

City of Perris, California

Comprehensive Annual

Financial Report

For the fiscal year ended
June 30, 2010



CITY OF PERRIS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010

PREPARED BY THE FINANCE DEPARTMENT



Introductory Section

City of Perris

Perris, a great place to live, work and play.



Historic Preservation



Outdoor Recreation



Quality of Life



Cultural Diversity

Our Vision

The City of Perris, by 2015, will be Southern California's premier destination for recreation and recognized for historic preservation and cultural diversity.

Our Mission

The City of Perris provides superior public services that enhance the quality of life for our community.

Our Core Values

The City of Perris values...

Honesty and Integrity

Transparency

Being Fiscally Sound

Innovation and Creativity

Teamwork

Professionalism

Quality Customer Service

City of Perris, California
Comprehensive Annual Financial Report
Year Ended June 30, 2010

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City of Perris

California

December 14, 2010

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, 2010.

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, 2010. 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 nearly 30 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 60,000 residents. Perris strives to maintain a family-friendly environment as evidenced by the fact that an estimated 82% of Perris' residents are under the age of 45 and the City's median age is 25.4 years.

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 71 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 Redevelopment Agency and Public Financing 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 1.1% in September 2010 over August 2010 and 3.2% 3rd over 2nd quarter 2010 are positive economic indicators. 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. 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 and Lowe's. Wal-Mart is soon to clear plan check along with six retail pads in front of their store. Lowes has decided to wait until the economy improves further before commencing construction. The Venue at Perris, renamed The Perris Valley Town Center, a Lewis Retail Centers project totaling 676,000 square feet, will be anchored by Target and is scheduled to break ground one year before completion of the new Fourth Street freeway interchange.

The City's Redevelopment Agency continues to revitalize the City's downtown area and make infrastructure improvements in the northern part of the City to facilitate industrial development. The Redevelopment 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.

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 a healthy financial position. The City's General Fund has designated over \$9.6 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 year 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 45% of annual general fund revenues is kept as general fund reserves. Once each year, any funds in excess of the 45% requirement are reprogrammed to capital projects. At the end of the fiscal year, the general fund has designated \$3 million for capital projects and street improvements.

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 2009-10, 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 is self-insured for workers' compensation and general and automobile liability. For liability claims between \$125,000 and \$50,000,000 the City is covered by the Public Entity Risk Management Authority (PERMA). 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 38 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 \$63 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 \$15 million for Police and Fire services.

Economic Development. The City will continue to promote responsible growth with an emphasis on attracting businesses that create family-wage jobs through its Redevelopment Agency capital and housing programs.

Community Service. The City formed a non-profit agency for the purpose of providing services to the citizens of Perris in the areas of housing, the arts, culture, education, recreation, nutrition, wellness, and gang and drug prevention.

Parks. The development and improvement of parks and open space continued to be a priority during fiscal year 2009-2010 for the Perris Community Services Department. In 2010 the Patriot Park and Frank Eaton Park improvement projects were completed. The improvements included new landscaping, terraced bleachers, and new picnic shelters. The opening of the second phase of the skate park at Paragon Park was completed in June 2010 which marked the completion of the action

sports genre to the City's park inventory. The City of Perris' park inventory included a total of 144.5 acres in 2010. Construction is slated to begin on two new major projects in Fiscal Year 2010-2011. The Bob Long Memorial Park renovation will begin in December 2010 and the Senior Center renovation project will begin in January 2011.

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 fifth 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, 2009. 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 staff of the Finance Department. Only through the efforts of these individuals 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 for their interest and support in planning and conducting the financial activities of the City in a responsible and progressive manner.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Fructuoso".

James Fructuoso
Assistant Finance Director

City of Perris

Elected Officials

Daryl Busch	Mayor
Rita Rogers	Mayor Pro Tem
Al Landers	Council Member
Mark Yarbrough	Council Member
Joanne Evans	Council Member
Judy Haughney	City Clerk

Management

Richard Belmudez	City Manager
Ron Carr	Assistant City Manager
Darren Madkin	Deputy City Manager - Community Services
Rene Avila	Assistant Director of Development Services
Sabrina Chavez	Housing Manager
James Fructuoso	Assistant Finance Director
Isabel Lugo	Human Resources & Risk Manager
Michael McDermott	Redevelopment and Economic Development Manager
Clara Miramontes	Planning Manager

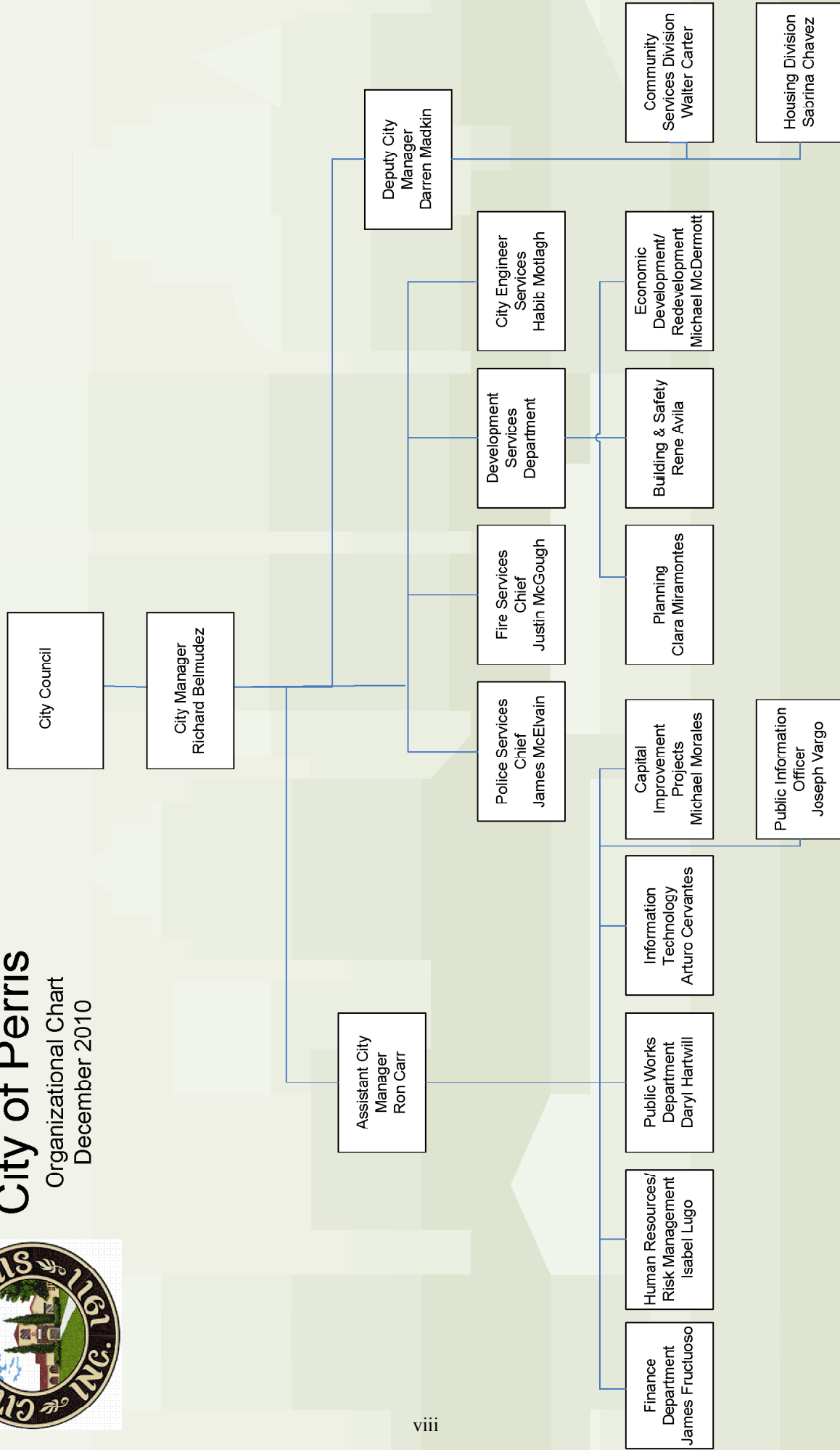
Contractors

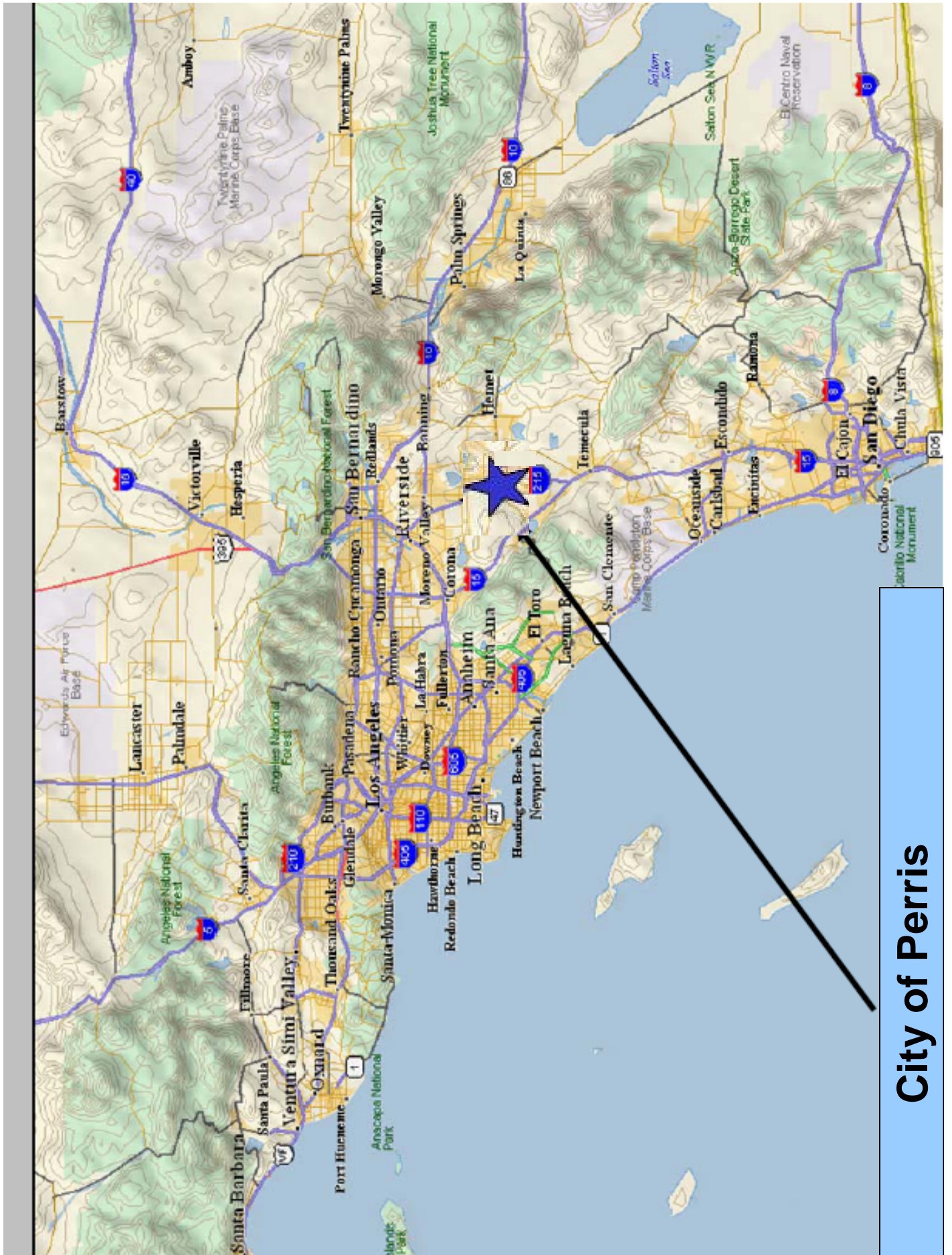
Eric Dunn	City Attorney
Habib Motlagh	City Engineer
James McElvain	Police Captain
Justin McGough	Battalion Chief



City of Perris

Organizational Chart
December 2010





City of Perris

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, 2009

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.



President

Executive Director



Financial Section

City of Perris

Perris, a great place to live, work and play.



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, as of and for the year ended June 30, 2010, 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 basic 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, 2010, and the respective changes in financial position and cash flows, where applicable, 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 a report dated December 8, 2010 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.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perris's basic financial statements. The introductory section, supplementary schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Teaman Ramirez & Smith, Inc.

December 8, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with City's financial statements beginning on page 12. All amounts are expressed in thousands of dollars.

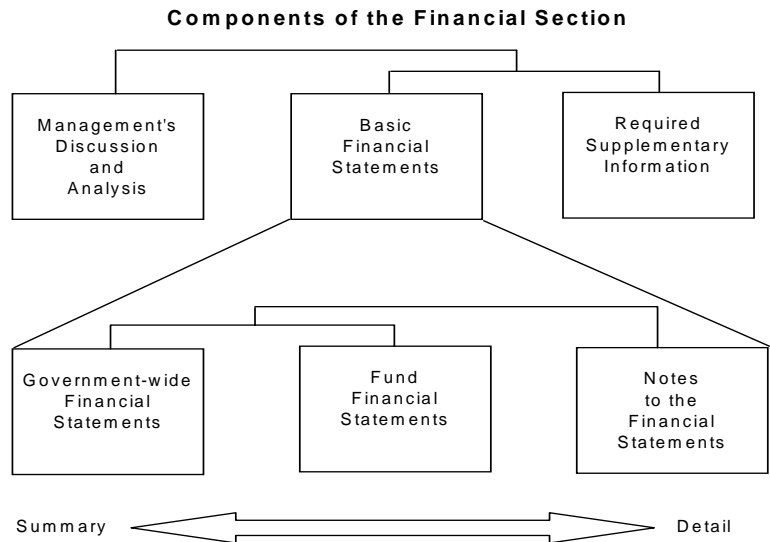
Financial Highlights

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 \$210,728 (net assets). Of this amount, \$48,407 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$7,482 for fiscal year 2009-2010.
- As of June 30, 2010, the City's governmental funds reported combined fund balances of \$196,114, a decrease of \$1,127 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$17,478 or 71.4% of total general fund expenditures.
- The City of Perris' total long-term debt increased by \$9,965 for fiscal year 2009-2010.

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 Redevelopment Agency, the Perris Public Utility Authority, and the Perris Public Financing Authority. 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 12 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 forty-two 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, Special Revenue Fund, Debt Service Fund and the Capital Projects Fund, each of which are considered to be major funds. Data from the other thirty-five 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 15 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 waters 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 21 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's 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 24 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 25 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 62 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 67 of this report.

Government-wide Financial Analysis

Net assets serve as a useful indicator of a government's financial position. At June 30, 2010, the net assets for the City of Perris were \$210,728. A summary of the government-wide statement of net assets at June 30, 2010 follows:

CITY OF PERRIS
Management's Discussion and Analysis

City of Perris Net Assets
June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 230,509	\$ 237,190	\$ 560	\$ 85	\$ 231,069	\$ 237,275
Capital assets	146,883	142,300	20,217	20,780	167,100	163,080
Total assets	<u>377,392</u>	<u>379,490</u>	<u>20,777</u>	<u>20,865</u>	<u>398,169</u>	<u>400,355</u>
Liabilities:						
Current and other liabilities	30,049	35,090	1,419	1,049	31,468	36,139
Long-term liabilities	145,393	135,381	10,580	10,626	155,973	146,007
Total liabilities	<u>175,442</u>	<u>170,471</u>	<u>11,999</u>	<u>11,675</u>	<u>187,441</u>	<u>182,146</u>
Net assets:						
Invested in capital assets, net of related debt	146,883	142,300	9,686	8,374	156,569	150,674
Restricted	5,752	7,526	-	-	5,752	7,526
Unrestricted	49,315	59,193	(908)	816	48,407	60,009
Total net assets	<u>\$ 201,950</u>	<u>\$ 209,019</u>	<u>\$ 8,778</u>	<u>\$ 9,190</u>	<u>\$ 210,728</u>	<u>\$ 218,209</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 \$210,728 at June 30, 2010.

The largest portion of the City's net assets (\$156,569) 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 (\$5,752) 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. The business-type activities had a negative balance in unrestricted and a positive balance in investment in capital assets, net of related debt.

Governmental and Business-type Activities. Governmental and Business-type activities decreased the City's net assets by \$7,482 thereby accounting for the 3.5% decrease in the net assets of the City. Key elements of this increase are as follows:

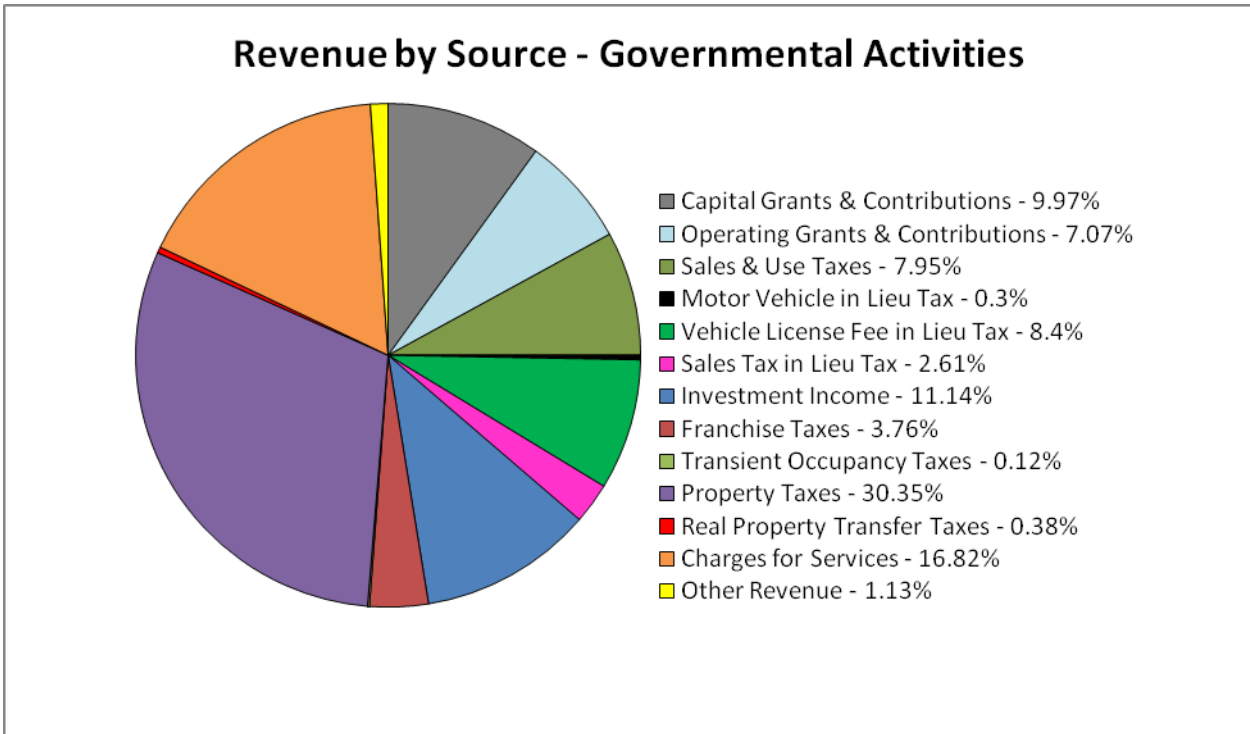
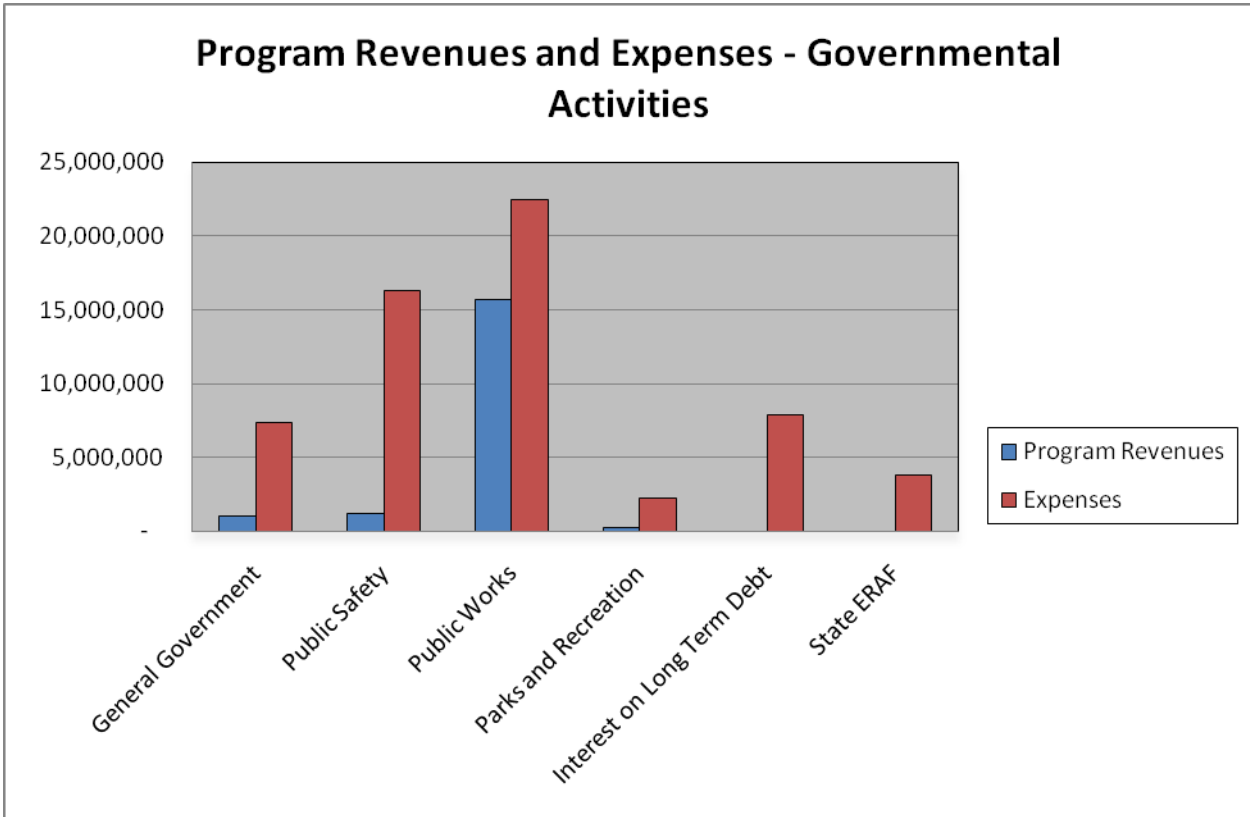
- Governmental activities decreased the City's net assets by \$7,069 primarily from the State SERAF Tax Shift of \$3,771 and an increase of \$942 in interest expense for long term debt. Revenues included the collection of taxes of \$34,880, investment income of \$5,976 and contributions from property owners of \$3,660. This revenue is offset by expenditures including, \$22,461 for public works, \$16,269 for public safety and \$7,383 for general government operations.
- Business-type activities decrease the City of Perris net assets by \$412.

CITY OF PERRIS
Management's Discussion and Analysis

City of Perris, Change in Net Assets
June 30, 2010

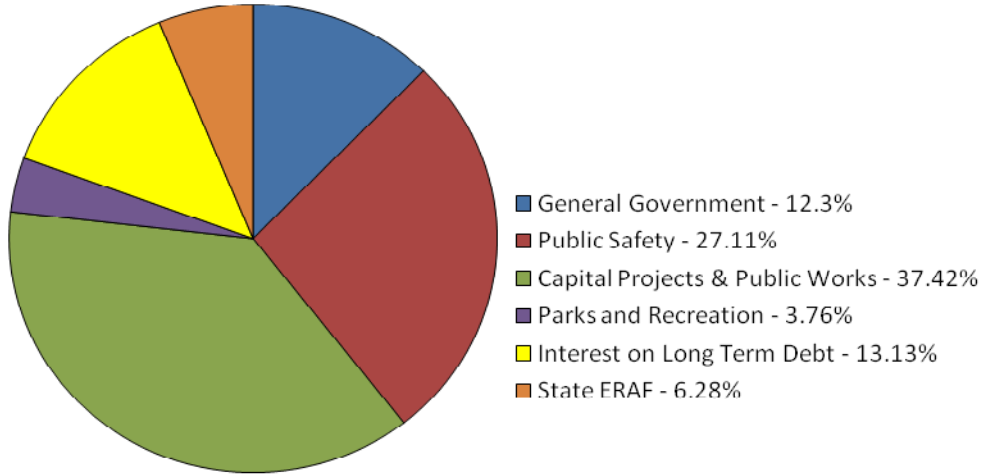
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 9,024	\$ 8,902	\$ 5,176	\$ 4,562	\$ 14,200	\$ 13,464
Operating grants and Contributions	3,791	3,804	-	-	3,791	3,804
Capital grants and Contributions	5,349	3,457	-	5	5,349	3,462
General revenues:						
Property taxes	16,285	19,532	-	-	16,285	19,532
Sales and Use taxes	4,264	4,933	-	-	4,264	4,933
Sales Tax in Lieu Tax	1,402	1,421	-	-	1,402	1,421
Motor Vehicle	160	183	-	-	160	183
Vehicle License in Lieu Tax	4,508	5,587	-	-	4,508	5,587
Franchise taxes	2,015	2,128	-	-	2,015	2,128
Transient occupancy taxes	64	74	-	-	64	74
Real property taxes	206	278	-	-	206	278
Fines, forfeitures and penalties	-	-	-	-	-	-
Investment income	5,976	6,742	42	63	6,018	6,805
Miscellaneous	608	290	-	-	608	290
Total revenues	53,652	57,331	5,218	4,630	58,870	61,961
Expenses:						
General government	7,383	7,557	-	-	7,383	7,557
Public safety	16,269	16,292	-	-	16,269	16,292
Public works	22,461	32,996	-	-	22,461	32,996
Parks and recreation	2,257	2,607	-	-	2,257	2,607
Interest on long term debt	7,879	6,937	-	-	7,879	6,937
State ERAF	3,771	-	-	-	3,771	-
Water utility	-	-	2,745	2,314	2,745	2,314
Sewer utility	-	-	1,483	1,540	1,483	1,540
Public Utility	-	-	977	611	977	611
Solid waste utility	-	-	565	550	565	550
Total Expenses	60,020	66,389	5,770	5,015	65,790	71,404
Increase (decrease) in net assets before transfers	(6,368)	(9,058)	(552)	(385)	(6,920)	(9,443)
Transfers	(140)	(89)	140	89	-	-
Change in net assets	(6,508)	(9,147)	(412)	(296)	(6,920)	(9,443)
Net assets, July 1, 2009, as restated	208,458	218,166	9,190	9,486	217,648	227,652
Net assets, June 30, 2010	\$ 201,950	\$ 209,019	\$ 8,778	\$ 9,190	\$ 210,728	\$ 218,209

CITY OF PERRIS
Management's Discussion and Analysis

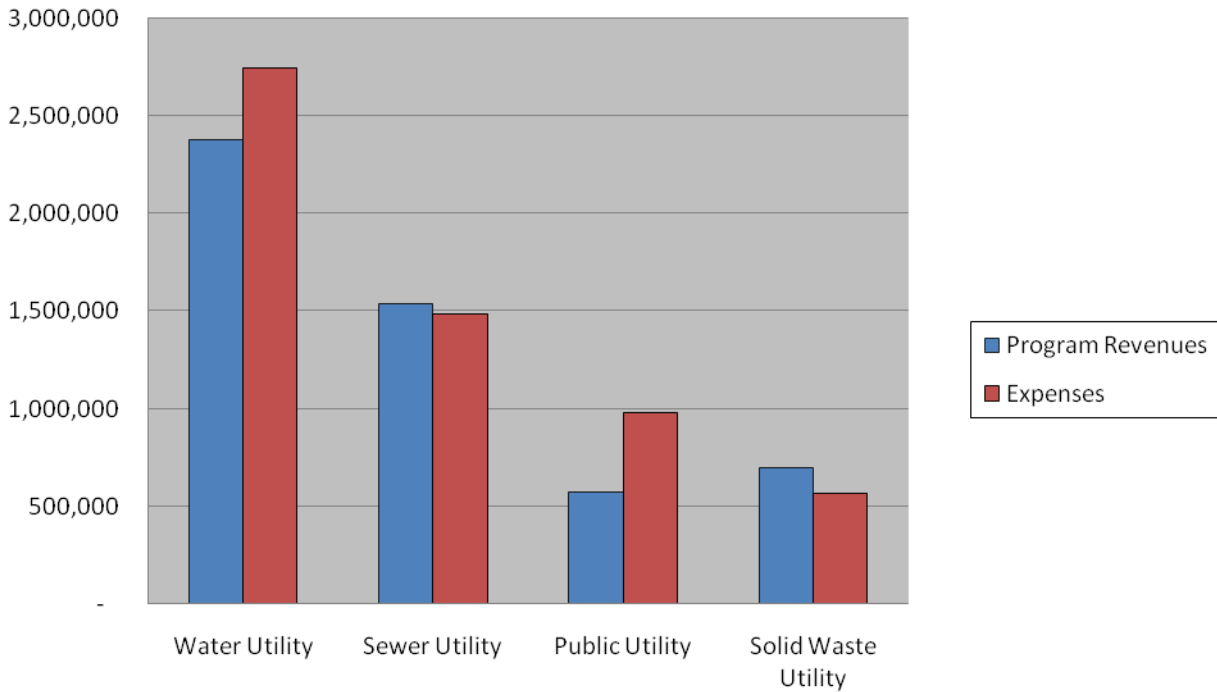


CITY OF PERRIS
Management's Discussion and Analysis

Expenditures by Source - Governmental Activities



Program Revenues and Expenses - 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 \$196,114. The City's governmental funds report a surplus of \$38,617 *unreserved fund balance*. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for long term investments in bonds (\$58,258), 2) for notes and loans (\$4,309), 3) for advances (\$76,930), 4) prepaid items and deposits (\$536) and 5) for property held for resale (\$4,257).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$17,478, while the total fund balance reached \$23,493. As a measure of General Fund liquidity, it may be useful to compare the unreserved fund balance to total fund revenues. General fund balance represents 109% of total general fund revenues of \$21,598.

The fund balance of the City's General Fund decreased by \$777 during the current fiscal year. The decrease in the fiscal year can be attributed primarily due to the economic slowdown. Revenue from taxes decreased \$2,613. The unstable financial market also impacted revenues decreasing interest earnings by \$293 from the prior year.

The Redevelopment Agency Special Revenue Fund decreased its fund balance by \$1,774 and the Redevelopment Capital Project Fund had a decrease of \$2,179. Improvements and rehabilitation costs of \$3,426 for low and moderate income housing was the primary reason for the decrease in the fund balance for Redevelopment Agency Special Revenue Fund. The Redevelopment Agency Capital Project fund had expenditures on improvements and rehabilitation costs of \$3,278 which was funded by loans from the Public Financing Authority in the current year and in the prior year.

The Public Financing Authority had an increase in fund balance of \$9,210. The increase was related to the issuance of the 2009 Series C and 2010 Series A Tax Allocation Bonds of \$12,670 and investment income of \$4,268.

The Development Fees Special Revenue Fund had a decrease of \$2,088 which is mostly related to the decrease in collection of development fees of \$1,379 along with a reduction in investment earnings of \$334. Most of the development fees received during the year was used for various projects such as streets and public improvements.

General Fund Budget. During the year, there was a \$1,383 increase in the original and final expenditure budget. During the year, additional appropriations were authorized for the State property tax reduction (\$992) and medical expenses (\$250). The four most significant variances between the actual and final budget amounts in General Fund revenues were for contributions from property owners (\$1,679) license and permits (\$325), fines and forfeitures (\$304), and investment income (\$434). Investment income actual amounts was less than the final budgeted amounts as a result of less returns due to the current state of the economy. Several developments that were expected the last few years went through the permitting process during the current year resulting in an increase in licenses and permit revenues (\$325). The fourth most significant variance is contributions from property owners. Contributions from property owners vary year to year and are not normally budgeted. These revenues sources are mostly from community facilities and assessment districts to fund public improvements.

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 \$40,768.

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 (\$908) which represents a decrease of \$1,724 from the prior fiscal year.

CITY OF PERRIS
Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities amounts to \$167,100 (net of accumulated depreciation of \$150,148) as of June 30, 2010. 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 \$9,593 before depreciation.

Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 40,733	\$ 39,278	\$ 301	\$ 301	\$ 41,034	\$ 39,579
Buildings	20,101	19,259			20,101	19,259
Building Improvements	5,618	5,391	-	-	5,618	5,391
Improvements other than Buildings	-	-	315	315	315	315
Machinery	1,367	1,367			1,367	1,367
Vehicles	2,690	1,719	290	290	2,980	2,009
Infrastructure	209,971	202,830	-	-	209,971	202,830
Major equipment	-	-	462	462	462	462
Boosters	-	-	36	36	36	36
Reservoirs	-	-	2,068	2,068	2,068	2,068
Mains	-	-	15,779	15,757	15,779	15,757
Services	-	-	2,403	2,403	2,403	2,403
Meters	-	-	1,406	1,406	1,406	1,406
Hydrants	-	-	1,272	1,263	1,272	1,263
Manholes	-	-	827	768	827	768
Wells	-	-	996	972	996	972
Construction in progress	10,613	11,770	-	-	10,613	11,770
Total	291,093	281,614	26,155	26,041	317,248	307,655
Less: Accumulated Depreciation	144,210	139,314	5,938	5,261	150,148	144,575
Total net capital assets	\$ 146,883	\$ 142,300	\$ 20,217	\$ 20,780	\$ 167,100	\$ 163,080

Additional information on the City's capital assets can be found in note 4 to the basic financial statements on page 40 of this report.

CITY OF PERRIS
Management's Discussion and Analysis

Major capital asset events during the current fiscal year included the following:

Governmental activities:

- Construction in progress additions, net of deletions was a <\$1,156> for various construction and street improvements projects that were capitalized throughout the fiscal year. (Orange/Perris Storm Drain \$2,050, Line Q – Storm Drain \$876, Perris Bank Building \$746, Paragon Skate Park \$178 and Parking Lot Canopies \$163).
- Construction and facility improvement projects in progress as of the end of the fiscal year were \$10,614. Construction in progress is primarily from the Ramona Expressway Widening \$1,194, D Street Renovation \$566, Ramona Expressway Medians \$405, Downtown Improvements \$345, San Jacinto Waterline \$301, Harley Knox Boulevard Phase II \$245 and Patriot Park Improvements \$175.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$140,750 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 increased by \$9,570 during the fiscal year. The key factors for this increase were the issuance of \$5,490 2009 Series C and \$7,180 2010 Series A Revenue Bonds to finance redevelopment activities.

Additional information on the City's outstanding debt can be found in note 5 to the basic financial statements on page 42 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 \$608 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 Assistant Finance Director, 101 North "D" Street, Perris, CA.

BASIC FINANCIAL STATEMENTS

City of Perris, California
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 134,773,721	\$ 2,578,990	\$ 137,352,711
Restricted Cash and Investments	72,113,026		72,113,026
Receivables:			
Accounts	636,166	1,629,983	2,266,149
Interest	167,231	3,309	170,540
Taxes	1,363,542		1,363,542
Loans	4,308,837		4,308,837
Other	128,384		128,384
Internal Balances	3,652,629	(3,652,629)	0
Prepays	63,839		63,839
Due from Other Governments	498,250		498,250
Deposits	472,537	300	472,837
Land Held for Resale	3,457,034		3,457,034
Unamortized Bond Issuance Costs	8,873,942		8,873,942
Land and Construction in Progress, Not Being Depreciated	51,346,263	300,564	51,646,827
Capital Assets, Net of Depreciation	<u>95,536,857</u>	<u>19,916,098</u>	<u>115,452,955</u>
 Total Assets	 <u>377,392,258</u>	 <u>20,776,615</u>	 <u>398,168,873</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,801,045	1,282,427	6,083,472
Deposits and Other Liabilities	12,106,322	136,549	12,242,871
Due to Other Government Agencies	2,302,835		2,302,835
Unearned Revenue	6,536,153		6,536,153
Due to Developers	78,244		78,244
Net OPEB Obligation	1,885,716		1,885,716
Interest Payable on Long-term Liabilities	2,338,934		2,338,934
Long-term Liabilities:			
Due Within One Year	2,474,004	46,333	2,520,337
Due in More Than One Year	<u>142,919,239</u>	<u>10,533,265</u>	<u>153,452,504</u>
 Total Liabilities	 <u>175,442,492</u>	 <u>11,998,574</u>	 <u>187,441,066</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	146,883,120	9,686,010	156,569,130
Restricted for Low and Moderate Housing	5,751,922		5,751,922
Unrestricted	<u>49,314,724</u>	<u>(907,969)</u>	<u>48,406,755</u>
 Total Net Assets	 <u>\$ 201,949,766</u>	 <u>\$ 8,778,041</u>	 <u>\$ 210,727,807</u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Activities
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 7,382,660	\$ 1,053,892	\$	\$
Public Safety	16,268,734	856,187	312,276	43,317
Public Works	22,461,435	6,902,143	3,462,173	5,306,072
Parks and Recreation	2,256,575	211,227	16,963	
Interest on Long-term Debt	7,879,025			
State ERAF	3,771,261			
Total Governmental Activities	60,019,690	9,023,449	3,791,412	5,349,389
Business-type Activities:				
Water Utility	2,745,091	2,373,730		
Sewer Utility	1,482,842	1,538,014		
Public Utility	977,281	569,044		
Solid Waste Utility	565,483	695,579		
Total Business-type Activities	5,770,697	5,176,367	0	0
Total Primary Government	\$ 65,790,387	\$ 14,199,816	\$ 3,791,412	\$ 5,349,389

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
- Miscellaneous
- Transfers

Total General Revenues 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 Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (6,328,768)	\$	\$ (6,328,768)
(15,056,954)		(15,056,954)
(6,791,047)		(6,791,047)
(2,028,385)		(2,028,385)
(7,879,025)		(7,879,025)
(3,771,261)		(3,771,261)
<u>(41,855,440)</u>	<u>0</u>	<u>(41,855,440)</u>
	(371,361)	(371,361)
	55,172	55,172
	(408,237)	(408,237)
	<u>130,096</u>	<u>130,096</u>
<u>0</u>	<u>(594,330)</u>	<u>(594,330)</u>
<u>(41,855,440)</u>	<u>(594,330)</u>	<u>(42,449,770)</u>
16,285,082		16,285,082
4,264,333		4,264,333
159,929		159,929
4,508,290		4,508,290
1,401,885		1,401,885
2,014,818		2,014,818
64,202		64,202
205,769		205,769
5,975,591	42,476	6,018,067
607,546		607,546
(140,000)	<u>140,000</u>	<u>0</u>
<u>35,347,445</u>	<u>182,476</u>	<u>35,529,921</u>
<u>(6,507,995)</u>	<u>(411,854)</u>	<u>(6,919,849)</u>
209,019,413	9,189,895	218,209,308
<u>(561,652)</u>		<u>(561,652)</u>
<u>208,457,761</u>	<u>9,189,895</u>	<u>217,647,656</u>
<u>\$ 201,949,766</u>	<u>\$ 8,778,041</u>	<u>\$ 210,727,807</u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Balance Sheet
Governmental Funds
June 30, 2010

	Special Revenue		
	General Fund	Development Fees	Redevelopment Agency
ASSETS			
Cash and Investments	\$ 24,031,816	\$ 24,842,885	\$ 13,536,537
Cash and Investments with Fiscal Agent			33,574
Receivables:			
Accounts	236,500		7,500
Interest	27,762	31,644	19,310
Taxes	728,634		18,198
Loans			3,818,627
Other	128,384		
Prepays	63,839		
Due from Other Funds	926,009	148,417	247,372
Due from Other Governments	58,355		218
Advances to Other Funds	5,477,846		713,635
Deposits with Other Agencies	472,537		
Land Held for Resale			1,301,047
	<u>\$ 32,151,682</u>	<u>\$ 25,022,946</u>	<u>\$ 19,696,018</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 2,460,601	\$ 692,566	\$ 120,399
Deposits and Other Liabilities	3,372,128		
Due to Other Governments			
Due to Other Funds	568,251		26,549
Advances from Other Funds		781,370	13,650,241
Deferred Revenue	2,258,000		146,907
Due to Developers			
	<u>8,658,980</u>	<u>1,473,936</u>	<u>13,944,096</u>
Fund Balances:			
Reserved	6,014,222		5,598,309
Unreserved, Reported In:			
General Fund, Designated for Specific Projects and Programs	8,200,000		
Capital Project Funds, Designated for Specific Projects			
General Fund, Undesignated	9,278,480		
Special Revenue Funds, Undesignated		23,549,010	153,613
Debt Service, Undesignated			
Capital Project Funds, Undesignated			
	<u>23,492,702</u>	<u>23,549,010</u>	<u>5,751,922</u>
Total Fund Balances	<u>23,492,702</u>	<u>23,549,010</u>	<u>5,751,922</u>
Total Liabilities and Fund Balances	<u>\$ 32,151,682</u>	<u>\$ 25,022,946</u>	<u>\$ 19,696,018</u>

The accompanying notes are an integral part of this statement.

Debt Service		Capital Project		Other	Total
Public Financing Authority	Redevelopment Agency	Storm Drain Development	Redevelopment Agency	Governmental Funds	Governmental Funds
\$ 71,465,818	\$ 19,152,942	\$ 8,759,245	\$ 25,988,353	\$ 18,461,943 613,634	\$ 134,773,721 72,113,026
				392,166	636,166
108	22,649	11,096	30,879	23,783	167,231
	112,690		490,210	504,020	1,363,542
					4,308,837
					128,384
					63,839
	109,255	27,296	107,197	406,003	1,971,549
	785			438,892	498,250
67,959,384			2,779,151		76,930,016
			2,155,987		472,537
					3,457,034
<u>\$ 139,425,310</u>	<u>\$ 19,398,321</u>	<u>\$ 8,797,637</u>	<u>\$ 31,551,777</u>	<u>\$ 20,840,441</u>	<u>\$ 296,884,132</u>
\$ 1,750	\$	\$ 334,853	\$ 236,241	\$ 954,635	\$ 4,801,045
		8,462,784		271,410	12,106,322
	2,299,344			3,491	2,302,835
	180,801		3,970	1,340,115	2,119,686
	24,368,952		34,194,805	133,882	73,129,250
			8,401	3,819,224	6,232,532
	78,244				78,244
<u>1,750</u>	<u>26,927,341</u>	<u>8,797,637</u>	<u>34,443,417</u>	<u>6,522,757</u>	<u>100,769,914</u>
139,423,560			6,460,399		157,496,490
					8,200,000
				2,852,481	2,852,481
					9,278,480
				11,467,321	35,169,944
	(7,529,020)				(7,529,020)
			(9,352,039)	(2,118)	(9,354,157)
<u>139,423,560</u>	<u>(7,529,020)</u>	<u>0</u>	<u>(2,891,640)</u>	<u>14,317,684</u>	<u>196,114,218</u>
<u>\$ 139,425,310</u>	<u>\$ 19,398,321</u>	<u>\$ 8,797,637</u>	<u>\$ 31,551,777</u>	<u>\$ 20,840,441</u>	<u>\$ 296,884,132</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, 2010

Fund Balances of Governmental Funds	\$ 196,114,218
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Assets that are not due and payable in the current period are not reported in the funds.	
Unamortized Bond Issuance Costs.	8,873,942
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	146,883,120
Liabilities that are not due and payable in the current period and are not reported in the funds.	
Net OPEB Obligation	(1,885,716)
Interest Payable on Long-term Liabilities	(2,338,934)
Long-term Liabilities	(145,393,243)
Premiums on Long-term Liabilities	<u>(303,621)</u>
Net Assets of Governmental Activities	<u>\$ 201,949,766</u>

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, 2010

	Special Revenue		
	General Fund	Development Fees	Redevelopment Agency
REVENUES			
Taxes	\$ 17,424,873	\$	\$ 2,350,807
Licenses, Permits and Fees	1,004,896		
Intergovernmental Revenue	153,941		
Charges for Services	349,864		
Fines, Forfeitures and Penalties	455,885		
Developer Fees		924,663	
Investment Income	146,265	423,524	138,884
Special Assessments			
Contributions from Property Owners	1,679,199		
Miscellaneous	383,399		97,040
	21,598,322	1,348,187	2,586,731
Total Revenues			
EXPENDITURES			
Current:			
General Government	5,493,776		
Public Safety	15,775,893		
Public Works	1,296,987	89,264	1,768,504
Parks and Recreation	1,827,673		
State ERAF			
Capital Outlay	67,410	3,426,256	
Debt Service:			
Pass-through Agreements			
Issuance Costs			43,175
Principal Retirement			
Interest and Fiscal Charges			
	24,461,739	3,515,520	1,811,679
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditure	(2,863,417)	(2,167,333)	775,052
OTHER FINANCING SOURCES (USES)			
Transfers In	1,349,040	79,152	163,536
Transfers Out	(280,987)		(2,282,472)
Issuance of Long-term Debt			
Sale of Property	1,483		(430,306)
	1,069,536	79,152	(2,549,242)
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(1,793,881)	(2,088,181)	(1,774,190)
Fund Balances, Beginning - As Previously Reported	24,270,055	25,637,191	7,526,112
Prior Period Adjustments	1,016,528		
Fund Balances, Beginning - As Restated	25,286,583	25,637,191	7,526,112
Fund Balances, Ending	\$ 23,492,702	\$ 23,549,010	\$ 5,751,922

The accompanying notes are an integral part of this statement.

Debt Service		Capital Project		Other	Total
Public Financing Authority	Redevelopment Agency	Storm Drain Development	Redevelopment Agency	Governmental Funds	Governmental Funds
\$	\$ 9,128,627	\$	\$	\$	\$ 28,904,307
					1,004,896
				4,984,537	5,138,478
					349,864
				282,637	738,522
		1,627,846			2,552,509
4,267,777	170,120		244,521	325,496	5,716,587
				4,251,471	4,251,471
				1,980,275	3,659,474
99,861			6,008	686,600	1,272,908
<u>4,367,638</u>	<u>9,298,747</u>	<u>1,627,846</u>	<u>250,529</u>	<u>12,511,016</u>	<u>53,589,016</u>
32,500	109,347				5,635,623
				315,940	16,091,833
45,892		4,128	1,425,041	3,105,587	7,735,403
	3,771,261				1,827,673
		1,623,718	1,804,381	10,031,665	3,771,261
					16,953,430
	3,160,530				3,160,530
838,493			48,595		930,263
3,100,000					3,100,000
7,759,937					7,759,937
<u>11,776,822</u>	<u>7,041,138</u>	<u>1,627,846</u>	<u>3,278,017</u>	<u>13,453,192</u>	<u>66,965,953</u>
<u>(7,409,184)</u>	<u>2,257,609</u>	<u>0</u>	<u>(3,027,488)</u>	<u>(942,176)</u>	<u>(13,376,937)</u>
3,949,031	2,272,865		894,357	136,786	8,844,767
(233)	(5,115,161)		(96,222)	(1,209,692)	(8,984,767)
12,670,000	344,297				13,014,297
			49,951		(378,872)
<u>16,618,798</u>	<u>(2,497,999)</u>	<u>0</u>	<u>848,086</u>	<u>(1,072,906)</u>	<u>12,495,425</u>
9,209,614	(240,390)	0	(2,179,402)	(2,015,082)	(881,512)
130,213,946	(7,288,630)	0	(712,238)	17,594,798	197,241,234
				(1,262,032)	(245,504)
<u>130,213,946</u>	<u>(7,288,630)</u>	<u>0</u>	<u>(712,238)</u>	<u>16,332,766</u>	<u>196,995,730</u>
<u>\$ 139,423,560</u>	<u>\$ (7,529,020)</u>	<u>\$ 0</u>	<u>\$ (2,891,640)</u>	<u>\$ 14,317,684</u>	<u>\$ 196,114,218</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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (881,512)

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	9,795,091
Depreciation	(4,896,322)

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	3,241,862
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Governmental funds report proceeds of long-term debt as revenue, but proceeds are included as an increase in long-term liabilities in the Statement of Net Assets.

Issuance of Long-term Debt	(13,014,297)
----------------------------	--------------

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.

Unamortized Bond Issuance Costs	930,263
Amortization of Bond Issuance Costs	(386,857)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

Net OPEB Obligation	(948,903)
Compensated Absences	(239,477)
Interest and Fiscal Charges	(119,088)

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

11,245

Change in Net Assets of Governmental Activities \$ (6,507,995)

City of Perris, California
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities			Totals
	Enterprise Funds			
	Sewer Utility	Public Utility Authority	Other Enterprise Funds	
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,257,611	\$ 57,449	\$ 1,263,930	\$ 2,578,990
Receivables:				
Accounts	291,253	200,632	1,138,098	1,629,983
Interest	1,637	62	1,610	3,309
Deposits	300			300
Due from Other Funds	4,026	151	143,960	148,137
Total Current Assets	1,554,827	258,294	2,547,598	4,360,719
Noncurrent Assets:				
Land, Not Being Depreciated		300,564		300,564
Capital Assets, Net of Depreciation	5,449,679	10,603,035	3,863,384	19,916,098
Total Noncurrent Assets	5,449,679	10,903,599	3,863,384	20,216,662
Total Assets	7,004,506	11,161,893	6,410,982	24,577,381
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	85,801	276,946	919,680	1,282,427
Advances from Other Funds		2,200,764	1,600,002	3,800,766
Deposits		56,625	79,924	136,549
Notes Payable - Current Portion	36,544			36,544
Compensated Absences - Current Portion	4,875		4,914	9,789
Total Current Liabilities	127,220	2,534,335	2,604,520	5,266,075
Noncurrent Liabilities:				
Notes Payable	1,134,108	9,360,000		10,494,108
Compensated Absences Payable	19,502		19,655	39,157
Total Noncurrent Liabilities	1,153,610	9,360,000	19,655	10,533,265
Total Liabilities	1,280,830	11,894,335	2,624,175	15,799,340
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,279,027	1,543,599	3,863,384	9,686,010
Unrestricted	1,444,649	(2,276,041)	(76,577)	(907,969)
Total Net Assets	\$ 5,723,676	\$ (732,442)	\$ 3,786,807	\$ 8,778,041

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, 2010

	Business-type Activities			Totals
	Enterprise Funds			
	Sewer Utility	Public Utility Authority	Other Enterprise Funds	
OPERATING REVENUES				
Charges for Services	\$ 1,463,691	\$ 568,804	\$ 3,015,819	\$ 5,048,314
Miscellaneous	74,323	240	53,490	128,053
Total Operating Revenues	<u>1,538,014</u>	<u>569,044</u>	<u>3,069,309</u>	<u>5,176,367</u>
OPERATING EXPENSES				
Maintenance and Operations	214,540	174,828	337,991	727,359
Contractual Services	1,019,974	145,391	2,611,351	3,776,716
Materials and Supplies	6,970		11,313	18,283
Repairs and Maintenance	3,759	21,916	80,159	105,834
Administrative and General	14,542	314,589	95,176	424,307
Depreciation	181,812	320,557	174,584	676,953
Total Operating Expenses	<u>1,441,597</u>	<u>977,281</u>	<u>3,310,574</u>	<u>5,729,452</u>
	<u>96,417</u>	<u>(408,237)</u>	<u>(241,265)</u>	<u>(553,085)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	20,705	712	21,059	42,476
Interest Expense	(41,245)			(41,245)
Total Nonoperating Revenues (Expenses)	<u>(20,540)</u>	<u>712</u>	<u>21,059</u>	<u>1,231</u>
Change in Net Assets	<u>75,877</u>	<u>(407,525)</u>	<u>(220,206)</u>	<u>(551,854)</u>
Transfers In			<u>140,000</u>	<u>140,000</u>
Change in Net Assets	<u>75,877</u>	<u>(407,525)</u>	<u>(80,206)</u>	<u>(411,854)</u>
Total Net Assets, Beginning	<u>5,647,799</u>	<u>(324,917)</u>	<u>3,867,013</u>	<u>9,189,895</u>
Total Net Assets, Ending	<u><u>\$ 5,723,676</u></u>	<u><u>\$ (732,442)</u></u>	<u><u>\$ 3,786,807</u></u>	<u><u>\$ 8,778,041</u></u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities			Totals
	Enterprise Funds			
	Sewer Utility	Public Utility Authority	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,533,425	\$ 582,806	\$ 2,945,762	\$ 5,061,993
Cash Payments for Employee Services	(210,772)	(151,252)	(195,918)	(557,942)
Cash Payments to Suppliers for Goods and Services	<u>(1,047,140)</u>	<u>(412,907)</u>	<u>(2,746,615)</u>	<u>(4,206,662)</u>
Net Cash Provided (Used) by Operating Activities	<u>275,513</u>	<u>18,647</u>	<u>3,229</u>	<u>297,389</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from Other Funds	(4,026)	(167,446)	(33,200)	(204,672)
Operating Transfers In (Out)			<u>140,000</u>	<u>140,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,026)</u>	<u>(167,446)</u>	<u>106,800</u>	<u>(64,672)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(81,203)	(24,348)	(8,377)	(113,928)
Advances from Other Funds		202,983		202,983
Principal Payments on Capital Debt	(35,335)			(35,335)
Interest Payments on Capital Debt	<u>(41,245)</u>			<u>(41,245)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(157,783)</u>	<u>178,635</u>	<u>(8,377)</u>	<u>12,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	22,089	666	22,281	45,036
Net Cash Provided (Used) from Investing Activities	<u>22,089</u>	<u>666</u>	<u>22,281</u>	<u>45,036</u>
Net Increase (Decrease) in Cash and Cash Equivalents	135,793	30,502	123,933	290,228
Cash and Cash Equivalents - Beginning of the Year	<u>1,121,818</u>	<u>26,947</u>	<u>1,139,997</u>	<u>2,288,762</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 1,257,611</u></u>	<u><u>\$ 57,449</u></u>	<u><u>\$ 1,263,930</u></u>	<u><u>\$ 2,578,990</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 96,417	\$ (408,237)	\$ (241,265)	\$ (553,085)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	181,812	320,557	174,584	676,953
Changes in Assets and Liabilities:				
Accounts and Other Receivables (Increase) Decrease	(4,590)	(27,608)	(152,745)	(184,943)
Deposits (Increase) Decrease		92,565	124	92,689
Accounts Payable and Accrued Liabilities Increase (Decrease)	(1,841)	41,370	208,218	247,747
Deposits Payable Increase (Decrease)			29,074	29,074
Compensated Absences Increase (Decrease)	<u>3,715</u>		<u>(14,761)</u>	<u>(11,046)</u>
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 275,513</u></u>	<u><u>\$ 18,647</u></u>	<u><u>\$ 3,229</u></u>	<u><u>\$ 297,389</u></u>

The accompanying notes are an integral part of this statement.

City of Perris, California
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

ASSETS

Cash and Investments	\$ 1,887,131
Cash and Investments with Fiscal Agent	24,753,079
Receivables:	
Assessments	815,874
Interest	4,930
Other	29,402
	29,402
 Total Assets	 \$ 27,490,416

LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 612,446
Deposits	791,260
Due to Bondholders	26,086,710
	26,086,710
 Total Liabilities	 \$ 27,490,416

The accompanying notes are an integral part of this statement.

City of Perris, California
Notes to Financial Statements
June 30, 2010

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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City of Perris, California
Notes to Financial Statements
June 30, 2010

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.

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 and operating the Sewer and Water systems from the City.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

A) Reporting Entity - Continued

The Perris Public Utility Authority - Continued

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.

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. 51

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement is effective for financial statements for periods beginning after June 15, 2009. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The objective of this Statement is to establish accounting and financial reporting requirements of intangible assets to enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that an intangible asset be recognized in the statements of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. This Statement also establishes guidance specific to intangible assets related to amortization. Currently, the City has no intangible assets.

Governmental Accounting Standards Board Statement No. 53

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars),

City of Perris, California
Notes to Financial Statements
June 30, 2010

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. 53 - Continued

swaptions, forward contracts, and futures contracts. Governments enter into derivative instruments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (that is hedgeable items); or to lower the costs for borrowings. Governments often enter into derivative instruments with the intention of effectively fixing cash flows or synthetically fixing prices. Governments also enter into derivative instruments to offset the changes in fair value of hedgeable items. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. The objectives, terms, and risks of hedging derivative instruments are required disclosures. Disclosures also include a summary of derivative instrument activity that provides an indication of the location of fair value amounts reported on the financial statements. The disclosures for investment derivative instruments are similar to the disclosures of other investments. The requirements of this Statement are effective for financial statements and for periods beginning after June 15, 2009. Currently, the City has no investments with derivatives.

Governmental Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The assigned fund balance classification is for amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The City has elected not to early implement GASB No. 54 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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

C) Basis of Presentation - Continued

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.

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 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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

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

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

The *Redevelopment Agency Special Revenue Fund* is used to account 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 *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.

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,

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

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

management control, accountability or other purposes. Revenues are fully accrued to include unbilled services at year end.

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.

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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

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;
- 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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

G) Capital Assets - Continued

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

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, 2010, proceeds of taxes did not exceed appropriations.

I) 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.

J) 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.

K) Contributed Capital

Contributed capital represents cash or utility plant additions contributed to the City by property owners or developers desiring services that require capital expenditures or capacity commitment from the date the City was formed until June 30, 2000. Effective July 1, 2000, in accordance with GASB Statement 33 all such capital contributions are reflected as revenues rather than additions to contributed capital. Depreciation of contributed utility plant additions is charged to operations.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

L) 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.

M) 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.

N) Prior Period Adjustments

- 1) Included in the Governmental Fund's Statements and Statement of Activities are prior period adjustments for the following:
 - a) \$316,148 was related to capital assets for land that was recorded twice in the prior year for governmental activities in the Statement of Activities, see Note 4.
 - b) The General Fund expended \$1,016,528 that was related to traffic safety and lighting costs that should of have been expended in the Traffic Safety Fund for \$659,475 and the City-wide Lighting District Fund for \$357,053 in the prior year. This had no effect on the Statement of Activities.
 - c) Taxes receivable for the City-wide Lighting District Fund for \$36,396, Lighting District No. 84-1 Fund for \$75,034 and the Flood Control Maintenance District for \$134,074 was received in the prior year but was recorded as revenue rather than being applied to the receivable. This had a \$245,504 adjustment on the Statement of Activities for governmental activities.

City of Perris, California
Notes to Financial Statements
June 30, 2010

2) CASH AND INVESTMENTS

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

Statement of Net Assets:	
Cash and Investments	\$ 137,352,711
Restricted Cash and Investments	72,113,026
Statement of Fiduciary Assets and Liabilities:	
Cash and Investments	1,887,131
Cash and Investments with Fiscal Agent	<u>24,753,079</u>
 Total Cash and Investments	 <u>\$ 236,105,947</u>

Cash and investments consist of the following:

Petty Cash	\$ 1,910
Deposits with Financial Institutions	31,071,213
Investments	<u>205,032,824</u>
 Total Cash and Investments	 <u>\$ 236,105,947</u>

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.

Authorized Investment Type	Maximum Maturity ⁽¹⁾	Maximum Percentage Of Portfolio ⁽²⁾	Maximum Investment In One Issuer
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	15%	5%
Commercial Paper	270 days	15% of market value	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium - Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	80%	None
JPA Pools (Other Investment Pools)	N/A	None	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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

2) CASH AND INVESTMENTS - Continued

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. 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:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Federal Agency Securities	\$ 64,745,952	\$ 13,266,223	\$ 32,639,392	\$ 18,840,337
U.S. Treasury Bills	15,508,556	5,264,974	10,243,582	
Money Market Fund	1,317,785	1,317,785		
State Investment Pool - LAIF	26,560,852	26,560,852		
Held By Bond Trustee:				
Guaranteed Investment Contract	1,192,251			1,192,251
Money Market Fund	37,449,083	37,449,083		
Local Obligation Bonds	<u>58,258,345</u>	<u>770,928</u>	<u>850,928</u>	<u>3,457,783</u>
Total	<u>\$ 205,032,824</u>	<u>\$ 84,629,845</u>	<u>\$ 43,733,902</u>	<u>\$ 22,298,120</u>
			<u>\$ 54,370,957</u>	

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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk - Continued

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	Aa	Not Rated
Federal Agency Securities	\$ 64,745,952	N/A	\$	\$ 64,745,952	\$	\$
U.S. Treasury Bills	15,508,556	N/A	15,508,556			
Money Market Fund	1,317,785	N/A		1,317,785		
State Investment Pool - LAIF	26,560,852	N/A				26,560,852
Held By Bond Trustee:						
Guaranteed Investment						
Contract	1,192,251	N/A				1,192,251
Money Market Fund	37,449,083	N/A		37,449,083		
Local Obligation Bonds	<u>58,258,345</u>	N/A				<u>58,258,345</u>
Total	<u>\$ 205,032,824</u>		<u>\$ 15,508,556</u>	<u>\$ 103,512,820</u>	<u>\$ 0</u>	<u>\$ 86,011,448</u>

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 Authority's investments are as follows:

Issuer	Investment Type	Reported Amount
Citizens Business Bank	Money Market Fund	\$ 1,317,785
Wells Fargo Stage Coach	Money Market Fund	\$ 37,449,083
Community Facilities and Assessment Districts	Local Obligations Bonds	\$ 58,258,345

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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

2) CASH AND INVESTMENTS - Continued

Custodial Credit Risk - Continued

As of June 30, 2010, \$31,237,168 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, \$50,000,000 for the Redevelopment Agency 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, 2010 was 0.528%. The carrying value and estimated market value of the LAIF Pool at June 30, 2010 was \$69,441,630,091 and \$69,555,776,591, respectively. The City's share of the Pool at June 30, 2010 was approximately 0.0382 percent.

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 \$625,119,000 and \$3,130,602,000. 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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

2) CASH AND INVESTMENTS - Continued

Investment in Bonds - Continued

The CFD and Assessment District Bonds investments are summarized below.

Investment	Fair Value
CFD 93-2 Special Tax Bonds, 1995 Series A	\$ 4,531,857
CFD 2001-1 Improvement Refunding Bonds, 2003 Series A	10,716,572
CFD 2004-3 Improvement Refunding Bonds, 2005 Series A	7,868,429
CFDs 88-1, 88-3 and 90-1 Special Tax Bonds, 2007 Series A and B	11,445,000
CFD 2006-1 Special Tax Bonds, 2007 Series C	2,363,037
CFD 2001-1 Special Tax Bonds, 2007 Series D	12,677,905
CFD 2005-4 Special Tax Bonds, 2008 Series A	4,883,185
CFD 2005-1 Special Tax Bonds, 2008 Series B	3,772,360
	\$ 58,258,345

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.

3) LOANS RECEIVABLE

The Perris Redevelopment Agency has made long-term rehabilitation and acquisition loans to owner-occupants of substandard homes who would otherwise be unable to obtain sufficient public or private financing to rehabilitate or acquire their homes. The loans are payable upon the sale or change in ownership of the property. Included in a portion of these loans are provisions for forgiving the balances if certain criteria is met. Fund balance has been reserved for these long-term loans receivable in the *Governmental Fund Financial Statements*. This receivable balance is not expected to be collected within one year.

\$ 4,130,681

The Perris Redevelopment Agency has loaned money to commercial and industrial businesses for improvements and economic development. Fund balance has been reserved for these long-term loans receivable in the *Governmental Fund Financial Statements*. This receivable balance is not expected to be collected within one year.

178,156

Total Loans Receivable

\$ 4,308,837

City of Perris, California
Notes to Financial Statements
June 30, 2010

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	\$ 39,278,497	\$ 1,770,261	\$ 316,148*	\$ 40,732,610
Construction in Progress	<u>11,770,126</u>	<u>3,017,498</u>	<u>4,173,971</u>	<u>10,613,653</u>
Total Capital Assets Not Depreciated	<u>51,048,623</u>	<u>4,787,759</u>	<u>4,490,119</u>	<u>51,346,263</u>
Capital Assets Being Depreciated:				
Buildings	19,259,467	841,494		20,100,961
Building Improvements	5,390,683	227,737		5,618,420
Machinery	1,366,811			1,366,811
Vehicles	1,718,537	971,337		2,689,874
Infrastructure	<u>202,830,231</u>	<u>7,140,735</u>		<u>209,970,966</u>
Total Capital Assets Being Depreciated	<u>230,565,729</u>	<u>9,181,303</u>	<u>0</u>	<u>239,747,032</u>
Less Accumulated Depreciation:				
Buildings	2,893,090	469,249		3,362,339
Building Improvements	1,718,867	258,192		1,977,059
Machinery	846,147	68,884		915,031
Vehicles	876,297	193,100		1,069,397
Infrastructure	<u>132,979,452</u>	<u>3,906,897</u>		<u>136,886,349</u>
Total Accumulated Depreciation	<u>139,313,853</u>	<u>4,896,322</u>	<u>0</u>	<u>144,210,175</u>
Total Capital Assets Being Depreciated, Net	<u>91,251,876</u>	<u>4,284,981</u>	<u>0</u>	<u>95,536,857</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 142,300,499</u>	<u>\$ 9,072,740</u>	<u>\$ 4,490,119</u>	<u>\$ 146,883,120</u>

*This decrease was a prior period adjustment for land that was recorded twice in the prior year.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 268,214
Public Safety	176,901
Public Works	4,022,305
Parks and Recreation	<u>428,902</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 4,896,322</u>

City of Perris, California
Notes to Financial Statements
June 30, 2010

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	15,756,852	22,124		15,778,976
Services	2,402,776			2,402,776
Meters	1,405,617			1,405,617
Hydrants	1,263,514	8,378		1,271,892
Manholes	767,768	59,100		826,868
Wells	971,722	24,349		996,071
Vehicles	290,155			290,155
Total Capital Assets Being Depreciated	25,740,228	113,951	0	25,854,179
Less Accumulated Depreciation:				
Major Equipment	29,200	26,520		55,720
Structures and Improvements	43,705	7,386		51,091
Boosters	33,625	346		33,971
Reservoirs	280,952	44,945		325,897
Mains	3,327,843	386,942		3,714,785
Services	515,473	72,886		588,359
Meters	270,508	41,133		311,641
Hydrants	327,031	34,041		361,072
Manholes	187,083	15,214		202,297
Wells	13,883	27,937		41,820
Vehicles	231,820	19,608		251,428
Total Accumulated Depreciation	5,261,123	676,958	0	5,938,081
Total Capital Assets Being Depreciated, Net	20,479,105	(563,007)	0	19,916,098
Business-type Activities Capital Assets, Net of Depreciation	\$ 20,779,669	\$ (563,007)	\$ 0	\$ 20,216,662

Depreciation was charged to functions/programs as follows:

Business-type Activities:	
Water Utility	\$ 174,594
Sewer Utility	181,807
Public Utility Authority	320,557
Total Depreciation Expense - Business-type Activities	\$ 676,958

City of Perris, California
Notes to Financial Statements
June 30, 2010

5) LONG-TERM LIABILITIES

Governmental Activities:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 131,180,000	\$ 12,670,000	\$ 3,100,000	\$ 140,750,000	\$ 2,315,000
Due to Other Governments	3,481,482	344,297	1,994	3,823,785	1,999
Compensated Absences (Note 6)	656,598	234,749	131,320	760,027	152,005
Claims Payable (Note 15)	63,251	4,723	8,543	59,431	5,000
Total	<u>\$ 135,381,331</u>	<u>\$ 13,253,769</u>	<u>\$ 3,241,857</u>	<u>\$ 145,393,243</u>	<u>\$ 2,474,004</u>

Business-type Activities:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes Payable	\$ 10,565,988	\$	\$ 35,336	\$ 10,530,652	\$ 36,544
Compensated Absences (Note 6)	59,992	19,499	30,545	48,946	9,789
Total	<u>\$ 10,625,980</u>	<u>\$ 19,499</u>	<u>\$ 65,881</u>	<u>\$ 10,579,598</u>	<u>\$ 46,333</u>

Notes Payable

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.

\$ 1,170,652

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2011	\$ 36,544	\$ 40,036
2012	37,794	38,786
2013	39,087	37,494
2014	40,423	36,157
2015	41,806	34,775
2016-2020	231,479	151,424
2021-2025	273,863	109,039
2026-2030	324,009	58,894
2031-2032	145,647	7,514
Total	<u>\$ 1,170,652</u>	<u>\$ 514,119</u>

City of Perris, California
Notes to Financial Statements
June 30, 2010

5) LONG-TERM LIABILITIES - Continued

Notes Payable - Continued

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, 2010, 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

Total Notes Payable \$ 10,530,652

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, 2010, the Authority has a cash reserve balance for debt service of \$565,311 which is not sufficient to cover the Bond Indenture Reserve Requirement. Subsequently after the fiscal year, the fiscal agent transferred amounts to cover the reserve requirement. \$ 5,010,000

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, 2010, the Authority has a cash reserve balance for debt service of \$738,494 which is sufficient to cover the Bond Indenture Reserve Requirement. 9,055,000

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, 2010, the Authority has a cash reserve balance for debt service of \$113,328 which is sufficient to cover the Bonds Indenture Reserve Requirement. 1,280,000

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. 5,425,000

City of Perris, California
Notes to Financial Statements
June 30, 2010

5) LONG-TERM LIABILITIES - Continued

Revenue Bonds - Continued

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. \$ 3,005,000

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, 2010, the Authority has a cash reserve balance for debt service of \$226,781 which is sufficient to cover the Bond Indenture Reserve Requirement. 2,805,000

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, 2010, the Authority has a cash reserve balance for debt service of \$1,101,903 which is sufficient to cover the Bond Indenture Reserve Requirement. 11,985,000

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, 2010 the Authority has a cash reserve balance for debt service of \$856,950 which is sufficient to cover the Bond Indenture Reserve Requirement. 8,885,000

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, 2010, the Authority has a cash reserve balance for debt service of \$2,666,929 which is sufficient to cover the Bond Indenture Reserve Requirement. 30,200,000

City of Perris, California
Notes to Financial Statements
June 30, 2010

5) LONG-TERM LIABILITIES - Continued

Revenue Bonds - Continued

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, 2010, the Authority has a cash reserve balance for debt service of \$594,765 which is sufficient to cover the Bond Indenture Reserve Requirement. \$ 10,750,000

On August 7, 2007, the Public Financing Authority issued \$1,865,000 2007 Revenue Refunding Bonds, Series B, 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 \$60,000 to \$180,000 commencing September 1, 2008 through September 1, 2024. At June 30, 2010, the Authority has a cash reserve balance for debt service of \$186,500 which is sufficient to cover the Bond Indenture Reserve Requirement. 910,000

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, 2010, the Authority has a cash reserve balance for debt service of \$256,036 which is sufficient to cover the Bond Indenture Reserve Requirement. 2,775,000

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, 2010, the Authority has a cash reserve balance for debt service of \$1,390,868 which is sufficient to cover the Bond Indenture Reserve Requirement. 14,450,000

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, 2010, the Authority has a cash reserve balance for debt service of \$538,064 which is sufficient to cover the Bond Indenture Reserve Requirement. 5,640,000

City of Perris, California
Notes to Financial Statements
June 30, 2010

5) LONG-TERM LIABILITIES - Continued

Revenue Bonds - Continued

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, 2010, the Authority has a cash reserve balance for debt service of \$410,523 which is sufficient to cover the Bond Indenture Reserve Requirement. \$ 4,375,000

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, 2010 the Authority has a cash reserve balance for debt service of \$405,500 which is sufficient to cover the Bond Indenture Reserve Requirement. 3,990,000

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, 2010 the Authority has a cash reserve balance for debt service of \$741,735 which is sufficient to cover the Bond Indenture Reserve Requirement. 7,540,000

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, 2010 the Authority has a cash reserve balance for debt service of \$527,892 which is sufficient to cover the Bond Indenture Requirement. 5,490,000

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, 2010 the Authority has a cash reserve balance for debt service of \$702,050 which is sufficient to cover the Bond Indenture Requirement. 7,180,000

Total Revenue Bonds \$ 140,750,000

City of Perris, California
Notes to Financial Statements
June 30, 2010

5) LONG-TERM LIABILITIES - Continued

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

Year Ending June 30,	Principal	Interest	Total
2011	\$ 2,315,000	\$ 8,045,090	\$ 10,360,090
2012	2,420,000	7,964,237	10,384,237
2013	2,600,000	7,848,183	10,448,183
2014	2,835,000	7,715,860	10,550,860
2015	3,075,000	7,567,274	10,642,274
2016-2020	19,270,000	35,066,553	54,336,553
2021-2025	23,160,000	29,146,454	52,306,454
2026-2030	27,405,000	21,671,865	49,076,865
2031-2035	33,815,000	12,621,317	46,436,317
2036-2040	23,250,000	3,294,875	26,544,875
2041	605,000	18,528	623,528
Total	<u>\$ 140,750,000</u>	<u>\$ 140,960,236</u>	<u>\$ 281,710,236</u>

Due to Other Governments

The Redevelopment Agency has entered into pass-through agreements with several other units of local government in order to lessen the fiscal impact of tax increment financing of Redevelopment Agency 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 current portion due is \$1,999 based on the most recent activity.

\$ 3,823,785

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 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 and pass-through amounts are \$285,534,021, payable through fiscal year 2041 for the revenue bonds and the pass-through amounts, currently, have no debt service schedule available. For the current year, principal and interest paid by tax increment revenues and investment earnings were \$3,101,994 and \$7,759,937, 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 \$1,684,771 payable through fiscal year 2032. For the current year, principal and interest paid by the sewer operating revenues were \$35,336 and \$41,245, respectively.

City of Perris, California
Notes to Financial Statements
June 30, 2010

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 \$760,027 and \$48,946, respectively at June 30, 2010. 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.

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	\$ 3,865,000
CFD 91-1	8,010,000	4,785,000
CFD 93-2	6,200,000	4,705,000
CFD 93-1 2002 Refunding Bond	8,020,000	6,320,000
CFD 2001-2 2002 Series A Bonds	16,890,000	16,350,000
CFD 2002-1 2003 Series A Bonds	5,860,000	5,600,000
CFD 2004-2 2004 Series B Bonds	4,890,000	4,780,000
CFD 2004-1 2004 Series A Bonds	2,375,000	2,295,000
CFD 2001-1 2003 Series A Bonds	1,500,000	1,475,000
CFD 2001-1 2003 Series B Bonds	4,345,000	4,205,000
CFD 2001-1 2003 Series C Bonds	6,535,000	6,305,000
CFD 2003-1 2003 Series A Bonds	3,060,000	3,030,000
CFD 2004-3 2005 Series A Bonds	8,955,000	8,885,000
CFD 2004-3 2005 Series A Bonds	8,430,000	8,185,000
CFD 2004-5 2004 Series A Bonds	1,810,000	1,760,000
CFD 2001-2 2005 Series B Bonds	5,210,000	5,200,000
CFD 2005-2 2005 Series A Bonds	14,740,000	14,560,000
CFD 2001-1 2005 Series A Bonds	16,475,000	16,255,000
CFD 2001-1 2006 Series A Bonds	9,680,000	9,525,000
CFD 2005-1 2007 Series A Bonds	3,385,000	3,370,000
CFD 88-1 2007 Refunding Bonds	7,690,000	6,795,000
CFD 88-3 2007 Refunding Bonds	5,005,000	3,920,000
CFD 90-1 2007 Refunding Bonds	3,140,000	2,185,000
CFD 2006-1 2007 Series C Bonds	2,775,000	2,775,000
CFD 2001-1 IA6 2007 Series D Bonds	6,285,000	6,210,000
CFD 2001-1 IA7 2007 Series D Bonds	8,345,000	8,240,000
CFD 2005-4 2008 Series A Bonds	5,640,000	5,640,000
CFD 2005-1 2008 Series B Bonds	4,375,000	4,375,000
	<u>\$ 210,945,000</u>	<u>\$ 171,595,000</u>

City of Perris, California
Notes to Financial Statements
June 30, 2010

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				
		Development Fees Special Revenue Fund	Redevelopment Agency Special Revenue Fund	Redevelopment Agency Debt Service Fund	Storm Drain Development Capital Project Fund	
General Fund	General Fund	Special Revenue Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	
DUE FROM	General Fund	\$	\$ 77,842	\$ 66,571	\$ 82,706	\$ 27,296
	Redevelopment Agency Special Revenue Fund				26,549	
	Redevelopment Agency Debt Service Fund			180,801		
	Redevelopment Agency Capital Project Fund					
	Non-major Governmental Funds	926,009	70,575			
	Total	\$ 926,009	\$ 148,417	\$ 247,372	\$ 109,255	\$ 27,296

City of Perris, California
Notes to Financial Statements
June 30, 2010

9) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

		DUE TO			
		Redevelopment Agency Capital Project Fund	Non-major Governmental Funds	Sewer Utility	Public Utility Authority
DUE FROM	General Fund	\$ 107,197	\$ 58,502	\$ 4,206	\$ 151
	Redevelopment Agency Special Revenue Fund				
	Redevelopment Agency Debt Service Fund				
	Redevelopment Agency Capital Project Fund		3,970		
	Non-major Governmental Funds		343,531		
Total		\$ 107,197	\$ 406,003	\$ 4,206	\$ 151

		DUE TO	
		Non-major Enterprise Funds	Total
DUE FROM	General Fund	\$ 143,960	\$ 568,251
	Redevelopment Agency Special Revenue Fund		26,549
	Redevelopment Agency Debt Service Fund		180,801
	Redevelopment Agency Capital Project Fund		3,970
	Non-major Governmental Funds		1,340,115
Total		\$ 143,960	\$ 2,119,686

Advances to/from other funds are as follows:

		ADVANCES TO			
		Development Fees Special Revenue Fund	Redevelopment Agency Special Revenue Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Project Fund
ADVANCES FROM	General Fund	\$	\$	\$ 3,541,000	\$
	Redevelopment Agency Special Revenue Fund		694,735		18,900
	Public Financing Authority Debt Service Fund		12,955,506	20,827,952	34,175,905
	Redevelopment Agency Capital Project Fund	781,370			
	Total		\$ 781,370	\$ 13,650,241	\$ 24,368,952

City of Perris, California
Notes to Financial Statements
June 30, 2010

9) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

		Other Governmental Funds	Public Utility Authority	Non-major Enterprise Funds	Total
ADVANCES FROM	General Fund	\$ 133,861	\$ 202,983	\$ 1,600,002	\$ 5,477,846
	Redevelopment Agency Special Revenue Fund				713,635
	Public Financing Authority Debt Service Fund	21			67,959,384
	Redevelopment Agency Capital Project Fund		1,997,781		2,779,151
	Total	<u>\$ 133,882</u>	<u>\$ 2,200,764</u>	<u>\$ 1,600,002</u>	<u>\$ 76,930,016</u>

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, 2010.

The Perris Public Financing Authority has entered into loan agreements with the Perris Redevelopment 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, and the 2009 Series A and B Tax Allocation Bonds issued by the Authority to retire debt and provide funds for certain public improvements in Agency project areas. Fund balance has been reserved for these long-term loans receivable in the Governmental Fund Financial Statements. This receivable balance is not expected to be collected within one year. The balance of these loans is \$75,970,000 as of June 30, 2010. The Authority retained \$8,010,637 to fund reserve accounts and issuance costs for the above related debt issues.

The City of Perris advanced the Agency \$2,335,000 on June 29, 1989. These advances were to cover public improvements for the benefit of, and within, the Central/North Redevelopment Area. There are no stipulated due dates on the advances, repayments will be made when resources become available. The balance of this advance is \$2,335,000 as of June 30, 2010. Interest is accrued cumulatively on the advances at a rate of 10% per annum. Interest accrued prior to fiscal year 2005, has been forgiven by the City. Accrued interest on the advances payable amounts to \$1,206,000 and is reflected in these financial statements.

The Perris Redevelopment Agency advanced the City of Perris \$2,192,000 on October 26, 2004. These advances were to reimburse the Agency's costs 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 from police and community facilities development impact fees. The balance of this advance is \$781,370 as of June 30, 2010.

The Perris Redevelopment Agency advanced the Perris Public Utility Authority \$1,997,781. These advances were used to assist the Perris Public Utility Authority in acquiring the McCanna Ranch Water Company. This advance is not expected to be collected within one year. The balance of this advance is \$1,997,781 as of June 30, 2010.

City of Perris, California
Notes to Financial Statements
June 30, 2010

9) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

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

	<u>General Fund</u>	<u>Redevelopment Agency Special Revenue Fund</u>	<u>Public Financing Authority Debt Service Fund</u>	<u>Redevelopment Agency Debt Service Fund</u>
TRANSFERS IN:				
General Fund	\$	\$	\$	\$ 218,500
Development Fees				
Redevelopment Agency Special Revenue Fund				163,536
Public Financing Authority Debt Service Fund		9,840		3,842,969
Redevelopment Agency Debt Service Fund		2,272,632	233	
Redevelopment Agency Capital Project Fund	4,201			890,156
Non-major Governmental Funds	136,786			
Non-major Enterprise Funds	<u>140,000</u>			
Total	<u>\$ 280,987</u>	<u>\$ 2,282,472</u>	<u>\$ 233</u>	<u>\$ 5,115,161</u>

	<u>Redevelopment Agency Capital Project Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
TRANSFERS IN:			
General Fund	\$	\$ 1,130,540	\$ 1,349,040
Development Fees		79,152	79,152
Redevelopment Agency Special Revenue Fund			163,536
Public Financing Authority Debt Service Fund	96,222		3,949,031
Redevelopment Agency Debt Service Fund			2,272,865
Redevelopment Agency Capital Project Fund			894,357
Non-major Governmental Funds			136,786
Non-major Enterprise Funds			<u>140,000</u>
Total	<u>\$ 96,222</u>	<u>\$ 1,209,692</u>	<u>\$ 8,984,767</u>

10) FUND BALANCE RESERVES AND DESIGNATIONS

The fund financial statements various reserves and designations are as follows:

	<u>General Fund</u>	<u>Development Fees Special Revenue Fund</u>	<u>Redevelopment Agency Special Revenue Fund</u>	<u>Public Financing Authority Debt Service Fund</u>	<u>Redevelopment Agency Debt Service Fund</u>
Reserved:					
Debt Service	\$	\$	\$	\$ 13,205,831	\$
Long-term Investment in Bonds				58,258,345	
Notes & Loans Receivable			3,818,627		
Prepays	63,839				
Advances to Other Funds	5,477,846		713,635	67,959,384	
Deposits	472,537				
Land Held for Resale			1,066,047		
Unreserved:					
Designated for Specific Projects and Programs	8,200,000				
Undesignated	<u>9,278,480</u>	<u>23,549,010</u>	<u>153,613</u>		<u>(7,529,020)</u>
Total	<u>\$ 23,492,702</u>	<u>\$ 23,549,010</u>	<u>\$ 5,751,922</u>	<u>\$ 139,423,560</u>	<u>\$ (7,529,020)</u>

City of Perris, California
Notes to Financial Statements
June 30, 2010

10) FUND BALANCE RESERVES AND DESIGNATIONS - Continued

	Storm Drain Development Capital Project Fund	Redevelopment Agency Capital Project Fund	Non-major Funds
Reserved:			
Specific Projects and Programs	\$	\$	\$
Notes and Loans Receivable		490,210	
Advances to Other Funds		2,779,151	
Land Held for Resale		3,191,038	
Unreserved:			
Designated for Specific Projects and Programs			2,852,481
Undesignated		(9,352,039)	11,465,203
Total	<u>\$ 0</u>	<u>\$ (2,891,640)</u>	<u>\$ 14,317,684</u>

General Fund Unreserved, Designations are as follows:

Disaster Preparedness	\$ 3,400,000
Vehicle and Equipment Replacement	1,300,000
Major Capital Improvements and Repairs	1,300,000
Library Endowment	1,000,000
Budget Contingency	200,000
Historical Society Endowment	<u>1,000,000</u>
 Total	 <u>\$ 8,200,000</u>

Reserved for Debt Service

This reserve is established for cash restrictions for future debt service.

Reserved for Long-term Investment in Bonds

This reserve was established to reflect the long-term portion of investments in such a manner that they will not be considered as available spendable resources.

Reserved for Notes and Loans Receivable

This reserve was established to reflect the noncurrent portion of notes and loans receivable in such a manner that they will not be considered as available spendable resources.

Reserved for Prepaids

This reserve was established to represent amounts that were paid prior to June 30, 2003, for fiscal year 2003-04 in such a manner that they will not be considered as available spendable resources.

City of Perris, California
Notes to Financial Statements
June 30, 2010

10) FUND BALANCE RESERVES AND DESIGNATIONS - Continued

Reserved for Advances to Other Funds

This reserve was established to represent amounts that were advanced to other funds in such a manner that they will not be considered as available spendable resources.

Reserved for Deposits

This reserve was established to remove deposits from current fund balances in such a manner that they will not be considered as available spendable resources.

Reserved for Land Held for Resale

This reserve was established to remove land held for resale from current fund balances in such a manner that they will not be considered as available spendable resources.

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:			
Road and Bridge Benefit District	\$ 31,069	\$ 309,692	\$ (278,623)
Asset Seizure Forfeiture	\$ 0	\$ 31,738	\$ (31,738)
Gas Tax	\$ 107,063	\$ 114,696	\$ (7,633)
City-wide Lighting District	\$ 4,500	\$ 336,748	\$ (332,248)
Debt Service Funds:			
Public Financing Authority	\$ 8,327,630	\$ 11,776,822	\$ (3,449,192)
Capital Project Funds:			
Community Facilities District 01-1 Area 5	\$ 0	\$ 1,198,583	\$ (1,198,583)
Community Facilities District 01-1 Area 6	\$ 0	\$ 1,816,132	\$ (1,816,132)
Community Facilities District 01-1 Area 7	\$ 0	\$ 334,493	\$ (334,493)
Community Facilities District 04-1	\$ 0	\$ 2,860	\$ (2,860)
Community Facilities District 04-2	\$ 0	\$ 51	\$ (51)
Community Facilities District 04-3 Area 2	\$ 0	\$ 14	\$ (14)
Community Facilities District 05-4	\$ 0	\$ 380,463	\$ (380,463)
Community Facilities District 90-2	\$ 0	\$ 3	\$ (3)
Community Facilities District VA	\$ 0	\$ 127,710	\$ (127,710)

City of Perris, California
Notes to Financial Statements
June 30, 2010

11) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - Continued

The following had a deficit fund balance at June 30, 2010. These deficits are expected to be eliminated through future revenues.

Fund	Amount
Special Revenue:	
Road and Bridge Benefit District	\$ (406,059)
Construction	(2,118)
Debt Service:	
Redevelopment Agency	\$ (7,529,020)
Capital Projects:	
Redevelopment Agency	\$ (2,891,640)
Community Facilities District 02-1	\$ (3,863)

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

Plan Description

The City of Perris contributes to the California Public Employees Retirement System (PERS), an agent 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.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees. The City is required to contribute at an actuarially determined rate. These rates were determined as part of the June 30, 2007 actuarial valuation: the current rate is 8.118% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Miscellaneous Employees

For 2009-10, the City's annual pension cost for miscellaneous employees, of \$370,534 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2009-10 was determined as part of the June 30, 2007, 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).

City of Perris, California
Notes to Financial Statements
June 30, 2010

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

Miscellaneous Employees - Continued

THREE YEAR TREND INFORMATION FOR PERS				
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
6/30/08	\$ 326,055	100%	\$ -0-	
6/30/09	\$ 364,278	100%	\$ -0-	
6/30/10	\$ 370,534	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 2009-10, 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 2009-10 was determined as part of the June 30, 2007, 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	
6/30/08	\$ -0-	100%	\$ -0-	
6/30/09	\$ -0-	100%	\$ -0-	
6/30/10	\$ -0-	100%	\$ -0-	

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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

13) OTHER POST EMPLOYMENT BENEFITS - Continued

Funding Policy - Continued

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%

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 38.5% of the annual covered payroll. The plan is financed on a pay-as-you-go basis.

Annual OPEB Cost

For 2010, the City’s annual OPEB cost (expense) of \$1,246,335 for CPRHP was equal to the ARC. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

THREE YEAR TREND INFORMATION FOR CPRHP			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ *	*	\$ *
6/30/09	\$ 1,246,335	25%	\$ 936,813
6/30/10	\$ 1,246,335	24%	\$ 1,885,716

*The information for the preceding year is unavailable. GASB 45 was implemented in fiscal year 2009.

City of Perris, California
Notes to Financial Statements
June 30, 2010

13) OTHER POST EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial Accrued Liability (AAL)	\$ 11,276,502
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 11,276,502
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 4,847,379
UAAL as a Percentage of Covered Payroll	232.63%

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, 2008
Funding Method	Entry Age Normal Cost, Level of Percentage of Pay
Discount Rate	4.5% if unfunded; 7.75% if funded
Salary Increase	3.25% per year
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 10.00%
Investment Rate of Return	4.50%

City of Perris, California
Notes to Financial Statements
June 30, 2010

14) PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$992,472.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (“California Communities”), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (“Prop 1A Bonds”) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the Securitization Program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

15) 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, 2010, the latest financial information obtained from the Authority is as follows:

Assets	\$ <u>258,222,884</u>
Liabilities	\$ <u>6,462,624</u>
Net Assets	\$ <u><u>251,760,260</u></u>
Revenues	\$ 14,197,876
Expenditures	<u>(16,746,488)</u>
Changes in Net Assets	\$ <u><u>(2,548,612)</u></u>

City of Perris, California
Notes to Financial Statements
June 30, 2010

16) 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 (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, 2010, the City had an excess of funds of \$472,537 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.

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

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>
Claims Payable, Beginning of Year	\$ 63,251	\$ 128,502
Incurred Claims (Including IBNRs)	4,723	28,910
Claim Payments	<u>(8,543)</u>	<u>(94,161)</u>
Claims Payable, End of Year	<u>\$ 59,431</u>	<u>\$ 63,251</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.

City of Perris, California
Notes to Financial Statements
June 30, 2010

17) COMMITMENTS AND CONTINGENCIES

- a. 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.

- b. On February 20, 1991, the Redevelopment Agency of the City of Perris entered into a disposition and development agreement with a private developer (the property owner within the District) whereby available tax increment from the Project would be used to reduce special assessments levied on the developer in connection with the formation of the District up to the amount necessary to meet the debt service through the term of the related bonds. In addition, if any of the first fifteen years of operation of the Project, the tax increment from the Project does not cover the debt service, the Agency is to make payments equal to 50% of the sales tax revenues generated from the Project in excess of \$400,000 for operating years one through five and 25% of the sales tax revenues generated in excess of \$400,000 for operating years six through fifteen. Due to the uncertainty of the availability of tax increment and the inability to reasonably measure the amounts payable, no liability has been recorded for the total amount payable. The amount paid in fiscal year 2009-10 was \$220,000. The bonds outstanding at June 30, 2010 were \$4,785,000.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Perris, California
Notes to Required Supplementary Information

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.

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 17,329,164	\$ 17,479,735	\$ 17,424,873	\$ (54,862)
Licenses and Permits	375,000	680,000	1,004,896	324,896
Intergovernmental Revenue	100,000	195,000	153,941	(41,059)
Charges for Services	200,000	509,300	349,864	(159,436)
Fines and Forfeitures	150,000	150,500	455,885	305,385
Investment Income	580,000	580,000	146,265	(433,735)
Contributions from Property Owners			1,679,199	1,679,199
Miscellaneous	850,000	140,200	383,399	243,199
Total Revenues	<u>19,584,164</u>	<u>19,734,735</u>	<u>21,598,322</u>	<u>1,863,587</u>
EXPENDITURES				
Current:				
General Government	4,951,658	5,927,625	5,493,776	433,849
Public Safety	17,149,247	17,219,791	15,775,893	1,443,898
Public Works	1,367,191	1,432,466	1,296,987	135,479
Parks and Recreation	1,753,444	2,022,594	1,827,673	194,921
Capital Outlay	88,350	90,250	67,410	22,840
Total Expenditures	<u>25,309,890</u>	<u>26,692,726</u>	<u>24,461,739</u>	<u>2,230,987</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,725,726)</u>	<u>(6,957,991)</u>	<u>(2,863,417)</u>	<u>4,094,574</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,105,000	2,105,000	1,349,040	(755,960)
Transfers Out	(140,000)	(140,000)	(280,987)	(140,987)
Sale of Property			1,483	1,483
Total Other Financing Sources (Uses)	<u>1,965,000</u>	<u>1,965,000</u>	<u>1,069,536</u>	<u>(895,464)</u>
Net Change in Fund Balances	<u><u>\$ (3,760,726)</u></u>	<u><u>\$ (4,992,991)</u></u>	<u>(1,793,881)</u>	<u><u>\$ 3,199,110</u></u>
Fund Balance, Beginning			24,270,055	
Prior Period Adjustment			<u>1,016,528</u>	
Fund Balance, Beginning, Restated			<u>25,286,583</u>	
Fund Balance, Ending			<u><u>\$ 23,492,702</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Developer Fees	\$	\$	\$ 924,663	\$ 924,663
Investment Income	250,000	250,000	423,524	173,524
Total Revenues	250,000	250,000	1,348,187	1,098,187
EXPENDITURES				
Current:				
Public Works	92,436	92,436	89,264	3,172
Capital Outlay	14,226,650	14,819,477	3,426,256	11,393,221
Total Expenditures	14,319,086	14,911,913	3,515,520	11,396,393
Excess (Deficiency) of Revenues Over Expenditures	(14,069,086)	(14,661,913)	(2,167,333)	12,494,580
OTHER FINANCING SOURCES (USES)				
Transfers In			79,152	79,152
Total Other Financing Sources (Uses)	0	0	79,152	79,152
Net Change in Fund Balances	\$(14,069,086)	\$(14,661,913)	(2,088,181)	\$ 12,573,732
Fund Balance, Beginning			25,637,191	
Fund Balance, Ending			\$ 23,549,010	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,169,423	\$ 2,118,200	\$ 2,350,807	\$ 232,607
Investment Income	245,000	95,000	138,884	43,884
Miscellaneous			97,040	97,040
Total Revenues	<u>2,414,423</u>	<u>2,213,200</u>	<u>2,586,731</u>	<u>373,531</u>
EXPENDITURES				
Current:				
Public Works	13,625,287	14,626,684	1,768,504	12,858,180
Debt Service:				
Issuance Costs			43,175	(43,175)
Total Expenditures	<u>13,625,287</u>	<u>14,626,684</u>	<u>1,811,679</u>	<u>12,815,005</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,210,864)</u>	<u>(12,413,484)</u>	<u>775,052</u>	<u>13,188,536</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			163,536	163,536
Transfers Out	(441,635)	(441,635)	(2,282,472)	(1,840,837)
Sale of Property			(430,306)	(430,306)
Total Other Financing Sources (Uses)	<u>(441,635)</u>	<u>(441,635)</u>	<u>(2,549,242)</u>	<u>(2,107,607)</u>
Net Change in Fund Balances	<u><u>\$(11,652,499)</u></u>	<u><u>\$(12,855,119)</u></u>	<u>(1,774,190)</u>	<u><u>\$ 11,080,929</u></u>
Fund Balance, Beginning			<u>7,526,112</u>	
Fund Balance, Ending			<u><u>\$ 5,751,922</u></u>	

City of Perris, California
Schedule of Funding Progress for CPRHP
Year Ended June 30, 2010

Schedule of Funding Progress for CPRHP

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

*GASB 45 was implemented prospectively in fiscal year 2009. There were no previous actuarial valuations.

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 the 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 the 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.

Sidewalk Grant SB - 821 - is used to account for the revenues received from the SB821 grant and expenditures for sidewalk improvements.

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.

Community Development - is used to account for grant monies received from a federal pass-through agency not accounted for in the other funds.

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.

Capital Project Funds:

Capital Improvement Projects - is used to account for all miscellaneous capital improvement projects which are financed through the general fund.

Community Facilities District 90-2 - is used to account for the capital projects for the Green Valley 1991 Special Tax Bonds.

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.

Community Facilities District 01-1 Area 4 - is used to account for the capital projects for the 2001-1 May Farms, Area No. 4, 2005 Special Tax Revenue Bonds, Series A.

Community Facilities District 01-1 Area 5 - is used to account for the capital projects for the May Farms, Area No. 5, 2006 Special Tax Revenue Bonds, Series A.

Community Facilities District 01-1 Area 6 - is used to account for the capital projects for the 2001-1 May Farms, Area No. 6, 2007 Special Tax Revenue Bonds, Series A.

Community Facilities District 01-1 Area 7 - is used to account for the capital projects for May Farms, Area No. 7, 2007 Special Tax Revenue Bonds, Series A.

Community Facilities District 02-1 - is used to account for the acquisition and construction for the 2002-1 Willowbrook 2003 Special Tax Revenue 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 04-1 - is used to account for the capital projects for the Amber Oaks 2004-1, 2004 Special Tax Revenue Bonds, Series A.

Community Facilities District 04-2 - is used to account for the capital projects for the CLC 2004-2, 2004 Special Tax Revenue Bonds, Series B.

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 04-3 Area 2 - is used to account for the acquisition and construction for the 2004-3 (Monument Ranch) Improvement Area No. 2, 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.

Capital Project Funds: - Continued

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, 2010

	Special Revenue				
	Asset Seizure Forfeiture	AQMD Air Pollution Program	Traffic Safety	Federal Grants	City-wide Lighting District
ASSETS					
Cash and Investments	\$	\$ 164,929	\$ 2,129,241	\$ 458,928	\$ 636,047
Cash and Investments with Fiscal Agent					
Receivables:					
Accounts				315,879	
Interest		197	2,649	604	1,235
Taxes					8,112
Due from Other Funds		486	6,517	1,486	3,039
Due from Other Governments	16,488	16,518	23,882		
Total Assets	\$ 16,488	\$ 182,130	\$ 2,162,289	\$ 776,897	\$ 648,433
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$	\$	\$ 7,988	\$ 484,650	\$ 12,969
Deposits and Other Liabilities					
Due to Other Governments					
Due to Other Funds			870,015	345,383	
Advances from Other Funds	16,488				
Deferred Revenue					
Total Liabilities	16,488	0	878,003	830,033	12,969
Fund Balances:					
Unreserved, Reported In:					
Capital Project Funds, Designated for Specific Projects					
Special Revenue Funds, Undesignated		182,130	1,284,286	(53,136)	635,464
Capital Project Funds, Undesignated					
Total Fund Balances	0	182,130	1,284,286	(53,136)	635,464
Total Liabilities and Fund Balances	\$ 16,488	\$ 182,130	\$ 2,162,289	\$ 776,897	\$ 648,433

Special Revenue

Lighting District No. 84-1	Landscape Maintenance District	Flood Control Maintenance District	Gas Tax	Sidewalk Grant SB - 821	Proposition "A"	Community Development
\$ 786,698	\$ 1,724,213	\$ 2,906,519	\$ 1,204,670	\$	\$ 2,988,003	\$
268	622	268				325
951	2,164	3,474	1,380		3,862	
31,294	33,669	21,284	85,323		324,338	
2,340	5,324	8,546	3,395		9,500	
<u>\$ 821,551</u>	<u>\$ 1,765,992</u>	<u>\$ 2,940,091</u>	<u>\$ 1,294,768</u>	<u>\$ 0</u>	<u>\$ 3,325,703</u>	<u>\$ 325</u>
\$ 54,911	\$ 196,141	\$ 68,128	\$ 369	\$	\$ 18,686	\$
	134					325
40,733						
<u>95,644</u>	<u>196,275</u>	<u>68,128</u>	<u>369</u>	<u>0</u>	<u>18,686</u>	<u>325</u>
725,907	1,569,717	2,871,963	1,294,399		3,307,017	
<u>725,907</u>	<u>1,569,717</u>	<u>2,871,963</u>	<u>1,294,399</u>	<u>0</u>	<u>3,307,017</u>	<u>0</u>
<u>\$ 821,551</u>	<u>\$ 1,765,992</u>	<u>\$ 2,940,091</u>	<u>\$ 1,294,768</u>	<u>\$ 0</u>	<u>\$ 3,325,703</u>	<u>\$ 325</u>

Continued

City of Perris, California
Combining Balance Sheet - Continued
Non-major Governmental Funds
June 30, 2010

	Special Revenue			Capital Project	
	CDBG	State Grants	Road and	Capital	Community
	Entitlement		Bridge Benefit	Improvement	Facilities
	State Grants	District	Projects	District 90-2	
ASSETS					
Cash and Investments	\$	\$ 1,313,999	\$	\$ 3,668,776	\$
Cash and Investments with Fiscal Agent					
Receivables:					
Accounts				74,804	
Interest		1,679		4,992	
Taxes					
Due from Other Funds		4,131		359,782	
Due from Other Governments	138,624	5,376		237,508	
	<u>138,624</u>	<u>5,376</u>		<u>237,508</u>	
Total Assets	<u>\$ 138,624</u>	<u>\$ 1,325,185</u>	<u>\$ 0</u>	<u>\$ 4,345,862</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 12,993	\$	\$ 18,255	\$ 61,985	\$
Deposits and Other Liabilities			270,410		
Due to Other Governments	3,491				
Due to Other Funds	122,140				
Advances from Other Funds			117,394		
Deferred Revenue		1,269,552		2,508,939	
	<u>138,624</u>	<u>1,269,552</u>	<u>406,059</u>	<u>2,570,924</u>	<u>0</u>
Total Liabilities	<u>138,624</u>	<u>1,269,552</u>	<u>406,059</u>	<u>2,570,924</u>	<u>0</u>
Fund Balances:					
Unreserved, Reported In:					
Capital Project Funds, Designated for Specific Projects				1,774,938	
Special Revenue Funds, Undesignated		55,633	(406,059)		
Capital Project Funds, Undesignated					
	<u>0</u>	<u>55,633</u>	<u>(406,059)</u>	<u>1,774,938</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>55,633</u>	<u>(406,059)</u>	<u>1,774,938</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 138,624</u>	<u>\$ 1,325,185</u>	<u>\$ 0</u>	<u>\$ 4,345,862</u>	<u>\$ 0</u>

Capital Project

Community Facilities District 91-1	Community Facilities District 93-2	Community Facilities District 01-1 Area 4	Community Facilities District 01-1 Area 5	Community Facilities District 01-1 Area 6	Community Facilities District 01-1 Area 7	Community Facilities District 02-1
\$ 332,577	\$ 6,794 35,367	\$ 984	\$ 7	\$ 12	\$ 3	\$
424	9					
1,044	21					
<u>\$ 334,045</u>	<u>\$ 42,191</u>	<u>\$ 984</u>	<u>\$ 7</u>	<u>\$ 12</u>	<u>\$ 3</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$	\$
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
334,045	42,191	984	7	12	3	
<u>334,045</u>	<u>42,191</u>	<u>984</u>	<u>7</u>	<u>12</u>	<u>3</u>	<u>0</u>
<u>\$ 334,045</u>	<u>\$ 42,191</u>	<u>\$ 984</u>	<u>\$ 7</u>	<u>\$ 12</u>	<u>\$ 3</u>	<u>\$ 0</u>

Continued

City of Perris, California
Combining Balance Sheet
Non-major Governmental Funds
6/30/2010

	Capital Project				
	Construction	Railway Depot Restoration	Community Facilities District 04-1	Community Facilities District 04-2	Community Facilities District 04-3
ASSETS					
Cash and Investments	\$ 17,560	\$ 122,984	\$ 5	\$	\$
Cash and Investments with Fiscal Agent					291,852
Receivables:					
Accounts					
Interest		157	2		2
Taxes					
Due from Other Funds		386	6		
Due from Other Governments		496			
Total Assets	<u>\$ 17,560</u>	<u>\$ 124,023</u>	<u>\$ 13</u>	<u>\$ 0</u>	<u>\$ 291,854</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 17,560	\$	\$	\$	\$
Deposits and Other Liabilities					1,000
Due to Other Governments					
Due to Other Funds	2,118				
Advances from Other Funds					
Deferred Revenue					
Total Liabilities	<u>19,678</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Fund Balances:					
Unreserved, Reported In:					
Capital Project Funds, Designated for Specific Projects		124,023	13		290,854
Special Revenue Funds, Undesignated Capital Project Funds, Undesignated	(2,118)				
Total Fund Balances	<u>(2,118)</u>	<u>124,023</u>	<u>13</u>	<u>0</u>	<u>290,854</u>
Total Liabilities and Fund Balances	<u>\$ 17,560</u>	<u>\$ 124,023</u>	<u>\$ 13</u>	<u>\$ 0</u>	<u>\$ 291,854</u>

Capital Project

Community Facilities District 04-3 Area 2	Community Facilities District 05-1 Area 3	Community Facilities District 05-1 Area 4	Community Facilities District 05-4	Community Facilities District 06-1	Community Facilities District VA	Total Non-major Governmental Funds
\$	\$	\$	\$	\$	\$	\$ 18,461,943
	10	42,722		239,784	2,893	613,634
				2		392,166
						23,783
						504,020
						406,003
						438,892
<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 42,722</u>	<u>\$ 0</u>	<u>\$ 239,786</u>	<u>\$ 2,893</u>	<u>\$ 20,840,441</u>
\$	\$	\$	\$	\$	\$	\$ 954,635
						271,410
						3,491
						1,340,115
						133,882
						3,819,224
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,522,757</u>
	10	42,722		239,786	2,893	2,852,481
						11,467,321
						(2,118)
<u>0</u>	<u>10</u>	<u>42,722</u>	<u>0</u>	<u>239,786</u>	<u>2,893</u>	<u>14,317,684</u>
<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 42,722</u>	<u>\$ 0</u>	<u>\$ 239,786</u>	<u>\$ 2,893</u>	<u>\$ 20,840,441</u>

City of Perris, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2010

	Special Revenue				
	Asset Seizure Forfeiture	AQMD Air Pollution Program	Traffic Safety	Federal Grants	City-wide Lighting District
REVENUES					
Intergovernmental Revenues	\$ 31,738	\$ 61,509	\$ 212,276	\$ 378,614	\$
Fines, Forfeitures and Penalties			282,637		
Investment Income		2,580	32,535	4,753	17,082
Special Assessments					247,686
Contributions from Property Owners					
Miscellaneous					800
Total Revenues	31,738	64,089	527,448	383,367	265,568
EXPENDITURES					
Current:					
Public Safety	31,738	8,146	21,641		
Public Works				91,120	336,748
Capital Outlay		127,176		345,383	
Total Expenditures	31,738	135,322	21,641	436,503	336,748
Excess (Deficiency) of Revenues Over Expenditures	0	(71,233)	505,807	(53,136)	(71,180)
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers Out			(290,540)		
Total Other Financing Sources (Uses)	0	0	(290,540)	0	0
Net Change in Fund Balances	0	(71,233)	215,267	(53,136)	(71,180)
Fund Balances - Beginning, As Previously Reported	0	253,363	1,728,494	0	1,100,093
Prior Period Adjustments			(659,475)		(393,449)
Fund Balances - Beginning, As Restated	0	253,363	1,069,019	0	706,644
Fund Balances - Ending	\$ 0	\$ 182,130	\$ 1,284,286	\$ (53,136)	\$ 635,464

Special Revenue

Lighting District No. 84-1	Landscape Maintenance District	Flood Control Maintenance District	Gas Tax	Sidewalk Grant SB - 821	Proposition "A"	Community Development
\$	\$	\$	\$ 880,657	\$ 60,000	\$ 1,235,323	\$ 842,110
11,215	22,879	37,986	18,280	18,226	51,939	
759,088	1,747,065	1,497,632				
21,000	10,500	5,250	259		246,680	
791,303	1,780,444	1,540,868	899,196	78,226	1,533,942	842,110
						224
712,850	1,431,486	435,627	114,696		3,289	842,110
					1,928,702	
712,850	1,431,486	435,627	114,696	0	1,931,991	842,334
78,453	348,958	1,105,241	784,500	78,226	(398,049)	(224)
			(840,000)	(79,152)		224
0	0	0	(840,000)	(79,152)	0	224
78,453	348,958	1,105,241	(55,500)	(926)	(398,049)	0
722,488	1,220,759	1,900,796	1,349,899	926	3,705,066	0
(75,034)		(134,074)				
647,454	1,220,759	1,766,722	1,349,899	926	3,705,066	0
\$ 725,907	\$ 1,569,717	\$ 2,871,963	\$ 1,294,399	\$ 0	\$ 3,307,017	\$ 0

Continued

City of Perris, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2010

	Special Revenue			Capital Project	
	CDBG Entitlement	State Grants	Road and Bridge Benefit District	Capital Improvement Projects	Community Facilities District 90-2
REVENUES					
Intergovernmental Revenues	\$ 320,796	\$ 3,960	\$	\$ 957,554	\$
Fines, Forfeitures and Penalties					
Investment Income		21,673		78,333	
Special Assessments					
Contributions from Property Owners				1,980,268	
Miscellaneous					
Total Revenues	320,796	25,633	0	3,016,155	0
EXPENDITURES					
Current:					
Public Safety	254,191				
Public Works		3,961	87,889	1,879	
Capital Outlay	66,605		221,803	2,386,939	3
Total Expenditures	320,796	3,961	309,692	2,388,818	3
Excess (Deficiency) of Revenues Over Expenditures	0	21,672	(309,692)	627,337	(3)
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers Out					
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	0	21,672	(309,692)	627,337	(3)
Fund Balances - Beginning, As Previously Reported	0	33,961	(96,367)	1,147,601	3
Prior Period Adjustments					
Fund Balances - Beginning, As Restated	0	33,961	(96,367)	1,147,601	3
Fund Balances - Ending	\$ 0	\$ 55,633	\$ (406,059)	\$ 1,774,938	\$ 0

Capital Project						
Community Facilities District 91-1	Community Facilities District 93-2	Community Facilities District 01-1 Area 4	Community Facilities District 01-1 Area 5	Community Facilities District 01-1 Area 6	Community Facilities District 01-1 Area 7	Community Facilities District 02-1
\$	\$	\$	\$	\$	\$	\$
5,500	117		87	147	11	
						3,863
5,500	117	0	87	147	11	3,863
			1,198,583	1,816,132	334,493	
0	0	0	1,198,583	1,816,132	334,493	0
5,500	117	0	(1,198,496)	(1,815,985)	(334,482)	3,863
0	0	0	0	0	0	0
5,500	117	0	(1,198,496)	(1,815,985)	(334,482)	3,863
328,545	42,074	984	1,198,503	1,815,997	334,485	(3,863)
328,545	42,074	984	1,198,503	1,815,997	334,485	(3,863)
\$ 334,045	\$ 42,191	\$ 984	\$ 7	\$ 12	\$ 3	\$ 0

Continued

City of Perris, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2010

	Capital Project				
	Construction	Railway Depot Restoration	Community Facilities District 04-1	Community Facilities District 04-2	Community Facilities District 04-3
REVENUES					
Intergovernmental Revenues	\$	\$	\$	\$	\$
Fines, Forfeitures and Penalties					
Investment Income		2,033	40		35
Special Assessments					
Contributions from Property Owners					
Miscellaneous					29,998
Total Revenues	0	2,033	40	0	30,033
EXPENDITURES					
Current:					
Public Safety					
Public Works	738				
Capital Outlay	137,942		2,860	51	
Total Expenditures	138,680	0	2,860	51	0
Excess (Deficiency) of Revenues Over Expenditures	(138,680)	2,033	(2,820)	(51)	30,033
OTHER FINANCING SOURCES (USES)					
Transfers In	136,562				
Transfers Out					
Total Other Financing Sources (Uses)	136,562	0	0	0	0
Net Change in Fund Balances	(2,118)	2,033	(2,820)	(51)	30,033
Fund Balances - Beginning, As Previously Reported	0	121,990	2,833	51	260,821
Prior Period Adjustments					
Fund Balances - Beginning, As Restated	0	121,990	2,833	51	260,821
Fund Balances - Ending	\$ (2,118)	\$ 124,023	\$ 13	\$ 0	\$ 290,854

Capital Project

Community Facilities District 04-3 Area 2	Community Facilities District 05-1 Area 3	Community Facilities District 05-1 Area 4	Community Facilities District 05-4	Community Facilities District 06-1	Community Facilities District VA	Total Non-major Governmental Funds
\$	\$	\$	\$	\$	\$	\$ 4,984,537
		6	3	31	5	282,637
						325,496
			3	4		4,251,471
	6		368,244			1,980,275
						686,600
0	6	6	368,250	35	5	12,511,016
						315,940
14	0		380,463	0	127,710	3,105,587
						10,031,665
14	0	0	380,463	0	127,710	13,453,192
(14)	6	6	(12,213)	35	(127,705)	(942,176)
						136,786
					0	(1,209,692)
0	0	0	0	0	0	(1,072,906)
(14)	6	6	(12,213)	35	(127,705)	(2,015,082)
14	4	42,716	12,213	239,751	130,598	17,594,798
						(1,262,032)
14	4	42,716	12,213	239,751	130,598	16,332,766
\$ 0	\$ 10	\$ 42,722	\$ 0	\$ 239,786	\$ 2,893	\$ 14,317,684

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 4,115,251	\$ 4,115,251	\$ 4,267,777	\$ 152,526
Miscellaneous	26,750	26,750	99,861	73,111
Total Revenues	<u>4,142,001</u>	<u>4,142,001</u>	<u>4,367,638</u>	<u>225,637</u>
EXPENDITURES				
Current:				
General Government	12,400	12,400	32,500	(20,100)
Public Works			45,892	(45,892)
Debt Service:				
Issuance Costs			838,493	(838,493)
Principal Retirement	1,735,000	1,402,000	3,100,000	(1,698,000)
Interest and Fiscal Charges	6,913,230	6,913,230	7,759,937	(846,707)
Total Expenditures	<u>8,660,630</u>	<u>8,327,630</u>	<u>11,776,822</u>	<u>(3,449,192)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,518,629)</u>	<u>(4,185,629)</u>	<u>(7,409,184)</u>	<u>(3,223,555)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			3,949,031	3,949,031
Transfers Out			(233)	(233)
Issuance of Long-term Debt			12,670,000	12,670,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>16,618,798</u>	<u>16,618,798</u>
Net Change in Fund Balances	<u><u>\$(4,518,629)</u></u>	<u><u>\$(4,185,629)</u></u>	9,209,614	<u><u>\$ 13,395,243</u></u>
Fund Balance, Beginning			<u>130,213,946</u>	
Fund Balance, Ending			<u><u>\$139,423,560</u></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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes	\$13,067,000	\$13,067,000	\$ 9,128,627	\$(3,938,373)
Investment Income	<u>26,500</u>	<u>26,500</u>	<u>170,120</u>	<u>143,620</u>
Total Revenues	<u>13,093,500</u>	<u>13,093,500</u>	<u>9,298,747</u>	<u>(3,794,753)</u>
EXPENDITURES				
Current:				
General Government	65,000	65,000	109,347	(44,347)
Public Works				
State ERAF		3,771,261	3,771,261	0
Debt Service:				
Pass-through Agreements	2,737,000	2,737,000	3,160,530	(423,530)
Principal Retirement	215,000	215,000		215,000
Interest and Fiscal Charges	<u>832,133</u>	<u>832,133</u>		<u>832,133</u>
Total Expenditures	<u>3,849,133</u>	<u>7,620,394</u>	<u>7,041,138</u>	<u>579,256</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,244,367</u>	<u>5,473,106</u>	<u>2,257,609</u>	<u>(3,215,497)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	441,635	441,635	2,272,865	1,831,230
Transfers Out	(4,626,899)	(4,626,899)	(5,115,161)	(488,262)
Issuance of Long-term Debt			<u>344,297</u>	<u>344,297</u>
Total Other Financing Sources (Uses)	<u>(4,185,264)</u>	<u>(4,185,264)</u>	<u>(2,497,999)</u>	<u>1,687,265</u>
Net Change in Fund Balances	<u>\$ 5,059,103</u>	<u>\$ 1,287,842</u>	(240,390)	<u>\$(1,528,232)</u>
Fund Balance, Beginning			<u>(7,288,630)</u>	
Fund Balance, Ending			<u><u>\$(7,529,020)</u></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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Developer Fees	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 1,627,846</u>	<u>\$ 1,427,846</u>
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>1,627,846</u>	<u>1,427,846</u>
EXPENDITURES				
Current:				
Public Works			4,128	(4,128)
Capital Outlay	<u>6,418,011</u>	<u>5,989,191</u>	<u>1,623,718</u>	<u>4,365,473</u>
Total Expenditures	<u>6,418,011</u>	<u>5,989,191</u>	<u>1,627,846</u>	<u>4,361,345</u>
Excess (Deficiency) of Revenues over Expenditures	<u><u>\$(6,218,011)</u></u>	<u><u>\$(5,789,191)</u></u>	0	<u><u>\$ 5,789,191</u></u>
Fund Balance, Beginning - As Previously Reported			<u>0</u>	
Fund Balance, Ending			<u><u>\$ 0</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 395,000	\$ 395,000	\$ 244,521	\$ (150,479)
Miscellaneous	5,305,000	5,305,000	6,008	(5,298,992)
Total Revenues	<u>5,700,000</u>	<u>5,700,000</u>	<u>250,529</u>	<u>(5,449,471)</u>
EXPENDITURES				
Current:				
Public Works	11,206,209	4,352,286	1,425,041	2,927,245
Capital Outlay	2,000	5,228,323	1,804,381	3,423,942
Debt Service:				
Issuance Costs			48,595	(48,595)
Total Expenditures	<u>11,208,209</u>	<u>9,580,609</u>	<u>3,278,017</u>	<u>6,302,592</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,508,209)</u>	<u>(3,880,609)</u>	<u>(3,027,488)</u>	<u>853,121</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			894,357	894,357
Transfers Out			(96,222)	(96,222)
Sale of Property			49,951	49,951
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>848,086</u>	<u>848,086</u>
Net Change in Fund Balances	<u><u>\$ (5,508,209)</u></u>	<u><u>\$ (3,880,609)</u></u>	<u>(2,179,402)</u>	<u><u>\$ 1,701,207</u></u>
Fund Balance, Beginning			<u>(712,238)</u>	
Fund Balance, Ending			<u><u>\$ (2,891,640)</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$	\$	\$ 31,738	\$ 31,738
Total Revenues	0	0	31,738	31,738
EXPENDITURES				
Current:				
Public Safety			31,738	(31,738)
Total Expenditures	0	0	31,738	(31,738)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	0	\$ 0
Fund Balance, Beginning			0	
Fund Balance, Ending			\$ 0	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 35,000	\$ 35,000	\$ 61,509	\$ 26,509
Investment Income	2,500	2,500	2,580	80
Total Revenues	37,500	37,500	64,089	26,589
EXPENDITURES				
Current:				
Public Safety			8,146	(8,146)
Capital Outlay	203,000	203,000	127,176	75,824
Total Expenditures	203,000	203,000	135,322	67,678
Excess (Deficiency) of Revenues over Expenditures	\$ (165,500)	\$ (165,500)	(71,233)	\$ 94,267
Fund Balance, Beginning			253,363	
Fund Balance, Ending			\$ 182,130	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$	\$	\$ 212,276	\$ 212,276
Fines, Forfeitures and Penalties	250,000	250,000	282,637	32,637
Investment Income	500	500	32,535	32,035
Total Revenues	<u>250,500</u>	<u>250,500</u>	<u>527,448</u>	<u>276,948</u>
EXPENDITURES				
Current:				
Public Safety	28,597	80,000	21,641	58,359
Capital Outlay	493,374	661,971		661,971
Total Expenditures	<u>521,971</u>	<u>741,971</u>	<u>21,641</u>	<u>720,330</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(271,471)</u>	<u>(491,471)</u>	<u>505,807</u>	<u>997,278</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(80,000)		(290,540)	(290,540)
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>0</u>	<u>(290,540)</u>	<u>(290,540)</u>
Net Change in Fund Balances	<u>\$ (351,471)</u>	<u>\$ (491,471)</u>	<u>215,267</u>	<u>\$ 706,738</u>
Fund Balance, Beginning, As Previously Reported			1,728,494	
Prior Period Adjustment			<u>(659,475)</u>	
Fund Balance, Beginning, As Restated			<u>1,069,019</u>	
Fund Balance, Ending			<u>\$ 1,284,286</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$	\$	\$ 378,614	\$ 378,614
Investment Income			4,753	4,753
Total Revenues	<u>0</u>	<u>0</u>	<u>383,367</u>	<u>383,367</u>
EXPENDITURES				
Current:				
Public Works			91,120	(91,120)
Capital Outlay		503,200	345,383	
Total Expenditures	<u>0</u>	<u>503,200</u>	<u>436,503</u>	<u>(91,120)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ (503,200)</u>	(53,136)	<u>\$ 450,064</u>
Fund Balance, Beginning			<u>0</u>	
Fund Balance, Ending			<u>\$ (53,136)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 2,500	\$ 2,500	\$ 17,082	\$ 14,582
Special Assessments	290,500	290,500	247,686	(42,814)
Miscellaneous			800	800
Total Revenues	<u>293,000</u>	<u>293,000</u>	<u>265,568</u>	<u>(27,432)</u>
EXPENDITURES				
Current:				
Public Works	4,500	4,500	336,748	(332,248)
Total Expenditures	<u>4,500</u>	<u>4,500</u>	<u>336,748</u>	<u>(332,248)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>288,500</u>	<u>288,500</u>	<u>(71,180)</u>	<u>(359,680)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,000,000)</u>	<u>(1,000,000)</u>		<u>1,000,000</u>
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>0</u>	<u>1,000,000</u>
Net Change in Fund Balances	<u>\$ (711,500)</u>	<u>\$ (711,500)</u>	<u>(71,180)</u>	<u>\$ 640,320</u>
Fund Balance - Beginning, As Previously Reported			1,100,093	
Prior Period Adjustment			<u>(393,449)</u>	
Fund Balance - Beginning, As Restated			<u>706,644</u>	
Fund Balance, Ending			<u>\$ 635,464</u>	

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, 2010

	<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	\$ 10,000	\$ 10,000	\$ 11,215	\$ 1,215
Special Assessments	981,648	981,648	759,088	(222,560)
Miscellaneous	<u>35,000</u>	<u>35,000</u>	<u>21,000</u>	<u>(14,000)</u>
Total Revenues	<u>1,026,648</u>	<u>1,026,648</u>	<u>791,303</u>	<u>(235,345)</u>
EXPENDITURES				
Current:				
Public Works	<u>837,620</u>	<u>837,620</u>	<u>712,850</u>	<u>124,770</u>
Total Expenditures	<u>837,620</u>	<u>837,620</u>	<u>712,850</u>	<u>124,770</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 189,028</u>	<u>\$ 189,028</u>	<u>78,453</u>	<u>\$ (110,575)</u>
Fund Balance, Beginning, As Previously Reported			722,488	
Prior Period Adjustment			<u>(75,034)</u>	
Fund Balance, Beginning, As Restated			<u>647,454</u>	
Fund Balance, Ending			<u>\$ 725,907</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, 2010

	<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	\$ 2,000	\$ 2,000	\$ 22,879	\$ 20,879
Special Assessments	1,856,460	1,856,460	1,747,065	(109,395)
Miscellaneous	<u>35,000</u>	<u>35,000</u>	<u>10,500</u>	<u>(24,500)</u>
Total Revenues	<u>1,893,460</u>	<u>1,893,460</u>	<u>1,780,444</u>	<u>(113,016)</u>
EXPENDITURES				
Current:				
Public Works	<u>1,593,950</u>	<u>1,593,950</u>	<u>1,431,486</u>	<u>162,464</u>
Total Expenditures	<u>1,593,950</u>	<u>1,593,950</u>	<u>1,431,486</u>	<u>162,464</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 299,510</u>	<u>\$ 299,510</u>	348,958	<u>\$ 49,448</u>
Fund Balance, Beginning			<u>1,220,759</u>	
Fund Balance, Ending			<u>\$ 1,569,717</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, 2010

	<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	\$ 25,800	\$ 25,800	\$ 37,986	\$ 12,186
Special Assessments	3,440,365	3,440,365	1,497,632	(1,942,733)
Miscellaneous	<u>35,000</u>	<u>35,000</u>	<u>5,250</u>	<u>(29,750)</u>
Total Revenues	<u>3,501,165</u>	<u>3,501,165</u>	<u>1,540,868</u>	<u>(1,960,297)</u>
EXPENDITURES				
Current:				
Public Works	<u>3,280,179</u>	<u>3,490,179</u>	<u>435,627</u>	<u>3,054,552</u>
Total Expenditures	<u>3,280,179</u>	<u>3,490,179</u>	<u>435,627</u>	<u>3,054,552</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 220,986</u>	<u>\$ 10,986</u>	<u>1,105,241</u>	<u>\$ 1,094,255</u>
Fund Balance, Beginning, As Previously Reported			1,900,796	
Prior Period Adjustment			<u>(134,074)</u>	
Fund Balance, Beginning, As Restated			<u>1,766,722</u>	
Fund Balance, Ending			<u>\$ 2,871,963</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 911,186	\$ 911,186	\$ 880,657	\$ (30,529)
Investment Income	15,000	15,000	18,280	3,280
Miscellaneous			259	259
Total Revenues	<u>926,186</u>	<u>926,186</u>	<u>899,196</u>	<u>(26,990)</u>
EXPENDITURES				
Public Works	<u>157,571</u>	<u>107,063</u>	<u>114,696</u>	<u>(7,633)</u>
Total Expenditures	<u>157,571</u>	<u>107,063</u>	<u>114,696</u>	<u>(7,633)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>768,615</u>	<u>819,123</u>	<u>784,500</u>	<u>(34,623)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(840,000)</u>	<u>(840,000)</u>	<u>(840,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(840,000)</u>	<u>(840,000)</u>	<u>(840,000)</u>	<u>0</u>
Net Change in Fund Balances	<u>\$ (71,385)</u>	<u>\$ (20,877)</u>	(55,500)	<u>\$ (34,623)</u>
Fund Balance, Beginning			<u>1,349,899</u>	
Fund Balance, Ending			<u>\$ 1,294,399</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sidewalk Grant SB-821 Special Revenue Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 60,000	\$ 60,000
Investment Income			18,226	18,226
Total Revenues	<u>0</u>	<u>0</u>	<u>78,226</u>	<u>78,226</u>
EXPENDITURES				
Capital Outlay				
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>	<u>78,226</u>	<u>78,226</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(79,152)	(79,152)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(79,152)</u>	<u>(79,152)</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	(926)	<u>\$ (926)</u>
Fund Balance, Beginning			<u>926</u>	
Fund Balance, Ending			<u>\$ 0</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 1,100,000	\$ 1,100,000	\$ 1,235,323	\$ 135,323
Investment Income	60,000	60,000	51,939	(8,061)
Miscellaneous			246,680	246,680
			<u>246,680</u>	<u>246,680</u>
Total Revenues	<u>1,160,000</u>	<u>1,160,000</u>	<u>1,533,942</u>	<u>373,942</u>
EXPENDITURES				
Current:				
Public Works			3,289	(3,289)
Capital Outlay	4,299,810	4,543,357	1,928,702	2,614,655
			<u>1,928,702</u>	<u>2,614,655</u>
Total Expenditures	<u>4,299,810</u>	<u>4,543,357</u>	<u>1,931,991</u>	<u>2,611,366</u>
Excess (Deficiency) of Revenues over Expenditures	<u><u>\$(3,139,810)</u></u>	<u><u>\$(3,383,357)</u></u>	(398,049)	<u><u>\$ 2,985,308</u></u>
Fund Balance - Beginning			<u>3,705,066</u>	
Fund Balance, Ending			<u><u>\$ 3,307,017</u></u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Special Revenue Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 917,652	\$ 917,652	\$ 842,110	\$ (75,542)
Total Revenues	<u>917,652</u>	<u>917,652</u>	<u>842,110</u>	<u>(75,542)</u>
EXPENDITURES				
Current:				
Public Safety			224	(224)
Capital Outlay	917,652	935,953	842,110	93,843
Total Expenditures	<u>917,652</u>	<u>935,953</u>	<u>842,334</u>	<u>93,619</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>(18,301)</u>	<u>(224)</u>	<u>18,077</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			224	224
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>224</u>	<u>224</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>\$ (18,301)</u>	0	<u>\$ 18,301</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 - CDBG Entitlement Special Revenue Fund
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 487,356	\$ 487,356	\$ 320,796	\$ (166,560)
Total Revenues	<u>487,356</u>	<u>487,356</u>	<u>320,796</u>	<u>(166,560)</u>
EXPENDITURES				
Current:				
Public Safety			254,191	(254,191)
Capital Outlay	<u>615,480</u>	<u>615,480</u>	<u>66,605</u>	<u>548,875</u>
Total Expenditures	<u>615,480</u>	<u>615,480</u>	<u>320,796</u>	<u>294,684</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(128,124)</u>	<u>(128,124)</u>	0	<u>128,124</u>
Fund Balance, Beginning			<u>0</u>	
Fund Balance, Ending			<u><u>\$ 0</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$	\$	\$ 3,960	\$ 3,960
Investment Income			21,673	21,673
Total Revenues	<u>0</u>	<u>0</u>	<u>25,633</u>	<u>25,633</u>
EXPENDITURES				
Current:				
Public Works	<u>311,427</u>	<u>1,080,197</u>	<u>3,961</u>	<u>1,076,236</u>
Total Expenditures	<u>311,427</u>	<u>1,080,197</u>	<u>3,961</u>	<u>1,076,236</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (311,427)</u>	<u>\$(1,080,197)</u>	21,672	<u>\$ 1,101,869</u>
Fund Balance, Beginning, As Previously Reported			<u>33,961</u>	
Fund Balance, Ending			<u>\$ 55,633</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$	\$	\$	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Public Works	54,000	31,069	87,889	(56,820)
Capital Outlay			<u>221,803</u>	<u>(221,803)</u>
Total Expenditures	<u>54,000</u>	<u>31,069</u>	<u>309,692</u>	<u>(278,623)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (54,000)</u>	<u>\$ (31,069)</u>	(309,692)	<u>\$ (309,692)</u>
Fund Balance, Beginning			<u>(96,367)</u>	
Fund Balance, Ending			<u>\$ (406,059)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$36,234,000	\$ 36,234,000	\$ 957,554	\$(35,276,446)
Investment Income	25,000	25,000	78,333	53,333
Miscellaneous			1,980,268	1,980,268
			<u>1,980,268</u>	<u>1,980,268</u>
Total Revenues	<u>36,259,000</u>	<u>36,259,000</u>	<u>3,016,155</u>	<u>(33,242,845)</u>
EXPENDITURES				
Current:				
Public Works			1,879	(1,879)
Capital Outlay	<u>33,812,144</u>	<u>8,521,523</u>	<u>2,386,939</u>	<u>6,134,584</u>
			<u>2,386,939</u>	<u>6,134,584</u>
Total Expenditures	<u>33,812,144</u>	<u>8,521,523</u>	<u>2,388,818</u>	<u>6,132,705</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 2,446,856</u>	<u>\$ 27,737,477</u>	627,337	<u>\$(27,110,140)</u>
Fund Balance, Beginning, As Previously Reported			<u>1,147,601</u>	
Fund Balance, Ending			<u>\$ 1,774,938</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 90-2 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$	\$ 0
Total Revenues	0	0	0	0
EXPENDITURES				
Capital Outlay			3	(3)
Total Expenditures	0	0	3	(3)
Excess (Deficiency) of Revenues over Expenditures	\$	\$	(3)	\$ 0
Fund Balance, Beginning			3	
Fund Balance, Ending			\$ 0	

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, 2010

	<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	<u>\$</u>	<u>\$</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>5,500</u>	<u>5,500</u>
EXPENDITURES				
Capital Outlay	<u></u>	<u></u>	<u></u>	<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>	<u>5,500</u>	<u>\$ 5,500</u>
Fund Balance, Beginning			<u>328,545</u>	
Fund Balance, Ending			<u>\$ 334,045</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, 2010

	<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	<u>\$</u>	<u>\$</u>	<u>\$ 117</u>	<u>\$ 117</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>117</u>	<u>117</u>
EXPENDITURES				
Capital Outlay	<u></u>	<u></u>	<u></u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>117</u>	<u><u>\$ 117</u></u>
Fund Balance, Beginning			<u>42,074</u>	
Fund Balance, Ending			<u><u>\$ 42,191</u></u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 01-1 Area 4 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	0	0
Total Revenues	0	0	0	0
EXPENDITURES				
Capital Outlay			0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	0	\$ 0
Fund Balance, Beginning			984	
Fund Balance, Ending			\$ 984	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 01-1 Area 5 Capital Project Fund
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	87	87
Total Revenues	<u>0</u>	<u>0</u>	<u>87</u>	<u>87</u>
EXPENDITURES				
Capital Outlay			1,198,583	(1,198,583)
Total Expenditures	<u>0</u>	<u>0</u>	<u>1,198,583</u>	<u>(1,198,583)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	(1,198,496)	<u>\$(1,198,496)</u>
Fund Balance, Beginning			<u>1,198,503</u>	
Fund Balance, Ending			<u>\$ 7</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 01-1 Area 6 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 147	\$ 147
Total Revenues	0	0	147	147
EXPENDITURES				
Capital Outlay			1,816,132	(1,816,132)
Total Expenditures	0	0	1,816,132	(1,816,132)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	(1,815,985)	\$(1,815,985)
Fund Balance, Beginning			1,815,997	
Fund Balance, Ending			\$ 12	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 01-1 Area 7 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 11	\$ 11
Total Revenues	0	0	11	11
EXPENDITURES				
Capital Outlay			334,493	(334,493)
Total Expenditures	0	0	334,493	(334,493)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	(334,482)	\$ (334,482)
Fund Balance, Beginning			334,485	
Fund Balance, Ending			\$ 3	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 02-1 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 0	\$ 0	\$ 3,863	\$ 3,863
Total Revenues	<u>0</u>	<u>0</u>	<u>3,863</u>	<u>3,863</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>	3,863	<u>\$ 3,863</u>
Fund Balance, Beginning			<u>(3,863)</u>	
Fund Balance, Ending			<u>\$ 0</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Construction Capital Project Fund
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	\$	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Public Works			738	(738)
Capital Outlay	<u>1,943,439</u>	<u>6,867,043</u>	<u>137,942</u>	<u>6,729,101</u>
Total Expenditures	<u>1,943,439</u>	<u>6,867,043</u>	<u>138,680</u>	<u>6,728,363</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,943,439)</u>	<u>(6,867,043)</u>	<u>(138,680)</u>	<u>6,728,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>0</u>	<u>0</u>	<u>136,562</u>	<u>136,562</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>136,562</u>	<u>136,562</u>
Net Change in Fund Balances	<u><u>\$(1,943,439)</u></u>	<u><u>\$(6,867,043)</u></u>	<u>(2,118)</u>	<u><u>\$ 6,864,925</u></u>
Fund Balance, Beginning			<u>0</u>	
Fund Balance, Ending			<u><u>\$ (2,118)</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 0	\$ 0	\$ 2,033	\$ 2,033
Total Revenues	<u>0</u>	<u>0</u>	<u>2,033</u>	<u>2,033</u>
EXPENDITURES				
Capital Outlay	<u> </u>	<u> </u>	<u> </u>	<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>	2,033	<u>\$ 2,033</u>
Fund Balance, Beginning			<u>121,990</u>	
Fund Balance, Ending			<u>\$ 124,023</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 04-1 Capital Project Fund
Year Ended June 30, 2010

	<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	<u>\$</u>	<u>\$</u>	<u>\$ 40</u>	<u>\$ 40</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>40</u>	<u>40</u>
EXPENDITURES				
Capital Outlay	<u></u>	<u></u>	<u>2,860</u>	<u>(2,860)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>2,860</u>	<u>(2,860)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>(2,820)</u>	<u>\$ (2,820)</u>
Fund Balance, Beginning			<u>2,833</u>	
Fund Balance, Ending			<u>\$ 13</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 04-2 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	0	0
Total Revenues	0	0	0	0
EXPENDITURES				
Capital Outlay			51	(51)
Total Expenditures	0	0	51	(51)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	(51)	\$ (51)
Fund Balance, Beginning			51	
Fund Balance, Ending			\$ 0	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 35	\$ 35
Miscellaneous			29,998	29,998
Total Revenues	<u>0</u>	<u>0</u>	<u>30,033</u>	<u>30,033</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>	30,033	<u>\$ 30,033</u>
Fund Balance, Beginning			<u>260,821</u>	
Fund Balance, Ending			<u>\$ 290,854</u>	

City of Perris, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities District 04-3 Area 2 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$	\$
Total Revenues	0	0	0	0
EXPENDITURES				
Capital Outlay			14	(14)
Total Expenditures	0	0	14	(14)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	(14)	\$ (14)
Fund Balance, Beginning			14	
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 3 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$	\$	\$ 6	\$ 6
Total Revenues	0	0	6	6
EXPENDITURES				
Capital Outlay			0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	\$	\$	6	\$ 6
Fund Balance, Beginning			4	
Fund Balance, Ending			\$ 10	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 6	\$ 6
Total Revenues	0	0	6	6
EXPENDITURES				
Capital Outlay				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	6	\$ 6
Fund Balance, Beginning			42,716	
Fund Balance, Ending			\$ 42,722	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 3	\$ 3
Contributions from Property Owners			3	3
Miscellaneous			368,244	368,244
Total Revenues	<u>0</u>	<u>0</u>	<u>368,250</u>	<u>368,250</u>
EXPENDITURES				
Capital Outlay			380,463	(380,463)
Total Expenditures	<u>0</u>	<u>0</u>	<u>380,463</u>	<u>(380,463)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	(12,213)	<u>\$ (12,213)</u>
Fund Balance, Beginning			<u>12,213</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 06-1 Capital Project Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 31	\$ 31
Contributions from Property Owners			4	4
Total Revenues	<u>0</u>	<u>0</u>	<u>35</u>	<u>35</u>
EXPENDITURES				
Capital Outlay			0	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>	35	<u>\$ 35</u>
Fund Balance, Beginning			<u>239,751</u>	
Fund Balance, Ending			<u>\$ 239,786</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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment Income	\$	\$	\$ 5	\$ 5
Total Revenues	0	0	5	5
EXPENDITURES				
Capital Outlay			127,710	(127,710)
Total Expenditures	0	0	127,710	(127,710)
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ 0	(127,705)	\$ (127,705)
Fund Balance, Beginning			130,598	
Fund Balance, Ending			\$ 2,893	

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.

Water Utility - To account for the activities of the City's water utility distribution 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, 2010

	Business-type Activities		
	Enterprise Funds		
	Water Utility	Solid Waste Utility	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$	\$ 1,263,930	\$ 1,263,930
Receivables:			
Accounts	436,030	702,068	1,138,098
Interest		1,610	1,610
Due from Other Funds	140,000	3,960	143,960
	<u>576,030</u>	<u>1,971,568</u>	<u>2,547,598</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets, Net of Depreciation	3,863,384		3,863,384
	<u>3,863,384</u>	<u>0</u>	<u>3,863,384</u>
Total Noncurrent Assets			
	<u>4,439,414</u>	<u>1,971,568</u>	<u>6,410,982</u>
Total Assets			
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	335,496	584,184	919,680
Advances from Other Funds	1,600,002		1,600,002
Deposits	79,924		79,924
Compensated Absences Payable - Current Portion	4,876	38	4,914
	<u>2,020,298</u>	<u>584,222</u>	<u>2,604,520</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Compensated Absences Payable	19,501	154	19,655
	<u>19,501</u>	<u>154</u>	<u>19,655</u>
Total Noncurrent Liabilities			
	<u>2,039,799</u>	<u>584,376</u>	<u>2,624,175</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,863,384		3,863,384
Unrestricted	(1,463,769)	1,387,192	(76,577)
	<u>\$ 2,399,615</u>	<u>\$ 1,387,192</u>	<u>\$ 3,786,807</u>
Total Net Assets			

City of Perris, California
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Non-major Enterprise Funds
Year Ended June 30, 2010

	Business-type Activities		
	Enterprise Funds		
	Water Utility	Solid Waste Utility	Totals
OPERATING REVENUES			
Charges for Services	\$ 2,320,240	\$ 695,579	\$ 3,015,819
Miscellaneous	53,490		53,490
Total Operating Revenue	<u>2,373,730</u>	<u>695,579</u>	<u>3,069,309</u>
OPERATING EXPENSES			
Maintenance and Operation	319,640	18,351	337,991
Contractual Services	2,109,946	501,405	2,611,351
Materials and Supplies	11,313		11,313
Repairs and Maintenance	80,159		80,159
Administrative and General	49,449	45,727	95,176
Depreciation	174,584		174,584
Total Operating Expenses	<u>2,745,091</u>	<u>565,483</u>	<u>3,310,574</u>
Operating Income (Loss)	<u>(371,361)</u>	<u>130,096</u>	<u>(241,265)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income		21,059	21,059
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>21,059</u>	<u>21,059</u>
Income (Loss) Before Contributions and Transfers	(371,361)	151,155	(220,206)
Transfer In	<u>140,000</u>		<u>140,000</u>
Change in Net Assets	<u>(231,361)</u>	<u>151,155</u>	<u>(80,206)</u>
Total Net Assets, Beginning of Year	<u>2,630,977</u>	<u>1,236,036</u>	<u>3,867,013</u>
Total Net Assets, End of Year	<u><u>\$ 2,399,616</u></u>	<u><u>\$ 1,387,191</u></u>	<u><u>\$ 3,786,807</u></u>

City of Perris, California
Combining Statement of Cash Flows
Non-major Enterprise Funds
Year Ended June 30, 2010

	Business-type Activities		
	Enterprise Funds		
	Water Utility	Solid Waste Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 2,306,259	\$ 639,503	\$ 2,945,762
Cash Payments for Employee Services	(172,361)	(23,557)	(195,918)
Cash Payments to Suppliers for Goods and Services	<u>(2,236,281)</u>	<u>(510,334)</u>	<u>(2,746,615)</u>
Net Cash Provided (Used) by Operating Activities	<u>(102,383)</u>	<u>105,612</u>	<u>3,229</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) Other Funds	(29,240)	(3,960)	(33,200)
Operating Transfers In (Out)	<u>140,000</u>	<u></u>	<u>140,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>110,760</u>	<u>(3,960)</u>	<u>106,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	<u>(8,377)</u>	<u></u>	<u>(8,377)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(8,377)</u>	<u>0</u>	<u>(8,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	<u></u>	<u>22,281</u>	<u>22,281</u>
Net Cash Provided (Used) from Investing Activities	<u>0</u>	<u>22,281</u>	<u>22,281</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>0</u>	<u>123,933</u>	<u>123,933</u>
Cash and Cash Equivalents - Beginning of the Year	<u>0</u>	<u>1,139,997</u>	<u>1,139,997</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 0</u>	<u>\$ 1,263,930</u>	<u>\$ 1,263,930</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (371,361)	\$ 130,096	\$ (241,265)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	174,584		174,584
Changes in Assets and Liabilities:			
Accounts Receivables (Increase) Decrease	(96,669)	(56,076)	(152,745)
Deposits (Increase) Decrease	124		124
Accounts Payable and Accrued Liabilities Increase (Decrease)	171,532	36,686	208,218
Deposits Payable Increase (Decrease)	29,074		29,074
Compensated Absences Increase (Decrease)	<u>(9,667)</u>	<u>(5,094)</u>	<u>(14,761)</u>
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (102,383)</u>	<u>\$ 105,612</u>	<u>\$ 3,229</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, 2010

	City Cash Trust Fund	Community Facilities Districts	Assessment District 86-1	Total Agency Funds
ASSETS				
Cash and Investments	\$ 714,594	\$ 700,798	\$ 471,739	\$ 1,887,131
Cash and Investments with Fiscal Agent		24,753,079		24,753,079
Assessments Receivable		813,843	2,031	815,874
Interest Receivable		4,328	602	4,930
Other Receivable	16,402	11,520	1,480	29,402
	<u>16,402</u>	<u>11,520</u>	<u>1,480</u>	<u>29,402</u>
Total Assets	<u>\$ 730,996</u>	<u>\$ 26,283,568</u>	<u>\$ 475,852</u>	<u>\$ 27,490,416</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 444,902	\$ 167,544	\$	\$ 612,446
Deposits	286,094	505,166		791,260
Due to Bondholders		25,610,858	475,852	26,086,710
	<u>286,094</u>	<u>25,610,858</u>	<u>475,852</u>	<u>26,086,710</u>
Total Liabilities	<u>\$ 730,996</u>	<u>\$ 26,283,568</u>	<u>\$ 475,852</u>	<u>\$ 27,490,416</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
City Cash Trust Fund
Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 642,420	\$ 1,157,927	\$ 1,085,753	\$ 714,594
Other Receivable	0	34,651	18,249	16,402
	<u>0</u>	<u>34,651</u>	<u>18,249</u>	<u>16,402</u>
Total Assets	<u>\$ 642,420</u>	<u>\$ 1,192,578</u>	<u>\$ 1,104,002</u>	<u>\$ 730,996</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 75,683	\$ 1,361,278	\$ 992,059	\$ 444,902
Deposits	566,737	1,172,012	1,452,655	286,094
	<u>566,737</u>	<u>1,172,012</u>	<u>1,452,655</u>	<u>286,094</u>
Total Liabilities	<u>\$ 642,420</u>	<u>\$ 2,533,290</u>	<u>\$ 2,444,714</u>	<u>\$ 730,996</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
Community Facilities Districts
Year Ended June 30, 2010

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 1,111,474	\$ 18,757,183	\$ 19,167,859	\$ 700,798
Cash and Investments with Fiscal Agent	23,579,914	16,831,386	15,658,221	24,753,079
Assessments Receivable	1,322,323	813,844	1,322,324	813,843
Interest Receivable	10,742	4,328	10,742	4,328
Other Receivable	5,094	10,713	4,287	11,520
Deposits	93,169		93,169	0
	<u>26,122,716</u>	<u>36,417,454</u>	<u>36,256,602</u>	<u>26,283,568</u>
Total Assets	<u>\$ 26,122,716</u>	<u>\$ 36,417,454</u>	<u>\$ 36,256,602</u>	<u>\$ 26,283,568</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 166,325	\$ 459,816	\$ 458,597	\$ 167,544
Deposits	527,799	951,453	974,086	505,166
Due to Bondholders	25,428,592	764,529	582,263	25,610,858
	<u>26,122,716</u>	<u>2,175,798</u>	<u>2,014,946</u>	<u>26,283,568</u>
Total Liabilities	<u>\$ 26,122,716</u>	<u>\$ 2,175,798</u>	<u>\$ 2,014,946</u>	<u>\$ 26,283,568</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
Assessment District 86-1
Year Ended June 30, 2010

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 696,790	\$ 16,612	\$ 241,663	\$ 471,739
Assessments Receivable	4,089	2,031	4,089	2,031
Interest Receivable	1,923	602	1,923	602
Other Receivable	1,537	1,480	1,537	1,480
	<u>704,339</u>	<u>20,725</u>	<u>249,212</u>	<u>475,852</u>
Total Assets	<u>\$ 704,339</u>	<u>\$ 20,725</u>	<u>\$ 249,212</u>	<u>\$ 475,852</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 246	\$	\$ 246	\$ 0
Due to Bondholders	704,093	20,726	248,967	475,852
	<u>704,339</u>	<u>20,726</u>	<u>249,213</u>	<u>475,852</u>
Total Liabilities	<u>\$ 704,339</u>	<u>\$ 20,726</u>	<u>\$ 249,213</u>	<u>\$ 475,852</u>

City of Perris, California
Statement of Changes in Fiduciary Assets and Liabilities
Total Agency Funds
Year Ended June 30, 2010

	Beginning Balance	Additions	Deletions	Beginning Balance
ASSETS				
Cash and Investments	\$ 2,450,684	\$ 19,931,722	\$ 20,495,275	\$ 1,887,131
Cash and Investments with Fiscal Agent	23,579,914	16,831,386	15,658,221	24,753,079
Assessments Receivable	1,326,412	815,875	1,326,413	815,874
Interest Receivable	12,665	4,930	12,665	4,930
Other Receivable	6,631	46,844	24,073	29,402
Deposits	93,169		93,169	0
	<u>27,469,475</u>	<u>37,630,757</u>	<u>37,609,816</u>	<u>27,490,416</u>
Total Assets	<u>\$ 27,469,475</u>	<u>\$ 37,630,757</u>	<u>\$ 37,609,816</u>	<u>\$ 27,490,416</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 242,254	\$ 1,821,094	\$ 1,450,902	\$ 612,446
Deposits	1,094,536	2,123,465	2,426,741	791,260
Due to Bondholders	26,132,685	785,255	831,230	26,086,710
	<u>27,469,475</u>	<u>4,729,814</u>	<u>4,708,873</u>	<u>27,490,416</u>
Total Liabilities	<u>\$ 27,469,475</u>	<u>\$ 4,729,814</u>	<u>\$ 4,708,873</u>	<u>\$ 27,490,416</u>



Statistical Section

City of Perris

Perris, a great place to live, work and play.



Perris has received the annual Government Finance Officers Association Award consecutively since 2004 for excellence in financial reporting.



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.	126
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	137
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.	143
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.	148
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.	150

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

	Fiscal Year				
	2003	2004	2005	2006	2007
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
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					
Restricted	\$ 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

Note: The City implemented GASB 34 in the fiscal year 2003. Information prior to fiscal year 2003 is unavailable.

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

Page 2

	Fiscal Year		
	2008	2009	2010
Governmental activities			
Invested in capital assets, net of related debt	\$ 140,061	\$ 142,300	\$ 146,883
Restricted	5,737	7,526	5,752
Unrestricted	<u>73,731</u>	<u>59,193</u>	<u>49,315</u>
Total governmental activities net assets	<u>\$ 219,529</u>	<u>\$ 209,019</u>	<u>\$ 201,950</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 8,613	\$ 8,374	\$ 9,686
Unrestricted	<u>850</u>	<u>816</u>	<u>(908)</u>
Total business-type activities net assets	<u>\$ 9,463</u>	<u>\$ 9,190</u>	<u>\$ 8,778</u>
Primary government			
Restricted	\$ 148,674	\$ 150,674	\$ 156,569
Restricted for Low and Moderate Housing	5,737	7,526	5,752
Unrestricted	<u>74,581</u>	<u>60,009</u>	<u>48,407</u>
Total primary government net assets	<u>\$ 228,992</u>	<u>\$ 218,209</u>	<u>\$ 210,728</u>

Source: City of Perris, Finance Department

Note: The City implemented GASB 34 in the fiscal year 2003. Information prior to fiscal year 2003 is unavailable.

City of Perris
Change in Net Assets
Last Eight 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	<u>28,897</u>	<u>40,794</u>	<u>41,665</u>	<u>57,130</u>	<u>51,555</u>
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
Total business-type activities expenses	<u>3,491</u>	<u>3,826</u>	<u>4,122</u>	<u>3,762</u>	<u>4,755</u>
Total primary government expenses	<u>\$ 32,388</u>	<u>\$ 44,620</u>	<u>\$ 45,787</u>	<u>\$ 60,892</u>	<u>\$ 56,310</u>
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	<u>5,371</u>	<u>21,706</u>	<u>19,239</u>	<u>32,596</u>	<u>14,580</u>
Total governmental activities program revenues	<u>18,958</u>	<u>37,932</u>	<u>42,166</u>	<u>54,778</u>	<u>45,048</u>
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
Capital Grants and Contributions	-	-	106	416	-
Total business-type activities program revenues	<u>3,281</u>	<u>3,548</u>	<u>3,834</u>	<u>4,018</u>	<u>3,975</u>
Total primary government program revenues	<u>\$ 22,239</u>	<u>\$ 41,480</u>	<u>\$ 46,000</u>	<u>\$ 58,796</u>	<u>\$ 49,023</u>
Net (expense)/revenue					
Governmental activities	\$ (9,939)	\$ (2,862)	\$ 501	\$ (2,352)	\$ (6,507)
Business-type activities	<u>(210)</u>	<u>(278)</u>	<u>(288)</u>	<u>256</u>	<u>(780)</u>
Total primary government net (expense)/revenue	<u>\$ (10,149)</u>	<u>\$ (3,140)</u>	<u>\$ 213</u>	<u>\$ (2,096)</u>	<u>\$ (7,287)</u>

Source: City of Perris, Finance Department

Note: The City implemented GASB 34 in the fiscal year 2003. Information prior to fiscal year 2003 is unavailable.

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

	Fiscal Year		
	2008	2009	2010
Expenses			
Governmental activities:			
General Government	\$ 7,673	\$ 7,557	\$ 7,383
Public Safety	16,351	16,292	16,269
Public Works	19,592	32,996	22,461
Parks and Recreation	2,406	2,607	2,257
Interest on Long-term Debt	5,891	6,937	7,879
State ERAF	-	-	3,771
Total governmental activities expenses	<u>51,913</u>	<u>66,389</u>	<u>60,020</u>
Business-type activities:			
Water Utility	2,050	2,314	2,745
Sewer Utility	1,364	1,540	1,483
Public Utility	-	611	977
Solid Waste Utility	598	550	565
Total business-type activities expenses	<u>4,012</u>	<u>5,015</u>	<u>5,770</u>
Total primary government expenses	<u>\$ 55,925</u>	<u>\$ 71,404</u>	<u>\$ 65,790</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	\$ 1,722	\$ 765	\$ 1,054
Public Safety	908	755	856
Public Works	5,830	7,180	6,902
Parks and Recreation	148	202	211
Operating Grants and Contributions	3,170	3,804	3,792
Capital Grants and Contributions	<u>39,808</u>	<u>3,457</u>	<u>5,349</u>
Total governmental activities program revenues	<u>51,586</u>	<u>16,163</u>	<u>18,164</u>
Business-type activities:			
Charges for services:			
Water Utility	2,086	2,039	2,374
Sewer Utility	1,602	1,558	1,538
Public Utility	-	286	569
Solid Waste Utility	675	679	695
Capital Grants and Contributions	<u>43</u>	<u>5</u>	<u>-</u>
Total business-type activities program revenues	<u>4,406</u>	<u>4,567</u>	<u>5,176</u>
Total primary government program revenues	<u>\$ 55,992</u>	<u>\$ 20,730</u>	<u>\$ 23,340</u>
Net (expense)/revenue			
Governmental activities	\$ (327)	\$ (50,226)	\$ (41,856)
Business-type activities	<u>394</u>	<u>(448)</u>	<u>(594)</u>
Total primary government net (expense)/revenue	<u>\$ 67</u>	<u>\$ (50,674)</u>	<u>\$ (42,450)</u>

Source: City of Perris, Finance Department

Note: The City implemented GASB 34 in the fiscal year

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

	Fiscal Year				
	2003	2004	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
Transfers	100	(400)	-	(759)	-
Prior period adjustment	-	551	(363)	(916)	418
Total governmental activities	<u>16,857</u>	<u>18,638</u>	<u>23,791</u>	<u>29,996</u>	<u>39,455</u>
Business-type activities:					
Investment income	27	14	25	29	100
Miscellaneous	(55)	-	-	-	-
Transfers	(100)	400	-	759	-
Prior period adjustment	-	-	-	-	-
Total business-type activities	<u>(128)</u>	<u>414</u>	<u>25</u>	<u>788</u>	<u>100</u>
Total primary government	<u>\$ 16,729</u>	<u>\$ 19,052</u>	<u>\$ 23,816</u>	<u>\$ 30,784</u>	<u>\$ 39,555</u>
Change in Net Assets					
Governmental activities	\$ 6,918	\$ 15,776	\$ 24,292	\$ 27,644	\$ 32,948
Business-type activities	<u>(338)</u>	<u>136</u>	<u>(263)</u>	<u>1,044</u>	<u>(680)</u>
Total primary government	<u>\$ 6,580</u>	<u>\$ 15,912</u>	<u>\$ 24,029</u>	<u>\$ 28,688</u>	<u>\$ 32,268</u>

Source: City of Perris, Finance Department

Note: The City implemented GASB 34 in the fiscal year 2003. Information prior to fiscal year 2003 is unavailable.

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

	Fiscal Year		
	2008	2009	2010
General Revenues and Other Changes in Net Assets			
Government activities:			
Taxes			
Property taxes	\$ 19,058	\$ 19,532	\$ 16,285
Sales and use taxes	4,920	4,934	4,264
Motor Vehicle in-lieu taxes	225	183	160
Vehicle License Fee in Lieu Tax	5,435	5,587	4,508
Sales Tax in Lieu Tax	1,432	1,421	1,402
Franchise taxes	2,104	2,128	2,015
Other taxes	354	352	270
Total taxes	<u>33,528</u>	<u>34,137</u>	<u>28,904</u>
Fines, forfeitures and penalties	-	-	-
Investment income	10,146	6,742	5,976
Gain (loss) on sale of capital assets	-	-	-
Miscellaneous	1,145	290	608
Transfers	-	(89)	(140)
Prior period adjustment	383	(1,363)	(562)
Total governmental activities	<u>45,202</u>	<u>39,717</u>	<u>34,786</u>
Business-type activities:			
Investment income	96	63	42
Miscellaneous	-	-	-
Transfers	-	89	140
Prior period adjustment	-	23	-
Total business-type activities	<u>96</u>	<u>175</u>	<u>182</u>
Total primary government	<u>\$ 45,298</u>	<u>\$ 39,892</u>	<u>\$ 34,968</u>
Change in Net Assets			
Governmental activities	\$ 44,875	\$ (10,509)	\$ (7,070)
Business-type activities	490	(273)	(412)
Total primary government	<u>\$ 45,365</u>	<u>\$ (10,782)</u>	<u>\$ (7,482)</u>

Source: City of Perris, Finance Department

Note: The City implemented GASB 34 in the fiscal year

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
2001	4,081	3,978	1,778	-	-	1,323	149	11,309
2002	4,854	4,367	2,078	-	-	1,411	169	12,878
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

Soruce: 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				
	2001	2002	2003	2004	2005
General fund					
Reserved	\$ 5	\$ 47	\$ 2,344	\$ 2,424	\$ 2,941
Unreserved	3,238	4,861	8,150	10,737	13,971
Total general fund	<u>\$ 3,243</u>	<u>\$ 4,909</u>	<u>\$ 10,493</u>	<u>\$ 13,161</u>	<u>\$ 16,912</u>
All other governmental funds					
Reserved	\$ 51,893	\$ 50,095	\$ 68,933	\$ 78,269	\$ 59,562
Unreserved, reported in:					
Special revenue funds	6,899	8,023	15,103	18,877	20,874
Debt service funds	-	-	(243)	-	-
Capital project funds	807	2,337	4,755	7,490	13,460
Total all other governmental funds	<u>\$ 59,598</u>	<u>\$ 60,456</u>	<u>\$ 88,548</u>	<u>\$ 104,636</u>	<u>\$ 93,895</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				
	2006	2007	2008	2009	2010
General fund					
Reserved	\$ 3,440	\$ 3,912	\$ 4,431	\$ 4,056	\$ 6,014
Unreserved	17,473	20,395	20,477	20,214	17,479
Total general fund	<u>\$ 20,913</u>	<u>\$ 24,307</u>	<u>\$ 24,908</u>	<u>\$ 24,270</u>	<u>\$ 23,493</u>
All other governmental funds					
Reserved	\$ 102,812	\$ 105,061	\$ 127,955	\$ 138,656	\$ 151,482
Unreserved, reported in:					
Special revenue funds	23,227	7,606	39,001	43,373	35,170
Debt service funds	(15,954)	(12,698)	(8,221)	(7,289)	(7,529)
Capital project funds	8,283	36,783	15,154	(1,769)	(6,502)
Total all other governmental funds	<u>\$ 118,368</u>	<u>\$ 136,752</u>	<u>\$ 173,889</u>	<u>\$ 172,971</u>	<u>\$ 172,621</u>

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				
	2001	2002	2003	2004	2005
Revenues					
Taxes	\$ 9,498	\$ 10,765	\$ 11,374	\$ 13,041	\$ 18,078
Licenses and Permits	600	1,108	3,369	4,149	5,155
Intergovernmental Revenues	4,624	6,569	10,563	10,329	3,654
Charges for Services	751	625	813	1,974	2,722
Fines, Forfeitures, and Penalties	397	257	260	198	253
Developer Fees	-	133	5	965	10,764
Investment Income	4,187	3,317	2,749	2,897	4,336
Special Assessments	718	911	1,031	772	1,140
Contributions from Property Owners	-	13,350	5,060	20,700	17,289
Other Revenue	1,528	2,521	986	1,445	2,395
Total Revenues	22,303	39,555	36,211	56,472	65,786
Expenditures					
General Government	2,305	3,180	3,262	3,488	4,252
Public Safety	6,387	7,330	7,593	9,518	10,932
Public Works	3,614	6,799	9,450	11,327	5,491
Parks and Recreation	705	780	929	1,173	1,482
State ERAF	-	-	-	-	-
Capital Outlay	482	352	3,327	15,494	26,235
Debt Service					
Pass-through Agreements	495	552	581	621	1,070
Issuance Costs	662	1,034	1,204	3,244	1,781
Principal Retirement	1,610	1,673	11,157	1,913	1,723
Interest and Fiscal Charges	4,124	3,906	2,886	3,316	4,254
Total Expenditures	20,385	25,606	40,389	50,095	57,220
Excess of revenues over (under) expenditures	1,918	13,949	(4,179)	6,377	8,566
Other Financing Sources (Uses)					
Transfers in	1,283	2,739	4,881	2,584	4,225
Transfers Out	(1,283)	(2,739)	(4,781)	(2,984)	(4,225)
Proceeds from Sale of Property	-	-	-	-	-
Gain (Loss) on Sale of Land	-	-	-	-	-
Contributions to Other Governments	(43)	(17)	-	-	-
Payments to Refunded Bond Escrow Agent	(9,007)	(11,727)	(10,271)	-	-
Proceeds from Refunding Bonds	-	-	19,680	-	-
Proceeds from Long Term Debt	12,164	150	6,626	12,549	9,145
Total Other Financing Sources (Uses)	3,114	(11,593)	16,135	12,149	9,145
Net Change in Fund Balances before Prior Period Adjustments and Residual Equity Transfers	5,031	2,355	11,957	18,527	17,711
Prior Period Adjustments	(0)	169	21,720	230	(24,703)
Residual Equity Transfers	-	-	-	-	-
Net Change in Fund Balances	\$ 5,031	\$ 2,524	\$ 33,676	\$ 18,757	\$ (6,992)
Debt Service as a percentage of non-capital expenditures	34.6%	28.4%	41.8%	20.7%	20.8%

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				
	2006	2007	2008	2009	2010
Revenues					
Taxes	\$ 23,576	\$ 29,282	\$ 33,462	\$ 34,136	\$ 28,904
Licenses and Permits	5,113	3,053	1,989	748	1,005
Intergovernmental Revenues	4,402	4,037	6,490	4,785	5,138
Charges for Services	2,153	4,875	992	480	350
Fines, Forfeitures, and Penalties	652	671	650	619	739
Developer Fees	8,915	16,290	1,032	2,303	2,553
Investment Income	6,116	8,562	10,146	6,743	5,717
Special Assessments	2,339	2,081	3,709	3,382	4,251
Contributions from Property Owners	32,502	14,206	22,542	2,490	3,659
Other Revenue	806	1,336	1,395	1,627	1,273
Total Revenues	<u>86,574</u>	<u>84,393</u>	<u>82,407</u>	<u>57,313</u>	<u>53,589</u>
Expenditures					
General Government	4,621	5,848	6,756	6,307	5,636
Public Safety	12,850	14,169	16,194	16,132	16,092
Public Works	6,961	7,619	5,506	6,013	7,736
Parks and Recreation	1,623	1,928	2,001	2,174	1,827
State ERAF	-	-	-	-	3,771
Capital Outlay	54,324	22,065	27,848	22,712	16,953
Debt Service					
Pass-through Agreements	1,295	2,507	3,454	6,841	3,161
Issuance Costs	791	12	1,978	783	930
Principal Retirement	1,746	3,748	2,447	1,803	3,100
Interest and Fiscal Charges	4,894	5,479	5,512	6,683	7,760
Total Expenditures	<u>89,105</u>	<u>63,375</u>	<u>71,696</u>	<u>69,448</u>	<u>66,966</u>
Excess of revenues over (under) expenditures	(2,531)	21,018	10,711	(12,135)	(13,377)
Other Financing Sources (Uses)					
Transfers in	3,412	8,621	5,001	6,399	8,845
Transfers Out	(4,171)	(8,621)	(5,001)	(6,487)	(8,985)
Proceeds from Sale of Property	-	49	98	6	51
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	31,269	267	41,546	12,024	13,014
Total Other Financing Sources (Uses)	<u>30,510</u>	<u>316</u>	<u>26,669</u>	<u>11,942</u>	<u>12,495</u>
Net Change in Fund Balances before Prior Period Adjustments and Residual Equity Transfers	<u>27,979</u>	<u>21,334</u>	<u>37,380</u>	<u>(193)</u>	<u>(882)</u>
Prior Period Adjustments	495	443	356	(1,362)	(245)
Residual Equity Transfers	-	-	-	-	-
Net Change in Fund Balances	<u>\$ 28,474</u>	<u>\$ 21,777</u>	<u>\$ 37,736</u>	<u>\$ (1,555)</u>	<u>\$ (1,127)</u>
Debt Service as a percentage of non-capital expenditures	15.5%	22.6%	36.2%	25.7%	26.2%

City of Perris
General Government Tax Revenues by Source
Last Ten Fiscal Years
(modified 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
2001	\$ 4,081	\$ 3,978	\$ 1,778	\$ -	\$ -	\$ 1,323	\$ 149	\$ 11,309
2002	4,854	4,367	2,078	-	-	1,411	169	12,878
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

Source: City of Perris, Finance Department

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Apparel Stores	\$ 3,086	\$ 4,546	\$ 4,160	\$ 4,423	\$ 4,759	\$ 3,959	\$ 3,895	\$ 3,822	\$ 3,317	\$ 3,101
General Merchandise	39,824	41,906	45,192	47,575	53,207	56,803	55,489	51,165	48,940	47,459
Food Stores	19,517	20,092	20,158	21,103	22,288	24,601	27,968	30,398	35,343	36,093
Eating and Drinking Places	26,437	27,402	29,606	32,586	37,830	41,228	42,527	42,788	43,483	43,558
Building Materials	19,654	25,888	27,692	32,388	30,753	36,629	40,974	38,879	41,381	39,835
Auto Dealers and Supplies	67,980	64,216	67,505	70,922	73,584	83,822	76,895	72,414	48,371	42,644
Service Stations	37,629	37,331	38,580	49,178	54,963	64,515	73,748	75,249	83,558	77,309
Other Retail Stores	16,906	19,628	23,358	26,429	33,829	36,800	36,739	35,419	29,540	24,645
All Other Outlets	138,433	184,665	167,898	196,696	211,445	224,578	302,025	269,306	275,246	233,059
Total	<u>\$ 369,466</u>	<u>\$ 425,674</u>	<u>\$ 424,149</u>	<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>

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.

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		
2001	\$ 1,253,542	\$ 59,831	\$ 1,906	\$ 15,866	\$ 27,602	\$ 1,271,810	1.0000
2002	1,372,582	56,387	1,518	20,402	28,205	1,381,880	1.0000
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

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

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

Agency	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	0.02000	0.01400	0.01200	0.00500	0.00400	0.00300	0.00000	0.00800	0.00400	0.05300
Metropolitan Water District Original Area	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430
Menifee School	0.00000	0.00000	0.00000	0.02117	0.01625	0.01435	0.00578	0.00549	0.02370	0.03254
Perris School	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02999	0.02894	0.02485
Perris Union High School	0.01742	0.01696	0.01748	0.01560	0.01192	0.02350	0.03222	0.02110	0.02031	0.02686
Riverside City Community College	0.00000	0.00000	0.00000	0.00000	0.01800	0.01800	0.01800	0.01259	0.01254	0.01242
Val Verde Unified	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03189	0.04089
Total Prop 13 Rate	1.04622	1.03866	1.03618	1.04787	1.05597	1.06405	1.06070	1.08167	1.12568	1.19486
City's Share of 1% Levy Per Prop 13	0.25436	0.25436	0.25436	0.25436	0.25436	0.25436	0.25436	0.25436	0.13146	0.25436

Source: *HdL Coren & Cone

City of Perris
Principal Property Taxpayers
June 30, 2010
(in thousands of dollars)

<u>Taxpayer</u>	2010		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
DB RREEF Perris California	\$ 126,266	1	2.52%
Centex Homes	91,349	2	1.82%
Lowes HIW Inc	89,933	3	1.79%
Ridge Perris	83,287	4	1.66%
Wachoiva Development Corporation	75,120	5	1.50%
Ross Dress for Less	38,243	6	0.76%
FR California Ellis	37,657	7	0.75%
First Industrial	34,771	8	0.69%
Ranch at Green Valley	31,721	9	0.63%
FR California Goetz Road	30,685	10	0.61%
Totals	<u>\$ 639,032</u>		<u>12.75%</u>

Source: HdL Coren & Cone, Riverside County Assessor 2009/10 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		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage		Amount	Percentage of Levy
2001	\$ 1,331	\$ 1,322	99.32%	\$ 9	\$ 1,331	100.00%
2002	1,449	1,432	98.83%	17	1,449	100.00%
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	4,716	94.83%	257	4,973	100.00%
2008	6,368	5,991	94.08%	377	6,368	100.00%
2009	5,016	4,738	94.46%	278	5,016	100.00%
2010	5,048	4,720	93.50%	328	5,048	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			
2001	\$ 63,140	\$ 3,771	\$ 3,152	\$ -	\$ 70,063	6.12%	\$ 1,897
2002	56,920	3,736	2,645	-	63,301	4.88%	1,677
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	3.59%	2,675
2010	140,750	3,883	-	10,531	155,164	4.51%	2,853

Source: City of Perris, Finance Department

City of Perris
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Metropolitan Water District	0.162%	\$ 428,036
Eastern Municipal Water District, I.D. U8	0.058%	2,794
Eastern Municipal Water District, I.D. U9	100.00%	3,093,000
Riverside City Community College District	2.673%	3,600,427
Val Verde Unified School District	37.793%	16,329,202
Perris Union High School District	13.431%	7,544,496
Menifee Union School District	0.109%	49,496
Perris School District	62.78%	4,705,092
City of Perris Community Facilities Districts	100.00%	172,485,000
Romoland School District Community Facilities District No. 2001-1	100.00%	3,580,000
Val Verde Unified School District Community Facilities Districts	100.00%	4,473,000
City of Perris	0.000%	-
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 216,290,543
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Riverside County General Fund Obligations	1.934%	\$ 14,242,513
Riverside County Pension Obligations	1.934%	7,254,434
Riverside County Board of Education Certificates of Participation	1.934%	140,022
Mount San Jacinto Community College District General Fund Obligations	2.364%	294,791
Val Verde Unified School District Certificates of Participation	37.793%	32,500,090
Perris Union High School District General Fund Obligations	13.431%	4,357,016
Menifee Union School District Certificates of Participation	0.109%	7,194
Perris School District Certificates of Participation	62.780%	5,471,277
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 64,267,337
Less: Riverside County self-supporting obligations		292,469
Perris Union High School District General Fund Obligations		671,550
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 63,303,318
GROSS COMBINED TOTAL DEBT (1)		\$ 280,557,880 (2)
NET COMBINED TOTAL DEBT		\$ 279,593,861

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)

Fiscal Year 2010

Assessed Value	\$ 4,051,837
Debt Limit (15% of assessed value)	<u>607,776</u>
Legal Debt Margin	<u><u>\$ 3,444,061</u></u>

<u>Fiscal Year</u>	<u>Legal Debt Margin</u>
2001	\$ 973,593
2002	1,103,650
2003	1,198,571
2004	1,355,326
2005	1,778,065
2006	2,428,786
2007	3,349,689
2008	4,171,874
2009	4,290,449

Source: HdL Coren & Cone
City of Perris, Finance Department

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	
2001	\$ 955	\$ 841	\$ 114	\$ -	\$ -	-
2002	2,039	1,065	974	-	-	-
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	1,483	76	35	41	100.00%

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	
2001	\$ 1,722	\$ 1,575	\$ 146	\$ -	\$ -	-
2002	1,790	2,242	(452)	-	-	-
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	2,461	(87)	-	-	-

**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
2001	36,927	n/a	n/a	n/a	22,298	8.8
2002	37,742	n/a	n/a	n/a	23,528	10.2
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	14295	25.4	20,427	20.8

- 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

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

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

<u>Employer</u>	<u>2010</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%	---		---
Wall-Mart	250	9	1.39%	250	9	1.69%
Coreslab Structures	200	10	1.11%	---		---
Golden West Homes	160		---	220	10	1.49%
ModTech Inc.	---		---	500	7	3.39%
National R V Holdings Inc.	---		---	2,177	1	14.76%
Totals	<u>\$ 6,828</u>		<u>36.95%</u>	<u>\$ 7,847</u>		<u>53.20%</u>

Source: 1) Redevelopment Agency of the City of Perris

2) Community Economic Profile 2010 & 2004 Demographic, Economic & Quality of Life Data by John E Husing

Note: Information for the fiscal year ended June 30, 2005 is currently not available.

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

Function	Full-time Equivalent Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	38	40	47	49	61	60	61	61	59	72
Public safety*										
Police										
Officers	28	28	28	29	32	37	48	48	47	45
Fire										
Firefighters and officers	7	7	7	7	7	14	14	16	16	16
Highways and streets										
Engineering **	8	8	8	7	7	7	7	6	6	6
Maintenance	7	9	9	10	13	13	13	13	12	8
Culture and recreation	4	4	4	5	6	8	9	8	8	10
Water**	2	2	3	3	3	4	3	3	4	4
Sewer**	2	2	2	1	1	1	1	1	1	2
Total	96	100	108	111	130	144	156	156	153	163

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				
	2001	2002	2003	2004	2005
Police					
Physical arrests	1,297	1,807	1,945	1,765	1,808
Parking violations	347	555	372	461	920
Traffic violations	3,730	2,426	2,263	1,159	1,153
Fire					
Number of Calls answered	3,289	3,436	3,785	4,132	4,600
Public Works					
Street resurfacing (miles)	10	10	10	10	20
Potholes repaired (1,000 sq feet)	30	30	30	30	30
Water					
New connections	0	0	36	31	107
Water mains breaks	n/a	n/a	n/a	n/a	5
Average daily consumption (100 cubic feet)	n/a	n/a	n/a	2,286	2,332

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				
	2006	2007	2008	2009	2010
Police					
Physical arrests	3	4,134	5,514	4,648	3,937
Parking violations	780	328	377	409	349
Traffic violations	7,175	9,158	8,612	10,628	9,494
Fire					
Number of Calls answered	4,841	5,159	5,179	4,358	5,073
Public Works					
Street resurfacing (miles)	20	20	20	22	15
Potholes repaired (1,000 sq feet)	30	30	30	6	11
Water					
New connections	9	12	13	0	3
Water mains breaks	5	n/a	n/a	10	1
Average daily consumption (100 cubic feet)	2,378	2,426	2,474	3,084	* 3,076

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

Function	Fiscal Year				
	2001	2002	2003	2004	2005
Public safety					
Police:					
Stations	1	1	1	1	1
Patrol units	32	27	26	30	34
Fire Stations	1	1	1	1	1
Highways and streets					
Streets (miles)	110	120	130	140	170
Streetlights	n/a	n/a	n/a	1,672	2,123
Traffic signals	21	22	24	27	30
Parks and recreation					
Parks acreage	67	67	67	75	75
Parks	8	8	8	12	12
Tennis courts	4	4	4	4	4
Community centers	3	3	3	3	3
Water					
Water mains (miles)	37	37	37	37	37
Sewer					
Sanitary sewers (miles)	23	23	23	25	25
Storm sewers (1,000 linear feet)	n/a	n/a	n/a	n/a	117

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				
	2006	2007	2008	2009	2010
Public safety					
Police:					
Stations	1	1	1	1	1
Patrol units	36	38	40	40	38
Fire Stations	2	2	2	2	2
Highways and streets					
Streets (miles)	180	185	190	190	190
Streetlights	2,395	2,543	2,878	4,301	4,381
Traffic signals	47	48	58	63	63
Culture and recreation					
Parks acreage	75	127	135	144	144
Parks	12	17	18	19	19
Tennis courts	4	4	4	4	2
Community centers	3	3	2	2	2
Water					
Water mains (miles)	37	39	39	39	39
Sewer					
Sanitary sewers (miles)	25	27	27	27	27
Storm sewers (1,000 linear feet)	117	147	147	147	147