



*Murrieta*  
the future of southern california

**Comprehensive Annual  
Financial Report  
Fiscal Year Ended  
June 30, 2010**

**City of Murrieta, California  
[www.murrieta.org](http://www.murrieta.org)**

The City of Murrieta, a family oriented community, boasts well educated, high-income residents and offers a wide range of new shopping, dining and recreational options, a diverse choice in housing and excellent schools. A new Loma Linda hospital, currently under construction and slated to open in 2011, will provide an exceptionally high level of health care for the community.

# CITY OF MURRIETA CALIFORNIA

## Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010



### ***City Council***

Kelly Bennett, Mayor

Randon Lane, Mayor Pro-Tem

Rick Gibbs, Councilmember

Doug McAllister, Councilmember

Gary Thomasian, Councilmember

*City Manager*

**Rick Dudley**

*Finance Director*

**Joy Canfield**



This Page Left Blank



## TABLE OF CONTENTS

---

	<u>Page Number</u>
<b><u>Introduction</u></b>	
Letter of Transmittal.....	i
List of Principal Officers.....	v
Organizational Chart.....	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	vii
<b><u>Financial</u></b>	
INDEPENDENT AUDITORS' REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Budgetary Comparison Statement – General Fund.....	22
Budgetary Comparison Statement – Development Impact.....	23
Budgetary Comparison Statement – Fire District.....	24
Budgetary Comparison Statement – TUMF.....	25
Budgetary Comparison Statement – Federal Grants.....	26
Budgetary Comparison Statement – Community Service District.....	27
Statement of Net Assets – Proprietary Funds – Internal Service.....	28
Statement of Revenues, Expenditures and Changes in Fund Net Assets - Proprietary Funds – Internal Service.....	29
Statement of Cash Flows – Proprietary Funds – Internal Service.....	30
Statement of Fiduciary Net Assets – Fiduciary Funds – Agency.....	31
Notes to Financial Statements.....	32
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	72
Budgetary Comparison Schedules – Special Revenue Funds	
State Gas Tax.....	78
Measure A.....	79
Air Quality Management District.....	80
Block Grants.....	81
Other Grants.....	82
Seized Asset Forfeitures.....	83
SLESF.....	84



## TABLE OF CONTENTS

---

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)	
Murrieta Public Library.....	85
Developer Agreement .....	86
SB 1266 Prop 1B Funds.....	87
NPDES .....	88
Budgetary Comparison Schedules – Capital Projects Funds	
Murrieta Redevelopment Agency.....	89
Area Drainage .....	90
South West Road and Bridge .....	91
Budgetary Comparison Schedules – Debt Service Funds	
Citywide .....	92
Murrieta Redevelopment Agency.....	93
Combining Statement of Net Assets – Internal Service Funds .....	94
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds .....	95
Combining Statement of Cash Flows – Internal Service Funds.....	96
Combining Balance Sheet – All Agency Funds.....	97
Combining Statement of Changes in Assets and Liabilities –All Agency Funds .....	98

### **Statistics**

Statistical Section.....	99
Net Assets by Component .....	100
Changes in Net Assets .....	102
Fund Balances of Governmental Funds.....	106
Changes in Fund Balances of Governmental Funds .....	108
Assessed Value and Estimated Actual Value of Taxable Property.....	110
Direct and Overlapping Property Tax Rates .....	111
Principal Property Tax Payers .....	112
Property Tax Levies and Collections .....	113
Ratios of Outstanding Debt by Type.....	114
Ratios of General Bonded Debt Outstanding .....	115
Direct and Overlapping Governmental Activities Debt .....	116
Legal Debt Margin Information .....	117
Pledged-Revenue Coverage .....	118
Demographic and Economic Statistics .....	119
Principal Employers .....	120
Full-time-Equivalent City Government Employees by Function/Program .....	121
Operating Indicators by Function/Program .....	122
Capital Asset Statistics by Function/Program.....	123
Use Category Summary 2009/10.....	125
Property Tax Dollar Breakdown .....	126
City Roll Summary 2009/10 .....	127
Net Taxable Assessed Value History 2000/01 – 2009/10.....	128
Top Ten Property Taxpayers 2009/10.....	129
Direct and Overlapping Property Tax Rates.....	130



**CITY OF MURRIETA**

*One Town Square  
24601 Jefferson Avenue  
Murrieta, CA 92562*

December 15, 2010

Honorable Mayor, Members of the City Council and City Manager:

The City of Murrieta staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The information found in this report is provided by the Finance Department to the City Council and the public to assist those interested in the city's fiscal condition.

The City assumes full responsibility for the completeness and reliability of the information contained in this report and has established a framework of internal controls for this purpose. Because the cost of internal controls should not outweigh its benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The independent auditing firm of Lance, Soll & Lunghard has issued an unqualified opinion on the City of Murrieta's financial statements indicating they are free from material misstatement and present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**PROFILE OF THE CITY OF MURRIETA**

Murrieta is located in Southwestern Riverside County and encompasses approximately 28 square miles. Murrieta became a city on July 1, 1991, after voters approved cityhood by an overwhelming margin in November 1990. It is organized as a general law California city and operates under a council/manager form of government.

The Murrieta Community Services District (MCSD) was activated on July 1, 1993, as a subsidiary of the City of Murrieta to take over functions previously provided by County Service Area 143. The MCSD provides parks and recreation services to the residents of Murrieta, as well as street lighting, street sweeping and landscape maintenance.

The Murrieta Fire Protection District was formed in 1948 as an independent, self-governed special district that provides fire protection services. Effective July 1, 1993, the district was reorganized as a subsidiary district of the City.

The Murrieta Redevelopment Agency was established in July 1992. An amended redevelopment plan in conformity with the City's General Plan was adopted in June 1999. The original RDA plan consists of approximately 1,127 acres located in seven non-contiguous land areas located throughout the City of Murrieta. The plan was amended again in July 2006 to add another 1,193 acres. The Redevelopment Agency will prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the territorial limits of the City of Murrieta.

The Murrieta Public Library officially opened in April 1999 and is under full authority of the City of Murrieta.

Murrieta has experienced significant growth since the mid-1980s and is part of one of the fastest growing areas in California. With a 1980 population of some 2,500 in the area, Murrieta now is home to an estimated 101,487 residents.

## **ECONOMIC CONDITION AND OUTLOOK**

Situated in southwest Riverside County at the confluence of Interstate Highways 15 and 215, Murrieta has been one of the state's hottest growth areas for the last 17 years. The building of new homes has slowed down significantly as the city approaches build-out. The development activity in Murrieta has shifted from residential to commercial and industrial.

The City approved its first Comprehensive Economic Development Strategy in late 2008. The Strategy creates the foundation for new business investment in Murrieta. The Strategy focuses on attracting business and non-residential development, retaining the businesses that we have, and encouraging entrepreneurship and the creation of new businesses.

The Strategy creates a vision of Murrieta over the next 20 years as a diversified, major business hub for the region. With a concerted, unified effort, this can happen in Murrieta since we have the land and location to be the core community of Southwest Riverside County and to capture quality growth as it moves north from San Diego and south from Orange County. The Strategy contains short term, medium term and longer term objectives.

Under the Strategy, the City is working to attract office and light industrial companies including companies focused on health care, medical devices, engineering, biotechnology, aerospace, research and development, higher education, greentech, cleantech and general manufacturing to create new higher paying jobs in the community.

The Strategy is aimed at encouraging the development of master planned corporate office parks and research and development parks, particularly along the I-215/North Murrieta Corporate Corridor, the South Murrieta Business Corridor and in the Golden Triangle North area.

Several major chains chose to open new businesses here in fiscal year 2009-10 despite the prolonged economic downturn. Jerome's Furniture, MOR Furniture, Target and Sonic Burger all opened locations within the city this year.

With the realignment of Antelope Road, the city is also looking at additional growth occurring in the northern section of town. The construction of Loma Linda University Medical Center, Murrieta is almost complete. Construction of a 120,000-square-foot medical building is also well underway and is anticipated to be completed along with the hospital in early 2011.

The Jefferson and Madison Avenue Corridors are also slated for development. Plans are underway for the Murrieta Education Center and additional proposals include hospitality, restaurants, and other retail stores along with office buildings.

The Economic Development (ED) team has been working on laying the foundation to build a true economic development program. Staff has increased the visibility of the city with brokers, developers and likely tenants; and continues to attend and participate in trade shows in San Diego, Los Angeles and Orange County.

## **FINANCIAL INFORMATION**

The City's financial records for general governmental operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable, and expenditures are recorded when the services or goods are received and the liability incurred.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **Reporting Entity**

This Comprehensive Annual Financial Report presents information on the financial position and operations of the City of Murrieta as a single comprehensive reporting entity. The City of Murrieta as well as the Murrieta Fire District, Murrieta Community Services District, Murrieta Public Library, Murrieta Financing Authority and Redevelopment Agency are included in this report in accordance with criteria established by the Governmental Accounting Standards Board (GASB). The reporting entity consists of all the funds and account groups of the primary government (the City of Murrieta), as well as its component units that are legally separate organizations. Blended component units, which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City, include the Murrieta Fire District, Murrieta Community Services District, Murrieta Public Library and Murrieta Redevelopment Agency.

## **Long-term Financial Planning**

The prolonged economic recession and corresponding reduction in revenues has posed some major challenges for the City of Murrieta. The City has instituted many cost saving measures including reductions in staffing and employee compensation. Currently, staffing is

down by forty-one full time positions. In addition, staff has taken a 5% reduction in pay and had hours reduced accordingly.

In order to continue to provide essential City services such as police, fire, street maintenance and library services, the City has established a five-year plan utilizing economic contingency funds set aside for this purpose. The city has developed a conservative plan to utilize the funds to bridge the gap and maintain services while the economy recovers. Even with the use of the economic contingency funds, the City will continue to maintain operating reserves of 25% of expenditures for its Library, Fire and General Funds over the next five years. Despite the economic challenges, Murrieta has retained the position as one of the safest cities in the nation in which to live.

### **Budget Process**

The City Council approves a two-year operating budget and an annual five-year capital improvement program. Public hearings are conducted prior to their adoption. Supplemental appropriations, when required during the period, are also approved by Council. Expenditures may not exceed appropriations at the fund level. The City Manager is authorized to approve operating transfers between departments within a fund without limit. All other budget adjustments require City Council approval. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Murrieta for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City strives to develop a Comprehensive Annual Financial Report which will continue to meet the Certificate of Achievement Program's requirements, and this report will be submitted to GFOA to determine its eligibility for another certificate.

The preparation and development of this report were made possible by the cooperation of the entire City staff and the diligent work of the Finance Department staff. I would also like to express my appreciation to the City Council and City Manager for their support throughout the year.

Respectfully submitted,



Joy Canfield  
Finance Director

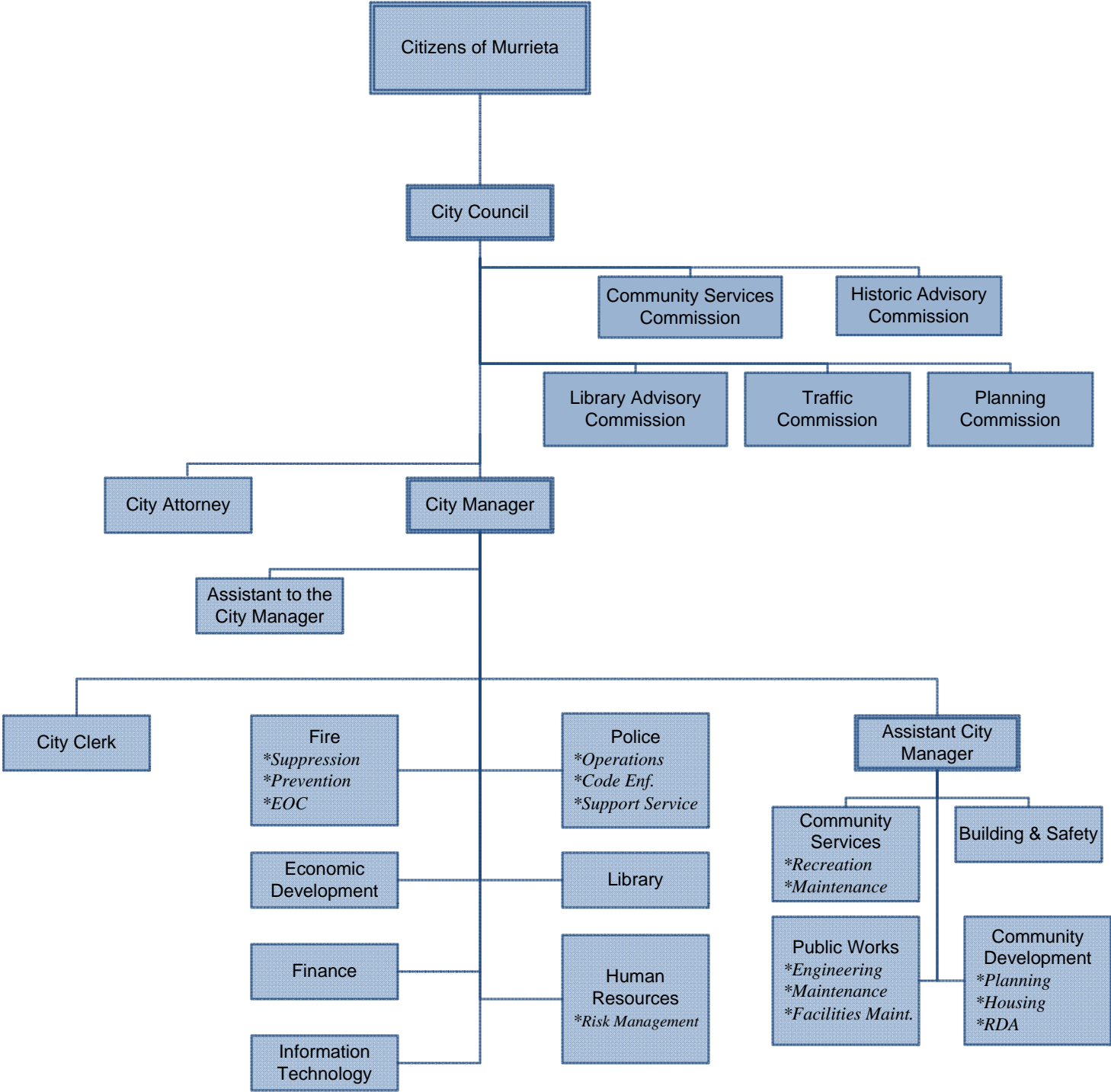


## City of Murrieta List of Principal Officers

---

<b>City Manager</b>	Rick Dudley	461-6002
<b>Assistant City Manager</b>	Jim Holston	461-6116
<b>Finance Director</b>	Joy Canfield	461-6437
<b>Director of Building and Safety</b>	Allen Brock	461-6055
<b>City Clerk</b>	A. Kay Vinson	461-6035
<b>Community Development Director</b>	Mary Lanier	461-6069
<b>Community Services Manager</b>	Debbie Tharp	461-6121
<b>Economic Development Director</b>	Bruce Coleman	461-6021
<b>Fire Chief</b>	Paul Christman	461-6152
<b>Human Resources Director</b>	Jeff Price	461-6432
<b>Information Systems Manager</b>	Tom Aronson	461-6025
<b>Director of Library Services</b>	Loretta McKinney	461-6130
<b>Police Chief</b>	Mark Wright	461-6321
<b>Public Works Director/City Engineer</b>	Patrick Thomas	461-6078

# City of Murrieta Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Murrieta  
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



This Page Left Blank



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- Donald L. Parker, CPA
- Michael K. Chu, CPA
- David E. Hale, CPA, CFP  
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Murrieta, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Murrieta, 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 financial statements are the responsibility of the City of Murrieta's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Murrieta, as of June 30, 2010, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparisons for the General Fund, Development Impact Special Revenue Fund, Fire District Special Revenue Fund, TUMF Special Revenue Fund, Federal Grants Special Revenue Fund, and the Community Service District Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the City of Murrieta's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, 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 management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that 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's basic financial statements.



To the Honorable Mayor and Members of the City Council  
City of Murrieta, California

The accompanying introductory section, the combining and individual fund statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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 accompanying introductory section and statistical tables 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.

*Lance, Solt & Luyhard, LLP*

November 19, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This is the eighth year the City of Murrieta has issued its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). The impact of the new reporting model on the financial statements constitutes the biggest change in the way governmental activities have previously been reported. GASB 34 requires the City to provide this overview of its financial activities for the fiscal year, and should be read in conjunction with the accompanying basic financial statements.

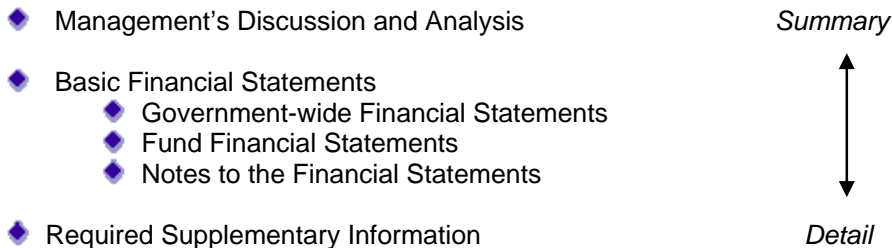
### FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$1,121,021 as a result of this year's operations.
- The City's net assets also reflect a \$(578,091) restatement due to an overstatement of capital assets reported in the previous year.
- The City's net assets yielded an overall increase of \$542,930.
- Program and general revenues were \$85,340,816.
- The cost of governmental activities was \$84,219,795.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Murrieta's basic financial statements. The City of Murrieta's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### COMPONENTS OF THE ANNUAL FINANCIAL REPORT



### Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Murrieta's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Murrieta'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 of Murrieta is improving or deteriorating.

The statement of activities presents information showing how the government'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 result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Murrieta that are principally supported by taxes and intergovernmental revenues (government 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 Murrieta include general government, public safety, community development, culture and recreation, and public works.

The government-wide financial statements include not only the City itself, but also the Murrieta Redevelopment Agency, the Murrieta Financing Authority, the Murrieta Fire Protection District, the Murrieta Community Services District, and the Murrieta Public Library Board. Although these entities are legally separate, they function for all practical purposes as a part of the City, and therefore have been included as blended component units as an integral part of the primary government.

## **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 of Murrieta, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Murrieta 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 statements, governmental fund financial statements focus on near-term 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 a government's near-term financing 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Murrieta maintains 23 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, the Developer Impact Fund, the Fire District Fund, the TUMF Fund, the Federal Grants Fund, the Community Service District Fund, and the Murrieta Redevelopment Agency Capital Projects Fund, all of which are considered to be major funds. Data from the other 16 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 elsewhere in this report.

Beginning fiscal year 2009-2010, the City of Murrieta now adopts a two year operating budget for its general fund and five of the six other major funds. A budgetary comparison statement has been provided for the General Fund and all six major funds to demonstrate compliance with this budget.

### **Proprietary Funds**

The City of Murrieta maintains only the internal service funds type of proprietary funds. The internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Murrieta's various functions. The City of Murrieta uses internal service funds to account for its Information Technology and Risk Management activities. Because the city does not maintain Enterprise type proprietary funds, both of the internal service fund activities have been included within governmental activities in the government-wide financial statements.

### **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 statement because the resources of those funds are not available to support the City of Murrieta's own programs.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes.

## Government-wide Financial Analysis

Our analysis focuses on the net assets (Table 1) of the City's governmental activities reported in the government-wide statements.

Table 1

### Net Assets

	<u>Governmental Activities</u>	
	<u>June 2010</u>	<u>June 2009</u>
Current and Other Assets	\$189,379,523	\$204,997,014
Capital Assets	<u>512,895,134</u>	<u>497,714,944</u>
<b>Total Assets</b>	<b><u>702,274,657</u></b>	<b><u>702,711,958</u></b>
Long-term debt outstanding	75,203,287	75,271,392
Other Liabilities	<u>8,267,965</u>	<u>9,180,091</u>
<b>Total Liabilities</b>	<b><u>83,471,252</u></b>	<b><u>84,451,493</u></b>
Net Assets:		
Invested in capital assets, net of debt	450,849,854	433,407,576
Restricted	140,143,883	150,171,342
Unrestricted	<u>27,809,668</u>	<u>34,681,557</u>
<b>Total Net Assets</b>	<b><u>\$618,803,405</u></b>	<b><u>\$618,260,475</u></b>

- The City's net assets increased 0.09% from the prior year (\$618,260,475 to \$618,803,405). The increase of \$542,930 comes from the change in net assets of \$1,121,021 and a restatement of \$(578,091) as recorded in the statement of activities and flows through to the statement of net assets.
- Capital assets have increased over \$15 million due to the aggressive construction of city infrastructure (bridges, facilities, roads, etc.). Current assets have decreased by \$15,617,491 as proceeds from bond issues continue to be expended. The City of Murrieta uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
- Other liabilities reflect a decrease of approximately \$900,000 due to a decrease in outstanding accounts payable as of June 30<sup>th</sup> and a decrease in the amount due to other governments.
- Long-term debt outstanding consists of capital leases, notes, certificates of participation, and tax allocation bonds that have been separated into the amount due in the next year and the amount due beyond.

## Government Activities

The statement of activities presents program revenues and expenses and general revenues in detail. All of these are elements of the changes in net assets summarized in Table 2.

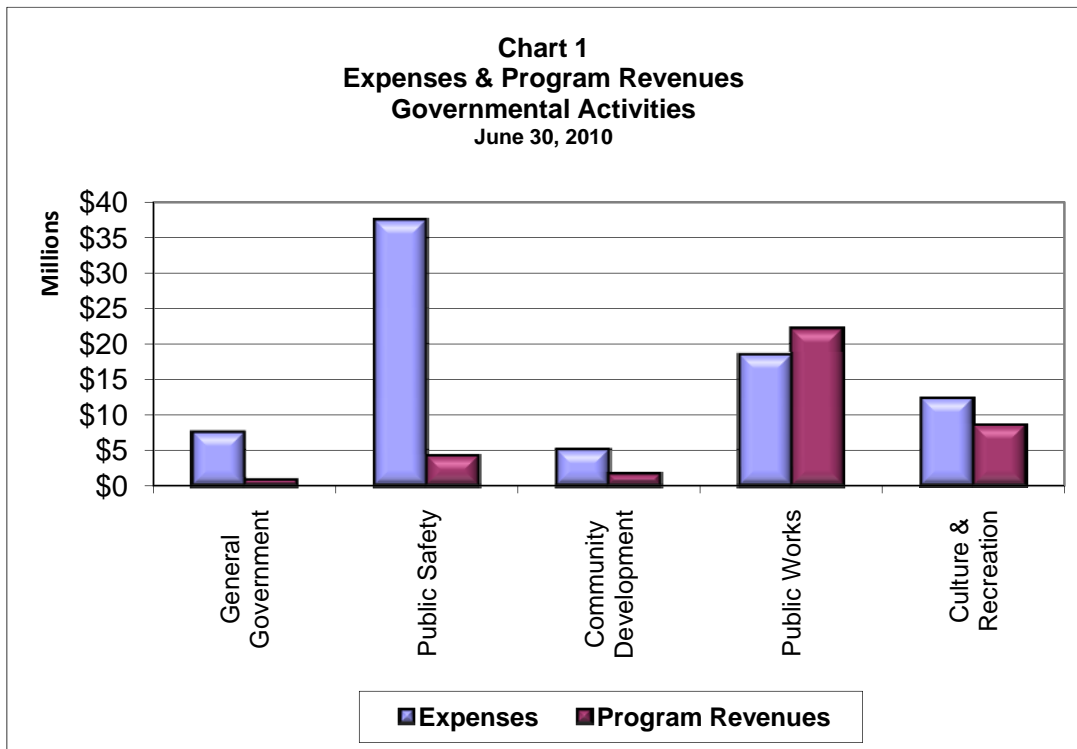
Table 2

### Changes in Net Assets

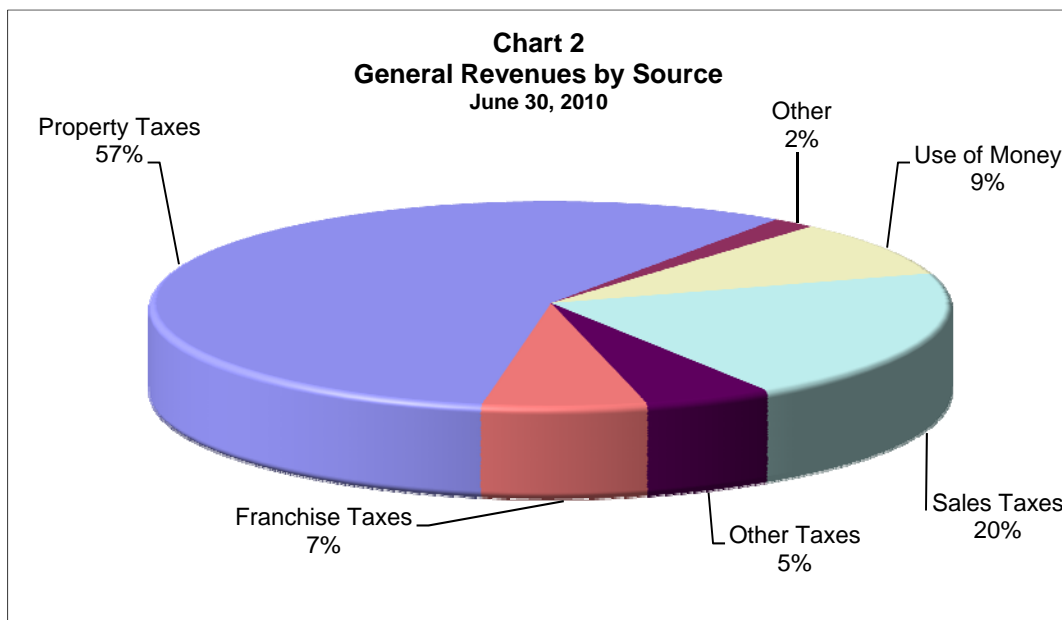
	<u>Governmental Activities</u>	
	<u>June 2010</u>	<u>June 2009</u>
<b>Expenses</b>		
Governmental Activities:		
General Government	\$ 7,513,228	\$ 12,928,528
Public Safety	37,458,419	33,850,633
Community Development	5,045,421	3,054,128
Culture & Recreation	12,320,171	11,377,680
Public Works	17,756,848	24,144,561
Interest on Long-Term Debt	<u>4,125,708</u>	<u>3,440,842</u>
<b>Total Expenses</b>	<b>84,219,795</b>	<b>88,796,372</b>
<b>Revenues</b>		
<i>Program Revenues</i>		
Charges for Services	14,216,260	14,809,524
Operating Contributions and Grants	1,805,934	2,276,141
Capital Contributions and Grants	<u>20,500,631</u>	<u>17,232,963</u>
<i>Total Program Revenues</i>	36,522,825	34,318,628
<i>General Revenues</i>		
Taxes		
Property taxes	27,784,684	34,123,433
Transient occupancy tax	110,521	291,746
Sales taxes	10,078,614	9,870,711
Franchise taxes	3,240,625	3,076,644
Business license taxes	524,161	566,897
Other taxes	1,600,363	1,611,782
Motor Vehicle in Lieu	295,966	340,815
Use of money and property	4,321,331	8,069,835
Other	<u>861,726</u>	<u>998,700</u>
<i>Total General Revenues</i>	<u>48,817,991</u>	<u>58,950,563</u>
<b>Total Revenues</b>	<b>85,340,816</b>	<b>93,269,191</b>
<b>Change in Net Assets</b>	<b>1,121,021</b>	<b>4,472,819</b>
Net Assets - Beginning Balance	618,260,475	578,873,224
Change in Net Assets	1,121,021	4,472,819
Restatement of Net Assets	<u>(578,091)</u>	<u>34,914,432</u>
<b>Net Assets - Ending Balance</b>	<b><u>\$618,803,405</u></b>	<b><u>\$618,260,475</u></b>

Certain numbers have been reclassified for comparability purposes.

**Chart 1** (Expenses and Program Revenues) highlights the cost of each of the City’s five largest programs – general government, public safety, community development, culture & recreation and public works – as well as the associated program revenue. Developer impact fees comprise a large portion of the culture and recreation revenues, and are allocated towards the construction of future capital projects. Public works expenses include large capital projects that are funded from prior years’ developer impact fees and revenues include capital grant contributions for expenses incurred in prior years. The other three categories indicate the overall cost of the government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. The general revenues are used to make up the difference.



**Chart 2** (General Revenues by Source) identifies the various general (or discretionary) revenues available for government programs and services.



## **Financial Analysis of the City's Funds**

The City of Murrieta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Murrieta's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Murrieta's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Murrieta's governmental funds reported combined ending fund balances of \$170,261,277; included in this amount is a net increase in fund balance for the Development Impact Fund of \$1,783,772, and an increase of \$368,281 in the Murrieta Community Service District Fund. Of the combined ending fund balance amount of \$170,261,277, \$182,396,484 is reserved and/or designated and not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) reserved for contingency or self-insurance in compliance with city council policy, 3) designated for future capital projects or 4) reserved for land held for resale or advances to other funds.

### **General Fund**

The General Fund is the chief operating fund of the City of Murrieta. At the end of the current fiscal year, excluding transfers, the General Fund had expenditures over revenues of \$3,694,236. The unreserved, undesignated fund balance of the General Fund was \$0 while total fund balance was \$28,331,270. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 0 percent of total fund expenditures and total fund balance represents 79.5 percent of that same amount.

General Fund revenues decreased \$5,649,567 to \$31,952,309 in fiscal year 2010. Revenues from taxes decreased \$2,929,523 primarily due to a decrease in property tax revenues, which is attributable to the increase in home foreclosures and a decrease in activity in the housing market. Licenses and permit revenues decreased \$93,443 due to a slow-down in development activity. Intergovernmental revenues increased by \$139,582 primarily due to an increase in reimbursements from the State. Cash balances in the General Fund decreased at year-end by \$10,626,923 or 37.9 percent, and revenue from use of money and property decreased by \$3,035,803 or 79.8 percent. The decrease is attributable to both the lower cash balances and the much lower investment yields.

General Fund expenditures were \$35,646,545, down by \$2,886,501 from the prior year of \$38,533,046. This decrease is mainly attributable to a reduction of general government expenditures resulting from cost savings measures instituted by management.

### **Developer Impact Fund**

This fund accounts for developer contributions and other revenue sources that are restricted by law or administrative action to expenditures for development purposes related to infrastructure including roads, sidewalks, storm drains, facilities, parks and open space.

Developer Impact Fund revenues increased by \$1,123,709 to \$2,881,328 due to increases in revenue collected from other governments and developers and an increase in revenue from use of money and property resulting from increased cash balances. Expenditures decreased by \$262,451 to \$2,707,178 due to the completion of various capital improvement projects.

### **Fire District Fund**

This fund accounts for proceeds of property taxes and other sources that are restricted by law or administrative action to expenditures for the operation of the City's four permanent fire stations and one temporary fire station.

Revenues decreased by \$2,349,245 to \$11,181,976 primarily due to a decrease in property tax revenue and a decrease in strike team activity reducing state reimbursements. Expenditures increased by \$240,419 to \$12,889,043 as a result of the opening of temporary fire station number 5.

### **TUMF Fund**

This fund accounts for revenue to augment the shortfall from traditional funding sources for transportation facilities.

This year, revenue was \$3,500,000. This amount represents interagency reimbursement of expenses from prior years. The city received no revenue in the prior year. Expenses decreased by \$242,643 to \$1,236,658.

### **Federal Grants Fund**

This fund (previously reported as non-major) accounts for revenue received and expenditures made for Federal approved programs and projects. Revenues increased by \$2,186,487 to \$3,049,823 reflecting the addition of several Federal Stimulus grants. In conjunction with the addition of Stimulus grants, expenses increased by \$3,904,367 to \$4,860,729.

### **Community Service District Fund**

This fund accounts for the benefit assessments and a special tax that is charged to property owners within the District to provide recreation, park development, street lighting and slope maintenance.

Revenues decreased this year by \$157,482 due to a decrease in the collection of assessments. Expenses decreased by \$144,086 mostly as a result of cost saving measures instituted by management.

### **Murrieta Redevelopment Agency Capital Project Fund**

This fund accounts for the financing, construction and administrative activities of the agency.

Revenues decreased in this fund by \$529,177 due to a decrease in funding by the County of Riverside and a decrease in revenue from the use of money and property resulting from lower investment yields.

The decrease in total expenses of \$439,068 is related to a decrease in construction of capital improvements by the agency.

### **General Fund Budgetary Highlights**

General fund revenues were lower than the final amended budget by \$766,156. Revenue categories experiencing significant deficit variances between the final amended budget and actual include licenses and permits with a variance of \$498,606, revenue from use of money and property with a variance of \$443,288, taxes with a variance of \$267,947 and charges for services with a variance of \$210,339. The contributions revenue category actually exceeded expectations by \$772,628.

The actual expenditures of the General Fund were \$3,436,488 less than the final amended budget. Of the \$3,436,488 savings, \$1,663,367 of the capital budget remained unspent. Several departments within the City recognized significant savings including Finance with \$548,587, Non-departmental with \$538,707, Police Support Services with \$259,272 and City Attorney with \$187,664. In contrast, transfers out actually exceeded budgeted amounts by \$360,215.

Budget amendments were made during the year to decrease revenues by \$3,328,847 in order to properly account for the current economic atmosphere. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures after adoption of the original budget in the amount of \$728,963 which included an increase of \$1,199,554 in transfers and a decrease in the capital budget of \$841,597.

### Capital Assets

At the end of FY 2009-2010, the City had capital assets (net of accumulated depreciation) of \$512,895,134, including land, construction in progress (CIP), buildings and improvements, equipment (including vehicles) and infrastructure. Additions to all asset categories totaling \$15,747,458 reduced by \$567,268 representing a restatement of beginning balances results in a total net increase of \$15,180,190 for the year.

Table 3

<b>City of Murrieta Capital Assets (Net of Depreciation)</b>		
<b>Governmental Activities</b>		
	<u>June 2010</u>	<u>June 2009</u>
Land	\$174,573,514	\$172,478,085
Construction in Progress	29,614,284	23,576,264
Buildings & Improvements	69,298,855	68,665,669
Equipment	7,753,063	8,725,737
Infrastructure	<u>231,655,418</u>	<u>224,269,189</u>
<b>Total Capital Assets</b>	<b><u>\$512,895,134</u></b>	<b><u>\$497,714,944</u></b>

*More detailed information about the City's capital assets is presented in Note 1 and Note 4 to the financial statements.*

### Long-Term Debt

At the end of the current fiscal year, the City of Murrieta had total bonded debt outstanding, along with capital leases, claims/judgments and accrued employee leave benefits of \$75,203,287.

Table 4

	<b>City of Murrieta Outstanding Debt</b>	
	<u>Governmental Activities</u>	
	June 2010	June 2009
Certificates of Participation Series 2001	\$ 3,560,000	\$ 4,070,000
Tax Allocation Bonds Series 2002	10,340,000	10,595,000
Tax Allocation Bonds Series 2005	11,235,000	11,485,000
Certificates of Participation Series 2005	2,950,000	3,190,000
Certificates of Participation Series 2007	8,590,000	8,940,000
Tax Allocation Bonds Series 2007	31,085,000	31,380,000
Capital Leases	211,994	554,773
Claims and judgments	1,755,476	1,486,657
OPEB Liability	1,659,853	0
Accrued employee leave benefits	3,765,480	3,517,209
Unamortized Bond Discount	(63,373)	(66,253)
Unamortized Bond Premium	113,857	119,006
<b>Total Outstanding Debt</b>	<b>\$75,203,287</b>	<b>\$75,271,392</b>

*\*More detailed information about the City's long-term debt is presented in Note 5 to the financial statements.*

### **Economic Factors and Next Year's Budgets**

In preparation of the 2009/10 and 2010/11 (2 year) budget, management looked at the following economic factors:

- Sales tax revenues have declined due to the economic downturn.
- Property tax revenues have decreased due to the reduction of assessed values, the slowdown of the housing market and an increase in foreclosures.

A priority of the City is to maintain a high quality of services while adopting a balanced budget. The proposed budget for FY 10/11 is balanced, and includes the use of \$2,463,252 of economic contingency funds.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at:

Finance Director  
 City of Murrieta  
 One Town Square  
 24601 Jefferson Ave.  
 Murrieta, CA 92562  
 (951) 461-6437  
[icanfield@murrieta.org](mailto:icanfield@murrieta.org)

CITY OF MURRIETA

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Primary Governmental Governmental Activities</u>
<b>Assets:</b>	
Cash and investments	\$ 147,236,322
Receivables:	
Accounts	932,945
Taxes	4,551,275
Loans	724,854
Accrued interest	128,971
Prepaid costs	5,092
Due from other governments	10,977,348
Deferred charges	1,783,762
Land held for resale	10,338,180
Restricted assets:	
Cash with fiscal agent	12,700,774
Capital assets not being depreciated	204,187,798
Capital assets, net of depreciation	<u>308,707,336</u>
<b>Total Assets</b>	<b><u>702,274,657</u></b>
<b>Liabilities:</b>	
Accounts payable	3,606,608
Accrued liabilities	1,387,671
Accrued interest	1,203,257
Unearned revenue	16,112
Deposits payable	389,761
Due to other governments	1,664,556
Noncurrent liabilities:	
Due within one year	3,750,017
Due in more than one year	<u>71,453,270</u>
<b>Total Liabilities</b>	<b><u>83,471,252</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	450,849,854
Restricted for:	
Community development	16,187,994
Public safety	11,716,889
Public works	59,629,836
Capital projects	40,566,654
Debt service	12,042,510
Unrestricted	<u>27,809,668</u>
<b>Total Net Assets</b>	<b><u>\$ 618,803,405</u></b>

CITY OF MURRIETA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues				Net
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	(Expenses)
					Revenues and Changes in Net Assets
Primary Government:	Governmental Activities				Primary Government
Governmental Activities:					
General government	\$ 7,513,228	\$ 753,046	\$ 45,313	\$ -	\$ (6,714,869)
Public safety	37,458,419	2,785,027	1,413,242	-	(33,260,150)
Community development	5,045,421	663,940	173,078	777,198	(3,431,205)
Culture and recreation	12,320,171	8,357,740	160,211	42	(3,802,178)
Public works	17,756,848	1,656,507	14,090	19,723,391	3,637,140
Interest on long-term debt	4,125,708	-	-	-	(4,125,708)
<b>Total Governmental Activities</b>	<b>84,219,795</b>	<b>14,216,260</b>	<b>1,805,934</b>	<b>20,500,631</b>	<b>(47,696,970)</b>
<b>Total Primary Government</b>	<b>\$ 84,219,795</b>	<b>\$ 14,216,260</b>	<b>\$ 1,805,934</b>	<b>\$ 20,500,631</b>	<b>(47,696,970)</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose					27,784,684
Transient occupancy taxes					110,521
Sales taxes					10,078,614
Franchise taxes					3,240,625
Business licenses taxes					524,161
Other taxes					1,600,363
Motor vehicle in lieu - unrestricted					295,966
Use of money and property					4,321,331
Other					861,726
<b>Total General Revenues</b>					<b>48,817,991</b>
Change in Net Assets					1,121,021
Net Assets at Beginning of Year					618,260,475
Restatement of Net Assets					(578,091)
<b>Net Assets at End of Year</b>					<b>\$ 618,803,405</b>

CITY OF MURRIETA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Development Impact</u>	<u>Fire District</u>	<u>TUMF</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 17,405,283	\$ 38,924,373	\$ 11,018,332	\$ -
Receivables:				
Accounts	829,705	-	13,185	-
Taxes	3,169,794	-	862,154	-
Loans	594	-	-	-
Accrued interest	18,083	-	-	-
Prepaid costs	3,648	-	-	-
Due from other governments	586,125	645,163	72,210	3,205,404
Due from other funds	6,567,087	-	-	-
Advances to other funds	5,198,527	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 33,778,846</u></b>	<b><u>\$ 39,569,536</u></b>	<b><u>\$ 11,965,881</u></b>	<b><u>\$ 3,205,404</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 540,602	\$ 586,645	\$ 167,071	\$ 363,799
Accrued liabilities	946,913	-	287,418	-
Deferred revenues	2,023,145	-	51,120	2,255,404
Unearned revenues	-	-	-	-
Deposits payable	196,446	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	2,841,605
Advances from other funds	1,740,470	-	-	-
<b>Total Liabilities</b>	<b><u>5,447,576</u></b>	<b><u>586,645</u></b>	<b><u>505,609</u></b>	<b><u>5,460,808</u></b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	768,592	1,775,528	96,021	4,446,611
Reserved for prepaid costs	3,648	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for loans receivable	594	-	-	-
Reserved for advances to other funds	5,198,527	-	-	-
Reserved for special district operations	-	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Designated for self-insurance	-	-	425,000	-
Designated for continuing appropriations	1,116,393	-	40,124	-
Designated for capital projects	2,577,344	37,207,363	-	-
Designated for economic contingency	5,976,931	-	7,830,527	-
Designated for land acquisition	2,000,000	-	-	-
Designated for operating reserve	9,599,427	-	3,041,138	-
Designated for vehicle and equipment replacement	704,058	-	27,462	-
Designated for police services	385,756	-	-	-
Undesignated	-	-	-	(6,702,015)
<b>Total Fund Balances</b>	<b><u>28,331,270</u></b>	<b><u>38,982,891</u></b>	<b><u>11,460,272</u></b>	<b><u>(2,255,404)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 33,778,846</u></b>	<b><u>\$ 39,569,536</u></b>	<b><u>\$ 11,965,881</u></b>	<b><u>\$ 3,205,404</u></b>

See Notes to Financial Statements

CITY OF MURRIETA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

(Continued)

	Special Revenue Funds		Capital Projects Funds	
	Federal Grants	Community Service District	Murrieta Redevelopment Agency	Other Governmental Funds
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 6,440,611	\$ 23,679,984	\$ 47,278,780
Receivables:				
Accounts	-	29,269	-	59,750
Taxes	-	321,901	7,819	189,607
Loans	-	-	724,260	-
Accrued interest	-	-	110,642	246
Prepaid costs	-	-	-	-
Due from other governments	4,217,440	101,888	-	2,149,118
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	1,740,470
Land held for resale	-	-	10,338,180	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	12,700,774
<b>Total Assets</b>	<b>\$ 4,217,440</b>	<b>\$ 6,893,669</b>	<b>\$ 34,860,885</b>	<b>\$ 64,118,745</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 875,647	\$ 660,657	\$ 134,004	\$ 255,492
Accrued liabilities	-	54,858	18,752	52,626
Deferred revenues	1,859,808	99,551	99,355	1,439,749
Unearned revenues	-	-	-	16,112
Deposits payable	-	9,454	-	183,861
Due to other governments	-	-	-	1,664,556
Due to other funds	3,385,917	-	-	339,565
Advances from other funds	-	-	5,198,527	-
<b>Total Liabilities</b>	<b>6,121,372</b>	<b>824,520</b>	<b>5,450,638</b>	<b>3,951,961</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	4,789,921	3,616	753,166	1,017,885
Reserved for prepaid costs	-	-	-	-
Reserved for land held for resale	-	-	10,338,180	-
Reserved for loans receivable	-	-	724,260	-
Reserved for advances to other funds	-	-	-	1,740,470
Reserved for special district operations	-	4,710,318	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	23,336,339
Capital projects funds	-	-	-	16,052,382
Debt service funds	-	-	-	18,019,708
Designated for self-insurance	-	-	-	-
Designated for continuing appropriations	-	-	-	-
Designated for capital projects	-	94,554	17,594,641	-
Designated for economic contingency	-	-	-	-
Designated for land acquisition	-	-	-	-
Designated for operating reserve	-	-	-	-
Designated for vehicle and equipment replacement	-	-	-	-
Designated for police services	-	-	-	-
Undesignated	(6,693,853)	1,260,661	-	-
<b>Total Fund Balances</b>	<b>(1,903,932)</b>	<b>6,069,149</b>	<b>29,410,247</b>	<b>60,166,784</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,217,440</b>	<b>\$ 6,893,669</b>	<b>\$ 34,860,885</b>	<b>\$ 64,118,745</b>

See Notes to Financial Statements

CITY OF MURRIETA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 144,747,363
Receivables:	
Accounts	931,909
Taxes	4,551,275
Loans	724,854
Accrued interest	128,971
Prepaid costs	3,648
Due from other governments	10,977,348
Due from other funds	6,567,087
Advances to other funds	6,938,997
Land held for resale	10,338,180
Restricted assets:	
Cash and investments with fiscal agents	12,700,774
<b>Total Assets</b>	<b>\$ 198,610,406</b>
 <b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 3,583,917
Accrued liabilities	1,360,567
Deferred revenues	7,828,132
Unearned revenues	16,112
Deposits payable	389,761
Due to other governments	1,664,556
Due to other funds	6,567,087
Advances from other funds	6,938,997
<b>Total Liabilities</b>	<b>28,349,129</b>
 <b>Fund Balances:</b>	
Reserved:	
Reserved for encumbrances	13,651,340
Reserved for prepaid costs	3,648
Reserved for land held for resale	10,338,180
Reserved for loans receivable	724,854
Reserved for advances to other funds	6,938,997
Reserved for special district operations	4,710,318
Unreserved:	
Unreserved, reported in nonmajor:	
Special revenue funds	23,336,339
Capital projects funds	16,052,382
Debt service funds	18,019,708
Designated for self-insurance	425,000
Designated for continuing appropriations	1,156,517
Designated for capital projects	57,473,902
Designated for economic contingency	13,807,458
Designated for land acquisition	2,000,000
Designated for operating reserve	12,640,565
Designated for vehicle and equipment replacement	731,520
Designated for police services	385,756
Undesignated	(12,135,207)
<b>Total Fund Balances</b>	<b>170,261,277</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 198,610,406</b>

See Notes to Financial Statements

CITY OF MURRIETA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

---

Fund balances of governmental funds	\$ 170,261,277
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, but in the Statement of Net Assets any excess or deficiencies in relation to the ARC are recorded as an asset or a liability.	(1,659,853)
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	512,699,026
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the Statement of Net Assets.	1,783,762
Long-term liabilities, including bonds payable, compensated absences and claims and judgments are not due and payable in the current period and, therefore, are not reported in the governmental fund activity:	
Bonds payable	(68,022,478)
Compensated absences	(3,667,967)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(1,203,257)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	7,828,132
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets.	<u>784,763</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 618,803,405</u></u></b>

## CITY OF MURRIETA

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Development Impact</u>	<u>Fire District</u>	<u>TUMF</u>
<b>Revenues:</b>				
Taxes	\$ 26,025,394	\$ -	\$ 8,913,525	\$ -
Assessments	-	-	1,496,536	-
Licenses and permits	564,161	-	-	-
Intergovernmental	881,019	648,618	244,748	3,500,000
Charges for services	1,124,361	-	94,799	-
Use of money and property	768,882	1,082,232	394,757	-
Fines and forfeitures	846,050	-	9,223	-
Contributions	777,628	-	-	-
Developer participation	7,342	1,141,528	-	-
Miscellaneous	957,472	8,950	28,388	-
<b>Total Revenues</b>	<b><u>31,952,309</u></b>	<b><u>2,881,328</u></b>	<b><u>11,181,976</u></b>	<b><u>3,500,000</u></b>
<b>Expenditures:</b>				
Current:				
General government	6,292,802	29,529	-	-
Public safety	21,709,728	-	12,485,097	-
Community development	2,899,026	-	-	-
Culture and recreation	219,365	-	-	-
Public works	2,454,373	7,418	-	-
Capital outlay	1,669,778	2,670,024	403,946	1,236,658
Debt service:				
Principal retirement	342,778	-	-	-
Interest and fiscal charges	58,695	207	-	-
<b>Total Expenditures</b>	<b><u>35,646,545</u></b>	<b><u>2,707,178</u></b>	<b><u>12,889,043</u></b>	<b><u>1,236,658</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,694,236)</u>	<u>174,150</u>	<u>(1,707,067)</u>	<u>2,263,342</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	405,995	-	-	-
Transfers out	<u>(3,284,634)</u>	<u>(367,886)</u>	<u>(300,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>(2,878,639)</u></b>	<b><u>(367,886)</u></b>	<b><u>(300,000)</u></b>	<b><u>-</u></b>
Net Change in Fund Balances	<u>(6,572,875)</u>	<u>(193,736)</u>	<u>(2,007,067)</u>	<u>2,263,342</u>
Fund Balances, Beginning of Year, as previously reported	34,914,968	37,199,119	13,467,339	(1,547,387)
Restatements	<u>(10,823)</u>	<u>1,977,508</u>	<u>-</u>	<u>(2,971,359)</u>
Fund Balances, Beginning of Year, as restated	<u>34,904,145</u>	<u>39,176,627</u>	<u>13,467,339</u>	<u>(4,518,746)</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 28,331,270</u></b>	<b><u>\$ 38,982,891</u></b>	<b><u>\$ 11,460,272</u></b>	<b><u>\$ (2,255,404)</u></b>

See Notes to Financial Statements

## CITY OF MURRIETA

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds		Capital Projects Funds	Other Governmental Funds
	Federal Grants	Community Service District	Murrieta Redevelopment Agency	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,758,619	\$ 5,915,350
Assessments	-	7,846,389	-	330,750
Licenses and permits	-	-	-	-
Intergovernmental	3,049,823	-	-	4,698,481
Charges for services	-	470,447	-	89,145
Use of money and property	-	206,655	509,970	1,298,860
Fines and forfeitures	-	-	-	-
Contributions	-	42	-	-
Developer participation	-	-	-	183,708
Miscellaneous	-	66,872	-	12,464
<b>Total Revenues</b>	<b>3,049,823</b>	<b>8,590,405</b>	<b>2,268,589</b>	<b>12,528,758</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	500,594
Public safety	13,937	-	-	317,261
Community development	5,622	-	1,763,497	288,503
Culture and recreation	-	8,551,852	-	1,837,212
Public works	36,205	-	-	1,370,322
Capital outlay	4,804,965	56,194	1,471,334	12,816,400
Debt service:				
Principal retirement	-	-	-	1,900,000
Interest and fiscal charges	-	-	798,024	3,208,573
<b>Total Expenditures</b>	<b>4,860,729</b>	<b>8,608,046</b>	<b>4,032,855</b>	<b>22,238,865</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,810,906)	(17,641)	(1,764,266)	(9,710,107)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	440,917	837,587	2,205,996
Transfers out	-	(54,995)	(419,686)	(1,611,588)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>385,922</b>	<b>417,901</b>	<b>594,408</b>
Net Change in Fund Balances	(1,810,906)	368,281	(1,346,365)	(9,115,699)
Fund Balances, Beginning of Year, as previously reported	(93,026)	5,700,868	29,770,651	69,274,593
Restatements	-	-	985,961	7,890
Fund Balances, Beginning of Year, as restated	(93,026)	5,700,868	30,756,612	69,282,483
<b>Fund Balances, End of Year</b>	<b>\$ (1,903,932)</b>	<b>\$ 6,069,149</b>	<b>\$ 29,410,247</b>	<b>\$ 60,166,784</b>

See Notes to Financial Statements

CITY OF MURRIETA

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 42,612,888
Assessments	9,673,675
Licenses and permits	564,161
Intergovernmental	13,022,689
Charges for services	1,778,752
Use of money and property	4,261,356
Fines and forfeitures	855,273
Contributions	777,670
Developer participation	1,332,578
Miscellaneous	1,074,146
	<hr/>
<b>Total Revenues</b>	<b>75,953,188</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
General government	6,822,925
Public safety	34,526,023
Community development	4,956,648
Culture and recreation	10,608,429
Public works	3,868,318
Capital outlay	25,129,299
Debt service:	
Principal retirement	2,242,778
Interest and fiscal charges	4,065,499
	<hr/>
<b>Total Expenditures</b>	<b>92,219,919</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,266,731)
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	3,890,495
Transfers out	(6,038,789)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>(2,148,294)</b>
	<hr/>
Net Change in Fund Balances	(18,415,025)
	<hr/>
Fund Balances, Beginning of Year, as previously reported	188,687,125
Restatements	(10,823)
	<hr/>
Fund Balances, Beginning of Year, as restated	188,676,302
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 170,261,277</b>
	<hr/> <hr/>

See Notes to Financial Statements

CITY OF MURRIETA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2010**

---

Net change in fund balances - total governmental funds	\$ (18,415,025)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense.	(1,686,750)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	15,783,668
Issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of long-term debt principal consumes the current financial resources of governmental funds.	2,160,136
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	22,433
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(150,758)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	1,368,215
Internal service funds are used by management to charge the costs of certain activities, such as information technology and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	<u>2,039,102</u>
<b>Change in net assets of governmental activities</b>	<b><u>\$ 1,121,021</u></b>

CITY OF MURRIETA

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 34,904,145	\$ 34,904,145	\$ 34,904,145	\$ -
<b>Resources (Inflows):</b>				
Taxes	28,393,579	26,293,341	26,025,394	(267,947)
Licenses and permits	1,062,767	1,062,767	564,161	(498,606)
Intergovernmental	831,376	982,767	881,019	(101,748)
Charges for services	1,334,700	1,334,700	1,124,361	(210,339)
Use of money and property	2,212,170	1,212,170	768,882	(443,288)
Fines and forfeitures	875,500	875,500	846,050	(29,450)
Contributions	-	5,000	777,628	772,628
Developer participation	-	-	7,342	7,342
Miscellaneous	806,220	921,220	957,472	36,252
Transfers in	935,995	435,995	405,995	(30,000)
Proceeds from sale of capital asset	1,000	1,000	-	(1,000)
<b>Amounts Available for Appropriation</b>	<b>71,357,452</b>	<b>68,028,605</b>	<b>67,262,449</b>	<b>(766,156)</b>
<b>Charges to Appropriation (Outflow):</b>				
City council	250,614	281,284	272,085	9,199
City attorney	600,066	600,066	412,402	187,664
Administration	715,750	709,012	705,423	3,589
Personnel	740,573	703,572	629,807	73,765
Solid waste management	8,000	8,000	8,272	(272)
Non-departmental	1,924,784	1,413,658	874,951	538,707
Building maintenance	732,292	727,326	630,428	96,898
City clerk	751,387	658,010	635,555	22,455
Finance	2,220,569	2,672,466	2,123,879	548,587
Police administration	1,389,614	1,453,144	1,351,937	101,207
Code enforcement	552,898	630,661	579,861	50,800
Police operations	11,145,281	11,399,425	11,248,595	150,830
Police support services	8,456,944	8,788,607	8,529,335	259,272
Planning	1,187,614	1,106,001	1,094,420	11,581
Building and safety	1,527,658	1,506,889	1,482,680	24,209
Economic development	424,366	388,551	321,926	66,625
Parks and recreation	22,000	22,000	13,121	8,879
Community Promotion	236,171	235,931	206,244	29,687
Maintenance	349,398	339,931	332,309	7,622
Street lighting	155,000	155,000	186,136	(31,136)
Engineering	1,990,030	1,919,070	1,935,928	(16,858)
Capital outlay	4,174,742	3,333,145	1,669,778	1,663,367
Debt service:				
Principal retirement	358,088	358,088	342,778	15,310
Interest and fiscal charges	-	33,411	58,695	(25,284)
Transfers out	1,724,865	2,924,419	3,284,634	(360,215)
<b>Total Charges to Appropriations</b>	<b>41,638,704</b>	<b>42,367,667</b>	<b>38,931,179</b>	<b>3,436,488</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 29,718,748</b>	<b>\$ 25,660,938</b>	<b>\$ 28,331,270</b>	<b>\$ 2,670,332</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON STATEMENT  
DEVELOPMENT IMPACT  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 39,176,627	\$ 39,176,627	\$ 39,176,627	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	630,768	630,768	648,618	17,850
Use of money and property	-	-	1,082,232	1,082,232
Developer participation	834,500	834,500	1,141,528	307,028
Miscellaneous	-	-	8,950	8,950
<b>Amounts Available for Appropriation</b>	<b>40,641,895</b>	<b>40,641,895</b>	<b>42,057,955</b>	<b>1,416,060</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	29,529	(29,529)
Public works	110,000	110,000	7,418	102,582
Capital outlay	28,951,284	28,912,019	2,670,024	26,241,995
Debt service:				
Interest and fiscal charges	-	-	207	(207)
Transfers out	372,969	372,969	367,886	5,083
<b>Total Charges to Appropriations</b>	<b>29,434,253</b>	<b>29,394,988</b>	<b>3,075,064</b>	<b>26,319,924</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 11,207,642</b>	<b>\$ 11,246,907</b>	<b>\$ 38,982,891</b>	<b>\$ 27,735,984</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON STATEMENT  
FIRE DISTRICT  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 13,467,339	\$ 13,467,339	\$ 13,467,339	\$ -
<b>Resources (Inflows):</b>				
Taxes	9,869,727	8,880,000	8,913,525	33,525
Assessments	1,525,130	1,525,130	1,496,536	(28,594)
Intergovernmental	400,000	400,000	244,748	(155,252)
Charges for services	132,500	132,500	94,799	(37,701)
Use of money and property	171,750	271,750	394,757	123,007
Fines and forfeitures	-	-	9,223	9,223
Miscellaneous	8,500	29,000	28,388	(612)
<b>Amounts Available for Appropriation</b>	<b>25,574,946</b>	<b>24,705,719</b>	<b>24,649,315</b>	<b>(56,404)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	12,583,202	12,562,507	12,485,097	77,410
Capital outlay	1,048,815	1,042,135	403,946	638,189
Transfers out	300,000	300,000	300,000	-
<b>Total Charges to Appropriations</b>	<b>13,932,017</b>	<b>13,904,642</b>	<b>13,189,043</b>	<b>715,599</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 11,642,929</b>	<b>\$ 10,801,077</b>	<b>\$ 11,460,272</b>	<b>\$ 659,195</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON STATEMENT  
TUMF  
YEAR ENDED JUNE 30, 2010**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1 as restated	\$ (4,518,746)	\$ (4,518,746)	\$ (4,518,746)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	16,601,330	16,601,330	3,500,000	(13,101,330)
<b>Amounts Available for Appropriation</b>	<b>12,082,584</b>	<b>12,082,584</b>	<b>(1,018,746)</b>	<b>(13,101,330)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	16,601,330	15,122,028	1,236,658	13,885,370
<b>Total Charges to Appropriations</b>	<b>16,601,330</b>	<b>15,122,028</b>	<b>1,236,658</b>	<b>13,885,370</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (4,518,746)</b>	<b>\$ (3,039,444)</b>	<b>\$ (2,255,404)</b>	<b>\$ 784,040</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON STATEMENT  
FEDERAL GRANTS  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (93,026)	\$ (93,026)	\$ (93,026)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	33,854,809	34,762,918	3,049,823	(31,713,095)
<b>Amounts Available for Appropriation</b>	<b>33,761,783</b>	<b>34,669,892</b>	<b>2,956,797</b>	<b>(31,713,095)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	3,000	-	3,000
Public safety	-	19,957	13,937	6,020
Community development	-	259,500	5,622	253,878
Public works	-	393,500	36,205	357,295
Capital outlay	33,854,809	35,444,635	4,804,965	30,639,670
<b>Total Charges to Appropriations</b>	<b>33,854,809</b>	<b>36,120,592</b>	<b>4,860,729</b>	<b>31,259,863</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (93,026)</b>	<b>\$ (1,450,700)</b>	<b>\$ (1,903,932)</b>	<b>\$ (453,232)</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON STATEMENT  
COMMUNITY SERVICE DISTRICT  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 5,700,868	\$ 5,700,868	\$ 5,700,868	\$ -
<b>Resources (Inflows):</b>				
Assessments	8,108,405	8,129,405	7,846,389	(283,016)
Charges for services	357,150	357,150	470,447	113,297
Use of money and property	256,000	256,000	206,655	(49,345)
Contributions	-	-	42	42
Miscellaneous	61,000	61,000	66,872	5,872
Transfers in	1,027,313	651,368	440,917	(210,451)
<b>Amounts Available for Appropriation</b>	<b>15,510,736</b>	<b>15,155,791</b>	<b>14,732,190</b>	<b>(423,601)</b>
<b>Charges to Appropriation (Outflow):</b>				
Culture and recreation	9,912,073	9,549,445	8,551,852	997,593
Capital outlay	166,200	193,454	56,194	137,260
Transfers out	118,095	118,095	54,995	63,100
<b>Total Charges to Appropriations</b>	<b>10,196,368</b>	<b>9,860,994</b>	<b>8,663,041</b>	<b>1,197,953</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,314,368</b>	<b>\$ 5,294,797</b>	<b>\$ 6,069,149</b>	<b>\$ 774,352</b>

CITY OF MURRIETA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2010

	<u>Governmental Activities- Internal Service Funds</u>
<b>Assets:</b>	
Current:	
Cash and investments	\$ 2,488,959
Receivables:	
Accounts	1,036
Prepaid costs	1,444
	<u>2,491,439</u>
<b>Total Current Assets</b>	
Noncurrent:	
Capital assets - net of accumulated depreciation	196,108
	<u>196,108</u>
<b>Total Noncurrent Assets</b>	
	<u>196,108</u>
<b>Total Assets</b>	
	<u><u>\$ 2,687,547</u></u>
 <b>Liabilities and Net Assets:</b>	
<b>Liabilities:</b>	
Current:	
Accounts payable	\$ 22,691
Accrued liabilities	27,104
Accrued compensated absences	16,722
Accrued claims and judgments	917,291
	<u>983,808</u>
<b>Total Current Liabilities</b>	
Noncurrent:	
Accrued compensated absences	80,791
Accrued claims and judgments	838,185
	<u>918,976</u>
<b>Total Noncurrent Liabilities</b>	
	<u>918,976</u>
<b>Total Liabilities</b>	
	<u>1,902,784</u>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt	196,108
Unrestricted	588,655
	<u>784,763</u>
<b>Total Net Assets</b>	
	<u>784,763</u>
<b>Total Liabilities and Net Assets</b>	
	<u><u>\$ 2,687,547</u></u>

CITY OF MURRIETA

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

	<b>Governmental Activities- Internal Service Funds</b>
<b>Operating Revenues:</b>	
Interdepartmental charges	\$ 3,898,607
Miscellaneous	2,863
	<hr/>
<b>Total Operating Revenues</b>	<b>3,901,470</b>
	<hr/>
<b>Operating Expenses:</b>	
Administration and general	1,868,974
Claims expense	3,546,269
Depreciation expense	36,210
	<hr/>
<b>Total Operating Expenses</b>	<b>5,451,453</b>
	<hr/>
Operating Income (Loss)	(1,549,983)
	<hr/>
<b>Nonoperating Revenues (Expenses):</b>	
Interest revenue	41,981
Contributions	144,471
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>186,452</b>
	<hr/>
Income (Loss) Before Transfers	(1,363,531)
	<hr/>
Transfers in	2,151,294
Transfers out	(3,000)
	<hr/>
Changes in Net Assets	784,763
	<hr/>
<b>Net Assets:</b>	
Beginning of Year	-
	<hr/>
<b>End of Fiscal Year</b>	<b>\$ 784,763</b>
	<hr/> <hr/>

CITY OF MURRIETA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities- Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from/(paid to) interfund service provided	\$ 3,900,434
Cash paid to supplies for goods and services	(12,360)
Cash paid to employees for services	(1,798,597)
Cash received from (payments to) others	(1,790,793)
	<hr/>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>298,684</b>
	<hr/>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash transfers out	(3,000)
Cash transfers in	2,151,294
	<hr/>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>2,148,294</b>
	<hr/>
<b>Cash Flows from Investing Activities:</b>	
Interest received	41,981
	<hr/>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>41,981</b>
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,488,959</b>
	<hr/>
Cash and Cash Equivalents at Beginning of Year	-
	<hr/>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,488,959</b>
	<hr/> <hr/>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (1,549,983)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>	
Depreciation	36,210
(Increase) decrease in accounts receivable	(1,036)
(Increase) decrease in prepaid expense	(1,444)
Increase (decrease) in accounts payable	22,691
Increase (decrease) in accrued liabilities	27,104
Increase (decrease) in claims and judgments	1,755,476
Increase (decrease) in compensated absences	9,666
	<hr/>
<b>Total Adjustments</b>	<b>1,848,667</b>
	<hr/>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 298,684</b>
	<hr/> <hr/>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>	
Compensated absences transferred from Governmental Funds	\$ 87,847
Capital assets transferred from Governmental Funds	232,318

See Notes to Financial Statements

CITY OF MURRIETA

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

---

	<u>Agency Funds</u>
<b>Assets:</b>	
Pooled cash and investments	\$ 11,886,175
Receivables:	
Accounts	828,761
Taxes	629,082
Deposits	21,803
Restricted assets:	
Cash and investments with fiscal agents	<u>24,166,567</u>
<b>Total Assets</b>	<b><u>\$ 37,532,388</u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 3,905
Deposits payable	11,432,370
Due to bondholders	<u>26,096,113</u>
<b>Total Liabilities</b>	<b><u>\$ 37,532,388</u></b>

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The City of Murrieta is a reporting entity, which consists of the primary government and component units:

Reporting Entity:

Primary Government:

City of Murrieta

Component Units:

Redevelopment Agency of the City of Murrieta  
Murrieta Financing Authority  
Murrieta Fire Protection District  
Murrieta Community Services District  
Murrieta Public Library Board

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Murrieta (the primary government) and its component units. Component units are entities for which the government is considered to be financially accountable.

The City of Murrieta was incorporated on July 1, 1991, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is governed by an elected five-member board. The City operates under a council-manager form of government and currently provides a wide variety of services to its citizens, including: police, fire, public services, community development, general and administrative and other services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units. Component units are legally separate entities that meet any one of the following three tests:

1. The City appoints the voting majority of the board of the potential component unit and is able to impose its will on the component unit and/or is in a relationship of financial benefit or burden with the potential component unit.
2. The potential component unit is fiscally dependent upon the City.
3. The financial statements would be misleading if data from the potential component unit were not included.

Component units are legally separate entities, however, the City Council serves in separate sessions as the governing body of these related Agencies and are, in substance, part of the City's operations so data from these units are combined with data of the City. Based on the above criteria, the accompanying financial statements include the financial activities of the following entities:

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

Blended Component Units

The Redevelopment Agency of the City of Murrieta was established by City Ordinance No. 59, adopted July 7, 1992, pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Murrieta. The operations of the Redevelopment Agency are reported in the Debt Service and Capital Projects Funds. Separate financial statements are prepared for the Agency and may be obtained at the City Hall.

The Murrieta Financing Authority was formed on March 1, 1993, by a joint powers agreement between the City and the Redevelopment Agency of the City of Murrieta. It was created for the purpose of assisting in the financing and refinancing of certain redevelopment activities of the Agency and certain public programs and projects of the City, and for the purpose of aiding in the financing and refinancing of public capital improvements. Separate financial statements are not prepared for the Authority.

The Murrieta Fire Protection District was an independent (self-governed) special district formed pursuant to the State of California Health and Safety Code commencing with Section 13800, for the purpose of providing fire protection services. Effective July 1, 1993, the District was reorganized to a subsidiary district of the City of Murrieta. The District continues to operate as a special district under the same Health and Safety Code provisions. As a subsidiary district, the City Council of the City of Murrieta now serves as the District's governing Board of Directors. The operations of the Fire Protection District are reported as a special revenue fund. Separate financial statements are not prepared for the District.

On June 25, 1992, the Board of Supervisors of the County of Riverside adopted resolution No. 50-90 to form the Murrieta Community Services District (MCSD) as a subsidiary of the City of Murrieta and detach the area within City boundaries from the county service area (CSA143). The formation of MCSD and the detachment from CSA143 were effective on July 1, 1993. As a subsidiary district, the City Council of the City of Murrieta now serves as the district's governing Board of Directors. The operations of the Community Services District are reported as a special revenue fund. Separate financial statements are not prepared for the district.

The Murrieta Public Library Board was established on February 17, 1998, by City Ordinance 185. The City provides for the Murrieta public library system and adopted the provisions of an act of the legislature of the State of California entitled "Municipal Libraries" as set forth in Education Code Section 18900 et. seq. regarding the regulation and maintenance of a public library system. The City Council of the City of Murrieta now serves as the library's governing Board of Directors. The operations of the Murrieta Public Library are reported as a special revenue fund. Separate financial statements are not prepared for the library.

**b. Government-Wide and Fund Financial 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 interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type

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

activities that rely, to a significant extent, on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead, as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**c. 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 financial statements. Fiduciary activities of the City are not included in these statements. 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 provider 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of gas tax which is 310 days. 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 judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been 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 government.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

- The Development Impact Special Revenue Fund accounts for developer contributions and other revenue sources that are restricted by law or administrative action to expenditures for development purposes.
- The Fire District Special Revenue Fund accounts for proceeds of property taxes and other sources that are restricted by law or administrative action to expenditures for the operation of the City's fire stations.
- The TUMF Special Revenue Fund accounts for revenue to augment the shortfall from traditional funding sources for transportation facilities. These funds will mitigate the traffic impacts from new development on the regional system of highways and arterials.
- The Federal Grants Special Revenue Fund accounts for revenue received and expenditures made for Federal approved programs and projects.
- The Community Service District Special Revenue Fund accounts for the benefit assessments and a special tax that is charged to property owners within the District to provide recreation, park development, street lighting, and slope maintenance.
- The Murrieta Redevelopment Agency Capital Projects Fund accounts for the financing, construction and administrative activities of the agency.

The City also reports the following fund types:

- Special Revenue Funds - These funds account for taxes and other revenues, which are set aside for a specific purpose in accordance with law or administrative regulation.
- Capital Projects Funds - These funds account for financial resources used for the acquisition or construction of major capital facilities.
- Debt Service Funds - These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest payments.
- Internal Service Funds - These funds account for goods and services provided by one City department to other City departments or agencies. These activities include self-insurance and information technology.
- Fiduciary Funds - These funds account for assets held by the City as an agent or trustee for various assessment and community facilities districts.
- Agency Funds - These funds are for the receipt of assessments related to issuance of Community Facilities District and Assessment District bonds and use the funds to pay the debt service on these bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**d. Assets, Liabilities and Net Assets or Equity**

1. Investments

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

---

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. As of June 30, 2010, the City has no inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	20 - 50
Equipment	5 - 20
Furniture and fixtures	10 - 20
Infrastructure	20 - 50

5. Compensated Absences

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Murrieta has seven employee bargaining groups, and each group has its own Memorandum of Understanding (MOU). All MOUs provide for annual leave (used for both vacation and sick leave) or vacation leave when taken, with a cash out of unused/accrued leave upon termination. Maximum accrual limits for each MOU are:

Murrieta General Employees Association (MGA)	544 hours
Murrieta Police Officers Association (POA)	544 hours
Murrieta Police Management Association (MPMA)	544 hours
Murrieta Police Executive Association (MPEA)	644 hours
Murrieta Supervisors Association (MSA)	594 hours
Management/Confidential (M/C)	644 hours
At-will employees within the Management Confidential MOU	1000 hours

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

The Murrieta Firefighters Association (MFA) and Murrieta Fire Management Association (MDMA) 24-hour battalion chiefs' vacation leave maximum accruals are limited to the equivalent of two years' accrual (annual accruals vary with longevity of employee). MFMA 40-hour battalion chiefs' maximum vacation leave accrual is limited to 644 hours.

Sick leave is payable when an employee is unable to work because of illness. Employees with continuous employment of five years or more may receive a payment of 25% of unused sick leave when they resign or retire at the then rate of compensation. Employees with continuous employment over ten years may receive a payment of 50% of the unused sick leave when they resign or retire at the then rate of compensation.

The liability for compensated absences will be paid in future years from the General Fund and Information Technology Internal Service Fund.

**6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**e. Reconciliation of Government-Wide and Fund Financial Statements**

**1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$(68,022,478) difference are:

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

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

Bonds payable	\$ (67,760,000)
Capital lease payable	(211,994)
Deferred discount on bonds (to be amortized over the life of the debt)	63,373
Deferred premium on bonds (to be amortized over the life of the debt)	<u>(113,857)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (68,022,478)</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$15,783,668 difference is:

Capital outlay	\$ 21,497,943
Depreciation expense	(13,419,279)
Loss on disposition of assets	(127,957)
Developer dedications	<u>7,832,961</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 15,783,668</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of long-term debt principal consumes the current financial resources of governmental funds." The details of this \$2,160,136 are:

Bond repayments	\$ 1,900,000
Capital lease repayments	342,779
Amortization of bond discount/premium	2,269
Amortization of debt issuance costs	<u>(84,912)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,160,136</u>

II. STEWARDSHIP

**Note 2: Stewardship, Compliance and Accountability**

**a. Budgetary Data**

General Budget Policies

The City Council approves the bi-annual budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by Council. Supplemental appropriations, where required during the period, are also approved by the Council. There were several supplemental appropriations required during the year. At fiscal year-end, all operating budget appropriations lapse.

Expenditures are monitored at the departmental level for the general fund and the fund level for all other funds with a legally adopted budget. These levels are considered the legal level of control.

Department heads are authorized to transfer budgeted amounts within their departments, within the same fund, with the approval of the City Manager. Transfers of appropriations between funds may be made only by authority of the City Council. Formal budgetary integration is employed as a management control device during the fiscal year for all governmental funds.

Bi-annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for certain capital projects funds, which adopt project-length budgets.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

**b. Excess of expenditures over appropriations in individual funds at the department level are:**

Fund	Expenditure	Appropriations	Excess
General Fund			
Solid waste management	\$ 8,272	\$ 8,000	\$ 272
Street lighting	186,136	155,000	31,136
Engineering	1,935,928	1,919,070	16,858
Major Special Revenue Funds:			
Development Impact			
General government	29,529	-	29,529

The City did not adopt a budget for the Community Facilities District Capital Project Fund.

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

---

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**c. The following funds contained deficit fund balances or net assets:**

<u>Fund</u>	<u>Amount</u>
Special Revenue Funds:	
TUMF	\$ (2,255,404)
Federal Grants	(1,903,932)
Block Grants	(36,687)

These deficit balances will be addressed through future year's revenues and transfers.

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

As of June 30, 2010, cash and investments were reported in the accompanying financial statements:

Governmental activities	\$ 159,937,096
Fiduciary funds	<u>36,052,742</u>
Total Cash and Investments	<u><u>\$ 195,989,838</u></u>

The City of Murrieta maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

**Deposits**

At June 30, 2010, the carrying amount of the City's deposits was \$2,787,145 and the bank balance was \$3,577,520. The \$(790,375) difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**Note 3: Cash and Investments (Continued)**

Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Obligations (bills, notes, and bonds)
- U.S. Government Agency Obligations
- Banker's Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Medium Term Corporate Notes
- Shares of Beneficial Interest
- Local Agency Investment Fund (State Pool)
- Time Deposits
- Money Market Mutual Funds

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a 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.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

At June 30, 2010, the City had various investments including Federal Agency Securities, US Treasury Obligations, Corporate Medium Term Notes, Money Market Funds and investments in External Investment Pools. The City's investment policy does not limit investments in Federal Agency Securities and Treasury Obligations to ratings issued by nationally recognized statistical rating organizations. As of June 30, 2010, the City's investments in Federal Agency Securities consisted of investments with Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. At June 30, 2010, all Federal Agency Securities and Treasury

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

---

**Note 3: Cash and Investments (Continued)**

Obligations were rated "AAA" by Standard & Poor's. The City's investment policy does restrict investments in Corporate Medium Term Notes (MTN's) to those rated A or better by a nationally recognized statistical rating organization. As of June 30, 2010, the City's investment in MTN's consisted of investments with various corporations that were within acceptable investment grade ranges allowed by the City's investment policy. As of June 30, 2010, the City's investments in external investment pools and money market mutual funds are unrated.

**Custodial Credit Risk**

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2010, none of the City's deposits or investments were exposed to custodial credit risk.

**Concentration of Credit Risk**

The City's investment policy imposes restrictions on percentages that the City can invest in certain types of investments and with any one issuer for certain types of investments. GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2010, the City's investments with each of the following issuers exceed 5% of its total investments:

<u>Issuer</u>	<u>Amount Invested</u>	<u>Percentage of Portfolio</u>
Federal Farm Credit Bank	\$ 30,904,150	16%
Federal National Mortgage Association	33,231,098	17%
Federal Home Loan Bank	25,517,580	13%
Federal Home Loan Mortgage Corporation	15,145,800	8%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

**Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that the weighted average maturity of the portfolio should not exceed two years, and the City will not invest in securities maturing more than five years from date of purchase. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**CITY OF MURRIETA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**Note 3: Cash and Investments (Continued)**

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Federal Agency Securities	\$ 11,138,470	\$ 17,457,850	\$ 58,144,778	\$ 18,057,530	\$ 104,798,628
Corporate Bonds	-	8,040,420	-	-	8,040,420
Money Market Funds	19,274,063	-	-	-	19,274,063
California Local Agency Investment Fund	24,222,242	-	-	-	24,222,242
Cash with Fiscal Agent:					
Money Market Mutual Funds	35,037,338	-	-	-	35,037,338
Federal Agency Securities	-	-	1,830,002	-	1,830,002
	<u>\$ 89,672,113</u>	<u>\$ 25,498,270</u>	<u>\$ 59,974,780</u>	<u>\$ 18,057,530</u>	<u>\$ 193,202,693</u>

**Note 4: Capital Assets**

Capital asset activity for the year ended June 30, 2010, was:

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 172,478,085	\$ -	\$ 172,478,085	\$ 725,451	\$ -	\$ 1,369,978	\$ 174,573,514
Construction-in-progress	23,576,264	(565,337)	23,010,927	20,351,778	-	(13,748,421)	29,614,284
Total Capital Assets, Not Being Depreciated	196,054,349	(565,337)	195,489,012	21,077,229	-	(12,378,443)	204,187,798
Capital assets, being depreciated:							
Buildings and improvements	76,866,160	-	76,866,160	56,660	-	2,962,668	79,885,488
Equipment	13,575,112	-	13,575,112	297,860	-	158,421	14,031,393
Infrastructure	322,868,104	-	322,868,104	7,899,155	9,980,297	9,257,354	330,044,316
Total Capital Assets, Being Depreciated	413,309,376	-	413,309,376	8,253,675	9,980,297	12,378,443	423,961,197
Less accumulated depreciation:							
Buildings and improvements	8,200,491	-	8,200,491	2,386,142	-	-	10,586,633
Equipment	4,849,375	-	4,849,375	1,428,955	-	-	6,278,330
Infrastructure	98,598,915	1,931	98,600,846	9,640,392	9,852,340	-	98,388,898
Total Accumulated Depreciation	111,648,781	1,931	111,650,712	13,455,489	9,852,340	-	115,253,861
Total Capital Assets, Being Depreciated, Net	301,660,595	(1,931)	301,658,664	(5,201,814)	127,957	12,378,443	308,707,336
Governmental Activities Capital Assets, Net	<u>\$ 497,714,944</u>	<u>\$ (567,268)</u>	<u>\$ 497,147,676</u>	<u>\$ 15,875,415</u>	<u>\$ 127,957</u>	<u>\$ -</u>	<u>\$ 512,895,134</u>

\* An adjustment was done to remove a capital asset that should not have been capitalized in the prior year. The asset is being constructed by another government agency.

**CITY OF MURRIETA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**Note 4: Capital Assets**

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

Governmental Activities:		
General government	\$	484,207
Public safety		1,683,563
Public works		19,187
Culture and recreation		1,479,017
Community development		9,753,305
Internal service funds		<u>36,210</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>13,455,489</u></u>

**Note 5: Long-Term Debt**

**a. Bonds Payable**

- On March 1, 2001, the Murrieta Financing Authority issued \$7,540,000 of Certificates of Participation Series 2001 to finance a police facility. The Authority and the City have entered into a lease agreement whereby the City will lease the project from the Authority. To secure the timely payment of the lease, the City has pledged general revenues, funds or monies. The Authority has assigned the lease payments to the trustee who may hold the City liable for all lease payments should the City default on its obligation. The Certificates shall mature on March 1 in each of the years and shall pay interest starting at 3.10% and increasing each year thereafter. The certificates maturing on and after March 1, 2010, are subject to redemption at the option of the City, while Certificates maturing on March 1, 2016, are subject to mandatory redemption.

The following is a schedule by years of future minimum debt service requirements as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2010-2011	\$ 530,000	\$ 161,640	\$ 691,640
2011-2012	555,000	139,380	694,380
2012-2013	580,000	113,850	693,850
2013-2014	605,000	87,170	692,170
2014-2015	630,000	59,340	689,340
2015-2016	<u>660,000</u>	<u>30,360</u>	<u>690,360</u>
 Totals	 <u>\$ 3,560,000</u>	 <u>\$ 591,740</u>	 <u>\$ 4,151,740</u>

- On August 1, 2002, the Agency issued the Murrieta Redevelopment Project Tax Allocation Bonds Issue of 2002 in the amount of \$12,000,000. The bonds bear interest at rates varying from 1.40% to 3.75%. Interest on the bonds is payable semi-annually each February 1 and August 1 beginning August 1, 2003.

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 5: Long-Term Debt (Continued)**

The following is a schedule by years of future minimum debt service requirements as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2010-2011	\$ 260,000	\$ 496,726	\$ 756,726
2011-2012	270,000	487,316	757,316
2012-2013	280,000	477,206	757,206
2013-2014	290,000	464,888	754,888
2014-2015	305,000	450,384	755,384
2015-2020	1,765,000	2,008,172	3,773,172
2020-2025	2,235,000	1,521,434	3,756,434
2025-2030	2,860,000	890,500	3,750,500
2030-2033	<u>2,075,000</u>	<u>158,875</u>	<u>2,233,875</u>
Totals	<u>\$ 10,340,000</u>	<u>\$ 6,955,501</u>	<u>\$ 17,295,501</u>

- On February 15, 2005, the Murrieta Financing Authority issued \$4,100,000 of Certificates of Participation to finance the City Hall Facility. The Authority and the City have entered into a lease agreement whereby the City will lease the project from the Authority. The Certificates shall mature on March 1 in each of the years and shall pay interest starting at 3.000% and increasing each year thereafter. The certificates maturing on March 1, 2015, are subject to optional redemption prior to maturity, in whole or in part.

The following is a schedule of years of future minimum debt service requirements as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2010-2011	\$ 250,000	\$ 120,469	\$ 370,469
2011-2012	255,000	112,344	367,344
2012-2013	265,000	103,419	368,419
2013-2014	275,000	93,813	368,813
2014-2015	285,000	83,500	368,500
2015-2020	<u>1,620,000</u>	<u>223,006</u>	<u>1,843,006</u>
Totals	<u>\$ 2,950,000</u>	<u>\$ 736,551</u>	<u>\$ 3,686,551</u>

- On February 23, 2005, the Murrieta Redevelopment Agency issued \$12,195,000 Murrieta Redevelopment Project 2005 Tax Allocation Bonds for the purpose of financing redevelopment activities. The bonds consist of \$6,395,000 serial bonds with annual maturity dates from August 1, 2006 through August 1, 2025, with interest rates ranging from 3.0% to 4.375%, and term bonds of \$2,570,000 with an interest rate of 4.5%, maturing August 1, 2030, and term bonds of \$3,230,000 with an interest rate of 5.0%, maturing August 1, 2035. Interest is payable semiannually beginning August 1, 2005.

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 5: Long-Term Debt (Continued)**

The following is a schedule of years of future minimum debt service requirements as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2010-2011	\$ 260,000	\$ 486,468	\$ 746,468
2011-2012	265,000	478,427	743,427
2012-2013	275,000	469,818	744,818
2013-2014	280,000	460,624	740,624
2014-2015	290,000	450,824	740,824
2015-2020	1,630,000	2,074,119	3,704,119
2020-2025	1,985,000	1,704,738	3,689,738
2025-2030	2,460,000	1,219,419	3,679,419
2030-2035	3,075,000	576,475	3,651,475
2035-2036	715,000	17,875	732,875
Totals	<u>\$ 11,235,000</u>	<u>\$ 7,938,787</u>	<u>\$ 19,173,787</u>

5. On July 12, 2007, the Murrieta Redevelopment Agency issued \$31,610,000 Murrieta Redevelopment Project 2007 Tax Allocation Bonds for the purpose of financing redevelopment activities in the project fund. The bonds consist of \$6,190,000 serial bonds with annual maturity dates from August 1, 2008 through August 1, 2021, with interest rates ranging from 4.00% to 4.375%, term bonds of \$1,950,000 with an interest rate of 5.0% and annual maturity dates from August 1, 2022 through August 1, 2024, term bonds of \$3,065,000 with an interest rate of 4.75% and annual maturity dates from August 1, 2025 through August 1, 2028, term bonds of \$14,100,000 with an interest rate of 5.0% and annual maturity dates from August 1, 2029 through August 1, 2037, and escrow term bonds of \$6,305,000 with an interest rate of 4.7%, and annual maturity dates from August 1, 2011 through August 1, 2037. Interest is payable semiannually beginning February 1, 2008.

The following is a schedule of years of future minimum debt service requirements as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2010-2011	\$ 310,000	\$ 1,480,183	\$ 1,790,183
2011-2012	510,000	1,461,613	1,971,613
2012-2013	535,000	1,438,881	1,973,881
2013-2014	560,000	1,416,088	1,976,088
2014-2015	580,000	1,390,136	1,970,136
2015-2020	3,315,000	6,543,321	9,858,321
2020-2025	4,115,000	5,713,111	9,828,111
2025-2030	5,185,000	4,599,289	9,784,289
2030-2035	7,850,000	3,108,965	10,958,965
2035-2038	8,125,000	646,618	8,771,618
Totals	<u>\$ 31,085,000</u>	<u>\$ 27,798,205</u>	<u>\$ 58,883,205</u>

**CITY OF MURRIETA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**Note 5: Long-Term Debt (Continued)**

6. On October 24, 2007, the Murrieta Financing Authority issued \$9,105,000 of Refunding Certificates of Participation to advance refund the 1997 Certificates of Participation. The bonds consist of \$6,500,000 serial bonds with annual maturity dates from April 1, 2008 through April 1, 2023, with interest rates ranging from 3.50% to 5.00% and term bonds of \$2,605,000 with an interest rate of 4.54% and annual maturity dates from April 1, 2024 through April 1, 2027. Interest is payable semiannually beginning April 1, 2008.

The following is a schedule of years of future minimum debt service requirements as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2010-2011	\$ 365,000	\$ 362,264	\$ 727,264
2011-2012	375,000	346,489	721,489
2012-2013	390,000	333,833	723,833
2013-2014	405,000	320,183	725,183
2014-2015	415,000	305,501	720,501
2015-2020	2,360,000	1,263,125	3,623,125
2020-2025	2,920,000	703,946	3,623,946
2025-2027	1,360,000	89,906	1,449,906
Totals	<u>\$ 8,590,000</u>	<u>\$ 3,725,247</u>	<u>\$ 12,315,247</u>

**b. Capital Leases**

The City of Murrieta entered into several capital lease agreements for City operations. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Obligations under capital leases as of June 30, 2010, are:

Daimler Chrysler Credit Services

The present value of the minimum lease payment on police cars was capitalized at \$157,256 using an incremental borrowing rate of 5.60% at the inception of the lease. The lease was payable in 12 quarterly installments of \$14,130 which began October 30, 2006. The balance was paid in full as of June 30, 2010.

\$ -

The present value of the minimum lease payment on a police car was capitalized at \$22,285 using an incremental borrowing interest rate of 5.43% at the inception of the lease. The lease was payable in 12 quarterly installments of \$2,025, which began July 26, 2006. The balance was paid in full as of June 30, 2010.

-

The present value of the minimum lease payment on a police car was capitalized at \$20,729 using an incremental borrowing interest rate of 5.60% at the inception of the lease. The lease was payable in 12 quarterly installments of \$1,863, which began November 17, 2006. The balance was paid in full as of June 30, 2010.

-

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 5: Long-Term Debt (Continued)**

The present value of the minimum lease payment on a police car was capitalized at \$26,415 using an incremental borrowing interest rate of 5.86% at the inception of the lease. The lease was payable in 12 quarterly installments of \$2,416, which began July 3, 2007. The balance was paid in full as of June 30, 2010. -

The present value of the minimum lease payment on police cars was capitalized at \$75,583 using an incremental borrowing interest rate of 6.18% at the inception of the lease. The lease is payable in 12 quarterly installments of \$6,949, which began October 22, 2007. 13,593

The present value of the minimum lease payment on police cars was capitalized at \$119,321 using an incremental borrowing interest rate of 6.18% at the inception of the lease. The lease is payable in 12 quarterly installments of \$10,970, which began December 11, 2007. 21,443

The present value of the minimum lease payment on police cars was capitalized at \$115,432 using an incremental borrowing interest rate of 6.18% at the inception of the lease. The lease is payable in 12 quarterly installments of \$10,613, which began January 3, 2008. 20,731

The present value of the minimum lease payment on police cars was capitalized at \$118,907 using an incremental borrowing rate of 6.18% at the inception of the lease. The lease is payable in 12 quarterly installments of \$10,932 which began January 23, 2008. 31,799

The present value of the minimum lease payment on a police car was capitalized at \$24,097 using an incremental borrowing interest rate of 6.18% at the inception of the lease. The lease is payable in 12 quarterly installments of \$2,211, which began February 21, 2008. 6,428

Ford Motor Credit Corporation

The present value of the minimum lease payment on police cars was capitalized at \$140,971 using an incremental borrowing interest rate of 5.45% at the inception of the lease. The lease was payable in 12 quarterly installments of \$12,642, which began January 17, 2007. The balance was paid in full as of June 30, 2010. -

The present value of the minimum lease payment on police cars was capitalized at \$58,205 using an incremental borrowing interest rate of 6.40% at the inception of the lease. The lease is payable in 12 quarterly installments of \$5,285, which began November 19, 2007. 5,202

The present value of the minimum lease payment on police cars was capitalized at \$324,784 using an incremental borrowing interest rate of 5.65% at the inception of the lease. The lease is payable in 12 quarterly installments of \$29,202, which began September 2, 2008. 112,798

Total capital leases payable as of June 30, 2010 \$ 211,994

**CITY OF MURRIETA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**Note 5: Long-Term Debt (Continued)**

The following schedule summarizes the debt to maturity payments for capital leases:

Year Ending June 30,	Total
2011	\$ 219,056
Total Payments	219,056
Less Amount Representing Interest	<u>(7,062)</u>
Outstanding Principal	<u>\$ 211,994</u>

c. The following is a schedule of changes in long-term debt of the City for the fiscal year ended June 30, 2010:

	Outstanding July 1, 2009	Additions	Retirements or Payments	Balance June 30, 2010	Due Within One Year
Bonds payable:					
Certificates of Participation, Series 2001	\$ 4,070,000	\$ -	\$ 510,000	\$ 3,560,000	\$ 530,000
Tax Allocation Bonds, Series 2002	10,595,000	-	255,000	10,340,000	260,000
Certificates of Participation, Series 2005	3,190,000	-	240,000	2,950,000	250,000
Tax Allocation Bonds, Series 2005	11,485,000	-	250,000	11,235,000	260,000
Tax Allocation Bonds, Series 2007	31,380,000	-	295,000	31,085,000	310,000
Refunding Certificates of Participation, Series 2007	8,940,000	-	350,000	8,590,000	365,000
Capital leases	554,773	-	342,779	211,994	211,994
Claims and judgments	1,486,657	2,189,972	1,921,153	1,755,476	917,291
OPEB liability	-	1,686,750	26,897	1,659,853	-
Compensated absences	3,517,209	851,428	603,157	3,765,480	645,732
<b>Total</b>	<u>\$ 75,218,639</u>	<u>\$ 4,728,150</u>	<u>\$ 4,793,986</u>	75,152,803	<u>\$ 3,750,017</u>
Unamortized bond discount				(63,373)	
Unamortized bond premium				<u>113,857</u>	
<b>Net Long-Term Debt</b>				<u>\$ 75,203,287</u>	

**d. Defeased bonds**

In 2007-2008, the City defeased the Certificates of Participation Series 1997 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2010, the following bond issues are considered defeased:

	Original Amount	Outstanding Balance at June 30, 2010
Certificates of Participation, Series 1997	\$ 11,000,000	\$ 8,320,000

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 5: Long-Term Debt (Continued)**

The Refunding Certificates of Participation, Series 2007 defeased the Certificates of Participation, Series 1997. The net economic gain due to this refunding is \$92,595 and positive cash flow is \$565,469. The portion of proceeds of new bonds for the defeased debt is in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

**e. Debt Service Requirements**

The Agency has pledged, as security for tax allocation bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue that it receives. These bonds were to provide financing for various capital projects within the project area. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$95,352,493 with annual debt service requirements as indicated above. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$7,043,135 and the debt service obligation on the bonds was \$3,292,437.

**Note 6: Interfund Receivable, Payable and Transfers**

The composition of interfund balances as of June 30, 2010, is:

**a. Due To / From Other Funds**

Funds	Due To Other Funds			Total
	TUMF	Federal Grants	Other Governmental Funds	
Due From Other Funds:				
General Fund	\$ 2,841,605	\$ 3,385,917	\$ 339,565	\$ 6,567,087
Total	\$ 2,841,605	\$ 3,385,917	\$ 339,565	\$ 6,567,087

These were the result of routine interfund transactions due to eliminating temporary deficit cash balances.

**b. Advances To/From Other Funds**

Funds	Advances From Other Funds		Total
	General Fund	Murrieta Redevelopment Agency Capital Project Fund	
Advances to Other Funds:			
General Fund	\$ -	\$ 5,198,527	\$ 5,198,527
Other Governmental Funds	1,740,470	-	1,740,470
Total	\$ 1,740,470	\$ 5,198,527	\$ 6,938,997

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 6: Interfund Receivable, Payable and Transfers (Continued)**

The General Fund has made loans to the Redevelopment Agency for \$5,198,527 for Agency operations. Non-major governmental funds have advanced monies to the General Fund for purposes of working capital.

**c. Interfund Transfers:**

	Transfers Out:							Total
	General Fund	Development Impact	Fire District	Community Service District	Murrieta Redevelopment Agency Capital Projects	Other Governmental Funds	Internal Service Funds	
Transfers In:								
General Fund	\$ -	\$ -	\$ 300,000	\$ 54,995	\$ -	\$ 48,000	\$ 3,000	\$ 405,995
Community Service District	440,917	-	-	-	-	-	-	440,917
Murrieta Redevelopment Agency Capital Projects	-	-	-	-	-	837,587	-	837,587
Other Governmental Funds	692,423	367,886	-	-	419,686	726,001	-	2,205,996
Internal Service Funds	2,151,294	-	-	-	-	-	-	2,151,294
<b>Total</b>	<b>\$ 3,284,634</b>	<b>\$ 367,886</b>	<b>\$ 300,000</b>	<b>\$ 54,995</b>	<b>\$ 419,686</b>	<b>\$ 1,611,588</b>	<b>\$ 3,000</b>	<b>\$ 6,041,789</b>

During the year, interfund transfers were made for purposes of financing administrative costs, capital improvements and repayment of debt. Specifically, the following transfers were made:

- Certain Funds made payments to the General Fund for administrative costs (including vehicle and equipment replacement) incurred. These transfers to the General Fund for the year were \$300,000 from Fire District Fund, \$54,995 from the Community Service District Fund, \$48,000 from Other Governmental Funds, and \$3,000 from the Internal Service Funds.
- The General Fund made a payment of \$692,423 to the Citywide Debt Service Fund for debt service payments on various COP's.
- The General Fund contributed \$440,917 to the Community Service District Fund as a contribution for operations.
- The Murrieta Redevelopment Agency Capital Projects Fund transferred \$419,686 to the Murrieta Redevelopment Agency Debt Service Fund for debt service payments.
- The Murrieta Redevelopment Agency Debt Service Fund transferred \$837,587 to the Murrieta Redevelopment Agency Capital Projects Fund to cover the cost of operations and capital projects.
- The Development Impact Fund transferred \$367,886 and the Other Governmental Funds transferred \$726,001 to the Citywide Debt Service fund for debt service purposes.
- The General Fund contributed \$2,151,294 to the Internal Service Funds as a contribution for operations.

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

---

**Note 7: Fund Balance and Net Assets**

Fund balance restatements:

Major governmental funds:

General Fund:

To adjust revenues and expenditures relating to GovPartner from the prior year.	\$ (10,823)
---	-------------

Development Impact - Special Revenue Fund:

To record prior year expenditures in the proper fund.	1,977,508
---	-----------

TUMF - Special Revenue Fund:

To record prior year expenditures in the proper fund.	(2,971,359)
---	-------------

Murrieta Redevelopment Agency - Capital Projects Fund:

To record prior year expenditures in the proper fund.	985,961
---	---------

Nonmajor governmental funds:

Measure A - Special Revenue Fund:

To record prior year expenditures in the proper fund.	7,890
---	-------

Block Grants - Special Revenue Fund:

To record prior year expenditures in the proper fund.	(66,375)
---	----------

Developer Agreement - Special Revenue Fund:

To record prior year expenditures in the proper fund.	<u>66,375</u>
---	---------------

Total Fund Balance Restatements	<u><u>\$ (10,823)</u></u>
---------------------------------	---------------------------

Net asset restatements:

Government-wide Net Assets:

Fund balance restatements noted above	\$ (10,823)
---------------------------------------	-------------

To adjust beginning balance of capital assets to remove an asset that was incorrectly capitalized in prior years.	<u>(567,268)</u>
---	------------------

Total Net Asset restatements	<u><u>\$ (578,091)</u></u>
------------------------------	----------------------------

## IV. OTHER DISCLOSURES

**Note 8: Summary Disclosure of Self-Insurance Contingencies**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City currently reports all of its risk management activities in its Risk Management Internal Service Fund.

The City is self-insured at various levels for different exposures: \$125,000 on each general liability, \$250,000 on each workers' compensation claim and \$250,000 on employment practices liability. Above the self insurance layer, the City participates in the Public Entity Risk Management Authority (PERMA )for pooled layers of losses and excess policies.

The general liability limit is \$50,000,000 through excess coverage with the California State Association of Counties Excess Insurance Authority (CSAC-EIA). Workers' compensation excess is with the Local Agency Risk Management Authority (LAWCX) with the statutory limit required by state law and \$5,000,000 of employers' liability. Employment practices liability is with the Employment Risk Management Authority (ERMA) to a limit of \$1,000,000 with excess provided by CSAC-EIA up to \$50,000,000.

Property insurance is for replacement coverage, excluding earthquake, with a deductible from \$2,500 to \$25,000 depending on the nature of the loss. The employee dishonesty bond limit is \$1,000,000 with a deductible from \$1,000 to \$5,000 depending on the loss.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). At June 30, 2010, the amount of these liabilities was \$1,755,476. The amount represents an estimate of \$898,917 for reported claims through June 30, 2010, and \$856,559 of IBNR. This liability is the City's best estimate based on available information.

There are no significant reductions in insurance coverage from prior years and also there have been no settlements exceeding the insurance coverage for each of the past three fiscal years.

Changes in the reported liability since June 30, 2010, resulted from the following:

Year	Liability at Beginning	Claims and Changes in Estimates	Claim Payments	Liability at End
2009	\$ 1,220,286	\$ 303,206	\$ (36,835)	\$ 1,486,657
2010	1,486,657	2,189,972	(1,921,153)	1,755,476

The City of Murrieta is a member of the Public Entity Risk Management Authority (a joint powers authority of 21 California cities, three transit agencies and six special districts) for the purpose of pooling losses and claims of general liability and workers' compensation with those of other member cities and agencies. The City continues to carry commercial insurance, both primary and excess, for all other risks of loss.

The Murrieta Fire District belongs to the Fire Agencies Insurance Risk Authority (FAIRA), a joint powers authority consisting of 99 districts in California and Nevada for the purpose of pooling losses and claims for excess liability, property and physical damage.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 9: Pension Plan**

Defined Benefit Plan

Plan Description

The City of Murrieta contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes 7% of the contributions required of City employees who participate in the miscellaneous plan and the full 9% for safety employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate.

The current miscellaneous plan rate is 13.38% for fire employees and 14.74% for non-safety employees, of annual covered payroll. The current safety plan rate is 24.51% for fire employees, and 22.60% for police employees, of annual covered payroll. Part-time employees become eligible to contribute 8% of their total annual salary when they work more than 1,000 total hours. The city is required to contribute 14.74% for participating part-time employees. Benefit provisions and all other requirements are established by state statute and contracts with employee bargaining groups.

Annual Pension Cost

For 2010, the City's annual pension cost of \$7,386,085 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method.

<u>Fiscal Year</u>	<u>Three-Year Trend Information for PERS</u> <u>(Amounts in Thousands)</u>	
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/2008	\$ 7,302	100%
6/30/2009	7,345	100%
6/30/2010	7,386	100%

For fiscal year 2009-2010, the City of Murrieta participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the

**Note 9: Pension Plan (Continued)**

rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003 valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Defined Contribution Plan

In accordance with the Federal Omnibus Budget Reconciliation Act of 1990, the City provides pension benefits for all of its hourly employees through a defined contribution plan provided and administered by Public Agency Retirement Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All hourly employees are eligible to participate from the date of employment. Federal legislation requires a contribution of at least 7.5% to a retirement plan. The plan is established by City ordinance. The City contributes 1.3% of the employee's salary as deferred compensation. Additionally, employees contribute 6.2% of salary towards this program on a pre-tax basis. The City's contribution for each employee (and interest earned by the accounts) is fully vested immediately.

For the year ended June 30, 2010, the City's payroll covered by the plan was \$436,640. The City made employer contributions of \$5,676 (1.3% of current covered payroll), and employees contributed \$27,072 (6.2% of current covered payroll).

**Note 10: Post-Employment Benefits**

Plan Description

The City provides other postemployment benefits (OPEB) through the California Employers' Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS), by contributing a predetermined monthly maximum of \$695/month for Tier 1 retirees which includes retirees of the Fire Department, Police Officers who retired before 7/1/2007, and members of the Murrieta Supervisors' Association, Management and Confidential, and Murrieta General Employees who retired before 1/1/2008, \$833/month for Tier 2 retirees which include retirees from the Firefighters' Association, Police Officers hired before but retired after 6/30/07, and members of the Murrieta Supervisors' Association, Management and Confidential, and Murrieta General Employees hired before but retired after 1/1/08, and \$360/month for Tier 3 retirees with at least 10 years of service which includes Police Officers hired after 6/30/07 and members of the Murrieta Supervisors' Association, Management and Confidential, and Murrieta General Employees hired after 1/1/08. These benefits are provided per contract between the City and the employee associations. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95814 or by visiting the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee associations. Currently, contributions are not required from plan members. A contribution of \$139,875 was made during the 2009-2010 fiscal year.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

---

**Note 10: Post-Employment Benefits (Continued)**

As a result, the City calculated and recorded a Net OPEB obligation, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 1,826,754
Interest on net OPEB obligation	(1,210)
Adjustment to ARC	<u>1,081</u>
Annual OPEB cost	1,826,625
Contribution made	<u>(139,875)</u>
Increase (decrease) in net OPEB obligation	1,686,750
Net OPEB obligation (asset) - July 1, 2009	<u>(26,897)</u>
Net OPEB obligation (asset) - June 30, 2010	<u><u>\$ 1,659,853</u></u>

The contribution rate of 4.30% is based on the ARC of \$1,826,754, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

**Annual OPEB Costs and Net OPEB Obligation (Asset)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2009-10 fiscal year and the two preceding years were:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
06/30/08	n/a	n/a	n/a
06/30/09	\$ 1,613,279	101.67%	\$ (26,897)
06/30/10	\$ 1,826,625	7.66%	\$ 1,659,853

**Funded Status and Funding Progress**

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 City 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 below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only two years are presented as this is the second year of the plan.

**CITY OF MURRIETA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**Note 10: Post-Employment Benefits (Continued)**

Schedule of Funding Progress for OPEB  
(Amount in Thousands)

Valuation Type	Actuarial Valuation date	Actuarial Valuation of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll	Interest Rate	Salary Scale
Actual	1/1/2008	\$ -	\$ 2,492	\$ 341	86.3%	\$ 21,869	1.6%	7.75%	3.25%
Actual	1/1/2010	1,683	13,382	11,699	12.6%	24,284	48.2%	5.05%	3.25%

**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 the 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 the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010, actuarial valuation, the Individual Entry Age actuarial cost method was used. The actuarial assumptions include a 5.05% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 7.00%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2010, was twenty-nine years. The number of active participants is 350.

**Note 11: Joint Financing Acquisition Agreements**

- a. On September 1, 1991, the City entered into a joint financing and acquisition agreement with the Community Facilities District No. 89-5 (Rancon Business Center) of the County of Riverside and Rancon Business Center/Rancho California, a California joint venture. On July 1, 1991, the City of Murrieta was incorporated. The boundaries of the CFD No. 89-5 are completely within the boundaries of the City of Murrieta, however, the Rancho California Water District now functions as the legislative body of the CFD No. 89-5. On October 24, 1991, the CFD No. 89-5 issued its \$18,825,000 Series 1991 Bonds to provide financing for the construction and acquisition of certain public facilities, which include the acquisition and construction of certain road and associated landscaping facilities. Funds for the bond debt service requirements, as they come due, are to be obtained from a special tax levied against properties within the CFD No. 89-5. The road facilities that were previously to be owned, maintained and operated by the County are to be owned, maintained and operated by the City.
- b. On December 1, 1991, the City entered into a joint financing and acquisition agreement with the Community Facilities District No. 89-4 (Walsh Medical Arts Center) of the County of Riverside and Kevin P. Walsh and Regina M. Walsh. The boundaries of the CFD No. 89-4 are completely within the boundaries of the City, however, the board of the County will continue to function as the legislative body of the CFD No. 89-4. On December 20, 1991, the

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

---

**Note 11: Joint Financing Acquisition Agreements (Continued)**

CFD No. 89-4 issued its \$4,825,000 Series 1991 Bonds to provide financing for the construction and acquisition of certain public facilities, which include the acquisition and construction of certain roads and associated landscaping facilities and certain flood control and drainage facilities. Funds for the bonds debt service requirements, as they come due, are to be obtained from a special tax levied against properties within the CFD No. 89-4. The road facilities that were previously to be owned, maintained and operated by the County are to be owned, maintained and operated by the City. The flood facilities that were previously to be owned, maintained and operated by the Riverside County Flood Control and Water Conservation District are to be owned, maintained and operated by the City.

**Note 12: Debt without Government Commitment**

- a. On October 16, 2001, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2001-1 (Bluestone Communities/Murrieta Highlands) Improvement Areas A and B. The City is not obligated in any manner for the bonds. Series A Bonds were issued in the amount of \$10,255,000 with interest rates ranging from 3.25% to 6.25%. Series B Bonds were issued in the amount of \$8,105,000 with interest rates ranging from 3.50% to 6.30%. The bond proceeds will be used to finance the acquisition and construction of certain public facilities to be owned, operated and maintained by the City of Murrieta, Eastern Municipal Water District, and Menifee Union School District and various other improvements. Each bond series is secured by and payable from a pledge of the respective improvement area's special tax revenues derived from certain special taxes collected by the district from real property within the boundaries of each improvement area. The bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payments of the special tax. The outstanding balance at June 30, 2010, for these bonds was:

Series A	\$8,985,000
Series B	\$7,245,000

- b. On July 17, 2001, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2000-1 (Greer Ranch). The City is not obligated in any manner for the bonds. The term bonds were issued in the amount of \$15,785,000 with interest rates ranging from 6.000% to 6.375% and are due on September 1, each year. The bond proceeds will be used for the purpose of financing the acquisition of certain public facilities which will benefit the land within the City of Murrieta Community Facilities District No. 2000-1. The bonds are secured and payable from a pledge of the special tax revenues derived from the proceeds of any foreclosure actions brought following a delinquency in payment of the special tax. The outstanding balance of these bonds at June 30, 2010, was \$15,225,000.
- c. On June 2, 2003, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2001-1 (Bluestone Communities / Murrieta Highlands). The City is not obligated in any manner for the bonds. Series A Bonds were issued in the amount of \$1,240,000 with interest rates ranging from 4.450% to 5.625%. Series B Bonds were issued in the amount of \$810,000 with interest rates ranging from 4.625% to 5.800%. The bond proceeds will be used for the purpose of financing the acquisition and construction of certain public facilities to be owned, operated and maintained by the City of Murrieta, Eastern Municipal Water District, and Menifee Union School District and various other improvements. Each bond series is secured by and payable from a pledge of the respective improvement area's special tax revenues derived

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

---

**Note 12: Debt without Government Commitment (Continued)**

from certain special taxes collected by the district from real property within the boundaries of each improvement area. The bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payments of the special tax. The outstanding balance at June 30, 2010, for these bonds was:

Series A	\$1,065,000
Series B	\$690,000

- d. On March 2, 2004, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2003-4 (Bluestone/Mapleton). The City is not obligated in any manner for the bonds. The bonds were issued in the amount of \$4,000,000 with interest rates ranging from 2.0% to 5.2% and are due on September 1, each year. The bond proceeds will be used to finance certain public facilities which will benefit the land with the City of Murrieta Community Facilities District No. 2003-4. The bonds are secured and payable from a pledge of the special tax revenues derived from certain special taxes collected by the District from real property within its boundaries. The bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the special tax. The outstanding balance of these bonds at June 30, 2010, was \$3,660,000.
- e. On October 21, 2003, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2003-2 (Blackmore Ranch). The City is not obligated in any manner for the bonds. The bonds were issued in the amount of \$7,000,000 with interest rates ranging from 2.0% to 5.5% and are due on September 1 each year. The bond proceeds will be used for the purpose of financing the acquisition of certain public facilities which will benefit the land within the City of Murrieta Community Facilities District No. 2003-2. The bonds are secured and payable from a pledge of the special tax revenues derived from certain special taxes collected by the District from real property within its boundaries. The bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payments of the special tax. The outstanding balance at June 30, 2010, was \$6,440,000.
- f. On March 4, 2002, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2003-1 (Murrieta Springs). The City is not obligated in any manner for the bonds. Bonds in the amount of \$26,570,000 were issued with interest rates ranging from 2.50% to 5.30%. The bond proceeds will be used to finance the acquisition, purchase, modification, expansion, improvement, rehabilitation, lease and/or construction of certain public facilities and connection and capacity fees which benefit the property proposed for development. The bonds are secured by and payable from a pledge of the Special Tax Revenues derived from certain special taxes collected by the District from real property within its boundaries. The outstanding balance of these bonds at June 30, 2010, was \$24,585,000.
- g. On November 2, 2004, the City Council of the City of Murrieta adopted a resolution of issuance of Special Tax Bonds for Community Facilities District No. 2004-1 (Bremerton). The City is not obligated in any manner for the bonds. Bonds in the amount of \$4,710,000 were issued with interest rates ranging from 3.00% to 5.30%. The bond proceeds will be used to finance the acquisition and construction of certain public facilities to be owned, operated, and maintained by the City of Murrieta. The bonds are secured by and payable from a pledge of the Special Tax Revenues derived from certain special taxes collected by the District from real property within its boundaries. The outstanding balance of these bonds at June 30, 2010, was \$4,360,000.

CITY OF MURRIETA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

---

**Note 12: Debt without Government Commitment (Continued)**

- h. On July 6, 2004, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2000-2 (The Oaks). The City is not obligated in any manner for the bonds. Series A Bonds were issued in the amount of \$23,910,000 with interest rates ranging from 3.75% to 6.00%. Series B Bonds were issued in the amount of \$10,670,000 with interest rates ranging from 4.75% to 6.00%. The bond proceeds will be used to finance the acquisition and construction of certain public facilities which will benefit the land within the City of Murrieta Community Facilities District No. 2000-2. Each bond series is secured by and payable from a pledge of the respective improvement area's special tax revenues derived from certain special taxes collected by the district from real property within the boundaries of each improvement area. The bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payments of the special tax. The outstanding balance of these bonds at June 30, 2010, was:

Series A	\$23,710,000
Series B	\$10,600,000

- i. On April 19, 2005, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Communities Facilities District No. 2005-1 (Springbrook). The City is not obligated in any manner for the bonds. Bonds were issued in the amount of \$4,455,000 with interest rates ranging from 3.250% to 5.100%. The bond proceeds will be used to finance, among other things, certain public facilities to be owned, operated or maintained by the City and Eastern Municipal Water District (the "Water District") and Menifee Union School District (the "School District"), including capacity in existing facilities, and various costs to meet the needs of new development within the District. The bonds are secured and payable from a pledge of the Special Tax Revenues derived from certain Special Taxes collected by the District from real property within the District and from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Tax. The outstanding balance of these bonds at June 30, 2010, was \$4,405,000.
- j. On April 19, 2005, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2003-3 (Creekside Village). The City is not obligated in any manner for the bonds. Bonds were issued in the amount of \$18,070,000 with interest rates ranging from 3.250% to 5.000%. The bond proceeds will be used to finance, among other things, certain public facilities to be owned or operated and maintained by the City, Eastern Municipal Water District (the "Water District") and Murrieta Valley Unified School District (the "School District"), including capacity in existing facilities and various related costs. The bonds are secured by and payable from a pledge of the Special Tax Revenues derived from certain Special Taxes collected by the District from real property within Improvement Area No. 1, and from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Tax. The outstanding balance of these bonds at June 30, 2010, was \$17,900,000.
- k. On April 5, 2005, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2004-3 (Meadowlane / Amberwalk I & II). The City is not obligated in any manner for the bonds. The term bonds were issued in the amount of \$5,335,000 with interest rates ranging from 3.300% to 5.200% and are due on September 1, each year. The bond proceeds will be used for the purpose of financing the acquisition of certain public facilities which will benefit the land within the City of Murrieta Community Facilities District No. 2004-3. The bonds are secured and payable from a pledge of the Special Tax Revenues derived from certain Special Taxes collected by the District from real property within the improvement area and the proceeds of any foreclosure actions brought following a delinquency in payment of the special tax. The outstanding balance of these bonds at June 30, 2010, was \$5,055,000.

**CITY OF MURRIETA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

---

**Note 12: Debt without Government Commitment (Continued)**

- l. On April 5, 2005, the City Council of the City of Murrieta adopted a resolution of issuance for Special Tax Bonds for Community Facilities District No. 2004-2 (Murrieta Fields). The City is not obligated in any manner for the bonds. The term bonds were issued in the amount of \$2,605,000 with interest rates ranging from 2.95% to 5.25% and are due on September 1, each year. The bond proceeds will be used for the purpose of financing the acquisition of certain public facilities which will benefit the land within the City of Murrieta Community Facilities District No. 2004-2. The bonds are secured and payable from a pledge of the Special Tax Revenues derived from certain Special Taxes collected by the District from real property within the improvement area and the proceeds of any foreclosure actions brought following a delinquency in payment of the special tax. The outstanding balance of these bonds at June 30, 2010, was \$2,465,000.
- m. On October 18, 2005, the City Council of the City of Murrieta adopted a resolution of issuance for Refunding Revenue Bonds. The City is not obligated in any manner for the bonds. Bonds in the amount of \$8,500,000 with interest rates ranging from 3.250% to 4.950% were issued on December 1, 2005, to refund outstanding limited obligation improvement bonds for Assessment District 98-1 (Grizzly Ridge) and Assessment District 95-1 (Murrieta Oaks). The bonds are secured by certain unpaid reassessments levied by the City pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds. The outstanding balance of these bonds at June 30, 2010, was \$7,230,000.

The aforementioned bonds are not indebtedness to the City and there exists no legal obligation on the part of the City to make payments on the bonds from any other source other than the revenues and assets pledged thereof. The programs are completely administered by the trustees and have been excluded from the accompanying combined financial statements.

**Note 13: Jointly Governed Organization**

The City, in conjunction with four other governmental entities, created the Southwest Communities Financing Authority (Authority) on November 30, 2004. The Authority was formed to issue bonds for the construction of an animal shelter to be used by the member agencies. The Authority's board is comprised of one member from each participating entity. The City has the following fiscal obligations: debt repayment of any bonds issued, administrative costs and operation of the animal shelter. The debt service payments and the animal shelter operating costs will be prorated to each member based on the percentage of the animals housed at the facility, on an annual basis. The administrative costs will be borne equally by all members. The City did not incur any costs for the year ended June 30, 2010.

**Note 14: Contingent Liabilities and Commitments**

**a. Claims and lawsuits**

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

**b. Development Disposition Agreements**

In April 2010, the City Council/Redevelopment Agency Board approved the DDA between the Murrieta Redevelopment Agency and the Monte Vista II Family Housing, LLC (Developer). Under the terms of the DDA, the Murrieta Redevelopment Agency will transfer property to the Developer once they have secured private financing for construction of affordable housing. The Murrieta Redevelopment Agency will give a predevelopment advance totaling \$300,000 to the Developer and the repayment of the advance is contingent upon the Developer receiving certain tax credits. If the Developer receives the tax credits they are obligated to pay the advance back to the Murrieta Redevelopment Agency and if they do not receive the tax credits the advance will be forgiven. Once the Developer has secured private financing, the Murrieta Redevelopment Agency is obligated to provide \$2,222,222 in additional funding to be used for construction of the affordable housing. The funding by the Murrieta Redevelopment Agency is in the form of a grant/loan that will eventually be forgiven provided the Developer continues to operate within the parameters specified in the agreement. The agreement is secured by a deed of trust on the property and an operating covenant defining the services to be provided. As of June 30, 2010, the total amount disbursed by the Murrieta Redevelopment Agency was zero.

**Note 15: Transaction with the State of California**

**a. 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 of Murrieta was \$1,378,910, for the City of Murrieta Fire District the amount was \$779,941, and for the City of Murrieta Public Library the amount was \$138,242.

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

**Note 15: Transaction with the State of California (Continued)**

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.

**b. Delay of State Gas Tax Payments**

In March 2010, the State Legislature passed legislation delaying a variety of State payments to local agencies in response to anticipated State cash flow problems in fiscal year 2010-2011. AB5 8x contains provisions to delay a portion (approximately 60%) of the payments of State Gas Tax monies for the first nine months of 2010-2011 (July 2010 through March 2011) to be paid no later than April 28, 2011.

**c. SERAF Shift for fiscal year 2009-2010 and 2010-2011**

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010, the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2010, for fiscal year 2009-2010 and was made in the amount of \$2,550,969. The legislation allowed this payment to be made from any available monies present in any project area(s). Subsequent legislation was passed which even allowed the funding for this payment to be borrowed from the Low and Moderate Income Housing Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Income Housing (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish the payment, the Agency utilized \$2,550,969 from its available resources in the Tax Increment Fund. In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources.

It is estimated that the Agency's share of the SERAF shift for fiscal year 2010-2011, will amount to approximately \$524,696 and this amount will be payable in May 2011, if the appeal is not successful.

**Note 16: Subsequent event**

On October 7, 2010, the Murrieta Redevelopment Agency purchased various parcels on the corner of B Street and New Clay Street that will be developed as below market rate units, affordable to moderate income households. The estimated amount to purchase these parcels is \$902,037 and will be paid for using Low and Moderate Income Housing Capital Project Funds.

On October 27, 2010, the Murrieta Redevelopment Agency Board purchased various parcels on Meadowlark Lane between Clinton Keith and Keller Road to enhance roadway mobility for residential and commercial interests. The estimated amount to purchase these parcels is \$305,404 and will be paid for using Murrieta Redevelopment Agency Capital Project Funds.



This Page Left Blank

CITY OF MURRIETA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds			
	State Gas Tax	Measure A	Air Quality Management District	Block Grants
<b>Assets:</b>				
Cash and investments	\$ 5,051,042	\$ 8,615,517	\$ 388,218	\$ -
Receivables:				
Accounts	8,601	-	31,129	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	254,155	450,621	-	14,380
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,313,798</b>	<b>\$ 9,066,138</b>	<b>\$ 419,347</b>	<b>\$ 14,380</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 40,103	\$ 32,179	\$ 8,161	\$ 294
Accrued liabilities	21,638	-	-	-
Deferred revenues	-	108,366	-	2,080
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	48,693
<b>Total Liabilities</b>	<b>61,741</b>	<b>140,545</b>	<b>8,161</b>	<b>51,067</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	135,614	267,859	11,190	25,726
Reserved for advances to other funds	-	-	-	-
Unreserved:				
Designated for capital improvement projects	5,116,443	8,657,734	399,996	-
Designated for contingencies	-	-	-	-
Designated for debt service	-	-	-	-
Designated for operating reserve	-	-	-	-
Undesignated	-	-	-	(62,413)
<b>Total Fund Balances</b>	<b>5,252,057</b>	<b>8,925,593</b>	<b>411,186</b>	<b>(36,687)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,313,798</b>	<b>\$ 9,066,138</b>	<b>\$ 419,347</b>	<b>\$ 14,380</b>

## CITY OF MURRIETA

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Other Grants</b>	<b>Seized Assets Forfeitures</b>	<b>SLESF</b>	<b>Murrieta Public Library</b>
<b>Assets:</b>				
Cash and investments	\$ 245,247	\$ 440,478	\$ -	\$ 3,124,539
Receivables:				
Accounts	-	-	-	20
Taxes	-	-	-	158,333
Accrued interest	-	-	-	-
Due from other governments	90,411	-	72,560	210
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 335,658</b>	<b>\$ 440,478</b>	<b>\$ 72,560</b>	<b>\$ 3,283,102</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 12,741	\$ -	\$ -	\$ 103,486
Accrued liabilities	-	-	-	28,630
Deferred revenues	62,522	-	-	-
Unearned revenues	16,112	-	-	-
Deposits payable	-	183,861	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	72,560	-
<b>Total Liabilities</b>	<b>91,375</b>	<b>183,861</b>	<b>72,560</b>	<b>132,116</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	35,696	-	-	32,842
Reserved for advances to other funds	-	-	-	-
Unreserved:				
Designated for capital improvement projects	208,587	-	-	-
Designated for contingencies	-	-	-	2,565,855
Designated for debt service	-	-	-	-
Designated for operating reserve	-	-	-	552,289
Undesignated	-	256,617	-	-
<b>Total Fund Balances</b>	<b>244,283</b>	<b>256,617</b>	<b>-</b>	<b>3,150,986</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 335,658</b>	<b>\$ 440,478</b>	<b>\$ 72,560</b>	<b>\$ 3,283,102</b>

CITY OF MURRIETA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds			Capital Projects Funds
	Developer Agreement	SB 1266 Prop. 1B Funds	NPDES	Area Drainage
<b>Assets:</b>				
Cash and investments	\$ 3,170,632	\$ 2,542,029	\$ 377,991	\$ 9,416,307
Receivables:				
Accounts	20,000	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	64,947	-	-
Advances to other funds	-	-	-	1,740,470
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,190,632</b>	<b>\$ 2,606,976</b>	<b>\$ 377,991</b>	<b>\$ 11,156,777</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 9,467	\$ 33,475	\$ 7,243	\$ 370
Accrued liabilities	-	-	2,358	-
Deferred revenues	-	64,947	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>9,467</b>	<b>98,422</b>	<b>9,601</b>	<b>370</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	61,091	355,679	108	92,080
Reserved for advances to other funds	-	-	-	1,740,470
Unreserved:				
Designated for capital improvement projects	3,120,074	2,152,875	-	9,323,857
Designated for contingencies	-	-	-	-
Designated for debt service	-	-	-	-
Designated for operating reserve	-	-	-	-
Undesignated	-	-	368,282	-
<b>Total Fund Balances</b>	<b>3,181,165</b>	<b>2,508,554</b>	<b>368,390</b>	<b>11,156,407</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,190,632</b>	<b>\$ 2,606,976</b>	<b>\$ 377,991</b>	<b>\$ 11,156,777</b>

## CITY OF MURRIETA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

(Continued)

	Capital Projects Funds		Debt Service Funds	
	Community Facilities District	Southland West Road & Bridge	Citywide	Murrieta Redevelopment Agency
<b>Assets:</b>				
Cash and investments	\$ -	\$ 4,949	\$ -	\$ 13,901,831
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	31,274
Accrued interest	-	-	-	246
Due from other governments	-	1,201,834	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	6,723,576	-	1,793,175	4,184,023
<b>Total Assets</b>	<b>\$ 6,723,576</b>	<b>\$ 1,206,783</b>	<b>\$ 1,793,175</b>	<b>\$ 18,117,374</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 83	\$ 7,890
Accrued liabilities	-	-	-	-
Deferred revenues	-	1,201,834	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	1,664,556
Due to other funds	-	-	218,312	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,201,834</b>	<b>218,395</b>	<b>1,672,446</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for advances to other funds	-	-	-	-
Unreserved:				
Designated for capital improvement projects	6,723,576	-	-	-
Designated for contingencies	-	-	-	-
Designated for debt service	-	-	1,574,780	16,444,928
Designated for operating reserve	-	-	-	-
Undesignated	-	4,949	-	-
<b>Total Fund Balances</b>	<b>6,723,576</b>	<b>4,949</b>	<b>1,574,780</b>	<b>16,444,928</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,723,576</b>	<b>\$ 1,206,783</b>	<b>\$ 1,793,175</b>	<b>\$ 18,117,374</b>

CITY OF MURRIETA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Cash and investments	\$ 47,278,780
Receivables:	
Accounts	59,750
Taxes	189,607
Accrued interest	246
Due from other governments	2,149,118
Advances to other funds	1,740,470
Restricted assets:	
Cash and investments with fiscal agents	12,700,774
<b>Total Assets</b>	<b>\$ 64,118,745</b>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 255,492
Accrued liabilities	52,626
Deferred revenues	1,439,749
Unearned revenues	16,112
Deposits payable	183,861
Due to other governments	1,664,556
Due to other funds	339,565
<b>Total Liabilities</b>	<b>3,951,961</b>
<b>Fund Balances:</b>	
Reserved:	
Reserved for encumbrances	1,017,885
Reserved for advances to other funds	1,740,470
Unreserved:	
Designated for capital improvement projects	35,703,142
Designated for contingencies	2,565,855
Designated for debt service	18,019,708
Designated for operating reserve	552,289
Undesignated	567,435
<b>Total Fund Balances</b>	<b>60,166,784</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 64,118,745</b>



This Page Left Blank

CITY OF MURRIETA

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Special Revenue Funds</b>			
	<b>State Gas Tax</b>	<b>Measure A</b>	<b>Air Quality Management District</b>	<b>Block Grants</b>
<b>Revenues:</b>				
Taxes	\$ 1,600,363	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Intergovernmental	912,702	1,374,705	145,353	1,379,609
Charges for services	-	-	-	-
Use of money and property	164,108	225,480	10,651	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>2,677,173</b>	<b>1,600,185</b>	<b>156,004</b>	<b>1,379,609</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	288,503
Culture and recreation	-	-	-	-
Public works	1,362,995	3,971	3,356	-
Capital outlay	2,575,121	2,012,431	86,098	374,891
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	143	-	-
<b>Total Expenditures</b>	<b>3,938,116</b>	<b>2,016,545</b>	<b>89,454</b>	<b>663,394</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,260,943)	(416,360)	66,550	716,215
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(726,001)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(726,001)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(1,260,943)	(1,142,361)	66,550	716,215
Fund Balances, Beginning of Year	6,513,000	10,060,064	344,636	(686,527)
Restatements	-	7,890	-	(66,375)
Fund Balances, Beginning of Year, as Restated	6,513,000	10,067,954	344,636	(752,902)
<b>Fund Balances, End of Year</b>	<b>\$ 5,252,057</b>	<b>\$ 8,925,593</b>	<b>\$ 411,186</b>	<b>\$ (36,687)</b>

## CITY OF MURRIETA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Other Grants	Seized Assets Forfeitures	SLESF	Murrieta Public Library
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,581,440
Assessments	-	-	-	-
Intergovernmental	397,057	57,681	146,428	93,314
Charges for services	-	-	-	89,145
Use of money and property	3,947	13,933	1,131	88,505
Developer participation	-	-	-	-
Miscellaneous	-	-	-	11,446
<b>Total Revenues</b>	<b>401,004</b>	<b>71,614</b>	<b>147,559</b>	<b>1,863,850</b>
<b>Expenditures:</b>				
Current:				
General government	269	-	-	-
Public safety	157,090	12,612	147,559	-
Community development	-	-	-	-
Culture and recreation	4,402	-	-	1,832,810
Public works	-	-	-	-
Capital outlay	242,486	62,504	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>404,247</b>	<b>75,116</b>	<b>147,559</b>	<b>1,832,810</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,243)	(3,502)	-	31,040
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(44,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,000)</b>
Net Change in Fund Balances	(3,243)	(3,502)	-	(12,960)
Fund Balances, Beginning of Year	247,526	260,119	-	3,163,946
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	247,526	260,119	-	3,163,946
<b>Fund Balances, End of Year</b>	<b>\$ 244,283</b>	<b>\$ 256,617</b>	<b>\$ -</b>	<b>\$ 3,150,986</b>

CITY OF MURRIETA

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Developer Agreement</u>	<u>SB 1266 Prop. 1B Funds</u>	<u>NPDES</u>	<u>Area Drainage</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	330,750	-
Intergovernmental	-	186,683	-	-
Charges for services	-	-	-	-
Use of money and property	-	74,895	10,993	300,020
Developer participation	118,298	-	-	65,410
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>118,298</b>	<b>261,578</b>	<b>341,743</b>	<b>365,430</b>
<b>Expenditures:</b>				
Current:				
General government	1,986	-	388,286	4,181
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	2,625,309	427,349	-	15,452
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,627,295</b>	<b>427,349</b>	<b>388,286</b>	<b>19,633</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,508,997)	(165,771)	(46,543)	345,797
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(4,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(4,000)</b>	<b>-</b>
Net Change in Fund Balances	(2,508,997)	(165,771)	(50,543)	345,797
Fund Balances, Beginning of Year	5,623,787	2,674,325	418,933	10,810,610
Restatements	66,375	-	-	-
Fund Balances, Beginning of Year, as Restated	5,690,162	2,674,325	418,933	10,810,610
<b>Fund Balances, End of Year</b>	<b>\$ 3,181,165</b>	<b>\$ 2,508,554</b>	<b>\$ 368,390</b>	<b>\$ 11,156,407</b>

## CITY OF MURRIETA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

(Continued)

	Capital Projects Funds		Debt Service Funds	
	Community Facilities District	Southland West Road & Bridge	Citywide	Murrieta Redevelopment Agency
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,733,547
Assessments	-	-	-	-
Intergovernmental	-	4,949	-	-
Charges for services	-	-	-	-
Use of money and property	45,103	-	1,197	358,897
Developer participation	-	-	-	-
Miscellaneous	-	-	-	1,018
<b>Total Revenues</b>	<b>45,103</b>	<b>4,949</b>	<b>1,197</b>	<b>3,093,462</b>
<b>Expenditures:</b>				
Current:				
General government	5,092	-	-	100,780
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	4,394,759	-	-	-
Debt service:				
Principal retirement	-	-	1,100,000	800,000
Interest and fiscal charges	-	-	702,055	2,506,375
<b>Total Expenditures</b>	<b>4,399,851</b>	<b>-</b>	<b>1,802,055</b>	<b>3,407,155</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,354,748)	4,949	(1,800,858)	(313,693)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	1,786,310	419,686
Transfers out	-	-	-	(837,587)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,786,310</b>	<b>(417,901)</b>
Net Change in Fund Balances	(4,354,748)	4,949	(14,548)	(731,594)
Fund Balances, Beginning of Year	11,078,324	-	1,589,328	17,176,522
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	11,078,324	-	1,589,328	17,176,522
<b>Fund Balances, End of Year</b>	<b>\$ 6,723,576</b>	<b>\$ 4,949</b>	<b>\$ 1,574,780</b>	<b>\$ 16,444,928</b>

CITY OF MURRIETA

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 5,915,350
Assessments	330,750
Intergovernmental	4,698,481
Charges for services	89,145
Use of money and property	1,298,860
Developer participation	183,708
Miscellaneous	12,464
	<hr/>
<b>Total Revenues</b>	<b>12,528,758</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
General government	500,594
Public safety	317,261
Community development	288,503
Culture and recreation	1,837,212
Public works	1,370,322
Capital outlay	12,816,400
Debt service:	
Principal retirement	1,900,000
Interest and fiscal charges	3,208,573
	<hr/>
<b>Total Expenditures</b>	<b>22,238,865</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,710,107)
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	2,205,996
Transfers out	(1,611,588)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>594,408</b>
	<hr/>
Net Change in Fund Balances	(9,115,699)
	<hr/>
Fund Balances, Beginning of Year	69,274,593
Restatements	7,890
	<hr/>
Fund Balances, Beginning of Year, as Restated	69,282,483
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 60,166,784</b>
	<hr/> <hr/>



This Page Left Blank

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
STATE GAS TAX  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 6,513,000	\$ 6,513,000	\$ 6,513,000	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,602,639	1,602,639	1,600,363	(2,276)
Intergovernmental	947,518	901,960	912,702	10,742
Use of money and property	5,000	5,000	164,108	159,108
<b>Amounts Available for Appropriation</b>	<b>9,068,157</b>	<b>9,022,599</b>	<b>9,190,173</b>	<b>167,574</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,584,234	1,600,576	1,362,995	237,581
Capital outlay	6,424,858	6,802,179	2,575,121	4,227,058
<b>Total Charges to Appropriations</b>	<b>8,009,092</b>	<b>8,402,755</b>	<b>3,938,116</b>	<b>4,464,639</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,059,065</b>	<b>\$ 619,844</b>	<b>\$ 5,252,057</b>	<b>\$ 4,632,213</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
MEASURE A  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1 as restated	\$ 10,067,954	\$ 10,067,954	\$ 10,067,954	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,036,000	1,363,000	1,374,705	11,705
Use of money and property	-	-	225,480	225,480
<b>Amounts Available for Appropriation</b>	<b>14,103,954</b>	<b>11,430,954</b>	<b>11,668,139</b>	<b>237,185</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	-	3,971	(3,971)
Capital outlay	10,902,870	8,458,036	2,012,431	6,445,605
Debt service:				
Interest and fiscal charges	-	-	143	(143)
Transfers out	729,514	729,514	726,001	3,513
<b>Total Charges to Appropriations</b>	<b>11,632,384</b>	<b>9,187,550</b>	<b>2,742,546</b>	<b>6,445,004</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,471,570</b>	<b>\$ 2,243,404</b>	<b>\$ 8,925,593</b>	<b>\$ 6,682,189</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY MANAGEMENT DISTRICT  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 344,636	\$ 344,636	\$ 344,636	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	117,000	117,000	145,353	28,353
Use of money and property	-	-	10,651	10,651
<b>Amounts Available for Appropriation</b>	<b>461,636</b>	<b>461,636</b>	<b>500,640</b>	<b>39,004</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	3,356	3,356	-
Capital outlay	362,815	362,815	86,098	276,717
<b>Total Charges to Appropriations</b>	<b>362,815</b>	<b>366,171</b>	<b>89,454</b>	<b>276,717</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 98,821</b>	<b>\$ 95,465</b>	<b>\$ 411,186</b>	<b>\$ 315,721</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
BLOCK GRANTS  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1 as restated	\$ (752,902)	\$ (752,902)	\$ (752,902)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,424,097	1,400,536	1,379,609	(20,927)
<b>Amounts Available for Appropriation</b>	<b>671,195</b>	<b>647,634</b>	<b>626,707</b>	<b>(20,927)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	-	288,503	(288,503)
Capital outlay	1,424,097	877,946	374,891	503,055
<b>Total Charges to Appropriations</b>	<b>1,424,097</b>	<b>877,946</b>	<b>663,394</b>	<b>214,552</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (752,902)</b>	<b>\$ (230,312)</b>	<b>\$ (36,687)</b>	<b>\$ 193,625</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 247,526	\$ 247,526	\$ 247,526	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	16,610,181	15,056,188	397,057	(14,659,131)
Use of money and property	-	-	3,947	3,947
<b>Amounts Available for Appropriation</b>	<b>16,857,707</b>	<b>15,303,714</b>	<b>648,530</b>	<b>(14,655,184)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	269	(269)
Public safety	-	172,061	157,090	14,971
Culture and recreation	-	4,422	4,402	20
Capital outlay	16,610,181	14,941,814	242,486	14,699,328
<b>Total Charges to Appropriations</b>	<b>16,610,181</b>	<b>15,118,297</b>	<b>404,247</b>	<b>14,714,050</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 247,526</b>	<b>\$ 185,417</b>	<b>\$ 244,283</b>	<b>\$ 58,866</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
SEIZED ASSET FORFEITURES  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 260,119	\$ 260,119	\$ 260,119	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	57,681	57,681
Use of money and property	-	-	13,933	13,933
<b>Amounts Available for Appropriation</b>	<b>260,119</b>	<b>260,119</b>	<b>331,733</b>	<b>71,614</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	26,209	12,612	13,597
Capital outlay	-	64,591	62,504	2,087
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>90,800</b>	<b>75,116</b>	<b>15,684</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 260,119</b>	<b>\$ 169,319</b>	<b>\$ 256,617</b>	<b>\$ 87,298</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
SLESF  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	100,000	195,069	146,428	(48,641)
Use of money and property	-	-	1,131	1,131
<b>Amounts Available for Appropriation</b>	<b>100,000</b>	<b>195,069</b>	<b>147,559</b>	<b>(47,510)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	99,996	195,065	147,559	47,506
<b>Total Charges to Appropriations</b>	<b>99,996</b>	<b>195,065</b>	<b>147,559</b>	<b>47,506</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ (4)</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
MURRIETA PUBLIC LIBRARY  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 3,163,946	\$ 3,163,946	\$ 3,163,946	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,692,790	1,468,206	1,581,440	113,234
Intergovernmental	130,000	130,000	93,314	(36,686)
Charges for services	58,300	75,300	89,145	13,845
Use of money and property	48,000	63,000	88,505	25,505
Miscellaneous	-	15,002	11,446	(3,556)
<b>Amounts Available for Appropriation</b>	<b>5,093,036</b>	<b>4,915,454</b>	<b>5,027,796</b>	<b>112,342</b>
<b>Charges to Appropriation (Outflow):</b>				
Culture and recreation	2,300,383	2,024,615	1,832,810	191,805
Transfers out	44,000	44,000	44,000	-
<b>Total Charges to Appropriations</b>	<b>2,344,383</b>	<b>2,068,615</b>	<b>1,876,810</b>	<b>191,805</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,748,653</b>	<b>\$ 2,846,839</b>	<b>\$ 3,150,986</b>	<b>\$ 304,147</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPER AGREEMENT  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1 as restated	\$ 5,690,162	\$ 5,690,162	\$ 5,690,162	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	320,000	320,000	-	(320,000)
Developer participation	4,500,000	4,521,719	118,298	(4,403,421)
<b>Amounts Available for Appropriation</b>	<b>10,510,162</b>	<b>10,531,881</b>	<b>5,808,460</b>	<b>(4,723,421)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	1,986	(1,986)
Public works	-	-	-	-
Capital outlay	2,888,063	3,008,207	2,625,309	382,898
<b>Total Charges to Appropriations</b>	<b>2,888,063</b>	<b>3,008,207</b>	<b>2,627,295</b>	<b>380,912</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,622,099</b>	<b>\$ 7,523,674</b>	<b>\$ 3,181,165</b>	<b>\$ (4,342,509)</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
SB 1266 PROP. 1B FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,674,325	\$ 2,674,325	\$ 2,674,325	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	186,683	186,683
Use of money and property	-	-	74,895	74,895
<b>Amounts Available for Appropriation</b>	<b>2,674,325</b>	<b>2,674,325</b>	<b>2,935,903</b>	<b>261,578</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	3,057,912	3,052,102	427,349	2,624,753
<b>Total Charges to Appropriations</b>	<b>3,057,912</b>	<b>3,052,102</b>	<b>427,349</b>	<b>2,624,753</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (383,587)</b>	<b>\$ (377,777)</b>	<b>\$ 2,508,554</b>	<b>\$ 2,886,331</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
NPDES  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 418,933	\$ 418,933	\$ 418,933	\$ -
<b>Resources (Inflows):</b>				
Assessments	350,000	350,000	330,750	(19,250)
Use of money and property	-	-	10,993	10,993
<b>Amounts Available for Appropriation</b>	<b>768,933</b>	<b>768,933</b>	<b>760,676</b>	<b>(8,257)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	581,939	646,912	388,286	258,626
Transfers out	4,000	4,000	4,000	-
<b>Total Charges to Appropriations</b>	<b>585,939</b>	<b>650,912</b>	<b>392,286</b>	<b>258,626</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 182,994</b>	<b>\$ 118,021</b>	<b>\$ 368,390</b>	<b>\$ 250,369</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
MURRIETA REDEVELOPMENT AGENCY - CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 30,756,612	\$ 30,756,612	\$ 30,756,612	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	1,708,915	1,758,619	49,704
Use of money and property	150,000	150,000	509,970	359,970
Transfers in	2,847,127	1,138,212	837,587	(300,625)
<b>Amounts Available for Appropriation</b>	<b>33,753,739</b>	<b>33,753,739</b>	<b>33,862,788</b>	<b>109,049</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	1,760,490	2,176,129	1,763,497	412,632
Capital outlay	15,118,567	14,715,290	1,471,334	13,243,956
Debt service:				
Interest and fiscal charges	-	797,696	798,024	(328)
Transfers out	919,686	419,686	419,686	-
<b>Total Charges to Appropriations</b>	<b>17,798,743</b>	<b>18,108,801</b>	<b>4,452,541</b>	<b>13,656,260</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 15,954,996</b>	<b>\$ 15,644,938</b>	<b>\$ 29,410,247</b>	<b>\$ 13,765,309</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
AREA DRAINAGE  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 10,810,610	\$ 10,810,610	\$ 10,810,610	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	300,020	300,020
Developer participation	100,000	100,000	65,410	(34,590)
<b>Amounts Available for Appropriation</b>	<b>10,910,610</b>	<b>10,910,610</b>	<b>11,176,040</b>	<b>265,430</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	4,181	(4,181)
Capital outlay	7,687,005	7,687,005	15,452	7,671,553
<b>Total Charges to Appropriations</b>	<b>7,687,005</b>	<b>7,687,005</b>	<b>19,633</b>	<b>7,667,372</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,223,605</b>	<b>\$ 3,223,605</b>	<b>\$ 11,156,407</b>	<b>\$ 7,932,802</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
SOUTH WEST ROAD & BRIDGE  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	2,293,591	-	4,949	4,949
<b>Amounts Available for Appropriation</b>	<b>2,293,591</b>	<b>-</b>	<b>4,949</b>	<b>4,949</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	2,293,591	-	-	-
<b>Total Charges to Appropriations</b>	<b>2,293,591</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,949</b>	<b>\$ 4,949</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
CITYWIDE  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,589,328	\$ 1,589,328	\$ 1,589,328	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	1,197	1,197
Transfers in	1,800,033	1,800,033	1,786,310	(13,723)
<b>Amounts Available for Appropriation</b>	<b>3,389,361</b>	<b>3,389,361</b>	<b>3,376,835</b>	<b>(12,526)</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	1,100,000	1,100,000	1,100,000	-
Interest and fiscal charges	700,033	700,033	702,055	(2,022)
<b>Total Charges to Appropriations</b>	<b>1,800,033</b>	<b>1,800,033</b>	<b>1,802,055</b>	<b>(2,022)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,589,328</b>	<b>\$ 1,589,328</b>	<b>\$ 1,574,780</b>	<b>\$ (14,548)</b>

CITY OF MURRIETA

**BUDGETARY COMPARISON SCHEDULE  
MURRIETA REDEVELOPMENT AGENCY - DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,176,522	\$ 17,176,522	\$ 17,176,522	\$ -
<b>Resources (Inflows):</b>				
Taxes	6,835,660	2,575,776	2,733,547	157,771
Use of money and property	350,000	350,000	358,897	8,897
Miscellaneous	-	-	1,018	1,018
Transfers in	419,686	419,686	419,686	-
<b>Amounts Available for Appropriation</b>	<b>24,781,868</b>	<b>20,521,984</b>	<b>20,689,670</b>	<b>167,686</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	250,000	250,000	100,780	149,220
Debt service:				
Principal retirement	805,400	805,400	800,000	5,400
Interest and fiscal charges	2,499,556	2,499,556	2,506,375	(6,819)
Transfers out	2,847,127	1,138,212	837,587	300,625
<b>Total Charges to Appropriations</b>	<b>6,402,083</b>	<b>4,693,168</b>	<b>4,244,742</b>	<b>448,426</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 18,379,785</b>	<b>\$ 15,828,816</b>	<b>\$ 16,444,928</b>	<b>\$ 616,112</b>

CITY OF MURRIETA

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Information Technology</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 1,000,016	\$ 1,488,943	\$ 2,488,959
Receivables:			
Accounts	1,036	-	1,036
Prepaid costs	1,444	-	1,444
<b>Total Current Assets</b>	<b>1,002,496</b>	<b>1,488,943</b>	<b>2,491,439</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	196,108	-	196,108
<b>Total Noncurrent Assets</b>	<b>196,108</b>	<b>-</b>	<b>196,108</b>
<b>Total Assets</b>	<b>\$ 1,198,604</b>	<b>\$ 1,488,943</b>	<b>\$ 2,687,547</b>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 16,684	\$ 6,007	\$ 22,691
Accrued liabilities	27,104	-	27,104
Accrued compensated absences	16,722	-	16,722
Accrued claims and judgments	-	917,291	917,291
<b>Total Current Liabilities</b>	<b>60,510</b>	<b>923,298</b>	<b>983,808</b>
Noncurrent:			
Accrued compensated absences	80,791	-	80,791
Accrued claims and judgments	-	838,185	838,185
<b>Total Noncurrent Liabilities</b>	<b>80,791</b>	<b>838,185</b>	<b>918,976</b>
<b>Total Liabilities</b>	<b>141,301</b>	<b>1,761,483</b>	<b>1,902,784</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	196,108	-	196,108
Unrestricted	861,195	(272,540)	588,655
<b>Total Net Assets</b>	<b>1,057,303</b>	<b>(272,540)</b>	<b>784,763</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,198,604</b>	<b>\$ 1,488,943</b>	<b>\$ 2,687,547</b>

CITY OF MURRIETA

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2010**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Information Technology</b>	<b>Risk Management</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Interdepartmental charges	\$ 2,210,598	\$ 1,688,009	\$ 3,898,607
Miscellaneous	160	2,703	2,863
<b>Total Operating Revenues</b>	<b>2,210,758</b>	<b>1,690,712</b>	<b>3,901,470</b>
<b>Operating Expenses:</b>			
Administration and general	1,835,367	33,607	1,868,974
Claims expense	-	3,546,269	3,546,269
Depreciation expense	36,210	-	36,210
<b>Total Operating Expenses</b>	<b>1,871,577</b>	<b>3,579,876</b>	<b>5,451,453</b>
Operating Income (Loss)	339,181	(1,889,164)	(1,549,983)
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	856	41,125	41,981
Contributions	144,471	-	144,471
<b>Total Nonoperating Revenues (Expenses)</b>	<b>145,327</b>	<b>41,125</b>	<b>186,452</b>
Income (Loss) Before Transfers	484,508	(1,848,039)	(1,363,531)
Transfers in	575,795	1,575,499	2,151,294
Transfers out	(3,000)	-	(3,000)
Changes in Net Assets	1,057,303	(272,540)	784,763
<b>Net Assets:</b>			
Beginning of Year	-	-	-
<b>End of Fiscal Year</b>	<b>\$ 1,057,303</b>	<b>\$ (272,540)</b>	<b>\$ 784,763</b>

CITY OF MURRIETA

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Information Technology</b>	<b>Risk Management</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from/(paid to) interfund service provided	\$ 2,209,722	\$ 1,690,712	\$ 3,900,434
Cash paid to suppliers for goods and services	15,240	(27,600)	(12,360)
Cash paid to employees for services	(1,798,597)	-	(1,798,597)
Claims paid	-	(1,790,793)	(1,790,793)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>426,365</b>	<b>(127,681)</b>	<b>298,684</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	(3,000)	-	(3,000)
Cash transfers in	575,795	1,575,499	2,151,294
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>572,795</b>	<b>1,575,499</b>	<b>2,148,294</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	856	41,125	41,981
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>856</b>	<b>41,125</b>	<b>41,981</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,000,016</b>	<b>1,488,943</b>	<b>2,488,959</b>
Cash and Cash Equivalents at Beginning of Year	-	-	-
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,000,016</b>	<b>\$ 1,488,943</b>	<b>\$ 2,488,959</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 339,181	\$ (1,889,164)	\$ (1,549,983)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	36,210	-	36,210
(Increase) decrease in accounts receivable	(1,036)	-	(1,036)
(Increase) decrease in prepaid expense	(1,444)	-	(1,444)
Increase (decrease) in accounts payable	16,684	6,007	22,691
Increase (decrease) in accrued liabilities	27,104	-	27,104
Increase (decrease) in claims and judgments	-	1,755,476	1,755,476
Increase (decrease) in compensated absences	9,666	-	9,666
<b>Total Adjustments</b>	<b>87,184</b>	<b>1,761,483</b>	<b>1,848,667</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 426,365</b>	<b>\$ (127,681)</b>	<b>\$ 298,684</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Compensated absences transferred from Governmental Funds	\$ 87,847	\$ -	\$ 87,847
Capital assets transferred from Governmental Funds	232,318	-	232,318

CITY OF MURRIETA

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2010

	<u>Trust Accounts</u>	<u>Community Facilities Districts</u>	<u>Totals</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 10,684,303	\$ 1,201,872	\$ 11,886,175
Receivables:			
Accounts	674,872	153,889	828,761
Taxes	-	629,082	629,082
Deposits	-	21,803	21,803
Restricted assets:			
Cash and investments with fiscal agents	-	24,166,567	24,166,567
<b>Total Assets</b>	<b><u>\$ 11,359,175</u></b>	<b><u>\$ 26,173,213</u></b>	<b><u>\$ 37,532,388</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 2,555	\$ 1,350	\$ 3,905
Deposits payable	11,356,620	75,750	11,432,370
Due to bondholders	-	26,096,113	26,096,113
<b>Total Liabilities</b>	<b><u>\$ 11,359,175</u></b>	<b><u>\$ 26,173,213</u></b>	<b><u>\$ 37,532,388</u></b>

CITY OF MURRIETA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b><u>Trust Accounts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 12,506,208	\$ 374,509	\$ 2,196,414	\$ 10,684,303
Receivables:				
Accounts	656,393	1,702,677	1,684,198	674,872
Due from other governments	-	135	135	-
<b>Total Assets</b>	<b><u>\$ 13,162,601</u></b>	<b><u>\$ 2,077,321</u></b>	<b><u>\$ 3,880,747</u></b>	<b><u>\$ 11,359,175</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 74,794	\$ 2,989,236	\$ 3,061,475	\$ 2,555
Deposits payable	13,087,807	6,133,093	7,864,280	11,356,620
<b>Total Liabilities</b>	<b><u>\$ 13,162,601</u></b>	<b><u>\$ 9,122,329</u></b>	<b><u>\$ 10,925,755</u></b>	<b><u>\$ 11,359,175</u></b>
<b><u>Community Facilities Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,266,176	\$ 12,401,936	\$ 12,466,240	\$ 1,201,872
Receivables:				
Accounts	318,801	102,754	267,666	153,889
Taxes	918,451	629,182	918,551	629,082
Deposits	243,200	-	221,397	21,803
Restricted assets:				
Cash and investments with fiscal agents	22,202,078	12,619,866	10,655,377	24,166,567
<b>Total Assets</b>	<b><u>\$ 24,948,706</u></b>	<b><u>\$ 25,753,738</u></b>	<b><u>\$ 24,529,231</u></b>	<b><u>\$ 26,173,213</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 13,049	\$ 26,895	\$ 38,594	\$ 1,350
Deposits payable	131,450	30,855	86,555	75,750
Due to bondholders	24,804,207	24,993,372	23,701,466	26,096,113
<b>Total Liabilities</b>	<b><u>\$ 24,948,706</u></b>	<b><u>\$ 25,051,122</u></b>	<b><u>\$ 23,826,615</u></b>	<b><u>\$ 26,173,213</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 13,772,384	\$ 12,776,445	\$ 14,662,654	\$ 11,886,175
Receivables:				
Accounts	975,194	1,805,431	1,951,864	828,761
Taxes	918,451	629,182	918,551	629,082
Deposits	243,200	-	221,397	21,803
Due from other governments	-	135	135	-
Restricted assets:				
Cash and investments with fiscal agents	22,202,078	12,619,866	10,655,377	24,166,567
<b>Total Assets</b>	<b><u>\$ 38,111,307</u></b>	<b><u>\$ 27,831,059</u></b>	<b><u>\$ 28,409,978</u></b>	<b><u>\$ 37,532,388</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 87,843	\$ 3,016,131	\$ 3,100,069	\$ 3,905
Deposits payable	13,219,257	6,163,948	7,950,835	11,432,370
Due to bondholders	24,804,207	24,993,372	23,701,466	26,096,113
<b>Total Liabilities</b>	<b><u>\$ 38,111,307</u></b>	<b><u>\$ 34,173,451</u></b>	<b><u>\$ 34,752,370</u></b>	<b><u>\$ 37,532,388</u></b>

## **Statistical Section**

*This part of the City of Murrieta's 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 city's overall financial health.*

### **Contents**

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.*

- \* **Net Assets by Component**
- \* **Changes in Net Assets**
- \* **Fund Balances of Governmental Funds**
- \* **Changes in Fund Balances of Governmental Funds**

#### **Revenue Capacity**

*These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.*

- \* **Assessed Value and Estimated Actual Value of Taxable Property**
- \* **Direct and Overlapping Property Tax Rates**
- \* **Principal Property Tax Payers**
- \* **Property Tax Levies and Collections**

#### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.*

- \* **Ratios of Outstanding Debt by Type**
- \* **Ratios of General Bonded Debt Outstanding**
- \* **Direct and Overlapping Governmental Activities Debt**
- \* **Legal Debt Margin Information**
- \* **Pledged-Revenue Coverage**

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and help make comparisons over time and with other governments.*

- \* **Demographic and Economic Statistics**
- \* **Principal Employers**

#### **Operating Information**

*These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city promotes and the*

- \* **Full-time Equivalent City Government Employees by Function/Program**
- \* **Operating Indicators by Function/Program**
- \* **Capital Assets Statistics by Function/Program**

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

CITY OF MURRIETA

**Net Assets by Component  
Last Eight Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Government activities</b>				
Invested in capital assets, net of related debt	\$ 130,236,238	\$ 148,069,012	\$ 157,457,911	\$ 181,319,538
Restricted	85,535,749	105,575,326	166,292,711	144,585,135
Unrestricted	18,651,729	24,765,185	59,449,734	67,351,247
<b>Total governmental activities net assets</b>	<b><u>\$ 234,423,716</u></b>	<b><u>\$ 278,409,523</u></b>	<b><u>\$ 383,200,356</u></b>	<b><u>\$ 393,255,920</u></b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	-	-	(312,382)	(996,924)
<b>Total business-type activities net assets</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (312,382)</u></b>	<b><u>\$ (996,924)</u></b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 130,236,238	\$ 148,069,012	\$ 157,457,911	\$ 181,319,538
Restricted	85,535,749	105,575,326	166,292,711	144,585,135
Unrestricted	18,651,729	24,765,185	59,137,352	66,354,323
<b>Total primary government activities net assets</b>	<b><u>\$ 234,423,716</u></b>	<b><u>\$ 278,409,523</u></b>	<b><u>\$ 382,887,974</u></b>	<b><u>\$ 392,258,996</u></b>

**Note:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

	Fiscal Year			
	2007	2008	2009	2010
<b>Government activities</b>				
Invested in capital assets, net of related debt	\$ 227,255,667	\$ 388,953,449	\$ 433,407,576	\$ 450,849,854
Restricted	106,457,194	158,124,475	150,171,342	140,143,883
Unrestricted	59,654,440	31,795,300	34,681,557	27,809,668
<b>Total governmental activities net assets</b>	<b>\$ 393,367,301</b>	<b>\$ 578,873,224</b>	<b>\$ 618,260,475</b>	<b>\$ 618,803,405</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	(996,924)	-	-	-
<b>Total business-type activities net assets</b>	<b>\$ (996,924)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 227,255,667	\$ 388,953,449	\$ 433,407,576	\$ 450,849,854
Restricted	106,457,194	158,124,475	150,171,342	140,143,883
Unrestricted	58,657,516	31,795,300	34,681,557	27,809,668
<b>Total primary government activities net assets</b>	<b>\$ 392,370,377</b>	<b>\$ 578,873,224</b>	<b>\$ 618,260,475</b>	<b>\$ 618,803,405</b>

**CITY OF MURRIETA**

**Changes in Net Assets  
Last Eight Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General government	\$ 4,783,232	\$ 4,123,603	\$ 6,740,604	\$ 6,747,425
Public safety	14,245,981	15,254,642	17,203,012	20,885,730
Community development	3,323,198	4,378,804	4,236,006	6,231,904
Culture and recreation	4,646,608	4,085,539	5,172,745	7,111,942
Public works	6,947,216	13,800,797	15,429,425	40,669,302
Interest on long-term debt	1,373,096	1,449,033	1,560,289	2,057,929
Total Governmental Activities expenses	<u>35,319,331</u>	<u>43,092,418</u>	<u>50,342,081</u>	<u>83,704,232</u>
Business-Type Activities:				
Telecommunications/Data	-	-	312,382	684,542
Total Business-Type Activities Expenses	<u>-</u>	<u>-</u>	<u>312,382</u>	<u>684,542</u>
<b>Total Primary Government Expenses</b>	<u><b>\$35,319,331</b></u>	<u><b>\$ 43,092,418</b></u>	<u><b>\$ 50,654,463</b></u>	<u><b>\$ 84,388,774</b></u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government	\$ 84,742	\$ 3,388,347	\$ 1,078,411	\$ 1,090,882
Public safety	6,221,785	7,473,464	8,060,755	9,771,582
Community development	783,600	2,501,178	4,829,821	3,660,588
Culture and recreation	3,222,226	6,515,168	7,403,892	8,063,034
Public works	19,869,290	18,967,732	19,949,478	11,392,876
Operating Contributions:				
General Government	-	-	-	-
Public safety	720,108	672,349	542,173	1,100,679
Community development	1,463,516	3,155,962	1,855,576	658,810
Culture and recreation	426,779	725,618	1,249,175	221,780
Public works	1,678,572	5,145,054	6,234,252	4,698,485
Capital Contributions and Grants:				
General Government	-	-	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	1,424,797
Public works	-	11,763,476	78,875,924	6,826,766
Total Governmental Activities Program Revenues	<u>34,470,618</u>	<u>60,308,348</u>	<u>130,079,457</u>	<u>48,910,279</u>
Business-Type Activities:				
Charges for services:				
Telecommunications/Data	-	-	-	-
Total Business-Type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government Program Revenues</b>	<u><b>\$34,470,618</b></u>	<u><b>\$ 60,308,348</b></u>	<u><b>\$130,079,457</b></u>	<u><b>\$ 48,910,279</b></u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(848,713)	17,215,930	79,737,376	(34,793,953)
Business-Type Activities	-	-	(312,382)	(684,542)
<b>Total primary Government Net Expense</b>	<u><b>\$ (848,713)</b></u>	<u><b>\$ 17,215,930</b></u>	<u><b>\$ 79,424,994</b></u>	<u><b>\$ (35,478,495)</b></u>

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses</b>				
Governmental Activities:				
General government	\$ 10,087,751	\$ 11,082,508	\$ 12,928,528	\$ 7,513,228
Public safety	25,001,721	30,959,471	33,850,633	37,458,419
Community development	8,021,239	6,709,243	3,054,128	5,045,421
Culture and recreation	9,005,255	9,292,882	11,377,680	12,320,171
Public works	43,265,151	18,387,357	24,144,561	18,482,299
Interest on long-term debt	1,971,126	3,624,665	3,440,842	4,125,708
Total Governmental Activities expenses	<u>97,352,243</u>	<u>80,056,126</u>	<u>88,796,372</u>	<u>84,945,246</u>
Business-Type Activities:				
Telecommunications/Data	701,180	-	-	-
Total Business-Type Activities Expenses	<u>701,180</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government Expenses</b>	<u>\$ 98,053,423</u>	<u>\$ 80,056,126</u>	<u>\$ 88,796,372</u>	<u>\$ 84,945,246</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government	\$ 930,371	\$ 715,509	\$ 816,962	\$ 753,046
Public safety	2,664,576	2,802,342	3,164,725	2,785,027
Community development	2,548,902	1,670,867	1,105,119	663,940
Culture and recreation	7,464,736	7,471,929	8,548,740	8,357,740
Public works	5,184,295	3,779,193	1,173,978	1,656,507
Operating Contributions:				
General Government	-	479,995	22,231	45,313
Public safety	1,617,107	1,524,381	1,782,325	1,413,242
Community development	176,824	356,959	133,409	173,078
Culture and recreation	218,829	51,495	284,016	160,211
Public works	2,380,541	6,086,037	54,160	14,090
Capital Contributions and Grants:				
General Government	-	709,069	317,931	-
Community development	-	-	544,913	777,198
Culture and recreation	4,475,223	48,818	2,620	42
Public works	3,442,107	5,785,793	16,367,499	20,448,842
Total Governmental Activities Program Revenues	<u>31,103,511</u>	<u>31,482,387</u>	<u>34,318,628</u>	<u>37,248,276</u>
Business-Type Activities:				
Charges for services:				
Telecommunications/Data	-	-	-	-
Total Business-Type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 31,103,511</u>	<u>\$ 31,482,387</u>	<u>\$ 34,318,628</u>	<u>\$ 37,248,276</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(66,248,732)	(48,573,739)	(54,477,744)	(47,696,970)
Business-Type Activities	(701,180)	-	-	-
<b>Total primary Government Net Expense</b>	<u>\$ (66,949,912)</u>	<u>\$ (48,573,739)</u>	<u>\$ (54,477,744)</u>	<u>\$ (47,696,970)</u>

**CITY OF MURRIETA**

**Changes in Net Assets  
Last Eight Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes:				
Property taxes, levied for general purpose	\$ 4,295,485	\$ 5,591,024	\$ 8,573,152	\$ 16,704,753
Transient occupancy taxes	-	129,355	157,343	164,164
Sales taxes	6,520,985	8,517,836	11,112,453	12,383,784
Franchise taxes	1,198,423	1,703,356	1,881,765	2,157,628
Business licenses taxes	381,648	488,716	564,025	633,817
Other taxes	5,667,219	3,479,265	3,231,269	3,210,479
Intergovernmental, unrestricted:				
Motor Vehicle In Lieu	3,035,262	3,081,504	5,204,655	505,884
Use of money and property	3,619,889	468,649	4,006,488	7,107,090
Gain on sale of assets	-	111,286	8,122	-
Other	963,026	101,084	320,577	1,382,292
Transfers	-	-	-	-
<b>Total Governmental Activities</b>	<b>25,681,937</b>	<b>23,672,075</b>	<b>35,059,849</b>	<b>44,249,891</b>
Business-Type Activities:				
Transfers	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$25,681,937</b>	<b>\$ 23,672,075</b>	<b>\$ 35,059,849</b>	<b>\$ 44,249,891</b>
<b>Changes in Net Assets</b>				
Governmental Activities	\$24,833,224	\$ 40,888,005	\$114,797,225	\$ 9,455,938
Business-Type Activities	-	-	(312,382)	(684,542)
<b>Total Primary Government</b>	<b>\$24,833,224</b>	<b>\$ 40,888,005</b>	<b>\$114,484,843</b>	<b>\$ 8,771,396</b>

	Fiscal Year			
	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes:				
Property taxes, levied for general purpose	\$ 31,972,045	\$ 35,177,579	\$ 34,123,433	\$ 27,784,684
Transient occupancy taxes	181,873	159,397	291,746	110,521
Sales taxes	12,633,646	11,465,852	9,870,711	10,078,614
Franchise taxes	2,574,499	3,077,945	3,076,644	3,240,625
Business licenses taxes	642,955	597,638	566,897	524,161
Other taxes	3,138,352	1,742,137	1,611,782	1,600,363
Intergovernmental, unrestricted:				
Motor Vehicle In Lieu	615,029	438,628	340,815	295,966
Use of money and property	11,573,196	11,989,086	8,069,835	4,321,331
Gain on sale of assets	-	-	-	-
Other	1,628,706	622,945	998,700	861,726
Transfers	(701,180)	(996,924)	-	-
<b>Total Governmental Activities</b>	<b>64,259,121</b>	<b>64,274,283</b>	<b>58,950,563</b>	<b>48,817,991</b>
Business-Type Activities:				
Transfers	701,180	996,924	-	-
<b>Total Business-Type Activities</b>	<b>701,180</b>	<b>996,924</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 64,960,301</b>	<b>\$ 65,271,207</b>	<b>\$ 58,950,563</b>	<b>\$ 48,817,991</b>
<b>Changes in Net Assets</b>				
Governmental Activities	\$ (1,989,611)	\$ 15,700,544	\$ 4,472,819	\$ 1,121,021
Business-Type Activities	-	996,924	-	-
<b>Total Primary Government</b>	<b>\$ (1,989,611)</b>	<b>\$ 16,697,468</b>	<b>\$ 4,472,819</b>	<b>\$ 1,121,021</b>

**CITY OF MURRIETA**

**Fund Balances of Governmental Funds  
Last Eight Fiscal Years  
(Modified Accrual Basis Of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 6,663,492	\$ 8,357,448	\$ 15,149,187	\$ 21,238,782
Unreserved	13,075,644	16,050,373	18,699,784	22,395,562
Total General Fund	<u>\$ 19,739,136</u>	<u>\$ 24,407,821</u>	<u>\$ 33,848,971</u>	<u>\$ 43,634,344</u>
All Other Governmental Funds				
Reserved	\$ 8,056,388	\$ 14,724,885	\$ 6,509,809	\$ 9,499,809
Unreserved, reported in nonmajor,				
Special revenue funds	58,277,889	69,845,714	81,786,556	83,346,273
Capital Projects funds	15,821,391	16,425,896	97,276,858	66,202,768
Debt service funds	4,140,039	4,823,152	6,709,223	8,238,461
Total all other Governmental Funds	<u>\$ 86,295,707</u>	<u>\$ 105,819,647</u>	<u>\$ 192,282,446</u>	<u>\$ 167,287,311</u>

---

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 19,613,288	\$ 16,926,629	\$ 5,347,868	\$ 5,971,361
Unreserved	26,454,828	15,488,472	29,567,100	22,359,909
Total General Fund	<u>\$ 46,068,116</u>	<u>\$ 32,415,101</u>	<u>\$ 34,914,968</u>	<u>\$ 28,331,270</u>
All Other Governmental Funds				
Reserved	\$ 10,985,808	\$ 18,568,716	\$ 23,542,192	\$ 30,395,976
Unreserved, reported in nonmajor,				
Special revenue funds	70,492,895	70,824,253	73,596,857	59,867,300
Capital Projects funds	26,592,886	45,382,511	37,867,258	33,647,023
Debt service funds	11,411,958	23,458,232	18,765,850	18,019,708
Total all other Governmental Funds	<u>\$ 119,483,547</u>	<u>\$ 158,233,712</u>	<u>\$ 153,772,157</u>	<u>\$ 141,930,007</u>

**CITY OF MURRIETA**

**Changes In Fund Balances Of Governmental Funds  
Last Eight Fiscal Years  
(Modified Accrual Basis Of Accounting)**

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Revenues:</b>				
Taxes and assessments	\$ 22,725,370	\$ 34,711,834	\$ 38,580,791	\$ 50,293,453
Licenses and permits	1,898,037	1,405,870	2,027,081	3,076,073
Intergovernmental	5,946,544	9,853,597	12,658,071	7,040,360
Non-committal debt revenue	-	11,763,476	78,875,924	4,796,609
Charges for services	6,242,373	2,445,084	5,075,248	2,368,224
Use of money and property	3,591,072	513,649	4,018,457	7,091,585
Fines and Forfeitures	502,858	448,947	536,032	729,875
Contributions	-	-	224,264	615,721
Miscellaneous	1,108,507	873,240	791,398	2,299,974
Developer participation	18,137,794	21,644,413	20,978,840	11,779,092
<b>Total revenues</b>	<b>60,152,555</b>	<b>83,660,110</b>	<b>163,766,106</b>	<b>90,090,966</b>
<b>Expenditures:</b>				
General government	3,602,654	5,199,551	6,459,828	7,208,902
Public safety	13,788,808	14,801,347	19,920,785	20,399,726
Community development	3,322,236	4,413,902	4,907,270	5,176,547
Culture and recreation	4,063,508	4,817,042	5,333,484	6,632,388
Public works	11,511,739	17,534,211	13,519,093	36,038,290
Capital outlay	8,796,140	9,790,412	21,139,861	27,828,949
Debt service:				
Principal retirement	1,034,582	2,655,000	865,000	1,120,000
Interest	1,378,606	1,459,630	1,355,648	1,946,884
Debt issuance costs	-	-	649,796	-
<b>Total expenditures</b>	<b>47,498,273</b>	<b>60,671,095</b>	<b>74,150,765</b>	<b>106,351,686</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>12,654,282</b>	<b>22,989,015</b>	<b>89,615,341</b>	<b>(16,260,720)</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,561,702	2,578,628	4,554,548	5,273,407
Transfers out	(2,561,702)	(2,578,628)	(4,554,548)	(5,273,407)
Long-term debt issued	12,000,000	-	16,295,000	-
Bond Premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Other financing uses	(23,133)	-	-	-
<b>Total other financing sources (uses)</b>	<b>11,976,867</b>	<b>-</b>	<b>16,295,000</b>	<b>-</b>
<b>Net change in fund balances / net assets</b>	<b>\$ 24,631,149</b>	<b>\$ 22,989,015</b>	<b>\$ 105,910,341</b>	<b>\$ (16,260,720)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.8%</b>	<b>8.8%</b>	<b>5.7%</b>	<b>3.7%</b>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues:</b>				
Taxes and assessments	\$ 58,831,956	\$ 62,169,213	\$ 59,416,164	\$ 52,286,563
Licenses and permits	2,424,475	783,220	657,604	564,161
Intergovernmental	9,930,969	15,204,752	8,565,933	13,022,689
Non-committal debt revenue	-	-	-	-
Charges for services	2,254,941	1,925,991	2,184,136	1,778,752
Use of money and property	11,552,352	11,971,340	8,047,325	4,261,356
Fines and Forfeitures	712,471	648,103	1,036,518	855,273
Contributions	587,672	539,279	2,620	777,670
Miscellaneous	2,390,371	1,767,783	1,044,526	1,074,146
Developer participation	5,140,196	3,641,515	954,407	1,332,578
<b>Total revenues</b>	<b><u>93,825,403</u></b>	<b><u>98,651,196</u></b>	<b><u>81,909,233</u></b>	<b><u>75,953,188</u></b>
<b>Expenditures:</b>				
General government	9,850,771	10,282,735	12,065,833	6,822,925
Public safety	24,176,851	30,499,961	32,183,607	34,526,023
Community development	6,997,006	6,701,076	2,912,359	4,956,648
Culture and recreation	8,441,994	8,835,916	10,885,073	10,608,429
Public works	31,197,654	2,947,780	15,114,766	3,868,318
Capital outlay	56,747,398	41,659,799	10,864,777	25,129,299
Debt service:				
Principal retirement	1,375,000	1,450,000	2,170,349	2,242,778
Interest	1,955,147	2,983,258	3,376,011	4,065,499
Debt issuance costs	-	1,350,867	-	-
<b>Total expenditures</b>	<b><u>140,741,821</u></b>	<b><u>106,711,392</u></b>	<b><u>89,572,775</u></b>	<b><u>92,219,919</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>(46,916,418)</u></b>	<b><u>(8,060,196)</u></b>	<b><u>(7,663,542)</u></b>	<b><u>(16,266,731)</u></b>
<b>Other financing sources (uses):</b>				
Transfers in	18,377,937	28,306,184	4,083,629	3,890,495
Transfers out	(19,079,117)	(29,303,108)	(4,083,629)	(6,038,789)
Long-term debt issued	-	41,160,000	324,785	-
Bond Premium	-	128,208	-	-
Proceeds from sale of capital assets	-	1,981	12,672	-
Payment to refunded bond escrow agent	-	(9,193,600)	-	-
Other financing uses	-	-	-	-
<b>Total other financing sources (uses)</b>	<b><u>(701,180)</u></b>	<b><u>31,099,665</u></b>	<b><u>337,457</u></b>	<b><u>(2,148,294)</u></b>
<b>Net change in fund balances / net assets</b>	<b><u>\$ (47,617,598)</u></b>	<b><u>\$ 23,039,469</u></b>	<b><u>\$ (7,326,085)</u></b>	<b><u>\$ (18,415,025)</u></b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.5%</b>	<b>7.0%</b>	<b>6.7%</b>	<b>8.3%</b>

**CITY OF MURRIETA**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**  
*(in thousands of dollars)*

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value Taxable Property*</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
2001	2,288,163	180,628	511,052	(14,330)	2,965,513	0.8461%	N/A	N/A
2002	2,623,455	226,917	620,687	(14,816)	3,456,243	0.9640%	N/A	N/A
2003	3,629,199	266,828	800,199	(19,397)	4,676,829	0.0947%	N/A	N/A
2004	4,641,685	320,165	800,443	(23,487)	5,738,806	0.0994%	N/A	N/A
2005	5,734,929	375,314	956,669	(34,721)	7,032,191	0.1076%	N/A	N/A
2006	7,149,061	426,943	1,137,695	(38,923)	8,674,776	0.1089%	N/A	N/A
2007	9,282,961	601,796	1,240,298	(28,162)	11,096,893	0.1165%	N/A	N/A
2008	10,251,620	805,796	1,448,626	(27,805)	12,478,237	0.1242%	N/A	N/A
2009	9,297,716	915,032	1,622,304	(28,562)	11,806,490	0.1322%	N/A	N/A
2010	7,564,257	1,484,393	989,541	(34,223)	10,003,968	0.1444%	N/A	N/A

N/A - Data Not Available

\*In 1978 the voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Source:**

The HdL Companies  
City of Murrieta Finance Department

**CITY OF MURRIETA**

**Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years**

*(rate per \$100 of taxable value)*

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total City Direct Rate	0.0740	0.0740	0.0740	0.0740	0.1091	0.1091	0.1091	0.1091	0.1091	0.1091
Overlapping Rates:										
Water Districts	1.1113	1.0715	0.8670	0.8467	0.8457	0.8433	0.8328	0.8256	0.8194	0.8973
School Districts	0.6367	0.6209	0.6075	0.6288	0.5915	0.6209	0.6106	0.5850	0.6213	0.6133
County	0.2320	0.2320	0.2320	0.2320	0.2440	0.2440	0.2440	0.2440	0.2439	0.2439
Murrieta Fire District	0.1190	0.1190	0.1190	0.1190	0.0670	0.0670	0.0670	0.0670	0.0671	0.0671
Other Districts	0.1399	0.1399	0.1399	0.1399	0.1239	0.1239	0.1239	0.1239	0.12343	0.12343
Total	<u>2.3129</u>	<u>2.2573</u>	<u>2.0394</u>	<u>2.0404</u>	<u>1.9812</u>	<u>2.0083</u>	<u>1.9875</u>	<u>1.9546</u>	<u>1.9843</u>	<u>2.0542</u>

Source: The HdL Companies

**CITY OF MURRIETA**

**Principal Property Tax Payers,  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2010</b>			<b>Taxpayer</b>	<b>2001</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>		<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Murrieta 492	\$ 76,047,439	1	0.76%	Murrieta Town Center	25,972,512	1	0.88%
Murrieta Oaks	55,996,373	2	0.56%	Herbst and Collins Partnership	22,152,769	2	0.75%
United Dominion Realty	49,378,990	3	0.49%	Copper Canyon Development	21,544,950	3	0.73%
Universal Health Services	47,841,667	4	0.48%	Tenet Healthsystem Heritage Inc.	17,091,624	4	0.58%
Village Walk Retail	46,305,529	5	0.46%	Peoples SW R.E. LTD.	15,649,235	5	0.53%
Wal Mart Realty Co.	41,272,097	6	0.41%	California Oaks Plaza	15,281,054	6	0.52%
Oleanders Capital Group	39,756,646	7	0.40%	Beverly Enterprises California	13,278,971	7	0.45%
Target Corporation	39,432,030	8	0.39%	M & H Realty Partners IV, LP	13,236,261	8	0.45%
Eagle Glen Apartments	38,016,290	9	0.38%	Home Depot USA, Inc.	12,035,821	9	0.41%
Murrieta Spectrum	37,664,457	10	0.38%	Bennett Investment Corporation	11,674,213	10	0.39%
<b>Total</b>	<b>\$ 471,711,518</b>		<b>4.72%</b>		<b>\$ 167,917,410</b>		<b>5.66%</b>

**Source:** The HdL Companies and Riverside County Assessor

**CITY OF MURRIETA**

**Property Tax Levies and Collections,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount*	Percent of Levy
2001	1,632,590	1,395,817	85%	86,967	1,482,784	91%
2002	1,898,666	1,697,337	89%	93,374	1,790,711	94%
2003	2,498,697	1,783,362	71%	195,295	1,978,657	79%
2004	3,068,744	2,757,746	90%	258,503	3,016,249	98%
2005	3,806,179	3,475,438	91%	339,385	3,814,823	100%
2006	4,724,811	4,156,376	88%	654,636	4,811,012	102%
2007	6,119,393	5,202,655	85%	928,003	6,130,658	100%
2008	6,813,549	5,592,324	82%	1,028,211	6,620,535	97%
2009	6,316,368	5,061,233	80%	844,824	5,906,057	94%
2010	5,177,471	3,835,506	74%	1,241,860	5,077,366	98%

Source:

City of Murrieta Finance Department  
Office of Auditor-Controller

**CITY OF MURRIETA**

**Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years**

Fiscal Year	Government Activities				Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Capital Leases			
2001	\$ -	\$ 17,880,000	\$ 1,945,000	\$ 832,336	\$ 20,657,336	1.99%	445
2002	-	17,315,000	1,885,000	468,202	19,668,202	1.69%	379
2003	12,000,000	16,730,000	1,820,000	83,621	30,633,621	1.95%	448
2004	11,775,000	16,120,000	-	-	27,895,000	1.47%	354
2005	23,740,000	19,585,000	-	-	43,325,000	2.03%	508
2006	23,510,000	18,695,000	-	-	42,205,000	1.70%	453
2007	23,045,000	17,785,000	-	-	40,830,000	1.52%	421
2008	54,180,000	17,255,000	-	625,337	72,060,337	2.60%	724
2009	53,460,000	16,200,000	-	554,772	70,214,772	2.57%	696
2010	52,660,000	15,100,000	-	211,993	67,971,993	N/A	670

N/A - Data Not Available

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Demographic and Economic Statistics schedule for personal income and population data.

Source: City of Murrieta Finance Department

**CITY OF MURRIETA**

**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

Fiscal Year	Government Activities			Total	Percent of Assessed Value(1)	Per Capita <sup>a</sup>
	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds			
2001	\$ -	\$ 17,880,000	\$ 1,945,000	\$ 19,825,000	0.67%	\$ 427
2002	-	17,315,000	1,885,000	19,200,000	0.56%	370
2003	12,000,000	16,730,000	1,820,000	30,550,000	0.65%	446
2004	11,775,000	16,120,000	-	27,895,000	0.49%	353
2005	23,740,000	19,585,000	-	43,325,000	0.62%	506
2006	23,510,000	18,695,000	-	42,205,000	0.49%	454
2007	23,045,000	17,785,000	-	40,830,000	0.37%	420
2008	54,180,000	17,255,000	-	71,435,000	0.57%	713
2009	53,460,000	16,200,000	-	69,660,000	0.59%	692
2010	52,660,000	15,100,000	-	67,760,000	0.68%	668

**Note:**

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California. See Assessed Value and Estimated Actual Value of Taxable Property schedule for assessed values.

<sup>a</sup> See Demographic and Economic Statistics schedule for personal income and population data.

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Murrieta Finance Department

**CITY OF MURRIETA**

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

2009-10 Assessed Valuation:	\$ 9,985,230,444
Redevelopment Incremental Valuation:	<u>882,795,599</u>
Adjusted Assessed Valuation:	<u><u>\$ 9,102,434,845</u></u>

	<b>Gross Bonded Debt Balance</b>	<b>% Applicable to City (1)</b>	<b>City's Share of Debt</b>
<b><u>Overlapping Tax and Assessment Debt:</u></b>			
City of Murrieta 1915 Act Bonds	\$ 7,003,000	100.000%	\$ 7,003,000
City of Murrieta Community Facilities Districts	136,540,000	100.000%	136,540,000
Total Direct Tax and Assessment Debt	<u>143,543,000</u>		<u>143,543,000</u>
Metropolitan Water District	264,220,000	0.494%	1,305,247
Murrieta Valley Unified School District	180,415,194	80.432%	145,111,549
Murrieta Valley Unified School District Community Facilities Districts	99,373,204	100.000%	99,373,204
Temecula Valley Unified School District	33,465,000	0.015%	5,020
Perris Union High School District	56,172,260	5.131%	2,882,199
Menifee Union School District	45,408,922	8.311%	3,773,936
Eastern Municipal Water District Improvement Districts	28,058,000	7.686% & 99.806%	7,551,396
Rancho California Water District Community Facilities Districts	28,770,000	100.000%	28,770,000
Eastern Municipal Water District Community Facilities Districts	7,805,000	100.000%	7,805,000
Elsinore Valley Municipal Water District Community Facilities Districts	5,874,000	100.000%	5,874,000
Murrieta County Water District Community Facilities Districts	13,165,000	100.000%	13,165,000
Riverside County Community Facilities Districts	4,609,850	100.000%	4,609,850
Eastern Municipal Water District 1915 Act Bonds	9,560,000	0.976%	93,306
Total Overlapping Tax and Assessment Debt	<u>776,896,430</u>		<u>320,319,707</u>
Total Direct and Overlapping Tax and Assessment Debt	<u>920,439,430</u>		<u>463,862,707</u>
<b><u>Direct and Overlapping General Fund Debt:</u></b>			
City of Murrieta General Fund Obligations	15,100,000	100.000%	15,100,000
Total Direct General Obligation Debt	<u>15,100,000</u>		<u>15,100,000</u>
Riverside County General Fund Obligations	736,427,761	5.996%	44,156,209
Riverside County Pension Obligations	375,100,000	5.996%	22,490,996
Riverside County Board of Education Certificates of Participation	7,240,000	5.996%	434,110
Mt. San Jacinto Community College District General Fund Obligations	12,470,000	15.776%	1,967,267
Murrieta Valley Unified School District Certificates of Participation	63,830,000	80.432%	51,339,746
Other School District Certificates of Participation	39,040,000	Various	2,213,022
Ortega Trail Recreation and Park District Certificates of Participation	210,000	1.211%	2,543
Valley-Wide Recreation and Park District Certificates of Participation	570,000	0.007%	40
Total Overlapping General Fund Debt	<u>1,234,887,761</u>		<u>122,603,933</u>
Total Direct and Overlapping General Fund Debt	<u>1,249,987,761</u>		<u>137,703,933</u>
Less: Riverside County self-supporting obligations	<u>0</u>		<u>906,744</u>
Total Net Direct and Overlapping General Fund Debt	<u>\$ 1,249,987,761</u>		<u>\$ 136,797,189</u>
Gross Combined Total Debt			\$ 601,566,640
Net Combined Total Debt			\$ 600,659,896

Notes:

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

Source:

California Municipal Statistics, Inc.

**CITY OF MURRIETA**

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

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed value	\$ 10,003,968,302
Conversion percentage	25%
Adjusted assessed valuation	<u>2,500,992,076</u>
Debt limit (15% of assessed value)	375,148,811
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 375,148,811</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Limit</u>	<u>Legal Debt Margin as a Percentage of Debt limit</u>
2001	111,206,739	-	111,206,739	100%
2002	129,609,122	-	129,609,122	100%
2003	175,381,100	-	175,381,100	100%
2004	215,205,224	-	215,205,224	100%
2005	263,707,153	-	263,707,153	100%
2006	325,304,097	-	325,304,097	100%
2007	416,133,498	-	416,133,498	100%
2008	467,933,921	-	467,933,921	100%
2009	442,743,390	-	442,743,390	100%
2010	375,148,811	-	375,148,811	100%

**Note:**

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation, however; this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the state.

**CITY OF MURRIETA**

**Pledged-Revenue Coverage  
Last Eight Fiscal Years**

Tax Allocation Bonds						
Fiscal Year	Tax Increment Revenue	Less: Agency Tax Sharing Payments	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	N/A	N/A	\$ 1,893,144	\$ -	\$ 313,837	6.03
2004	2,538,087	501,354	2,036,733	225,000	522,326	2.73
2005	N/A	N/A	2,744,820	230,000	507,908	3.72
2006	\$ 4,683,772	\$ 936,754	3,747,018	230,000	995,577	3.06
2007	7,080,538	1,416,108	5,664,430	465,000	1,008,608	3.84
2008	8,377,034	1,675,407	6,701,627	475,000	1,813,602	2.93
2009	8,571,841	1,714,368	6,857,473	720,000	2,515,636	2.12
2010	8,793,095	1,749,960	7,043,135	800,000	2,490,204	2.14

N/A: Information not available

Notes: Details regarding the city's debt can be found in the notes to the financial statements.

**CITY OF MURRIETA**

**Demographic and Economic Statistics  
Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income* (In Thousands) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (3)</b>
2001	46,438	1,037,903	22,350	3.5%
2002	51,910	1,164,191	22,427	4.2%
2003	68,398	1,569,094	22,941	4.2%
2004	78,788	1,891,726	24,010	3.9%
2005	85,331	2,136,850	25,042	3.5%
2006	93,243	2,477,901	26,575	3.2%
2007	97,034	2,677,491	27,593	3.9%
2008	99,527	2,769,716	27,829	5.5%
2009	100,835	2,731,760	27,091	9.0%
2010	101,487	N/A	N/A	9.7%

**Source:** (1) State of California Department of Finance  
 (2) The HdL Companies  
 (3) State of California Economic Development Department

**CITY OF MURRIETA**

**Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Murrieta Valley Unified School District	1,900	1	7.76%
Southwest Healthcare System	1,500	2	6.12%
Target	500	3	2.04%
City of Murrieta	401	4	1.64%
Walmart	340	5	1.39%
Home Depot	295	6	1.20%
OakGrove Institute	245	7	1.00%
County of Riverside	220	8	0.90%
Sam's Club	220	9	0.90%
Lowe's	200	10	0.82%
	<b>5,821</b>		<b>23.76%</b>

<b>Employer</b>	<b>2001</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Murrieta Valley Unified School District	1,100	1	5.21%
Southwest Healthcare System	1,000	2	4.74%
Walmart	340	3	1.61%
Home Depot	280	4	1.33%
OakGrove Institute	220	5	1.04%
City of Murrieta	190	6	0.90%
House 2 Home	150	7	0.71%
American Industrial Manufacturing Services	117	8	0.55%
Target	115	9	0.55%
Best Buy	110	10	0.52%
	<b>3,622</b>		<b>17.17%</b>

**Source:**

City of Murrieta Chamber of Commerce

**CITY OF MURRIETA**

**Full-time-Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years**

Fiscal Years:	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Function/Program</b>										
General government										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administrative Services	28.00	29.00	29.85	28.20	39.68	40.28	45.88	54.15	51.30	52.65
Community Development										
Administration	2.00	2.00	16.00	16.00	19.20	23.20	18.20	21.50	3.85	6.15
Planning	4.00	4.25	7.00	10.00	11.20	11.20	12.20	10.45	10.45	10.05
Inspection	5.00	6.00	6.00	6.50	6.50	6.50	6.50	16.20	16.20	14.20
Housing Services/Code Enforcement	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00
Police										
Administration	2.00	2.00	2.00	2.00	2.38	2.38	2.00	2.72	2.72	2.39
Operations	40.00	42.00	48.00	58.00	70.00	77.00	61.00	67.00	67.00	67.00
Code Enforcement	20.00	21.00	2.00	2.00	5.00	7.00	7.00	8.00	7.00	7.00
PD Support	16.00	17.00	64.00	76.00	90.00	27.00	53.00	70.28	71.28	71.61
Fire										
Administration	2.00	2.00	12.00	13.00	14.38	7.38	7.00	10.00	12.00	11.00
Fire Suppression (including Paramedics)	39.00	39.00	39.00	40.00	85.00	82.00	91.00	55.00	48.00	48.00
Fire Prevention/Inspection	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Admin/Engineering	9.00	9.00	14.00	20.00	27.20	28.20	28.20	15.95	15.95	13.20
Maintenance	38.00	38.00	7.00	7.00	10.00	11.00	11.00	4.75	15.75	17.75
Mechanic	4.00	4.00	3.00	3.00	4.00	0.00	3.00	1.50	1.50	1.25
Recreation & Community Services										
Administration	5.00	4.75	15.67	19.30	22.50	27.50	31.50	8.00	21.50	21.50
Recreation	7.00	8.00	13.33	14.70	18.50	20.50	21.50	35.50	35.50	34.50
Library	9.00	8.50	11.00	11.00	15.00	13.00	24.00	25.00	25.00	27.00
<b>Total Authorized Personnel *</b>	<b>236.00</b>	<b>243.50</b>	<b>301.85</b>	<b>337.70</b>	<b>451.54</b>	<b>395.14</b>	<b>433.98</b>	<b>417.00</b>	<b>412.00</b>	<b>412.25</b>

\* Excludes part-time Crossing Guards.

**Notes:** A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

**Source:** City of Murrieta Annual Budget

**CITY OF MURRIETA**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2010</u>
Community development										
Number of:										
Business licenses (A)	N/A	562	795	1,023	1,224	1,436	1,610	1,505	3,112	3,154
Plan checks (B)	N/A	120	183	185	182	204	297	275	255	143
NPDES inspections	N/A	N/A	N/A	N/A	N/A	N/A	35	20	40	20
Code violations (calendar basis)	N/A	267	230	376	1,204	1,103	1,315	1,119	1,182	1,195
Police										
Number of:										
Part 1 Crimes	1,203	1,367	1,370	1,612	1,990	2,486	2,375	2,136	1,827	1,592
Parking violations	445	486	425	524	559	570	815	1,346	1,042	1,342
Traffic (moving) violations	2,901	3,056	4,139	4,382	4,977	6,846	6,988	6,075	9,691	8,965
Crime reports	4,067	4,626	6,399	6,377	7,133	8,682	8,315	8,290	8,317	7,299
Public works										
Miles of:										
Street resurfacing/repair	N/A	N/A	N/A	N/A	N/A	N/A	7	10	14	9
Street sweeping	N/A	N/A	N/A	N/A	N/A	N/A	2,160	2,316	11,760	11,550
Number of:										
Traffic signals maintained	26	32	38	50	54	64	75	77	79	83
Trees pruned per year	N/A	N/A	N/A	N/A	N/A	N/A	2,150	2,215	637	122
Recreation & community services										
Number of enrollees/attendees:										
Aquatics	N/A	N/A	N/A	N/A	N/A	N/A	3,901	4,500	4,750	5,200
Community services/seniors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22,305	24,596	24,150
Day camp	N/A	N/A	N/A	N/A	N/A	N/A	360	280	285	275
Park programs	N/A	N/A	N/A	N/A	N/A	N/A	6,000	6,300	7,675	9,064
Classes	N/A	N/A	N/A	N/A	N/A	N/A	6,486	7,210	7,210	8,421
Special events	N/A	N/A	N/A	N/A	N/A	N/A	4,000	5,103	12,000	32,000
Skate park	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,400	4,039

N/A - Data not available

(A) - Includes new & renewal licenses, excludes temporary licenses

(B) - Excludes temporary plan checks.

**Sources:** Various city departments.

**CITY OF MURRIETA**

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Public Safety Stations	0	0	1	1	1	1	1	1	1	1
Fire Stations	0	0	2	3	4	4	4	4	5	5
Culture and recreation Park Sites	0	0	30	31	34	36	44	46	47	49
Municipal Pools	0	0	1	1	1	1	1	1	1	1
Public Library	0	0	1	1	1	1	1	1	1	1

**Notes:** No capital asset indicators are available for the general government.

**Sources:**  
Various city departments.



This Page Left Blank

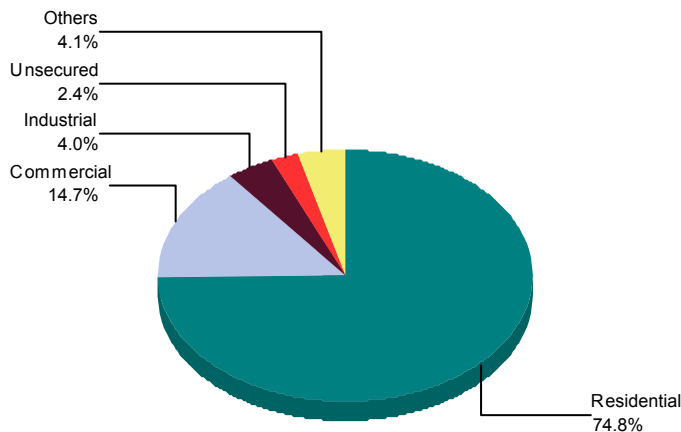
# THE CITY OF MURRIETA

## 2009/10 USE CATEGORY SUMMARY

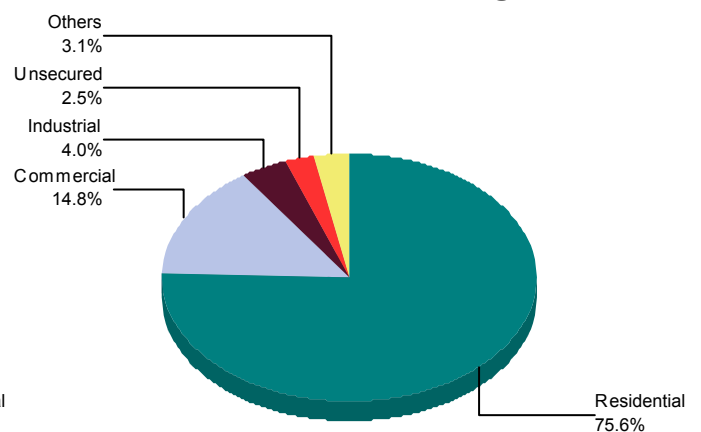
### BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	29,565	\$7,593,013,379 (74.8%)	\$7,564,256,583 (75.6%)
Commercial	928	\$1,489,362,946 (14.7%)	\$1,484,392,657 (14.8%)
Industrial	404	\$404,332,301 (4.0%)	\$402,476,321 (4.0%)
Vacant	1,179	\$218,218,491 (2.2%)	\$216,177,978 (2.2%)
Govt. Owned	5	\$13,520,872 (0.1%)	\$1,265,153 (0.0%)
Institutional	20	\$60,826,894 (0.6%)	\$3,154,665 (0.0%)
Recreational	46	\$37,463,647 (0.4%)	\$37,463,647 (0.4%)
Dry Farm	36	\$30,382,022 (0.3%)	\$30,382,022 (0.3%)
Irrigated	4	\$1,729,828 (0.0%)	\$1,729,828 (0.0%)
Miscellaneous	1	\$1,044,512 (0.0%)	\$1,044,512 (0.0%)
Exempt	1,710	\$34,222,671 (0.3%)	\$0 (0.0%)
SBE Nonunitary	[1]	\$182,160 (0.0%)	\$182,160 (0.0%)
Cross Reference	[101]	\$16,255,639 (0.2%)	\$16,077,558 (0.2%)
Unsecured	[1,755]	\$246,203,272 (2.4%)	\$245,365,218 (2.5%)
<b>TOTALS</b>	<b>33,898</b>	<b>\$10,146,758,634</b>	<b>\$10,003,968,302</b>

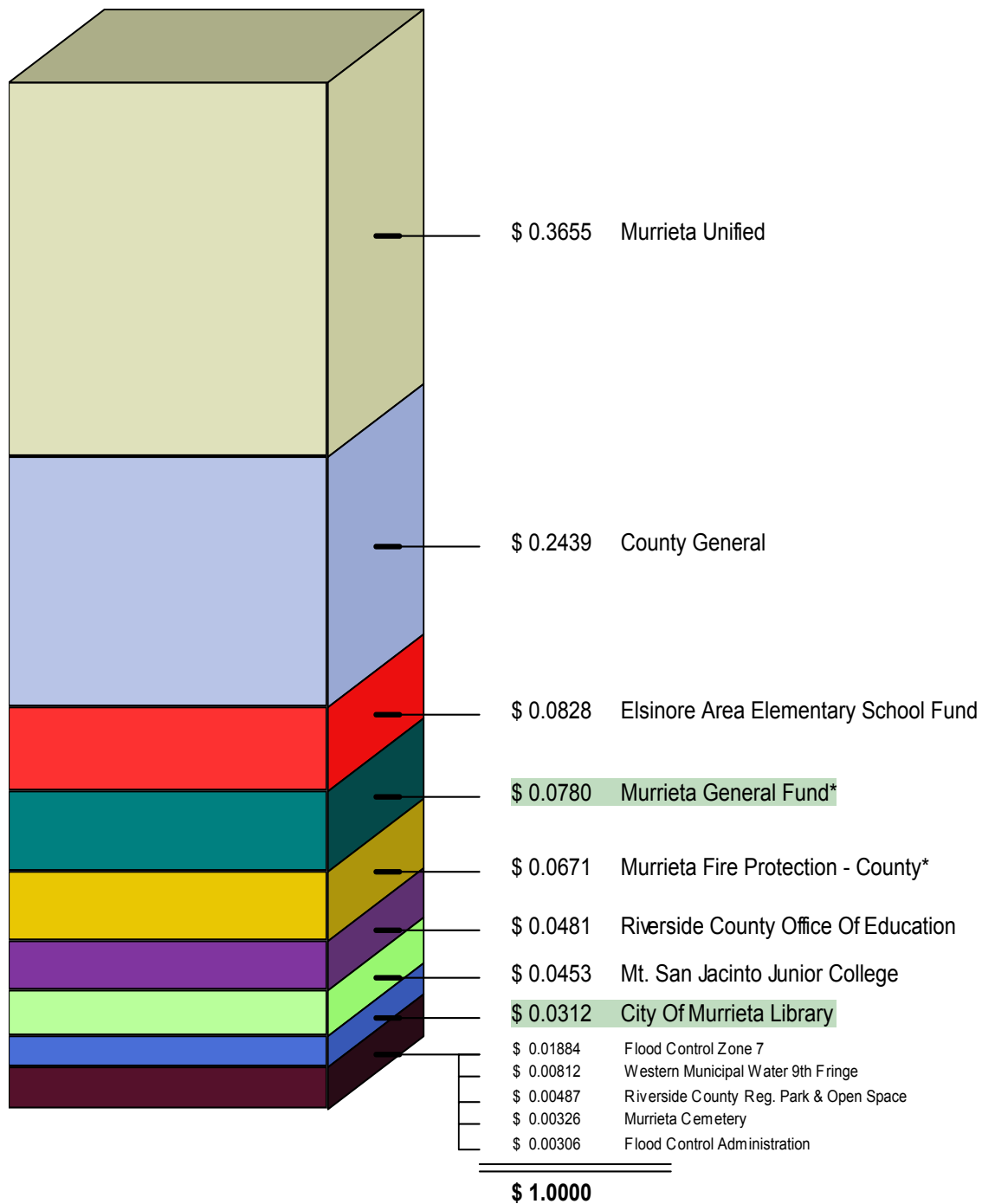
**ASSESSED VALUE**



**NET TAXABLE VALUE**



# THE CITY OF MURRIETA PROPERTY TAX DOLLAR BREAKDOWN



**ATI (Annual Tax Increment) Ratios for Tax Rate Area 024-007, Excluding Redevelopment Factors & Additional Debt Service**

\*ERAF (Educational Revenue Augmentation Fund) general fund tax shifts are not included in tax ratio figures

**Data Source: Riverside County Assessor 2009/10 Annual Tax Increment Tables**

Prepared On 9/8/2010 By NEC

*This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone*



# THE CITY OF MURRIETA

## 2009/10 CITY ROLL SUMMARY

### Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	32,188	1	1,755
TRAs	233	1	155
<b>Values</b>			
Land	3,033,722,019	182,160	4,325
Improvements	6,806,848,541	0	9,356,869
Personal Property	11,878,459	0	146,565,945
Fixtures	13,701,512	0	85,328,543
Aircraft	0	0	4,947,590
<b>Total Value</b>	<b>\$9,866,150,531</b>	<b>\$182,160</b>	<b>\$241,255,682</b>
<b>Exemptions</b>			
Real Estate	107,729,607	0	0
Personal Property	0	0	838,054
Fixtures	0	0	0
Aircraft	0	0	0
Homeowners*	117,769,454	0	0
<b>Total Exemptions*</b>	<b>\$107,729,607</b>	<b>\$0</b>	<b>\$838,054</b>
<b>Total Net Value</b>	<b>\$9,758,420,924</b>	<b>\$182,160</b>	<b>\$240,417,628</b>

Combined Values	Total
Total Values	\$10,107,588,373
Total Exemptions	\$108,567,661
Net Total Values	\$9,999,020,712
Net Aircraft Values	\$4,947,590

\* Note: Homeowner Exemptions are not included in Total Exemptions

Totals do not Include Aircraft Values or Exemptions

Data Source: Riverside County Assessor 2009/10 Combined Tax Rolls  
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

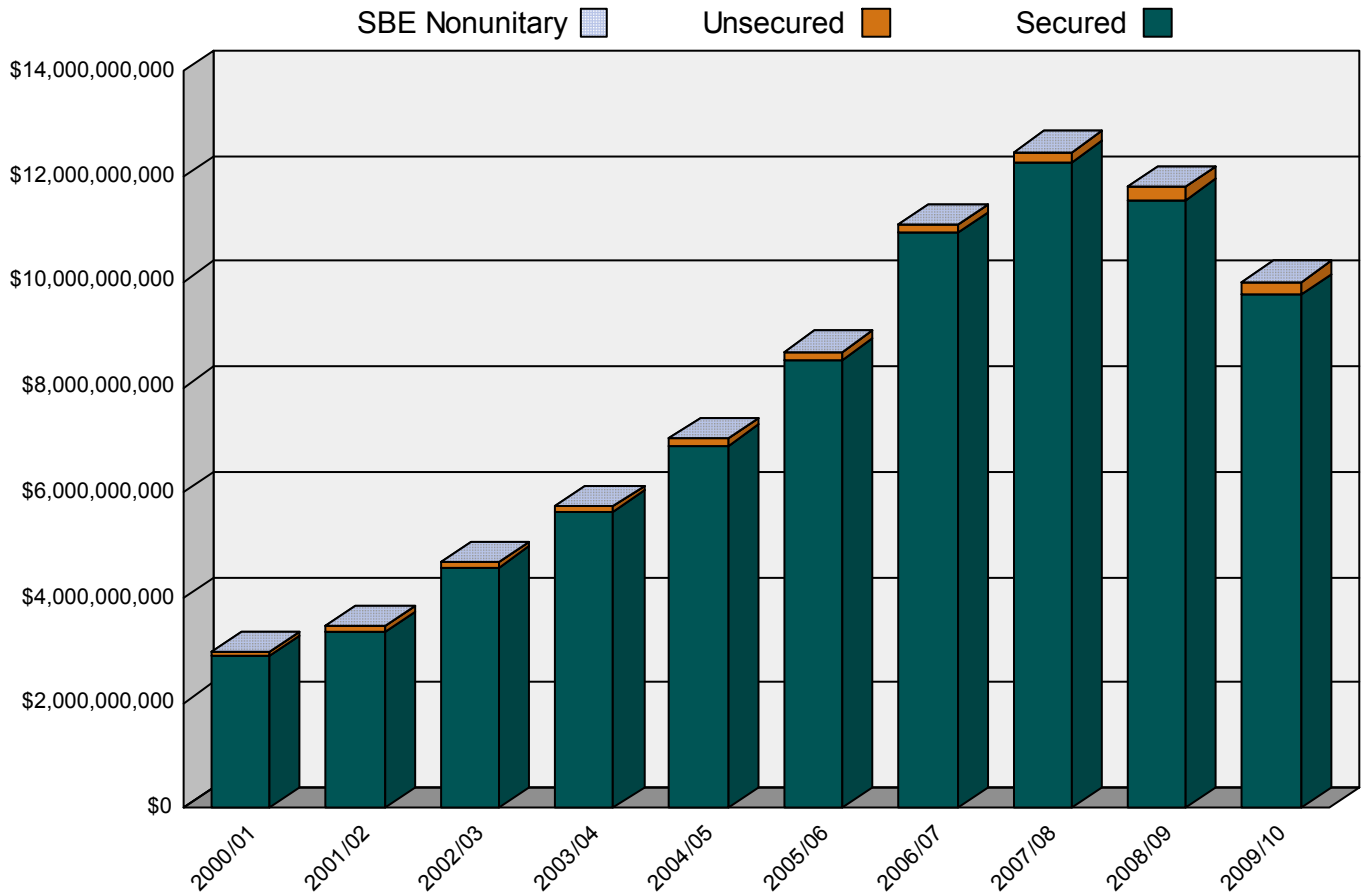
Prepared On 9/8/2010 By NEC

# THE CITY OF MURRIETA

## NET TAXABLE ASSESSED VALUE HISTORY

2000/01 - 2009/10 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2000/01	\$2,895,801,355	\$69,421,887	\$289,785	2,965,513,027	
2001/02	\$3,356,641,439	\$99,312,040	\$289,785	3,456,243,264	16.55%
2002/03	\$4,582,827,561	\$93,777,125	\$213,100	4,676,817,786	35.32%
2003/04	\$5,634,833,818	\$103,843,818	\$128,336	5,738,805,972	22.71%
2004/05	\$6,899,127,237	\$132,928,155	\$128,336	7,032,183,728	22.54%
2005/06	\$8,521,924,842	\$152,717,732	\$128,336	8,674,770,910	23.36%
2006/07	\$10,933,105,145	\$163,709,968	\$182,160	11,096,997,273	27.92%
2007/08	\$12,279,803,259	\$198,358,556	\$182,160	12,478,343,975	12.45%
2008/09	\$11,565,408,223	\$241,004,019	\$182,160	11,806,594,402	-5.38%
2009/10	\$9,758,420,924	\$245,365,218	\$182,160	10,003,968,302	-15.27%





# THE CITY OF MURRIETA

## 2009/10 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) MURRIETA 492	2	\$76,028,739	0.78%	1	\$18,700	0.01%	<b>\$76,047,439</b>	<b>0.76%</b>	Residential Murrieta RDA AB1290
2) MURRIETA OAKS (Pending Appeals On Parcels)	1	\$55,996,373	0.57%				<b>\$55,996,373</b>	<b>0.56%</b>	Residential Murrieta General Fund
3) UNITED DOMINION REALTY (Pending Appeals On Parcels)	2	\$49,378,990	0.51%				<b>\$49,378,990</b>	<b>0.49%</b>	Residential Murrieta General Fund
4) UNIVERSAL HEALTH SERVICES RANCHO SPRING	2	\$42,015,604	0.43%	3	\$5,826,063	2.37%	<b>\$47,841,667</b>	<b>0.48%</b>	Commercial Murrieta General Fund
5) VILLAGE WALK RETAIL	7	\$46,305,529	0.47%				<b>\$46,305,529</b>	<b>0.46%</b>	Commercial Murrieta General Fund
6) WALMART REALTY/SAM'S (Pending Appeals On Parcels)	5	\$37,251,300	0.38%	2	\$4,020,797	1.64%	<b>\$41,272,097</b>	<b>0.41%</b>	Commercial Murrieta RDA AB1290
7) OLEANDERS CAPITAL GROUP (Pending Appeals On Parcels)	2	\$39,756,646	0.41%				<b>\$39,756,646</b>	<b>0.40%</b>	Commercial Murrieta General Fund
8) TARGET CORPORATION	3	\$38,225,550	0.39%	1	\$1,206,480	0.49%	<b>\$39,432,030</b>	<b>0.39%</b>	Commercial Murrieta RP 2006 Amendment AB12
9) EAGLE GLEN APARTMENTS (Pending Appeals On Parcels)	3	\$38,016,290	0.39%				<b>\$38,016,290</b>	<b>0.38%</b>	Residential Murrieta General Fund
10) MURRIETA SPECTRUM (Pending Appeals On Parcels)	4	\$37,664,457	0.39%				<b>\$37,664,457</b>	<b>0.38%</b>	Commercial Murrieta RDA AB1290
<b>Top Ten Total</b>	31	\$460,639,478	4.72%	7	\$11,072,040	4.51%	<b>\$471,711,518</b>	<b>4.72%</b>	
<b>City Total</b>		\$9,758,603,084			\$245,365,218		<b>\$10,003,968,302</b>		

Top Owners last edited on 9/7/10 by nicholec using sales through 06/30/10

Data Source: Riverside County Assessor 2009/10 Combined Tax Rolls and the SBE Non Unitary Tax Roll

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Prepared On 9/8/2010 By NEC

# THE CITY OF MURRIETA

## DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE)

Last 10 Fiscal Years										
Agency	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Basic Levy<sup>1</sup></b>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Eastern Municipl Water Imp Dist	0.05600	0.03700	0.03200	0.02400	0.02400	0.02300	0.02000	0.01300	0.00700	0.09300
M W D East 19Th Fr 1301019	0.01560	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
M W D East 22Nd Fr 1301022	0.01320	0.01180	0.01050	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
M W D East 24Th Fringe 1301024	0.01330	0.01170	0.00970	0.00850	0.00780	0.00700	0.00000	0.00000	0.00000	0.00000
Menifee School	0.00000	0.00000	0.00000	0.02117	0.01625	0.01435	0.00578	0.00549	0.02370	0.03254
Metropolitan Water Dist Original Area	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430
Metropolitan Water District Annex	0.19630	0.19520	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Murrieta Unified B & I	0.10282	0.10201	0.10191	0.09819	0.06711	0.10210	0.10282	0.08521	0.10199	0.08370
Perris Union High School	0.01742	0.01696	0.01748	0.01560	0.01192	0.02350	0.03222	0.02110	0.02031	0.02686
Rancho Ca Water Riv. Division Debt Service	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
Rancho Ca Water San R Division Debt Service	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
Temecula Unified B & I	0.08945	0.07495	0.06112	0.06679	0.04817	0.03297	0.02179	0.02519	0.02700	0.02188
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>2.31289</b>	<b>2.25732</b>	<b>2.03941</b>	<b>2.04035</b>	<b>1.98105</b>	<b>2.00812</b>	<b>1.98731</b>	<b>1.95449</b>	<b>1.98430</b>	<b>2.06228</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.10394	0.10394	0.10914	0.10914	0.10914	0.10914	0.10914	0.10914	0.10914	0.10914
<b>General Obligation Debt Rate</b>										
<b>Redevelopment Rate<sup>4</sup></b>	1.00000	1.00000	1.00670	1.00610	1.00580	1.00520	1.00470	1.00450	1.00430	1.00430
<b>Total Direct Rate<sup>5</sup></b>	0.08461	0.09640	0.09467	0.09938	0.10757	0.10888	0.11647	0.12422	0.13218	0.14437

**Notes:**  
<sup>1</sup>In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.  
<sup>2</sup>Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.  
<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.  
<sup>4</sup>RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.  
<sup>5</sup>Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information