizations or private individuals.

Community Facilities Districts - is used to account for the principal and interest payments for various Community Facilities Districts bonds.

Assessment District 86-1 - is used to account for the principal and interest payments of the 1993 Series A, AD86-1 Improvement refunding bonds for use in the construction and improvements of the City's infrastructure.

City of Perris, California
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	<u>City Cash Trust Fund</u>	<u>Community Facilities Districts</u>	<u>Assessment District 86-1</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and Investments	\$ 644,533	\$ 970,582	\$ 168,808	\$ 1,783,923
Cash and Investments with Fiscal Agent		25,707,707		25,707,707
Assessments Receivable		434,865	485	435,350
Interest Receivable		5,511	336	5,847
Other Receivable	1,289	1,018,345		1,019,634
	<u>1,289</u>	<u>1,018,345</u>		<u>1,019,634</u>
Total Assets	<u>\$ 645,822</u>	<u>\$ 28,137,010</u>	<u>\$ 169,629</u>	<u>\$ 28,952,461</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 128,894	\$ 80,239	\$	\$ 209,133
Deposits	516,928	466,855		983,783
Due to Bondholders		27,589,916	169,629	27,759,545
		<u>27,589,916</u>	<u>169,629</u>	<u>27,759,545</u>
Total Liabilities	<u>\$ 645,822</u>	<u>\$ 28,137,010</u>	<u>\$ 169,629</u>	<u>\$ 28,952,461</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
City Cash Trust Fund
Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 543,561	\$ 1,112,345	\$ 1,011,373	\$ 644,533
Other Receivable	<u>3,547</u>	<u>1,288</u>	<u>3,546</u>	<u>1,289</u>
Total Assets	<u>\$ 547,108</u>	<u>\$ 1,113,633</u>	<u>\$ 1,014,919</u>	<u>\$ 645,822</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 27,824	\$ 781,595	\$ 680,525	\$ 128,894
Deposits	<u>519,284</u>	<u>859,651</u>	<u>862,007</u>	<u>516,928</u>
Total Liabilities	<u>\$ 547,108</u>	<u>\$ 1,641,246</u>	<u>\$ 1,542,532</u>	<u>\$ 645,822</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
Community Facilities Districts
Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 758,053	\$ 16,724,873	\$ 16,512,344	\$ 970,582
Cash and Investments with Fiscal Agent	24,857,709	14,111,538	13,261,540	25,707,707
Assessments Receivable	948,318	407,907	921,360	434,865
Interest Receivable	13,389	5,512	13,390	5,511
Other Receivable	999,999	18,346		1,018,345
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 27,577,468</u>	<u>\$ 31,268,176</u>	<u>\$ 30,708,634</u>	<u>\$ 28,137,010</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 85,195	\$ 356,310	\$ 361,266	\$ 80,239
Deposits	466,660	669	474	466,855
Due to Bondholders	27,025,613	1,491,937	927,634	27,589,916
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 27,577,468</u>	<u>\$ 1,848,916</u>	<u>\$ 1,289,374</u>	<u>\$ 28,137,010</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
Assessment District 86-1
Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 167,685	\$ 1,123	\$	\$ 168,808
Assessments Receivable	511	485	511	485
Interest Receivable	202	336	202	336
	<u>202</u>	<u>336</u>	<u>202</u>	<u>336</u>
Total Assets	<u>\$ 168,398</u>	<u>\$ 1,944</u>	<u>\$ 713</u>	<u>\$ 169,629</u>
LIABILITIES				
Due to Bondholders	<u>\$ 168,398</u>	<u>\$ 1,809</u>	<u>\$ 578</u>	<u>\$ 169,629</u>
Total Liabilities	<u>\$ 168,398</u>	<u>\$ 1,809</u>	<u>\$ 578</u>	<u>\$ 169,629</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
Total Agency Funds
Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 1,469,299	\$ 17,838,341	\$ 17,523,717	\$ 1,783,923
Cash and Investments with Fiscal Agent	24,857,709	14,111,538	13,261,540	25,707,707
Assessments Receivable	948,829	408,392	921,871	435,350
Interest Receivable	13,591	5,848	13,592	5,847
Other Receivable	1,003,546	19,634	3,546	1,019,634
	<u>\$ 28,292,974</u>	<u>\$ 32,383,753</u>	<u>\$ 31,724,266</u>	<u>\$ 28,952,461</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 113,019	\$ 1,137,905	\$ 1,041,791	\$ 209,133
Deposits	985,944	860,320	862,481	983,783
Due to Bondholders	27,194,011	1,493,746	928,212	27,759,545
	<u>\$ 28,292,974</u>	<u>\$ 3,491,971</u>	<u>\$ 2,832,484</u>	<u>\$ 28,952,461</u>



City of Perris, California

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Perris comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	122
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	132
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	138
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	143
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	145

City of Perris
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
Page 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 54,724	\$ 59,150	\$ 59,555	\$ 100,723	\$ 109,215
Restricted	5,633	5,028	5,913	4,395	4,602
Unrestricted	11,639	25,592	49,594	36,588	60,838
Total governmental activities net assets	<u>\$ 71,996</u>	<u>\$ 89,770</u>	<u>\$ 115,062</u>	<u>\$ 141,706</u>	<u>\$ 174,655</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 7,832	\$ 8,674	\$ 8,218	\$ 8,588	\$ 8,307
Restricted for Low and Moderate Housing	-	-	-	-	-
Unrestricted	903	198	391	1,064	666
Total business-type activities net assets	<u>\$ 8,735</u>	<u>\$ 8,872</u>	<u>\$ 8,609</u>	<u>\$ 9,652</u>	<u>\$ 8,973</u>
Primary government					
Invested in capital assets, net of related debt	\$ 62,556	\$ 67,824	\$ 67,773	\$ 109,311	\$ 117,522
Restricted for Low and Moderate Housing	5,633	5,028	5,913	4,395	4,602
Unrestricted	12,542	25,790	49,985	37,652	61,504
Total primary government net assets	<u>\$ 80,731</u>	<u>\$ 98,642</u>	<u>\$ 123,671</u>	<u>\$ 151,358</u>	<u>\$ 183,628</u>

Source: City of Perris, Finance Department

City of Perris
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
Page 2

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Invested in capital assets, net of related debt	\$ 140,061	\$ 142,300	\$ 146,883	\$ 156,805	165,177
Restricted	5,737	7,526	5,752	7,410	-
Unrestricted	73,731	59,193	49,315	35,837	66,908
Total governmental activities net assets	\$ 219,529	\$ 209,019	\$ 201,950	\$ 200,052	\$ 232,085
Business-type activities					
Invested in capital assets, net of related debt	\$ 8,613	\$ 8,374	\$ 9,686	\$ 9,369	8,268
Restricted for Low and Moderate Housing	-	-	-	-	6,785
Unrestricted	850	816	(908)	(366)	1,412
Total business-type activities net assets	\$ 9,463	\$ 9,190	\$ 8,778	\$ 9,003	\$ 16,465
Primary government					
Restricted	\$ 148,674	\$ 150,674	\$ 156,569	\$ 166,174	173,445
Restricted for Low and Moderate Housing	5,737	7,526	5,752	7,410	6,785
Unrestricted	74,581	60,009	48,407	35,471	68,320
Total primary government net assets	\$ 228,992	\$ 218,209	\$ 210,728	\$ 209,055	\$ 248,550

Source: City of Perris, Finance Department

City of Perris
Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
Page 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General Government	\$ 3,151	\$ 2,817	\$ 4,273	\$ 4,822	\$ 5,910
Public Safety	7,645	9,492	13,700	13,063	14,302
Public Works	12,867	23,577	17,605	32,331	23,604
Parks and Recreation	1,133	1,365	1,679	1,726	2,243
Interest on Long-term Debt	4,101	3,543	4,408	5,188	5,496
State ERAF	-	-	-	-	-
Total governmental activities expenses	28,897	40,794	41,665	57,130	51,555
Business-type activities:					
Water Utility	1,824	2,052	2,047	1,912	2,658
Sewer Utility	1,215	1,281	1,509	1,344	1,475
Public Utility	-	-	-	-	-
Solid Waste Utility	452	493	566	506	622
Housing Authority	-	-	-	-	-
Total business-type activities expenses	3,491	3,826	4,122	3,762	4,755
Total primary government expenses	\$ 32,388	\$ 44,620	\$ 45,787	\$ 60,892	\$ 56,310
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 3,431	\$ 4,285	\$ 5,274	\$ 5,160	\$ 3,031
Public Safety	82	45	75	95	887
Public Works	7,473	8,774	14,928	13,531	23,343
Parks and Recreation	59	63	58	112	132
Operating Grants and Contributions	2,542	3,059	2,592	3,284	3,075
Capital Grants and Contributions	5,371	21,706	19,239	32,596	14,580
Total governmental activities program revenues	18,958	37,932	42,166	54,778	45,048
Business-type activities:					
Charges for services:					
Water Utility	1,757	1,888	1,930	1,792	1,995
Sewer Utility	1,045	1,132	1,247	1,245	1,340
Public Utility	-	-	-	-	-
Solid Waste Utility	479	528	551	565	640
Housing Authority	-	-	-	-	-
Capital Grants and Contributions	-	-	106	416	-
Total business-type activities program revenues	3,281	3,548	3,834	4,018	3,975
Total primary government program revenues	\$ 22,239	\$ 41,480	\$ 46,000	\$ 58,796	\$ 49,023
Net (expense)/revenue					
Governmental activities	\$ (9,939)	\$ (2,862)	\$ 501	\$ (2,352)	\$ (6,507)
Business-type activities	(210)	(278)	(288)	256	(780)
Total primary government net (expense)/revenue	\$ (10,149)	\$ (3,140)	\$ 213	\$ (2,096)	\$ (7,287)

Source: City of Perris, Finance Department

City of Perris
Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
Page 2

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General Government	\$ 7,673	\$ 7,557	\$ 7,383	\$ 6,718	\$ 6,338
Public Safety	16,351	16,292	16,269	16,155	16,575
Public Works	19,592	32,996	22,461	19,661	17,620
Parks and Recreation	2,406	2,607	2,257	2,144	2,246
Interest on Long-term Debt	5,891	6,937	7,879	8,045	7,897
State ERAF	-	-	3,771	776	-
Total governmental activities expenses	<u>51,913</u>	<u>66,389</u>	<u>60,020</u>	<u>53,499</u>	<u>50,676</u>
Business-type activities:					
Water Utility	2,050	2,314	2,745	2,390	2,507
Sewer Utility	1,364	1,540	1,483	1,638	1,691
Public Utility	-	611	977	927	955
Solid Waste Utility	598	550	565	596	627
Housing Authority	-	-	-	-	54
Total business-type activities expenses	<u>4,012</u>	<u>5,015</u>	<u>5,770</u>	<u>5,551</u>	<u>5,834</u>
Total primary government expenses	<u>\$ 55,925</u>	<u>\$ 71,404</u>	<u>\$ 65,790</u>	<u>\$ 59,050</u>	<u>\$ 56,510</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 1,722	\$ 765	\$ 1,054	\$ 746	\$ 948
Public Safety	908	755	856	804	865
Public Works	5,830	7,180	6,902	4,895	5,139
Parks and Recreation	148	202	211	232	247
Operating Grants and Contributions	3,170	3,804	3,792	7,320	8,358
Capital Grants and Contributions	39,808	3,457	5,349	4,276	10,639
Total governmental activities program revenues	<u>51,586</u>	<u>16,163</u>	<u>18,164</u>	<u>18,273</u>	<u>26,196</u>
Business-type activities:					
Charges for services:					
Water Utility	2,086	2,039	2,374	2,588	2,693
Sewer Utility	1,602	1,558	1,538	1,619	1,678
Public Utility	-	286	569	556	573
Solid Waste Utility	675	679	695	703	723
Housing Authority	-	-	-	-	22
Capital Grants and Contributions	43	5	-	-	-
Total business-type activities program revenues	<u>4,406</u>	<u>4,567</u>	<u>5,176</u>	<u>5,466</u>	<u>5,689</u>
Total primary government program revenues	<u>\$ 55,992</u>	<u>\$ 20,730</u>	<u>\$ 23,340</u>	<u>\$ 23,739</u>	<u>\$ 31,885</u>
Net (expense)/revenue					
Governmental activities	\$ (327)	\$ (50,226)	\$ (41,856)	\$ (35,226)	\$ (24,480)
Business-type activities	394	(448)	(594)	(85)	(145)
Total primary government net (expense)/revenue	<u>\$ 67</u>	<u>\$ (50,674)</u>	<u>\$ (42,450)</u>	<u>\$ (35,311)</u>	<u>\$ (24,625)</u>

Source: City of Perris, Finance Department

City of Perris
Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
Page 3

	Fiscal Year				
	2003	2005	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Government activities:					
Taxes					
Property taxes	\$ 5,178	\$ 5,691	\$ 8,143	\$ 10,776	\$ 14,923
Sales and use taxes	4,495	5,282	4,398	5,394	5,020
Motor Vehicle in-lieu taxes	2,167	1,749	270	923	291
Vehicle License Fee in Lieu Tax	-	-	2,199	3,286	4,371
Sales Tax in Lieu Tax	-	-	1,281	1,166	1,938
Franchise taxes	1,445	1,602	1,868	1,862	2,099
Other taxes	256	508	718	971	636
Total taxes	<u>13,541</u>	<u>14,832</u>	<u>18,877</u>	<u>24,378</u>	<u>29,278</u>
Fines, forfeitures and penalties	260	198	253	652	-
Investment income	2,749	2,897	4,463	6,232	8,562
Gain (loss) on sale of capital assets	(496)	(54)	3	-	529
Miscellaneous	703	614	558	409	668
Extraordinary Item	-	-	-	-	-
Transfers	100	(400)	-	(759)	-
Total governmental activities	<u>16,857</u>	<u>18,087</u>	<u>24,154</u>	<u>30,912</u>	<u>39,037</u>
Business-type activities:					
Investment income	27	14	25	29	100
Gain (loss) on sale of capital assets	-	-	-	-	-
Miscellaneous	(55)	-	-	-	-
Extraordinary Item	-	-	-	-	-
Transfers	(100)	400	-	759	-
Total business-type activities	<u>(128)</u>	<u>14</u>	<u>25</u>	<u>29</u>	<u>100</u>
Total primary government	<u>\$ 16,729</u>	<u>\$ 18,101</u>	<u>\$ 24,179</u>	<u>\$ 30,941</u>	<u>\$ 39,137</u>
Change in Net Assets					
Governmental activities	\$ 6,918	\$ 15,225	\$ 24,655	\$ 28,560	\$ 32,530
Business-type activities	(338)	(264)	(263)	285	(680)
Total primary government	<u>\$ 6,580</u>	<u>\$ 14,961</u>	<u>\$ 24,392</u>	<u>\$ 28,845</u>	<u>\$ 31,850</u>
Prior Period Adjustments					
Governmental activities	\$ -	\$ 551	\$ (363)	\$ (916)	\$ 418
Business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -

Source: City of Perris, Finance Department

City of Perris
Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
Page 4

	Fiscal Year				
	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets					
Government activities:					
Taxes					
Property taxes	\$ 19,058	\$ 19,532	\$ 16,285	\$ 14,368	\$ 6,406
Sales and use taxes	4,920	4,934	4,264	4,594	5,624
Motor Vehicle in-lieu taxes	225	183	160	266	35
Vehicle License Fee in Lieu Tax	5,435	5,587	4,508	4,291	4,348
Sales Tax in Lieu Tax	1,432	1,421	1,402	1,358	1,517
Franchise taxes	2,104	2,128	2,015	2,154	2,245
Other taxes	354	352	270	270	264
Total taxes	<u>33,528</u>	<u>34,137</u>	<u>28,904</u>	<u>27,301</u>	<u>20,439</u>
Fines, forfeitures and penalties	-	-	-	-	-
Investment income	10,146	6,742	5,976	2,831	2,690
Gain (loss) on sale of capital assets	-	-	-	-	-
Miscellaneous	1,145	290	608	279	305
Extraordinary Item	-	-	-	-	33,774
Transfers	-	(89)	(140)	-	(765)
Total governmental activities	<u>44,819</u>	<u>41,080</u>	<u>35,348</u>	<u>30,411</u>	<u>56,443</u>
Business-type activities:					
Investment income	96	63	42	26	25
Gain (loss) on sale of capital assets	-	-	-	-	117
Miscellaneous	-	-	-	-	-
Extraordinary Item	-	-	-	-	6,700
Transfers	-	89	140	-	765
Total business-type activities	<u>96</u>	<u>152</u>	<u>182</u>	<u>26</u>	<u>7,607</u>
Total primary government	<u>\$ 44,915</u>	<u>\$ 41,232</u>	<u>\$ 35,530</u>	<u>\$ 30,437</u>	<u>\$ 64,050</u>
Change in Net Assets					
Governmental activities	\$ 44,492	\$ (9,146)	\$ (6,508)	\$ (4,815)	\$ 31,963
Business-type activities	490	(296)	(412)	(59)	7,462
Total primary government	<u>\$ 44,982</u>	<u>\$ (9,442)</u>	<u>\$ (6,920)</u>	<u>\$ (4,874)</u>	<u>\$ 39,425</u>
Prior Period Adjustments					
Governmental activities	\$ 383	\$ (1,363)	\$ (562)	\$ 2,917	\$ 70
Business-type activities	-	23	-	284	-

Source: City of Perris, Finance Department

City of Perris
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)

Page 1

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund					
Reserved	\$ 2,344	\$ 2,424	\$ 2,941	\$ 3,440	\$ 3,912
Unreserved	8,150	10,737	13,971	17,473	20,395
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 10,493</u>	<u>\$ 13,161</u>	<u>\$ 16,912</u>	<u>\$ 20,913</u>	<u>\$ 24,307</u>
All other governmental funds					
Reserved	\$ 68,933	\$ 78,269	\$ 59,562	\$ 102,812	\$ 105,061
Unreserved, reported in:					
Special revenue funds	15,103	18,877	20,874	23,227	7,606
Debt service funds	(243)	-	-	(15,954)	(12,698)
Capital project funds	4,755	7,490	13,460	8,283	36,783
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 88,548</u>	<u>\$ 104,636</u>	<u>\$ 93,895</u>	<u>\$ 118,368</u>	<u>\$ 136,752</u>

Source: City of Perris, Finance Department

City of Perris
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)
Page 2

	Fiscal Year				
	2008	2009	2010	2011	2012
General fund					
Reserved	\$ 4,431	\$ 4,056	\$ 6,014	\$ -	\$ -
Unreserved	20,477	20,214	17,479	-	-
Nonspendable	-	-	-	3,292	2,776
Restricted	-	-	-	-	-
Committed	-	-	-	-	7,528
Assigned	-	-	-	6,200	6,200
Unassigned	-	-	-	15,229	10,576
Total general fund	\$ 24,908	\$ 24,270	\$ 23,493	\$ 24,721	\$ 27,080
All other governmental funds					
Reserved	\$ 127,955	\$ 138,656	\$ 151,482	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	39,001	43,373	35,170	-	-
Debt service funds	(8,221)	(7,289)	(7,529)	-	-
Capital project funds	15,154	(1,769)	(6,502)	-	-
Nonspendable	-	-	-	6,083	-
Restricted	-	-	-	181,738	173,139
Assigned	-	-	-	-	-
Unassigned	-	-	-	(30,054)	(328)
Total all other governmental funds	\$ 173,889	\$ 172,971	\$ 172,621	\$ 157,767	\$ 172,811

City of Perris
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)

Page 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 11,374	\$ 13,041	\$ 18,078	\$ 23,576	\$ 29,282
Licenses and Permits	3,369	4,149	5,155	5,113	3,053
Intergovernmental Revenues	10,563	10,329	3,654	4,402	4,037
Charges for Services	813	1,974	2,722	2,153	4,875
Fines, Forfeitures, and Penalties	260	198	253	652	671
Developer Fees	5	965	10,764	8,915	16,290
Investment Income	2,749	2,897	4,336	6,116	8,562
Special Assessments	1,031	772	1,140	2,339	2,081
Contributions from Property Owners	5,060	20,700	17,289	32,502	14,206
Other Revenue	986	1,445	2,395	806	1,336
Total Revenues	36,211	56,472	65,786	86,574	84,393
Expenditures					
General Government	3,262	3,488	4,252	4,621	5,848
Public Safety	7,593	9,518	10,932	12,850	14,169
Public Works	9,450	11,327	5,491	6,961	7,619
Parks and Recreation	929	1,173	1,482	1,623	1,928
State ERAF	-	-	-	-	-
Capital Outlay	3,327	15,494	26,235	54,324	22,065
Debt Service					
Pass-through Agreements	581	621	1,070	1,295	2,507
Issuance Costs	1,204	3,244	1,781	791	12
Principal Retirement	11,157	1,913	1,723	1,746	3,748
Interest and Fiscal Charges	2,886	3,316	4,254	4,894	5,479
Total Expenditures	40,389	50,095	57,220	89,105	63,375
Excess of revenues over (under) expenditures	(4,179)	6,377	8,566	(2,531)	21,018
Other Financing Sources (Uses)					
Transfers in	4,881	2,584	4,225	3,412	8,621
Transfers Out	(4,781)	(2,984)	(4,225)	(4,171)	(8,621)
Proceeds from Sale of Property	-	-	-	-	49
Gain (Loss) on Sale of Land	-	-	-	-	-
Contributions to Other Governments	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	(10,271)	-	-	-	-
Proceeds from Refunding Bonds	19,680	-	-	-	-
Proceeds from Long Term Debt	6,626	12,549	9,145	31,269	267
Total Other Financing Sources (Uses)	16,135	12,149	9,145	30,510	316
Net Change in Fund Balances before Prior Period Adjustments and Extraordinary Item	11,957	18,527	17,711	27,979	21,334
Prior Period Adjustments	21,720	230	(24,703)	495	443
Extraordinary Item	-	-	-	-	-
Net Change in Fund Balances	\$ 33,676	\$ 18,757	\$ (6,992)	\$ 28,474	\$ 21,777
Debt Service as a percentage of non-capital expenditures	37.0%	11.9%	14.1%	11.8%	17.8%

Source: City of Perris, Finance Department

City of Perris
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)

Page 2

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 33,462	\$ 34,136	\$ 28,904	\$ 27,302	\$ 20,440
Licenses and Permits	1,989	748	1,005	771	1,003
Intergovernmental Revenues	6,490	4,785	5,138	5,867	5,429
Charges for Services	992	480	350	598	557
Fines, Forfeitures, and Penalties	650	619	739	666	731
Developer Fees	1,032	2,303	2,553	603	1,417
Investment Income	10,146	6,743	5,717	6,658	6,751
Special Assessments	3,709	3,382	4,251	4,032	4,027
Contributions from Property Owners	22,542	2,490	3,659	1,862	3,942
Other Revenue	1,395	1,627	1,273	313	333
Total Revenues	82,407	57,313	53,589	48,672	44,630
Expenditures					
General Government	6,756	6,307	5,636	4,738	4,684
Public Safety	16,194	16,132	16,092	15,938	16,372
Public Works	5,506	6,013	7,736	12,696	10,344
Parks and Recreation	2,001	2,174	1,827	1,716	1,795
State ERAF	-	-	3,771	776	-
Capital Outlay	27,848	22,712	16,953	14,043	12,567
Debt Service					
Pass-through Agreements	3,454	6,841	3,161	3,369	1,597
Issuance Costs	1,978	783	930	-	-
Principal Retirement	2,447	1,803	3,100	3,590	3,130
Interest and Fiscal Charges	5,512	6,683	7,760	8,084	7,941
Total Expenditures	71,696	69,448	66,966	64,950	58,430
Excess of revenue over (under) expenditures	10,711	(12,135)	(13,377)	(16,278)	(13,800)
Other Financing Sources (Uses)					
Transfers in	5,001	6,399	8,845	14,873	57,680
Transfers Out	(5,001)	(6,487)	(8,985)	(14,873)	(57,680)
Proceeds from Sale of Property	98	6	51	(604)	(258)
Gain (Loss) on Sale of Land	-	-	(430)	-	-
Contributions to Other Governments	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	(15,312)	-	-	-	-
Proceeds from Refunding Bonds	337	-	-	-	-
Proceeds from Long Term Debt	41,546	12,024	13,014	339	141
Total Other Financing Sources (Uses)	26,669	11,942	12,495	(265)	(117)
Net Change in Fund Balances before Prior Period Adjustments and Extraordinary Item	37,380	(193)	(882)	(16,543)	(13,917)
Prior Period Adjustments	356	(1,362)	(245)	292	70
Extraordinary Item	-	-	-	-	31,250
Net Change in Fund Balances	\$ 37,736	\$ (1,555)	\$ (1,127)	\$ (16,251)	\$ 17,403
Debt Service as a percentage of non-capital expenditures	21.5%	13.6%	19.0%	23.4%	23.4%

Source: City of Perris, Finance Department

City of Perris
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

Fiscal Year	Property Tax	Sales & Use Tax	Motor Vehicle in-lieu Tax	Vehicle License Fee in-lieu Tax	Sales Tax in-lieu Tax	Franchise Tax	Other Taxes	Total
2003	5,215	4,495	2,167	-	-	1,445	255	13,578
2004	5,691	5,282	1,749	-	-	1,602	508	14,831
2005	8,143	4,398	270	2,199	1,281	1,868	718	18,877
2006	10,776	5,394	923	3,286	1,166	1,862	971	24,378
2007	14,923	5,020	291	4,371	1,938	2,099	636	29,278
2008	19,058	4,920	225	5,435	1,432	2,104	354	33,528
2009	19,532	4,934	183	5,587	1,421	2,128	352	34,137
2010	16,285	4,264	160	4,508	1,402	2,015	270	28,904
2011	14,368	4,594	266	4,291	1,359	2,155	271	27,304
2012	6,406	5,624	35	4,348	1,517	2,245	264	20,439

Source: City of Perris, Finance Department

**City of Perris
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Apparel Stores	\$ 4,423	\$ 4,759	\$ 3,959	\$ 3,895	\$ 3,822	\$ 3,317	\$ 3,101	\$ 3,182	\$ 3,312	n/a
General Merchandise	47,575	53,207	56,803	55,489	51,165	48,940	47,459	46,542	46,087	n/a
Food Stores	21,103	22,288	24,601	27,968	30,398	35,343	36,093	34,029	36,586	n/a
Eating and Drinking Places	32,586	37,830	41,228	42,527	42,788	43,483	43,558	47,491	47,689	n/a
Building Materials	32,388	30,753	36,629	40,974	38,879	41,381	39,835	38,182	43,828	n/a
Auto Dealers and Supplies	70,922	73,584	83,822	76,895	72,414	48,371	42,644	39,022	54,387	n/a
Service Stations	49,178	54,963	64,515	73,748	75,249	83,558	77,309	92,074	104,990	n/a
Other Retail Stores	26,429	33,829	36,800	36,739	35,419	29,540	24,645	25,363	25,076	n/a
All Other Outlets	196,696	211,445	224,578	302,025	269,306	275,246	233,059	239,811	297,831	n/a
Total	<u>\$ 481,300</u>	<u>\$ 522,658</u>	<u>\$ 572,935</u>	<u>\$ 660,260</u>	<u>\$ 619,440</u>	<u>\$ 609,179</u>	<u>\$ 547,703</u>	<u>\$ 565,696</u>	<u>\$ 659,786</u>	<u>\$ -</u>

Source: State of California Board of Equalization and the HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Information for Fiscal Year 2012 is unaavailable.

City of Perris
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(In thousands of dollars)

Fiscal Year Ended June 30	Real Property	Personal Property	Other	Less:		Total Taxable Assessed Value	Total Direct Tax Rate
				Other Exemptions	Homeowners' Exemptions		
2003	\$ 1,549,376	\$ 61,634	\$ 1,020	\$ 17,529	\$ 31,438	\$ 1,563,062	1.0000
2004	2,022,700	89,263	1,665	21,537	32,209	2,059,884	1.0000
2005	2,754,080	91,912	2,029	22,910	35,720	2,789,391	1.0000
2006*	2,753,989	89,596	2,856	22,909	35,699	2,787,833	1.0000
2007*	3,825,777	105,252	2,598	24,497	38,653	3,870,477	1.0000
2008*	4,712,125	100,303	86,737	26,092	41,021	4,832,052	1.0000
2009*	4,824,482	103,735	110,176	27,606	43,399	4,967,388	1.0000
2010*	3,858,356	111,085	111,869	30,722	43,445	4,007,143	1.0000
2011*	3,654,277	106,428	105,083	27,412	45,808	3,792,568	1.0000
2012*	3,712,750	91,163	109,697	28,065	45,422	3,840,123	1.0000

Source: Office of Riverside County Auditor-Controller
*HdL Coren & Cone

City of Perris
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Agency	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Eastern Municipal Water Improvement District	0.01200	0.00500	0.00400	0.00300	0.00000	0.00800	0.00400	0.05300	0.05300	0.05300
Metropolitan Water District Original Area	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.03436	0.00370
Menifee School	0.00000	0.02117	0.01625	0.01435	0.00578	0.00549	0.02370	0.03254	0.00370	0.03486
Perris School	0.00000	0.00000	0.00000	0.00000	0.00000	0.02999	0.02894	0.02485	0.01983	0.01983
Perris Union High School	0.01748	0.01560	0.01192	0.02350	0.03222	0.02110	0.02031	0.02686	0.03126	0.03429
Riverside City Community College	0.00000	0.00000	0.01800	0.01800	0.01800	0.01259	0.01254	0.01242	0.01499	0.01700
Val Verde Unified	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03189	0.04089	0.03347	0.03160
Total Prop 13 Rate	1.03618	1.04787	1.05597	1.06405	1.06070	1.08167	1.12568	1.19486	1.19061	1.19428
City's Share of 1% Levy Per Prop 13	0.25436	0.25436	0.25436	0.25436	0.25436	0.25436	0.13146	0.25436	0.25436	0.25436

Source: *HdL Coren & Cone

City of Perris
Principal Property Taxpayers
June 30, 2012
(in thousands of dollars)

<u>Taxpayer</u>	2012		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
DB RREEF Perris California	\$ 100,000	1	2.68%
Centex Homes	85,635	2	2.29%
Lowes HIW Inc	82,780	3	2.22%
ITT Inland Empire 3700 Indian Ave	80,000	4	2.14%
Wachovia Development Corporation	75,507	5	2.02%
FR California Goetz Road	48,103	6	1.29%
Ross Dress for Less	38,611	7	1.03%
FR California Ellis	37,851	8	1.01%
Ranch at Green Valley	31,884	9	0.85%
Courdures Family LP	27,456	10	0.73%
Totals	<u>\$ 607,827</u>		<u>16.27%</u>

Source: HdL Coren & Cone, Riverside County Assessor 2011/12 Combined Tax Rolls
The City implemented GASB 44 in fiscal year 2006. Information for the nine years prior is unavailable.

**City of Perris
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 1,734	\$ 1,608	92.73%	\$ 126	\$ 1,734	100.00%
2004	1,846	1,833	99.30%	13	1,846	100.00%
2005	2,634	2,568	97.49%	66	2,634	100.00%
2006	3,667	3,614	98.55%	53	3,667	100.00%
2007	4,973	4,715	94.81%	258	4,973	100.00%
2008	5,948	5,570	93.64%	378	5,948	100.00%
2009	5,017	4,739	94.46%	278	5,017	100.00%
2010	3,826	3,736	97.65%	90	3,826	100.00%
2011	3,723	3,654	98.15%	69	3,723	100.00%
2012	4,650	4,586	98.62%	64	4,650	100.00%

Source: City of Perris, Finance Department

City of Perris
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities			Business-type	Total Primary Government	Percentage of Value of Property	Per Capita
	Revenue Bonds	Loans Payable	Reimbursement Agreements	Activities Loans Payable			
2003	\$ 52,270	\$ 3,700	\$ 260	\$ -	\$ 56,230	3.99%	\$ 1,453
2004	63,385	3,385	210	846	67,826	4.25%	1,613
2005	70,980	3,204	-	1,675	75,859	3.63%	1,500
2006	100,540	3,185	-	1,636	105,361	3.69%	2,235
2007	96,980	3,264	-	1,596	101,840	2.58%	2,010
2008	121,135	3,436	-	1,240	125,811	2.56%	2,347
2009	131,180	3,545	-	10,566	145,291	3.78%	2,675
2010	140,750	3,883	-	10,531	155,164	4.75%	2,853
2011	137,160	4,207	-	10,494	151,861	4.65%	2,853
2012	134,030	-	-	12,454	146,484	2.54%	2,347

Source: City of Perris, Finance Department

**City of Perris
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012**

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Metropolitan Water District	0.160%	\$ 314,472
Eastern Municipal Water District, I.D. U8	0.036%	1,659
Eastern Municipal Water District, I.D. U9	100.00%	2,998,000
Riverside City Community College District	2.697%	6,226,250
Val Verde Unified School District	38.713%	15,505,311
Perris Union High School District	13.621%	7,223,524
Menifee Union School District	0.099%	44,485
Perris School District	64.670%	4,763,920
City of Perris Community Facilities Districts	100.00%	165,465,000
Romoland School District Community Facilities District No. 2001-1	100.00%	3,525,000
Val Verde Unified School District Community Facilities Districts	100.00%	4,295,000
City of Perris	0.000%	-
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 210,362,621
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Riverside County General Fund Obligations	1.987%	\$ 13,015,688
Riverside County Pension Obligations	1.987%	7,104,320
Riverside County Board of Education Certificates of Participation	1.987%	100,443
Mount San Jacinto Community College District General Fund Obligations	2.412%	288,234
Val Verde Unified School District Certificates of Participation	38.713%	32,273,092
Perris Union High School District General Fund Obligations	13.621%	4,178,242
Menifee Union School District Certificates of Participation	0.099%	5,891
Perris School District Certificates of Participation	64.687%	5,430,474
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 62,396,384
Less: Riverside County self-supporting obligations		246,307
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 62,150,077
GROSS COMBINED TOTAL DEBT (1)		\$ 272,759,005 ⁽²⁾
NET COMBINED TOTAL DEBT		\$ 272,512,698

Source: California Municipal Statistics, Inc.

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

**City of Perris
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)**

<u>Fiscal Year 2012</u>	
Assessed Value	\$ 3,840,123
Debt Limit (15% of assessed value)	<u>576,018</u>
Legal Debt Margin	<u>\$ 3,264,105</u>

<u>Fiscal Year</u>	<u>Legal Debt Margin</u>	<u>Debt Limit</u>	<u>Ratio of the Legal Debt Margin to the Debt Limit</u>
2002	\$ 1,103,650	\$ 194,762	567%
2003	1,198,571	211,513	567%
2004	1,355,326	239,175	567%
2005	1,778,065	313,776	567%
2006	2,428,786	428,609	567%
2007	3,349,689	591,122	567%
2008	4,171,874	736,213	567%
2009	4,290,449	757,138	567%
2011	3,262,622	575,757	567%
2012	3,264,105	576,018	567%

Source: HdL Coren & Cone
City of Perris, Finance Department
Note: Currently, the City has no debt applicable to the debt limit.

City of Perris
Pledged Revenue Coverage
Last Ten Fiscal Years
Page 1
(in thousands of dollars)

Sewer Revenue Bonds						
Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 1,053	\$ 1,181	\$ (128)	\$ -	\$ -	-
2004	1,532	1,162	370	672	-	53.45%
2005	1,353	1,312	41	35	37	53.45%
2006	2,125	1,168	957	30	46	1259.21%
2007	1,340	1,299	41	32	45	53.25%
2008	1,602	1,321	281	33	44	364.94%
2009	1,493	1,497	(4)	34	42	-5.26%
2010	1,559	1,442	117	35	41	153.95%
2011	1,619	1,598	21	37	40	27.27%
2012	1,678	1,652	26	38	39	33.77%

Source: City of Perris, Finance Department

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Sewer Charges and Other and Water Charges and Other include investment Income. Operating expenses do not include interest or depreciation.

**City of Perris
Pledged Revenue Coverage
Last Ten Fiscal Years
Page 2
(in thousands of dollars)**

Water Revenue Bonds							
Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2003	\$ 1,760	\$ 1,713	\$ 47	\$ -	\$ -	-	
2004	1,890	1,934	(44)	-	-	-	
2005	1,939	1,906	33	9	9	183.48%	
2006	1,987	1,762	225	8	18	865.38%	
2007	1,995	2,490	(495)	8	11	-	
2008	2,086	2,042	44	322	8	-	
2009	2,039	2,314	(275)	-	-	-	
2010	2,374	2,745	(371)	-	-	-	
2011	2,588	2,390	198	-	-	-	
2012	2,693	2,507	186	-	-	-	

**City of Perris
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (in thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2003	38,699	n/a	n/a	n/a	24,758	10.1
2004	42,048	567,816	13,504	25.4	25,988	9.3
2005	44,594	n/a	n/a	n/a	27,218	8.3
2006	47,139	n/a	n/a	n/a	28,448	7.2
2007	50,663	n/a	n/a	n/a	29,678	10.4
2008	53,594	n/a	n/a	25.4	33,713	8.4
2009	54,323	n/a	n/a	25.8	34,998	21.3
2010	54,387	777,445	14,295	25.4	20,427	20.8
2011	55,133	781,235	14,170	22.4	16,188	22.4
2012	70,180	n/a	n/a	n/a	16,461	18.6

- Source: 1) U.S. Census Bureau
 2) CA Dept. of ED., Educational Demographics Unit, District Level Enrollment Reports.
 3) Riverside County EDA
 4) HdL Coren & Cone
 5) State of CA EDD Labor Market Information Div

Note: Information for prior years are being researched and will be provided when available.

**City of Perris
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2012</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Ross Stores Inc.	1,400	1	7.76%	1,400	2	9.49%
Starcrest	1,000	2	5.54%	1,000	3	6.78%
Lowe's HIW Inc	900	3	4.99%	900	4	6.10%
Perris Union High School District	786	4	4.36%	500	5	3.39%
Hanes	650	5	3.60%	---	---	---
Perris Elementary School District	602	6	3.34%	400	8	2.71%
Eastern Municipal Water District	580	7	3.21%	500	6	3.39%
Whirlpool	300	8	1.66%	---	---	---
Wal-Mart	250	9	1.39%	250	9	1.69%
Coreslab Structures	200	10	1.11%	---	---	---
Albertsons	---	---	---	220	10	1.49%
Stater Bros. (#64 & #113)	---	---	---	500	7	3.39%
Food 4 Less	---	---	---	2,177	1	14.76%
Totals	<u>\$ 6,668</u>		<u>36.95%</u>	<u>\$ 7,847</u>		<u>53.20%</u>

Source: 1) Redevelopment Agency of the City of Perris

City of Perris
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	47	49	61	60	61	61	59	72	59	58
Public safety*										
Police										
Officers	28	29	32	37	48	48	47	45	44	44
Fire										
Firefighters and officers	7	7	7	14	14	16	16	16	16	16
Highways and streets										
Engineering **	8	7	7	7	7	6	6	6	9	8
Maintenance	9	10	13	13	13	13	12	8	11	9
Culture and recreation	4	5	6	8	9	8	8	10	6	16
Water**	3	3	3	4	3	3	4	4	3	4
Sewer**	2	1	1	1	1	1	1	2	2	2
Total	108	111	130	144	156	156	153	163	150	157

Source: City of Perris, Finance Department

*Public safety employees are contracted with the State of California Department of Forestry Services and the Riverside County Sheriff Department

**Outsourced Services

City of Perris
Operating Indicators by Function
Last Ten Fiscal Years
Page 1

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Police					
Physical arrests	1,945	1,765	1,808	3	4,134
Parking violations	372	461	920	780	328
Traffic violations	2,263	1,159	1,153	7,175	9,158
Fire					
Number of Calls answered	3,785	4,132	4,600	4,841	5,159
Public Works					
Street resurfacing (miles)	10	10	20	20	20
Potholes repaired (1,000 sq feet)	30	30	30	30	30
Water					
New connections	36	31	107	9	12
Water mains breaks	n/a	n/a	5	5	n/a
Average daily consumption (100 cubic feet)	n/a	2,286	2,332	2,378	2,426

Source: City of Perris, Riverside County Sheriffs Department, California Department of Forestry

Note: Information marked "n/a" are being researched and will be provided when available.

* In 2009, the City of Perris added Water Customers from North Perris with the purchase of the McCanna Water System.

City of Perris
Operating Indicators by Function
Last Ten Fiscal Years
Page 2

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Police					
Physical arrests	5,514	4,648	3,937	2,924	1,268
Parking violations	377	409	349	744	445
Traffic violations	8,612	10,628	9,494	4,061	5,417
Fire					
Number of Calls answered	5,179	4,358	5,073	4,974	5,253
Public Works					
Street resurfacing (miles)	20	22	15	13	10
Potholes repaired (1,000 sq feet)	30	6	11	8	16
Water					
New connections	13	0	3	3	2
Water mains breaks	n/a	10	1	3	5
Average daily consumption (100 cubic feet)	2,474	3,084	3,076	2,699	2,885

City of Perris
Capital Asset Statistics by Function
Last Ten Fiscal Years
Page 1

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety					
Police:					
Stations	1	1	1	1	1
Patrol units	26	30	34	36	38
Fire Stations	1	1	1	2	2
Highways and streets					
Streets (miles)	130	140	170	180	185
Streetlights	n/a	1,672	2,123	2,395	2,543
Traffic signals	24	27	30	47	48
Parks and recreation					
Parks acreage	67	75	75	75	127
Parks	8	12	12	12	17
Tennis courts	4	4	4	4	4
Community centers	3	3	3	3	3
Water					
Water mains (miles)	37	37	37	37	39
Sewer					
Sanitary sewers (miles)	23	25	25	25	27
Storm sewers (1,000 linear feet)	n/a	n/a	117	117	147

Source: City of Perris, Riverside County Sheriffs Department, California Department of Forestry

City of Perris
Capital Asset Statistics by Function
Last Ten Fiscal Years
Page 2

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Public safety					
Police:					
Stations	1	1	1	1	1
Patrol units	40	40	38	38	34
Fire Stations	2	2	2	2	2
Highways and streets					
Streets (miles)	190	190	190	192	193
Streetlights	2,878	4,301	4,381	4,405	4,496
Traffic signals	58	63	63	73	84
Culture and recreation					
Parks acreage	135	144	144	144	144
Parks	18	19	19	19	19
Tennis courts	4	4	2	2	2
Community centers	2	2	2	2	2
Water					
Water mains (miles)	39	39	39	39	39
Sewer					
Sanitary sewers (miles)	27	27	27	27	27
Storm sewers (1,000 linear feet)	147	147	147	147	148

