

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**CITY OF WILDOMAR**

CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2010

CITY OF WILDOMAR, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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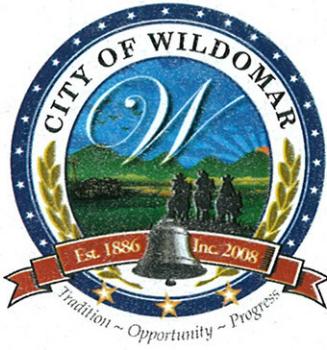
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Bridgette Moore, Mayor  
Marsha Swanson, Mayor Pro Tem  
Sheryl Ade, Council Member  
Bob Cashman, Council Member  
Scott Farnam, Council Member



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Honorable Mayor, City Council,  
And Citizens of the City of Wildomar  
City of Wildomar  
Wildomar, CA 92595

December 10, 2010

**Letter of Transmittal**  
**Fiscal Year 2009-10 Comprehensive Annual Financial Report (CAFR)**

Dear Honorable Mayor, Council Members and Wildomar Citizens,

I am pleased to present the 2009-10 Comprehensive Annual Financial Report for the City of Wildomar, California for the fiscal year ended June 30, 2010, the first such report for the City of Wildomar.

This report consists of management representations concerning the finances of the City of Wildomar in its second year of incorporation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Wildomar continues to establish a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Wildomar's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Wildomar's comprehensive framework of internal controls is being designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State Law and the City's Municipal Code require that an annual financial report is prepared. This report fulfills that obligation. It has been prepared in conformity with generally accepted accounting principles (GAAP) and with the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB).

The City of Wildomar's financial statements have been audited by Lance, Soll and Lunghard, LLP, a firm of certified public accountants and consultants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wildomar for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative of introductions, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Wildomar's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

## **Profile of the Government**

The area of Wildomar located in southwest Riverside County, incorporated as a City, July 1, 2008. This newly incorporated city is approximately 70 miles north of San Diego and 60 miles southeast of Los Angeles. The City boundaries encompass 24 square miles providing a "Rural Ranch" lifestyle for its 31,907 residents.

The City Council consists of 5 Council Members, elected at large on a no-partisan basis and annually select amongst them, a Mayor and Mayor Pro Temp. Bi-annual elections are held in November. The terms of office are 4 years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

This report includes all funds of the City. It includes all governmental organizations and activities for which the City of Wildomar's City Council is financially accountable. The City provides the full range of municipal services normally associated with a municipality including general administration, police and fire protection, the construction and maintenance of streets, and related infrastructure, recreational activities and economic development.

The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as the appointment of members of various statutory and advisory boards and the City Manager and City Attorney. As Chief Administrative Officer, the City Manager has the responsibility of administering programs in accordance with policies established by the City Council and within the guidelines of the annual budget adopted by the Council.

## **The Budget Process**

The annual budget serves as the foundation for the City of Wildomar's financial planning and control. The development of the budget is completed as two separate projects: the development of the governmental activities program budget, and the development of the capital improvement program focusing on longer term capital projects.

All departments of the City of Wildomar are required to submit requests for appropriation for all governmental activities to the City Manager by the end of March of each year. The City Manager and the finance department uses these requests as the starting point for developing a proposed budget for the governmental activities. The Ad-Hoc Finance Committee meets with the City Manager at a workshop in mid- April. The City Manager presents the proposed budget for all governmental activities to the City Council at the first Council meeting in June for review. The City Council is required to hold a public hearing on the proposed budget which is generally held at the second meeting in June. The governmental activities budget is generally adopted at the second Council meeting in June.

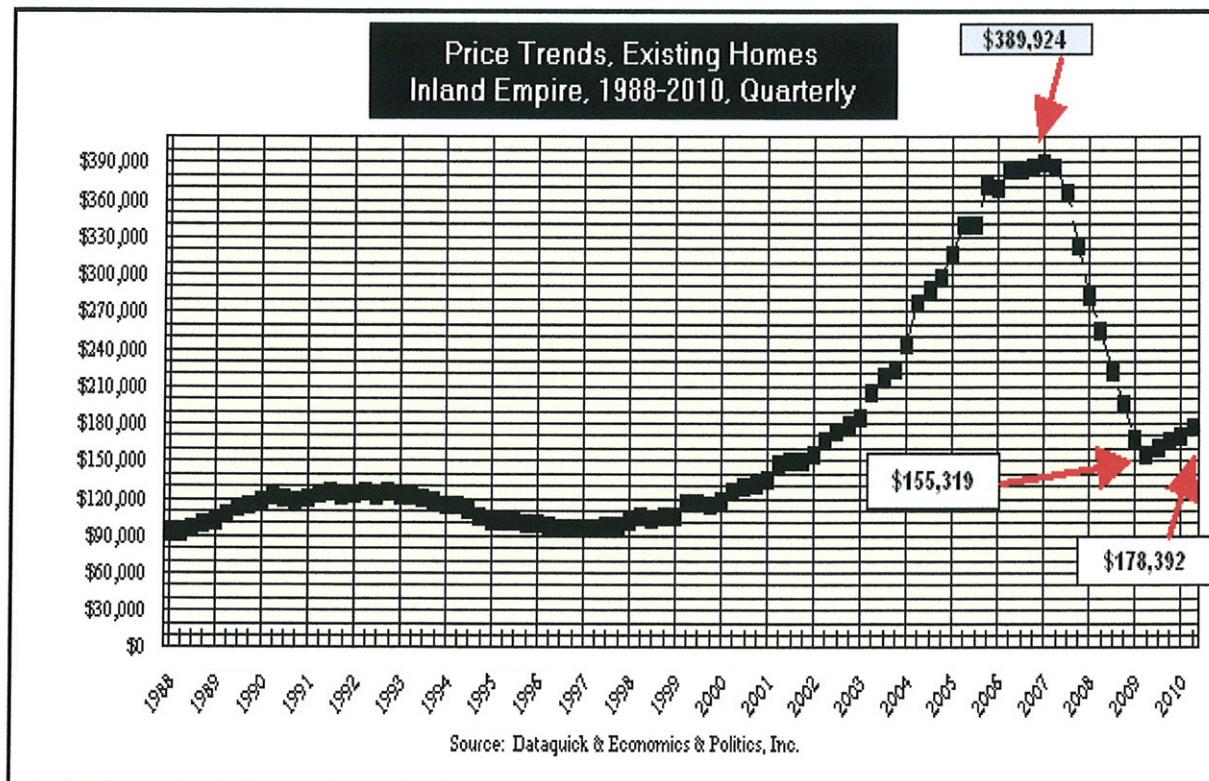
## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Wildomar operates.

## **Local Economy**

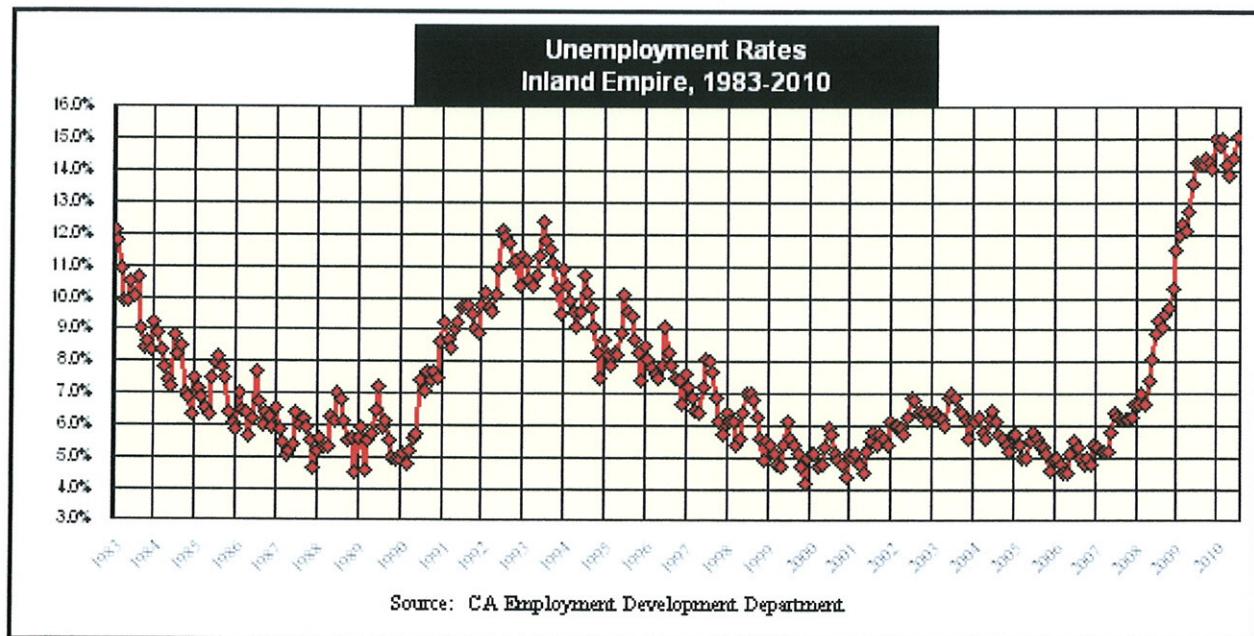
The City of Wildomar, in its second year of incorporation, has been experiencing the same anemic economic environment as the rest of the State. High unemployment and reduced property valuations have significantly affected the financial condition of this new city.

The origin and financial projections for this city were based on the Comprehensive Financial Analysis report (CFA). This report projected the proposed city's fiscal stability based on the economic trends of 2005. All fiscal projections used this as the base year and annually increased revenues on these historic "boom" trends. The city was truly conceived during the economic boom and born into the worst recession this generation has seen. Compounding this is Wildomar's proximity to the Inland Empire (Riverside and San Bernardino counties) which is one of the leaders in the decline in housing values (up 50% in three years) and high unemployment (15.4%).



The decline in housing values has a direct impact on the City's property tax revenues. The CFA report, prepared using 2005-06 data, projected property tax revenue for the City during FY 2009-10 to exceed \$4.2 million. However, the CFA did not project the economic downturn which has left the city with less than \$2.8m in property tax revenues for the FY 2009-10.

The 35% reduction in revenues is compounded by the effects of the high unemployment in the Southwest Riverside County region during the past several years. This is primarily due to the drop in construction activity in Wildomar and the surrounding Riverside County areas, as many of the jobs were in the construction industry. This high unemployment rate contributes to the reduction in sales tax revenues as the consumer has less confidence in the economy and less money to spend on taxable items.



The City management, working with the ad-hoc finance subcommittee was very sensitive to these fiscal impacts and recommended numerous changes during the quarterly budget reviews and public hearing meetings.

## Current Year Initiatives

In spite of these fiscal issues that are outside of the City's direct control, the management continued to move the city forward with such activities as:

- Transitioned from Interim to Permanent City Manager.
- Established Ad-Hoc Economic Development Committee and developed marketing materials targeting Commercial and Hospitality development.
- Issued 168 Building Permits, including 51 new homes for total increased property valuation of \$14.7 million.
- Development of Unpaved Roadway Assessment Program.
- Secured \$590,000 in SB821 and Safe Routes to School funds for local roadside improvements.
- In conjunction with WRCOG, secured \$7.8 million towards the reconstruction of the Clinton Keith Road/I-15 overpass widening.

## Long-term financial planning and initiatives

The City will continue to focus its emphasis on controlled and fiscally balanced growth. The City believes that with the appropriate policies in place, as approved and revisited each quarter as part of the budget program, the City's long term financial goals will be met. The City has taken many steps to control expenditure growth and these steps will continue to be reviewed.

## Relevant financial policies

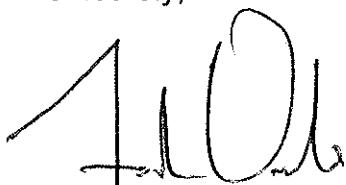
The City has a set of financial policies that it abides by and is continually enhancing and adding relevant policies as it develops its formal financial systems. Initially following incorporation, the City adopted all of the County's policies/codes. As the City develops its own unique needs, it will continue to create and tailor these former County policies to directly address the City's goals.

## Concluding remarks

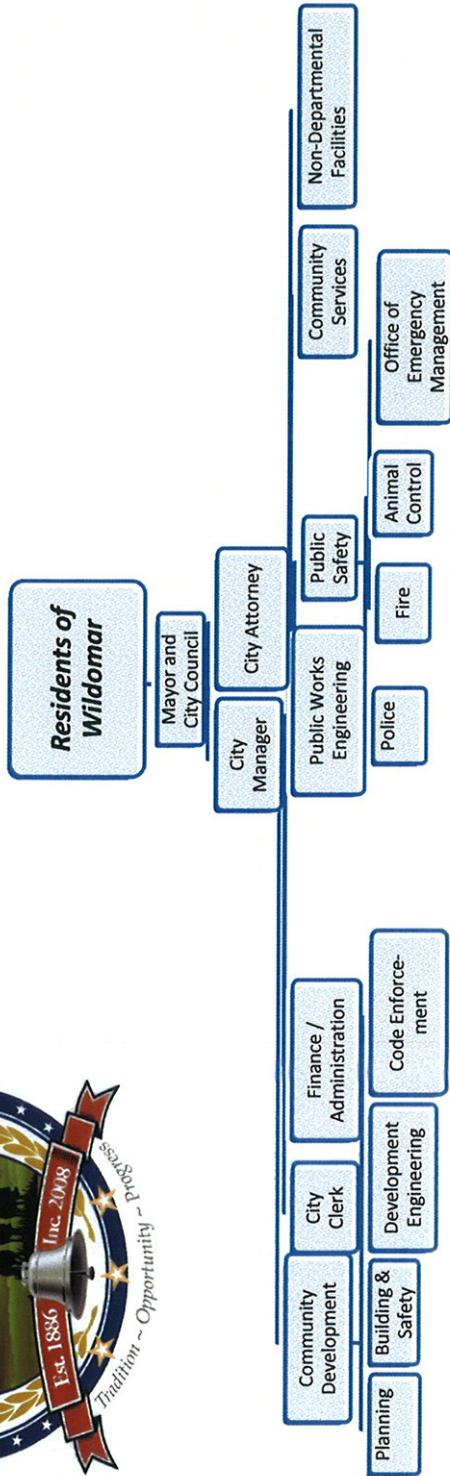
The City, in its second year of operation, has achieved a great deal in transitioning from the County support services and establishing its own culture and approach to local governance. This second year provided the city the opportunity to start the implementation of its longer term oriented policies and procedures and making adjustments as needed. Building on these experiences, the forthcoming third year of operation is poised to refine and enhance these activities which will provide the needed foundation for future successful operations and service delivery.

In closing, I'd like to state that the preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance, public works, planning and administration departments. I would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Recognition is also extended to Lance, Soll and Lunghard LLP, audit management team, for their dedication and expertise, which contributed significantly to the report quality and adherence to professional accounting standards. Credit also must be given to the Mayor and City Council for their support for striving to have the highest standards of professionalism in the management of the City of Wildomar's finances.

Sincerely,



Frank Oviedo  
City Manager



**CITY OF WILDOMAR**  
**DIRECTORY OF CITY OFFICIALS**  
**JUNE 30, 2010**

**CITY COUNCIL**

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Bridgette Moore	Mayor
Marsha Swanson	Mayor Pro Tem
Sheryl Ade	Council Member
Bob Cashman	Council Member
Scott Farnam	Council Member

**ADMINISTRATION AND DEPARTMENT HEADS**

---

Frank Oviedo	City Manager
Gary Nordquist	Assistant City Manager
Debbie Lee, CMC	City Clerk

- 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 Wildomar, 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 Wildomar, California (the City), 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'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, as of June 30, 2010, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund, Gas Tax Special Revenue Fund, and Development Impact Fees 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 24, 2010, on our consideration of the City'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 which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual fund statements, schedules and statistical tables are presented for the 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, Soll & Lungard, LLP*

November 24, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A UNAUDITED)**

### For the Year Ended June 30, 2010

As management of the City of Wildomar, we offer readers of the City of Wildomar's financial statements this narrative overview and analysis of the financial activities of the City of Wildomar for its second fiscal year of operation which ended June 30, 2010. This is the second year of incorporation for the City and thus comparative data is limited to two years. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

### **THE FINANCIAL HIGHLIGHTS**

When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. You can think of this relationship between revenues and expenses as the City's operating results. You can think of the City's net assets, as measured in the Statement of Net Assets, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do.

For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our City.

- The assets of the City of Wildomar exceeded its liabilities as of June 30, 2010, by \$14,904,966. The total net assets include all infrastructures of the governmental funds.
- The City of Wildomar's total net assets decreased by \$802,479, primarily due to capital assets, net of depreciation change of \$(1,499,612) from the prior year. The city did not add any additional assets during the year and the existing assets depreciated (decreased in value) as planned.
- As of June 30, 2010, the City of Wildomar's governmental funds reported combined ending fund balances of \$3,401,488, an increase of \$771,878 in comparison to the prior year. Approximately 68 percent of this total or \$2,317,248 is available for spending at the government's discretion (*undesignated*.) As of June 30, 2010, the unreserved fund balance for the general fund was \$1,044,414 or approximately 11.7 percent of total general fund expenditures.
- The City of Wildomar's total general obligation debt increased by \$71,105 during FY 2009-10. This is the amount of interest on the loan for services provided by the County during the City's FY 2008-09 transition year. This loan, including both general fund and special revenue funds, is now valued at \$1,848,725.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Wildomar's basic financial statements. These basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

## Government-Wide Financial Statements

As previously discussed, government-wide financial statements detail all capital assets, including infrastructure, depreciation, and long-term debt. Specifically, these statements are designed to provide an expansive overview of the City's finances. Given its scope and in an effort to adequately present this data in a comprehensible format, the government-wide financial statements are divided into two subcategories, the Statement of Net Assets and the Statement of Activities. These statements reasonably chart long and short-term information regarding the City's financial condition.

The City's statements provide a manageable yet comprehensive view of the City's economic position, appropriately accounting for all revenue and expenses during the specified fiscal year. To accomplish this, government-wide financial statements are reported utilizing the flow of economic resources (cost of services) measurement focus and the accrual method of accounting. Using the flow of economic resources measurement focus allows the City to provide financial transparency insofar as all assets and liabilities are listed on the *Statement of Net Assets*. The added use of the accrual basis of accounting allows the City a 'real-time' advantage as revenues are recognized when earned and expenses are recognized when incurred.

The *Statement of Net Assets* outlines the City's assets and liabilities. The difference between the assets and liabilities is recorded as net assets (assets - liabilities = net assets). While fluctuations are expected, over time increases or decreases in the City's net assets could be used to gauge the City's financial standing in order to ascertain whether it is improving or deteriorating.

The *Statement of Activities* demonstrates how the City's net assets evolve during the current fiscal year. Specifically, this statement provides comparative analysis between direct expenses and program revenues for each functional activity of the City. In this forum, net asset changes are recorded in real time when triggered by underlying events without respect to the timing of the related cash flows. Because of this it is expected that revenue and expenses for some items (such as uncollected taxes and earned but unused vacation and/or sick leave) will result in recorded cash flows in future fiscal periods.

Combined, the *Statements* reveal functions of the City that can be divided into two categories:

- 1) Governmental activities, and
- 2) Business-type activities.

Governmental activities are chiefly supported by a) taxes elicited from such sources as utility user's tax, transient occupancy tax, sales tax, property tax, and franchise tax, and by b) intergovernmental revenues such as motor vehicle in-lieu fees.

Governmental activities of the City are inclusive of general government, police, public works, traffic and transportation, community development, and community services such as parks and recreation. As mentioned earlier, tax revenue principally funds these activities. Consequently, a good portion of the City's basic services is reported in this category.

The Government-wide Financial Statements can be found in the Table of Contents under Basic Financial Statements.

## 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 Wildomar, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Specifically, these Fund Financial Statements cover segregated groupings of related accounts whose funds have been designated for specific activities or purpose. They provide a detailed accounting of revenue and expenditures, assets and liabilities, and remaining fund balances for each fund. This helps to ensure and demonstrate finance related legal compliance.

Fund financial statements differ from activity reports due to the way capital outlay, depreciation; long-term debt, compensated absences, deferred revenues, and intergovernmental receivables are reported. The impact of these differences is laid out in the notes accompanying the financial statements.

Funds required by State law (i.e., Highway Users Tax) are part of the fund financial statements. Likewise, other funds (i.e., Developer Impact Fees, and Grants) established to provide the City with tighter fiscal controls and accountability are itemized on these statements.

### ***Governmental Funds***

*Governmental funds* are reported in essentially the same fashion as governmental activities in the government-wide financial statements with an exception---governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources. This means governmental fund financial statements identify current sources and uses of money within the immediate fiscal year. Benefits derived include a detailed *short-term* view of the City's general government operations and the basic services it provides, which assist in determining whether there are sufficient financial resources available to meet the City's current needs.

Since the scope of the governmental funds is different than that of the government-wide financial statements, it is beneficial to comparatively examine information presented for the governmental funds with information presented for governmental activities in the government-wide financial statements.

The reader gains a clearer picture of the long-term impacts current financial decisions might yield. When examined together, the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide the reader with a different snapshot that identifies variances between the two different methodologies of accounting for governmental activities and governmental funds.

The City of Wildomar maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Funds and Other Governmental Funds (Community Service Areas and Landscape Maintenance District). Data from the twelve 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* later in this report.

*Proprietary funds* record revenues when they are earned and record expenses at the time liabilities are incurred. Proprietary funds can be divided into two fund types: enterprise funds and internal service funds. Enterprise funds display financial activities operating in a similar fashion to a business enterprise. Specifically, these funds account for services for which the City charges a user fee. Enterprise funds are documented in the business-type activities section of the governmental-wide financial statements. They account for operations that provide services primarily to customers outside the financial reporting entity (the City). The City of Wildomar does not have any Proprietary Fund to report.

*Internal service funds* are generally used to accumulate and allocate costs internally among the City's various functions. These funds might include general benefits and insurance, duplicating and printing, office maintenance, architectural services, and information technology, to name a few. Given these services largely benefit governmental activities rather than business-type functions, City services that might ordinarily be reported in this area have been included with governmental activities in the government-wide financial statements.

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

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

## Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found in the Table of Contents under the heading Notes to Financial Statements.

## Other Supplementary Information

In addition to the basic financial statements and included within the notes, this report also presents certain *required supplementary information* about the City's General Fund budgetary comparisons. The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds and Community Service Area Capital Project Funds. The supplementary financial information also includes budgetary comparison schedules for the non-major governmental funds to demonstrate compliance with the annual budget as adopted and amended. The Required Supplementary Information can be found following the Notes to the Basic Financial Statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wildomar, assets exceeded liabilities by \$14,904,966 at June 30, 2010. Infrastructure assets of the governmental activities are included within this report. The general capital assets (e.g., land, buildings, machinery, infrastructure, and equipment) of the governmental activities of the City of Wildomar is the largest portion of the City's net assets (90%) net of related debt.

**Table 1 Net Assets-Primary Government**

City of Wildomar		
<b>Summary of Net Assets</b>		
For the Year Ended June 30, 2010		
	<b>Governmental Activities</b>	
	2010	2009
<b>Assets:</b>		
Current and other assets	\$ 5,100,756	\$ 3,921,764
Capital assets	<u>13,341,779</u>	<u>14,841,391</u>
<b>Total Assets</b>	<b><u>18,442,535</u></b>	<b><u>18,763,155</u></b>
<b>Liabilities:</b>		
Other Liabilities	1,731,981	1,276,432
Long-term Liabilities	<u>1,862,830</u>	<u>1,779,278</u>
<b>Total Liabilities</b>	<b><u>3,594,811</u></b>	<b><u>3,055,710</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	13,341,779	14,841,391
Restricted	2,381,603	1,360,470
Unrestricted	<u>(818,416)</u>	<u>(494,416)</u>
<b>Total Net Assets</b>	<b><u>\$ 14,904,966</u></b>	<b><u>\$ 15,707,445</u></b>

During the fiscal year ended June 30, 2010, net assets were \$14,904,966, of which \$13,341,799 is invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$2,381,603 is restricted to specifically stipulated spending agreements originated by law, contract or other agreements. Of note is the fact that the City has no outstanding debt related to capital assets held.

**Table 2 Changes in Net Assets-Primary Government**

City of Wildomar		
<b>Changes in Net Assets - Primary Government</b>		
For the Year Ended June 30, 2010		
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Program Revenues		
Charges for Service	\$ 865,329	\$ 336,359
Operating Grants and Contributions	3,472,911	2,694,666
Capital Grants and Contributions	-	43,653,393
General Revenues		
Sales Taxes	1,096,907	1,295,785
Property Taxes	2,743,768	3,589,773
Other Taxes	2,930,609	3,212,516
Other Revenues	84,030	15,395
Use of Money and Property	9,682	20,403
<b>Total Revenues</b>	<b><u>11,203,236</u></b>	<b><u>54,818,290</u></b>
<b>Expenses</b>		
General Government	1,798,566	2,156,911
Public Safety	5,378,962	5,547,480
Community Development	1,786,894	1,501,865
Parks and Recreation	341,458	463,746
Public Works	2,741,040	29,440,843
Interest on Long-term debt	71,105	-
<b>Total Expenses</b>	<b><u>12,118,025</u></b>	<b><u>39,110,845</u></b>
<b>Increase (Decrease) in Net Assets</b>	<b><u>(914,789)</u></b>	<b><u>15,707,445</u></b>
Beginning Net Assets	15,707,445	-
Restatement of Net Assets	112,310	-
<b>Ending Net Assets</b>	<b><u>\$ 14,904,966</u></b>	<b><u>\$ 15,707,445</u></b>

As of the date of this report, property taxes were the single greatest source of City revenues for governmental activities. Total revenues collected for governmental activities decreased by \$43,615,054 primarily due to the unique treatment of Capital Grants and Contributions during the first fiscal year 2008-09 of the city's incorporation. Adjusting for fiscal year 2008-09 Capital Grants and Contributions, the Total Revenues for fiscal year 2008-09 would be \$11,164,897 which is \$38,339 less than Total Revenues of \$11,203,236 for fiscal year 2009-10.

Of significant note is the drop of 15.6% when comparing the Total General Revenues for fiscal year 2009-10 of \$6,864,996 to fiscal year 2008-09 of \$8,133,872. In all major categories of tax revenue, the reductions reflect the effects of the weak southern California economy specifically, the reduction in property values and the slow-down in consumer spending. Complementing this condition, the expenses in most categories reflect the conservative fiscal policies the City Council enacted during the quarterly financial reviews which has reduced expenditures.

## Financial Analysis of Governmental Funds

As noted earlier, the City of Wildomar uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

As stated, governmental fund financial statements identify current sources and uses of money. Benefits derived include a detailed *short-term* view of the City's general government operations and the basic services it provides, which assists in determining whether there are sufficient financial resources available to meet the City's current needs.

The financial position of the City's governmental funds has increased when compared to the previous fiscal year. The total ending fund balance for the City's governmental funds was \$3,401,488, which represented a \$771,878 or (29%) increase from the prior fiscal year. The majority of the increase was due to the transfer of Development Impact Fees and County Service Area (CSA's) program funds from the County to the City as part of the transition process of the City's incorporation.

Approximately 68 percent of the total ending balance of \$3,401,488, or \$2,317,248 constitutes unreserved undesignated fund balance, which is available for spending at the government's discretion. The remainder of the unreserved fund balance originates from Special Revenue funds \$741,577 and Capital Project funds \$342,663 (CSA's).

Governmental activities decreased the City of Wildomar's net assets by \$802,479. This net decrease is primarily attributed to a reduction in revenues and depreciation expense in General Government, Parks and Recreation and Public Works programs.

### General Fund Financial Highlights

The General Fund is the primarily funding source for the City. At fiscal year end, the unreserved fund balance of the general fund was \$987,172 or 11% of the General Fund's expenditures of \$8,901,276. The ending fund balance is \$401,406 less than the restated beginning fund balance. This change in fund balance is directly attributable to the reduction in revenues and the restatement of \$112,310 from the prior year.

As previously mentioned, the effects of the local economy continue to dramatically impact the City's main general fund revenue sources.

- The Property Tax Revenues decreased by \$846,005 (23.6%) during the year. The decrease is due to the general weak economy of southern California and the numerous foreclosure activity of local properties. During the year the City received over 150 registrations in the Abandoned and Distressed Property program. Not only are those homes typically delinquent in paying property taxes, but when they are re-sold it is usually at a lesser assessed valuation.
- The Sales Tax Revenue decrease of \$198,878 (15.4%) again is reflective of the weakened economy, particularly in Riverside County where the unemployment rate increased during the year from 14.6% to 15.4%.
- The reduction in Other Taxes \$281,907 (8.7%) is primarily due to the Motor Vehicle License Fee planned reduction of 10% for newly incorporated cities. To assist newly incorporated cities, financially, the State initially disburses an additional 50% the first year of incorporation, decreasing this additional amount by 10% for five years until it reaches its normal level.

Overall total General Fund expenditures were \$8,901,276 compared to \$9,601,590 incurred last year. The reduction of \$700,314 (7.3%) was in direct response to management's directives to reduce expenditures due to the floundering economy. The more significant expense variances for the governmental activities compared to the prior year consist of the following:

- Public safety accounts for approximately 60.4 percent of the total General Fund expenditures. Following overall City financial re-plans, the Public Safety costs achieved a 3% reduction as compared to the costs of the prior year.
- Public works accounts for approximately 1.2 percent of the total expenses totaling \$104,117 compared to the \$366,910 incurred during the prior year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the General Fund expenditures and the adopted **Original** Budget was an under-run of \$328,624. The differences between the General Fund expenditures and the Adopted **Final** Budget was a net under-run of \$110,624 and can be briefly summarized as follows:

- (\$128,279) net overage in General Government activities.
- \$221,838 Public Safety activities net under-run.
- (\$7,817) net overage in Engineering and Public Works.
- \$34,631 Community Development activities net under-run.
- \$(9,749) net overage Parks and Recreation activities.

These net overall decreases can be attributed to the conservative expenditure plan constantly reviewed through the fiscal year as well as the conservative budgeting of anticipated revenues for the year.

## **OTHER MAJOR FUNDS BUDGETARY HIGHLIGHTS**

### **Capital Projects Fund**

The funds are primarily used to record the expenditure of funds for capital projects.

### **Community Service Area (CSAs) Funds**

As a part of the incorporation of the City, five former CSAs were fully detached from the County, and transferred to the City. Effective with the current fiscal year 2009-10, the City has now assumed all responsibility for the CSAs. These funds provides services for parks maintenance, street lights and landscape maintenance. This category of funds actual revenues exceeded the budget by \$410,992 and actual expenditures exceeded budget by \$36,625.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets (Table 3) for its governmental activities as of June 30, 2010, is \$13,341,779 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note1 and Note 4 in the Notes to the Basic Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-wide financial statements.

**Table 3 Summary of Changes in Capital Assets**

City of Wildomar <b>Summary of Changes in Capital Assets</b> For the Year Ended June 30, 2010					
	Beginning Balance	Additions	Deletions	Ending Balance	
<b>Governmental Activities:</b>					
Capital Assets, not being depreciated:					
Land	\$ 713,489	\$ -	\$ -	\$ 713,489	
Right-of-way	128,000	-	-	128,000	
Total Capital Assets, Not Being Depreciated	<u>841,489</u>	<u>-</u>	<u>-</u>	<u>841,489</u>	
Capital Assets, being depreciated:					
Buildings and Improvements	6,526,256	-	-	6,526,256	
Furniture, fixtures and Equipment	11,765	-	-	11,765	
Infrastructure	<u>36,285,648</u>	<u>-</u>	<u>-</u>	<u>36,285,648</u>	
Total Capital Assets, Being Depreciated	<u>42,823,669</u>	<u>-</u>	<u>-</u>	<u>42,823,669</u>	
Less Accumulated Depreciation					
Buildings and Improvements	435,084	217,542	-	652,626	
Furniture, fixtures and Equipment	1,177	2,353	-	3,530	
Infrastructure	<u>28,387,506</u>	<u>1,279,717</u>	<u>-</u>	<u>29,667,223</u>	
Total Accumulated Depreciation	<u>28,823,767</u>	<u>1,499,612</u>	<u>-</u>	<u>30,323,379</u>	
Total Capital Assets, Being Depreciated, Net	<u>13,999,902</u>	<u>(1,499,612)</u>	<u>-</u>	<u>12,500,290</u>	
<b>Government Activities Capital Assets, Net</b>	<b><u>\$ 14,841,391</u></b>	<b><u>\$ (1,499,612)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,341,779</u></b>	

In accordance with GASB Statement No. 34, the City has reported all general infrastructure assets.

### Long-term Debt

At year end, the City had \$1,862,830 in outstanding long-term debt for Governmental Activities. This debt consisted of a loan from the County of Riverside for the cost of services the County provided to the City during the City's first year of incorporation and compensated absences. Long-term debt increased \$71,105 which is the 4% interest expense for the County Loan. The City does not have an obligation for Other Post Employment Benefits and this program was not in effect during the year. More detail information is provided on long-term debt activity in the *Notes to the Financial Statements, Note 6*. Table 4 below is a summary of the City's long-term debt for the year ended June 30, 2010.

**Table 4 Summary of Changes in Long-Term Liabilities**

City of Wildomar <b>Summary of Changes in Long-Term Liabilities</b> For the Year Ended June 30, 2010					
	Beginning Balance	Additions	Deductions	Ending Balance	Within One Year
Loan from Riverside County	\$ 1,777,620	\$ -	\$ -	\$ 1,777,620	\$ -
Matured Unpaid Interest	-	71,105	-	71,105	-
Total County Loan	<u>1,777,620</u>	<u>71,105</u>	<u>-</u>	<u>1,848,725</u>	<u>-</u>
Compensated Absences	1,658	13,060	613	14,105	5,215
<b>Total Long-Term Liabilities</b>	<b><u>\$ 1,779,278</u></b>	<b><u>\$ 84,165</u></b>	<b><u>\$ 613</u></b>	<b><u>\$ 1,862,830</u></b>	<b><u>\$ 5,215</u></b>

## ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City in the Fiscal Year ended June 30, 2010, in preparing the budget for fiscal year 2010-11, management gave careful consideration to the possible impact to the State of California and the national economies will have on the City's budget. Substantial changes have occurred in the economy in which the City operates, and at this time the effect of these factors on the City's operations and its costs are difficult to predict. Unfortunately, there is no consensus, at any level, as to the depth and length of this current downturn, which presented a challenge to the preparation of the City's adopted budget. The overall approach in the development of the fiscal year 2010-11 budget was to achieve and maintain an appropriate balance of expenditure reductions to address the negative economic impacts on City revenues, while minimizing impacts on the delivery of services, programs and capital projects.

Key budget assumptions for forecasting General Fund revenues include the following:

- The City developed its adopted budget predicated upon the State's current adopted budget. However, recent State Ballot actions have left the State with a projected multi-billion dollar deficit for which the State has yet to cure. Currently, there are many proposals and speculation as to what actions the State might enact, some of which could involve the "taking/borrowing" of revenues again from local government. More detail information on State actions is in the *Notes to the Financial Statements, Note 12*. Any actions taken by the State which impact City's revenues would require the City to revisit its spending plan and take action as appropriate to mitigate such actions.
- The degradation of the national and state economies; job/income loss and unemployment; reduction in median home prices and lowering of property values; loss of consumer confidence; and collapse of the housing, financial, retail, automotive, and commercial real estate sectors are all having adverse impacts on most of the City's revenue streams.
- Sales tax revenues are down 15% off of their peak numbers.
- Residential property values are known to be decreasing.
- Commercial/Industrial property values are also expected to start decreasing, though initially at a slower rate.
- Development related revenues are projected to continue downward due to the weakened housing and construction sectors as well as reduced personal income.
- The County's recent court case (September 2010) regarding the invalidation of the tax assessment for parks, for which the City now has responsibility of the parks, is causing the City to seek additional sources of funding for the \$230,000 for park operations. This action was beyond the City's control, which could adversely affect its revenue and expenditures.

The Adopted Operating Budget for Fiscal Year 2010-11 is structurally balanced, addresses City Council's priorities, and effectively balances achievement of community needs and accomplishment of the Council's goals and objectives while maintaining financial strength. The Adopted Budget for 2010-11 continues to support high-quality municipal services, maintenance and needed expansion of the City's infrastructure and facilities, and the investment and reinvestment of City resources in the community to bring about dividends for years to come.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Wildomar's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Wildomar  
 Attention: City Manager  
 23873 Clinton Keith Road, Suite 201,  
 Wildomar, California 92595

General information relating to the City of Wildomar, California, can be found at the City's website, [www.cityofwildomar.org](http://www.cityofwildomar.org).

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## **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF WILDOMAR**

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>Primary Government Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 4,165,136
Receivables:	
Accounts, grants, and taxes receivable	726,807
Accrued interest	2,111
Prepaid costs	55,300
Deposits	208,644
Capital assets not being depreciated	841,489
Capital assets, net of depreciation	<u>12,500,290</u>
<b>Total Assets</b>	<b><u>18,499,777</u></b>
<b>Liabilities:</b>	
Accounts payable	1,309,623
Accrued liabilities	18,819
Deposits payable	403,539
Noncurrent liabilities:	
Due within one year	5,215
Due in more than one year	<u>1,857,615</u>
<b>Total Liabilities</b>	<b><u>3,594,811</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	13,341,779
Restricted for:	
Community development projects	617,689
Public works	1,763,914
Unrestricted	<u>(818,416)</u>
<b>Total Net Assets</b>	<b><u>\$ 14,904,966</u></b>

CITY OF WILDOMAR

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

							Net (Expenses) Revenues and Changes in Net Assets
		Program Revenues					
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants		Governmental Activities	
<b>Functions/Programs</b>							
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 1,798,566	\$ 71,195	\$ 269,235	\$ -	\$ -	\$ (1,458,136)	
Public safety	5,378,962	-	100,773	-	-	(5,278,189)	
Community development	1,786,894	786,747	871,513	-	-	(128,634)	
Parks and recreation	341,458	7,387	-	-	-	(334,071)	
Public works	2,741,040	-	2,231,390	-	-	(509,650)	
Interest on long-term debt	71,105	-	-	-	-	(71,105)	
<b>Total Governmental Activities</b>	<b>12,118,025</b>	<b>865,329</b>	<b>3,472,911</b>	<b>-</b>	<b>-</b>	<b>(7,779,785)</b>	
<b>Total Primary Government</b>	<b>\$ 12,118,025</b>	<b>\$ 865,329</b>	<b>\$ 3,472,911</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(7,779,785)</b>	
<b>General Revenues:</b>							
Taxes:							
Property taxes, levied for general purpose						2,743,768	
Sales taxes						1,096,907	
Franchise taxes						591,706	
Business licenses taxes						12,525	
Other taxes						99,456	
Motor vehicle in lieu - unrestricted						2,226,922	
Use of money and property						9,682	
Other						84,030	
<b>Total General Revenues</b>						<b>6,864,996</b>	
Change in Net Assets						(914,789)	
Net Assets at Beginning of Year						15,707,445	
Restatement of Net Assets						112,310	
<b>Net Assets at End of Year</b>						<b>\$ 14,904,966</b>	

## **FUND FINANCIAL STATEMENTS**

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CITY OF WILDOMAR

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds
	General	Gas Tax	Development Impact Fees		
<b>Assets:</b>					
Pooled cash and investments	\$ 1,851,870	\$ 655,570	\$ 617,689	\$ 1,040,007	\$ 4,165,136
Receivables:					
Accounts, grants, and taxes	393,033	67,977	-	265,797	726,807
Accrued interest	2,111	-	-	-	2,111
Prepaid costs	55,300	-	-	-	55,300
Deposits	208,644	-	-	-	208,644
Due from other funds	43,830	-	-	-	43,830
<b>Total Assets</b>	<b>\$ 2,554,788</b>	<b>\$ 723,547</b>	<b>\$ 617,689</b>	<b>\$ 1,305,804</b>	<b>\$ 5,201,828</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,088,016	\$ 68,402	\$ -	\$ 153,205	\$ 1,309,623
Accrued liabilities	18,819	-	-	-	18,819
Deferred revenues	-	-	-	24,529	24,529
Deposits payable	403,539	-	-	-	403,539
Due to other funds	-	-	-	43,830	43,830
<b>Total Liabilities</b>	<b>1,510,374</b>	<b>68,402</b>	<b>-</b>	<b>221,564</b>	<b>1,800,340</b>
<b>Fund Balances:</b>					
Unreserved:					
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	741,577	741,577
Capital projects funds	-	-	-	342,663	342,663
Undesignated	1,044,414	655,145	617,689	-	2,317,248
<b>Total Fund Balances</b>	<b>1,044,414</b>	<b>655,145</b>	<b>617,689</b>	<b>1,084,240</b>	<b>3,401,488</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,554,788</b>	<b>\$ 723,547</b>	<b>\$ 617,689</b>	<b>\$ 1,305,804</b>	<b>\$ 5,201,828</b>

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

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Fund balances of governmental funds	\$ 3,401,488
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	13,341,779
Long-term debt has not been included in the governmental fund activity:	
Loan from County	(1,848,725)
Compensated absences that have not been included in the governmental fund activity.	(14,105)
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.	24,529
<b>Net assets of governmental activities</b>	<b><u>\$ 14,904,966</u></b>

CITY OF WILDOMAR

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

	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds
	General	Gas Tax	Development Impact Fees		
<b>Revenues:</b>					
Taxes	\$ 4,544,362	\$ -	\$ -	\$ -	\$ 4,544,362
Licenses and permits	71,195	-	-	-	71,195
Intergovernmental	2,226,922	710,812	-	1,621,351	4,559,085
Charges for services	132,672	-	-	-	132,672
Use of money and property	4,798	578	1,524	2,782	9,682
Fines and forfeitures	111,619	-	-	-	111,619
Contributions	244,706	-	-	-	244,706
Developer participation	887,235	-	549,843	-	1,437,078
Miscellaneous	84,030	-	-	-	84,030
<b>Total Revenues</b>	<b>8,307,539</b>	<b>711,390</b>	<b>551,367</b>	<b>1,624,133</b>	<b>11,194,429</b>
<b>Expenditures:</b>					
Current:					
General government	1,725,979	33,258	-	24,529	1,783,766
Public safety	5,378,962	-	-	-	5,378,962
Community development	1,589,969	-	-	196,925	1,786,894
Parks and recreation	102,249	-	-	21,667	123,916
Public works	104,117	393,495	-	963,711	1,461,323
<b>Total Expenditures</b>	<b>8,901,276</b>	<b>426,753</b>	<b>-</b>	<b>1,206,832</b>	<b>10,534,861</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,737)	284,637	551,367	417,301	659,568
<b>Other Financing Sources (Uses):</b>					
Transfers in	249,573	-	-	-	249,573
Transfers out	-	(68,000)	(10,000)	(171,573)	(249,573)
<b>Total Other Financing Sources (Uses)</b>	<b>249,573</b>	<b>(68,000)</b>	<b>(10,000)</b>	<b>(171,573)</b>	<b>-</b>
Net Change in Fund Balances	(344,164)	216,637	541,367	245,728	659,568
Fund Balances, Beginning of Year, as previously reported	1,276,268	438,508	76,322	838,512	2,629,610
Restatements	112,310	-	-	-	112,310
Fund Balances, Beginning of Year, as restated	1,388,578	438,508	76,322	838,512	2,741,920
<b>Fund Balances, End of Year</b>	<b>\$ 1,044,414</b>	<b>\$ 655,145</b>	<b>\$ 617,689</b>	<b>\$ 1,084,240</b>	<b>\$ 3,401,488</b>

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

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Net change in fund balances - total governmental funds	\$ 659,568
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Amounts reported for governmental activities in the Statement of Activities are different because:

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.

(1,499,612)

The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

(71,105)

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.

(12,447)

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.

8,807

**Change in net assets of governmental activities** \$ (914,789)

**CITY OF WILDOMAR**

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

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1 as restated	\$ 1,388,578	\$ 1,388,578	\$ 1,388,578	\$ -
<b>Resources (Inflows):</b>				
Taxes	5,399,000	5,167,500	4,544,362	(623,138)
Licenses and permits	31,000	64,000	71,195	7,195
Intergovernmental	2,300,000	2,240,000	2,226,922	(13,078)
Charges for services	659,400	122,100	132,672	10,572
Use of money and property	15,000	5,000	4,798	(202)
Fines and forfeitures	70,000	81,000	111,619	30,619
Contributions	237,000	244,700	244,706	6
Developer participation	414,400	930,700	887,235	(43,465)
Miscellaneous	230,000	157,000	84,030	(72,970)
Transfers in	-	-	249,573	249,573
<b>Amounts Available for Appropriation</b>	<b>10,744,378</b>	<b>10,400,578</b>	<b>9,945,690</b>	<b>(454,888)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
City Council	144,500	139,200	130,834	8,366
City Manager	467,900	464,100	465,552	(1,452)
City Clerk	191,200	187,600	144,650	42,950
City Attorney	300,000	150,000	143,826	6,174
Finance	384,000	376,700	359,009	17,691
Non-departmental	213,300	280,100	482,108	(202,008)
Public safety				
Police	3,698,300	3,698,300	3,555,158	143,142
Fire	1,769,800	1,770,000	1,690,677	79,323
Animal control	125,000	95,000	103,013	(8,013)
Emergency preparedness	23,000	37,500	30,114	7,386
Community development				
Community development	10,500	54,000	42,135	11,865
Building and safety	557,500	346,000	339,660	6,340
Planning	587,900	346,000	354,982	(8,982)
Code enforcement	133,000	174,100	169,616	4,484
Development engineering	200,300	91,000	82,215	8,785
Deposit based projects	-	613,500	601,361	12,139
Parks and recreation				
Parks and recreation	126,700	92,500	102,249	(9,749)
Public works				
Engineering/public works	97,000	96,300	104,117	(7,817)
Debt service:				
Principal retirement	200,000	-	-	-
<b>Total Charges to Appropriations</b>	<b>9,229,900</b>	<b>9,011,900</b>	<b>8,901,276</b>	<b>110,624</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,514,478</b>	<b>\$ 1,388,678</b>	<b>\$ 1,044,414</b>	<b>\$ (344,264)</b>

**CITY OF WILDOMAR**

**BUDGETARY COMPARISON STATEMENT**  
**GAS TAX**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Positive (Negative)</b>
Budgetary Fund Balance, July 1	\$ 438,508	\$ 438,508	\$ 438,508	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	682,500	682,500	710,812	28,312
Use of money and property	500	1,000	578	(422)
<b>Amounts Available for Appropriation</b>	<b>1,121,508</b>	<b>1,122,008</b>	<b>1,149,898</b>	<b>27,890</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	33,258	(33,258)
Public works	450,000	710,000	393,495	316,505
Transfers out	-	68,000	68,000	-
<b>Total Charges to Appropriations</b>	<b>450,000</b>	<b>778,000</b>	<b>494,753</b>	<b>283,247</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 671,508</b>	<b>\$ 344,008</b>	<b>\$ 655,145</b>	<b>\$ 311,137</b>

**CITY OF WILDOMAR**

**BUDGETARY COMPARISON STATEMENT  
DEVELOPMENT IMPACT FEES  
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	\$ 76,322	\$ 76,322	\$ 76,322	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	1,000	1,524	524
Developer participation	-	555,000	549,843	(5,157)
<b>Amounts Available for Appropriation</b>	<b>76,322</b>	<b>632,322</b>	<b>627,689</b>	<b>(4,633)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	10,000	10,000	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 76,322</b>	<b>\$ 622,322</b>	<b>\$ 617,689</b>	<b>\$ (4,633)</b>

## **NOTES TO FINANCIAL STATEMENTS**

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## CITY OF WILDOMAR

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

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#### I. SIGNIFICANT ACCOUNTING POLICIES

##### **Note 1: Summary of Significant Accounting Policies**

###### **a. Description of the Reporting Entity**

The City of Wildomar, California (the City), was incorporated on July 1, 2008, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete. Under this definition, it is determined that there are no component units for this reporting entity, and these financial statements present the financial reporting entity that consisted solely of the City as the primary government.

###### **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 are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program 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. The fiduciary funds are reported on the accrual basis of accounting. Major individual governmental funds are reported as separate columns in the fund financial statements. As of June 30, 2010, the City does not have any fiduciary funds.

###### **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. 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.

## CITY OF WILDOMAR

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

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#### Note 1: Summary of Significant Accounting Policies (Continued)

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 90 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. 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. All general tax receipts and fee revenue not allocated by law, Council policy or contractual agreement to other funds are accounted for in the General Fund. General Fund expenditures include operations traditionally associated with activities, which are not required to be accounted for or paid by another fund.

The Gas Tax Fund includes operations for routine road maintenance and expansion projects. Receipts are tendered from the State of California after collections of fuel taxes are obtained.

The Development Impact Fees Fund accounts for developer contributions and other revenue sources that are restricted by law or administrative action for development expenditure purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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

##### Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the governmental funds.

## CITY OF WILDOMAR

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

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#### Note 1: Summary of Significant Accounting Policies (Continued)

Investments are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. 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.

#### 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.

#### Prepaid Costs and Deposits

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

#### 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 three years. 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.

In accordance with GASB Statement No. 34, the City has reported all general infrastructure assets.

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

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

Property, plant, equipment, and infrastructure of the primary government, as well as its component units, are depreciated using the straight-line, half-year convention method over the following estimated useful lives:

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

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

Assets	Years
Building and improvements	10-30
Equipment and furniture	3-20
Vehicles	5-10
Infrastructure	10-50
Software	5-10

**Compensated Absences**

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. The maximum number of vacation days an employee can accrue is 40 days. A maximum of five vacation days per year may be converted to compensation.

Sick leave is payable when an employee is unable to work because of illness. Sick leave is convertible to vacation at the rate of ten (10) days of sick leave to one (1) day of vacation.

The liability for compensated absences will be paid in future years from the General Fund.

**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.

**Property Taxes**

Property tax revenue is recognized on the modified accrual basis, that is, 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 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.

**Functional Classifications**

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities, City Clerk, City Attorney, City Manager as well as management or supportive services across more than one functional area.

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

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

- Public Safety includes those activities which involve police protection, fire protection and animal control services.
- Community Development includes those activities which involve planning, building and safety and code enforcement.
- Parks and Recreation includes activities which provide recreation, cultural and educational services.
- Public Works includes all maintenance, engineering and capital improvements which relate to streets and other public facilities.

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

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 a 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 \$(1,499,612) difference are as follows:

Depreciation expense	<u>\$ (1,499,612)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,499,612)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." Neither transaction, however, has any effect on net assets.

The details of this \$(71,105) difference are as follows:

Matured unpaid interest on County loan	<u>\$ (71,105)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (71,105)</u>

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

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**II. STEWARDSHIP****Note 2: Stewardship, Compliance and Accountability****a. Budgetary Data****General Budget Policies**

The City Council approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse.

**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.

**Budget Basis of Accounting**

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgets were not originally adopted for, the Development Impact Fees Fund, Grants Fund, SLESF Funds, and the Community Service Areas Fund.

**b. Excess of Expenditures over Appropriations**

The General Fund had excess expenditures over appropriations as follows:

<u>Department</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
<b>General Fund:</b>			
General government			
City Manager	\$ 465,552	\$ 464,100	\$ 1,452
Non-Departmental	482,108	280,100	202,008
Public safety			
Animal Control	103,013	95,000	8,013
Community development			
Planning	354,982	346,000	8,982
Parks and recreation			
Parks and recreation	102,249	92,500	9,749
Public works			
Engineering/public works	104,117	96,300	7,817
<b>Major Special Revenue Fund:</b>			
Gas Tax			
General government	33,258	-	33,258

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

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

These deficits were offset by the other department budget under runs. The overall expenditures for the General Fund was \$107,860 less than the budget amount.

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

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund:	
Grants	\$ (24,529)

**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 as follows:

Governmental Activities	<u>\$ 4,165,136</u>
-------------------------	---------------------

The City 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.

Interest income earned on pooled cash and investments is allocated quarterly to the General Fund based on average daily cash balances.

**Deposits**

At June 30, 2010, the carrying amount of the City's deposits was \$2,640,406 and the bank balance was \$3,159,501. The \$519,095 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 Section 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.

## CITY OF WILDOMAR

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

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#### 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:

- Securities of the U.S. Government
- Securities of U.S. Government Agencies
- City, State and Municipal Bonds
- Time Deposits and Certificates of Deposit
- Negotiable Certificates of Deposit
- Bankers Acceptance Notes
- Commercial Paper
- Repurchase Agreements
- Money Market Mutual Funds
- Local Agency Investment Fund (LAIF)
- Joint Powers Authority Investment Pools

##### 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.

##### 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

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

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

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 diversifies its investments by security type, institution and maturity/call dates. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio can be invested in a single security type or with a single financial institution.

**Interest Rate Risk**

The City's investment policy investment maturities to five years, unless matched to a specific cash flow. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2010, the City had the following investments and remaining maturities:

	Investment Maturities (in Years)	
	Less Than 1	Fair Value
California Local Agency Investment Fund	<u>\$ 1,524,730</u>	<u>\$ 1,524,730</u>

**CITY OF WILDOMAR**

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

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**Note 4: Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 713,489	\$ -	\$ -	\$ 713,489
Right-of-way	128,000	-	-	128,000
Total Capital Assets, Not Being Depreciated	841,489	-	-	841,489
Capital assets, being depreciated:				
Buildings and improvements	6,526,256	-	-	6,526,256
Furniture, fixtures and equipment	11,765	-	-	11,765
Infrastructure	36,285,648	-	-	36,285,648
Total Capital Assets, Being Depreciated	42,823,669	-	-	42,823,669
Less accumulated depreciation:				
Buildings and improvements	435,084	217,542	-	652,626
Furniture, fixtures and equipment	1,177	2,353	-	3,530
Infrastructure	28,387,506	1,279,717	-	29,667,223
Total Accumulated Depreciation	28,823,767	1,499,612	-	30,323,379
Total Capital Assets, Being Depreciated, Net	13,999,902	(1,499,612)	-	12,500,290
Governmental Activities				
Capital Assets, Net	\$ 14,841,391	\$ (1,499,612)	\$ -	\$ 13,341,779

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

Governmental Activities:	
General government	\$ 2,353
Parks and recreation	217,542
Public works	1,279,717
Total Depreciation Expense - Governmental Activities	\$ 1,499,612

**Note 5: Deposits Receivable**

Deposits receivable are shown net of applicable allowances for doubtful accounts. The accounts receivable and respective allowances are as follows:

	Gross Receivable	Allowance For Doubtful Accounts	Net Receivable
Deposits Receivable	\$ 285,892	\$ (77,248)	\$ 208,644

**CITY OF WILDOMAR****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010****Note 6: Long-Term Liabilities**

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

	Beginning Balance	Additions	Deductions	Ending Balance	Within One Year
Loan from County	\$ 1,777,620	\$ -	\$ -	\$ 1,777,620	\$ -
Matured unpaid interest	-	71,105	-	71,105	-
Total County loan	1,777,620	71,105	-	1,848,725	
Compensated absences	1,658	13,060	613	14,105	5,215
<b>Total Long-Term Liabilities</b>	<b>\$ 1,779,278</b>	<b>\$ 84,165</b>	<b>\$ 613</b>	<b>\$ 1,862,830</b>	<b>\$ 5,215</b>

**Loan from County**

As part of the Comprehensive Fiscal Analysis prepared as part of the formation documents for the City, the County of Riverside (County) and other servicing agencies were to provide municipal level services during the transition year (July 1, 2009 through June 30, 2010). The County was to receive certain revenues on behalf of the City and apply them to the payment that would otherwise be necessary for providing those services. However, the County is allowed under law to require the City to pay back the overall net cost of providing these services. The amount is to be repaid by June 30, 2013, with interest of 4%; however there is no set repayment schedule. The outstanding balance at June 30, 2010, including matured unpaid interest of \$71,105, is \$1,848,725.

**Note 7: Interfund Receivable, Payable and Transfers****a. Due To / From Other Funds**

	Due To Other Funds
	Other Governmental Funds
<b>Due From Other Funds:</b>	
General Fund	<b>\$ 43,830</b>

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

**b. Interfund Transfers**

Transfers In:	Transfer Out:				Total	
	Development		Other	Governmental Funds		
	Gas Tax	Impact Fees				
General Fund	\$ 68,000	\$ 10,000	\$ 171,573	\$ 249,573		

During the year, interfund transfers were made to the General Fund for the purposes of financing administrative costs.

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

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**Note 8: Fund Balance and Net Assets**

Beginning fund balance and net assets were restated as follows:

Major governmental funds:

General Fund:

To recognize developer revenues received in the prior year	\$ 112,310
Total Fund Balance and Net Asset Restatements	\$ <u>112,310</u>

**Note 9: Pension Plan****Plan Description**

The City 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 located at 400 P Street, Sacramento, California 95814.

**Funding Policy**

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 11.694% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**Annual Pension Cost**

For fiscal year 2009-2010, the City's annual pension cost of \$68,028 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the October 31, 2009, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 4,245	100%	\$ -
6/30/10	68,028	100%	-

\*Information for the one proceeding year is not available because the City became a member during the fiscal year ended June 30, 2009.

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

## **CITY OF WILDOMAR**

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

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

The City participates 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. 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 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.

#### **Note 10: Risk Management**

The City is self-insured for the first \$5,000 on each general liability claim. The City has no self-insured retention for workers' compensation liability claims. The insurance coverage in excess of the self-insured amount is provided by the Public Agency Risk Sharing Authority of California (PARSAC) up to a limit of \$1,000,000 for general liability and \$500,000 for workers' compensation. Losses that exceed \$1,000,000 for general liability and \$500,000 for workers' compensation are covered via the CSAC Excess Insurance Authority up \$28,000,000 and \$45,000,000, respectively.

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. The City funds all claims payable, including those incurred but not reported, in the yearly deposit it pays to PARSAC, except for its self-insured retention.

Effective July 1, 2008, the City became a member of the PARSAC, a public entity risk pool currently operating as a common risk management and insurance program for 37 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the PARSAC provides that the pool will be self-sustaining through member premiums.

The PARSAC will publish its own financial report for the year ended June 30, 2010, which can be obtained from Public Agency Risk Sharing Authority of California, Sacramento, California.

In addition, the City purchases crime insurance coverage in the amount of \$1,000,000 with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

As of June 30, 2010, the City did not have any significant claims liability; therefore, no accrual was required.

#### **Note 11: Contingencies**

As part of the Comprehensive Fiscal Analysis prepared as part of the formation documents for the City, the County of Riverside (County) approved a revenue augment to be paid to the City annually. The payments were developed utilizing the net county savings calculated under the revenue neutrality calculation for the base year FY 05/06, with a 3% annual inflation rate applied. The County also stipulates that if revenues for sales tax exceed those projected for a given fiscal year in the ten year fiscal model in the Comprehensive Fiscal Analysis, then the county augment would be reduced by the same amount of the excess for that fiscal year.

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

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**Note 11: Contingencies (Continued)**

Augment payments were estimated in the Comprehensive Fiscal Analysis as follows:

Fiscal Year	Amount
2010-2011	\$ 252,408
2011-2012	259,609
2012-2013	267,397
2013-2014	275,419
2014-2015	283,682
2015-2016	292,192
2016-2017	300,958
2017-2018	309,987
 Total	 <u>\$ 2,241,652</u>

Due to the uncertainty of the amount to be paid, these revenues will be recognized when received.

In June 2010, the Fourth District Court of Appeal ruled that cash may not be transferred to the City by the County in the form of an augmentation payment. The County agreed to provide law enforcement services up to the amount of the augmentation payment for each fiscal year. On October 13, 2010, the City passed a resolution requesting the County provide law enforcement services up to the dollar value of the augmentation payment.

**Note 12: 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.

**Note 13: Subsequent Events**

On September 20, 2010, the State's Supreme Court denied hearing an appeal, ruling to remove the assessment funding for the City's park operations. The court case had been ongoing between the County of Riverside and the plaintiff prior to the City's incorporation date of July 1, 2008. Responsibility and ownership of the 3 parks, totaling just over 11 acres, was transferred to the City on June 30, 2009. The funding for maintenance of the parks came from a property assessment of \$28 per parcel. The annual total revenue generated from the 6,858 parcels of the 12,499 total city parcels is \$192,024. The City immediately took action at the October 13, 2010, City Council meeting to develop a new funding strategy for the maintenance of the parks.

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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CITY OF WILDOMAR

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds				
	Air Quality Management District	Traffic Congestion Relief			
		Measure A			Grants
<b>Assets:</b>					
Pooled cash and investments	\$ 60,462	\$ 396,054	\$ 208,032	\$	-
Receivables:					
Accounts, grants, and taxes	9,524	117,322	79,905		24,529
<b>Total Assets</b>	<b>\$ 69,986</b>	<b>\$ 513,376</b>	<b>\$ 287,937</b>	<b>\$</b>	<b>24,529</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 1,003	\$ 104,190	\$ 6,472	
Deferred revenues	-	-	-		24,529
Due to other funds	-	-	-		18,057
<b>Total Liabilities</b>	<b>-</b>	<b>1,003</b>	<b>104,190</b>	<b></b>	<b>49,058</b>
<b>Fund Balances:</b>					
Undesignated	69,986	512,373	183,747		(24,529)
<b>Total Fund Balances</b>	<b>69,986</b>	<b>512,373</b>	<b>183,747</b>	<b></b>	<b>(24,529)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 69,986</b>	<b>\$ 513,376</b>	<b>\$ 287,937</b>	<b>\$</b>	<b>24,529</b>

**CITY OF WILDOMAR**

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

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>		<b>Total Governmental Funds</b>
	<b>SLESF</b>	<b>County Service Area</b>		
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 375,459	\$ 1,040,007	
Receivables:				
Accounts, grants, and taxes	25,773	8,744	265,797	
<b>Total Assets</b>	<b>\$ 25,773</b>	<b>\$ 384,203</b>	<b>\$ 1,305,804</b>	
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 41,540	\$ 153,205	
Deferred revenues	-	-	24,529	
Due to other funds	25,773	-	43,830	
<b>Total Liabilities</b>	<b>25,773</b>	<b>41,540</b>	<b>221,564</b>	
<b>Fund Balances:</b>				
Undesignated	-	342,663	1,084,240	
<b>Total Fund Balances</b>	<b>-</b>	<b>342,663</b>	<b>1,084,240</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,773</b>	<b>\$ 384,203</b>	<b>\$ 1,305,804</b>	

CITY OF WILDOMAR

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

	Special Revenue Funds			
	Air Quality Management District	Traffic Congestion Relief		
		Measure A	Grants	
<b>Revenues:</b>				
Intergovernmental	\$ 35,464	\$ 380,106	\$ 284,706	\$ -
Use of money and property	114	1,288	666	-
<b>Total Revenues</b>	<b>35,578</b>	<b>381,394</b>	<b>285,372</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	24,529
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	803	345,105	365,170	-
<b>Total Expenditures</b>	<b>803</b>	<b>345,105</b>	<b>365,170</b>	<b>24,529</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,775	36,289	(79,798)	(24,529)
<b>Other Financing Sources (Uses):</b>				
Transfers out	(800)	(70,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(800)</b>	<b>(70,000)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	33,975	(33,711)	(79,798)	(24,529)
Fund Balances, Beginning of Year	36,011	546,084	263,545	-
<b>Fund Balances, End of Year</b>	<b>\$ 69,986</b>	<b>\$ 512,373</b>	<b>\$ 183,747</b>	<b>\$ (24,529)</b>

CITY OF WILDOMAR

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

	Special Revenue Funds	Capital Projects Funds		Total Governmental Funds
		County Service Area		
	SLESF	County Service Area		
<b>Revenues:</b>				
Intergovernmental	\$ 100,773	\$ 820,302	\$ 1,621,351	
Use of money and property	-	714	2,782	
<b>Total Revenues</b>	<b>100,773</b>	<b>821,016</b>	<b>1,624,133</b>	
<b>Expenditures:</b>				
Current:				
General government	-	-	24,529	
Community development	-	196,925	196,925	
Parks and recreation	-	21,667	21,667	
Public works	-	252,633	963,711	
<b>Total Expenditures</b>	<b>-</b>	<b>471,225</b>	<b>1,206,832</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,773	349,791	417,301	
<b>Other Financing Sources (Uses):</b>				
Transfers out	(100,773)	-	(171,573)	
<b>Total Other Financing Sources (Uses)</b>	<b>(100,773)</b>	<b>-</b>	<b>(171,573)</b>	
Net Change in Fund Balances	-	349,791	245,728	
Fund Balances, Beginning of Year	-	(7,128)	838,512	
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 342,663</b>	<b>\$ 1,084,240</b>	

**CITY OF WILDOMAR**

**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	\$ 36,011	\$ 36,011	\$ 36,011	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	11,000	17,200	35,464	18,264
Use of money and property	100	100	114	14
<b>Amounts Available for Appropriation</b>	<b>47,111</b>	<b>53,311</b>	<b>71,589</b>	<b>18,278</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	22,000	-	803	(803)
Transfers out	-	-	800	(800)
<b>Total Charges to Appropriations</b>	<b>22,000</b>	<b>-</b>	<b>1,603</b>	<b>(1,603)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 25,111</b>	<b>\$ 53,311</b>	<b>\$ 69,986</b>	<b>\$ 16,675</b>

**CITY OF WILDOMAR**

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

				<b>Variance with Final Budget</b>
		<b>Budget Amounts</b>	<b>Actual Amounts</b>	<b>Positive (Negative)</b>
		<b>Original</b>	<b>Final</b>	<b>\$</b>
Budgetary Fund Balance, July 1		\$ 546,084	\$ 546,084	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental		500,000	348,000	32,106
Use of money and property		-	1,000	1,288
		<b>1,046,084</b>	<b>895,084</b>	<b>32,394</b>
<b>Amounts Available for Appropriation</b>				
<b>Charges to Appropriation (Outflow):</b>				
Public works		413,000	359,000	13,895
Capital outlay		-	536,000	536,000
Transfers out		-	-	70,000
		<b>413,000</b>	<b>895,000</b>	<b>479,895</b>
<b>Total Charges to Appropriations</b>				
<b>Budgetary Fund Balance, June 30</b>		<b>\$ 633,084</b>	<b>\$ 84</b>	<b>\$ 512,373</b>
				<b>\$ 512,289</b>

**CITY OF WILDOMAR**

**BUDGETARY COMPARISON SCHEDULE**  
**TRAFFIC CONGESTION RELIEF**  
**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	\$ 263,545	\$ 263,545	\$ 263,545	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	232,000	233,000	284,706	51,706
Use of money and property	1,000	-	666	666
<b>Amounts Available for Appropriation</b>	<b>496,545</b>	<b>496,545</b>	<b>548,917</b>	<b>52,372</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	399,800	-	365,170	(365,170)
<b>Total Charges to Appropriations</b>	<b>399,800</b>	<b>-</b>	<b>365,170</b>	<b>(365,170)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 96,745</b>	<b>\$ 496,545</b>	<b>\$ 183,747</b>	<b>\$ (312,798)</b>

**CITY OF WILDOMAR**

**BUDGETARY COMPARISON SCHEDULE  
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	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
<b>Amounts Available for Appropriation</b>	-	-	-	-
<b>Charges to Appropriation (Outflow):</b>				
General government	-	100	24,529	(24,429)
<b>Total Charges to Appropriations</b>	-	<b>100</b>	<b>24,529</b>	<b>(24,429)</b>
Budgetary Fund Balance, June 30	<b>\$ -</b>	<b>\$ (100)</b>	<b>\$ (24,529)</b>	<b>\$ (24,429)</b>

**CITY OF WILDOMAR**

**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	-	-	100,773	100,773
<b>    Amounts Available for Appropriation</b>	<b>-</b>	<b>-</b>	<b>100,773</b>	<b>100,773</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	100	-	100
Transfers out	-	-	100,773	(100,773)
<b>    Total Charges to Appropriations</b>	<b>-</b>	<b>100</b>	<b>100,773</b>	<b>(100,673)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ (100)</b>	<b>\$ -</b>	<b>\$ 100</b>

**CITY OF WILDOMAR**

**BUDGETARY COMPARISON SCHEDULE  
COUNTY SERVICE AREA  
YEAR ENDED JUNE 30, 2010**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Positive (Negative)</b>
Budgetary Fund Balance, July 1	\$ (7,128)	\$ (7,128)	\$ (7,128)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	409,424	820,302	410,878
Use of money and property	-	600	714	114
<b>Amounts Available for Appropriation</b>	<b>(7,128)</b>	<b>402,896</b>	<b>813,888</b>	<b>410,992</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	183,200	196,925	(13,725)
Parks and recreation	-	46,300	21,667	24,633
Public works	-	205,100	252,633	(47,533)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>434,600</b>	<b>471,225</b>	<b>(36,625)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (7,128)</b>	<b>\$ (31,704)</b>	<b>\$ 342,663</b>	<b>\$ 374,367</b>

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## Statistical Section

This section of the City of Wildomar'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. As a newly incorporated City, information relative to the exact city boundaries prior to incorporation is not readily available in most cases. Therefore trend information will be developed over time and reported annually.

- 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.

- Ratio of Outstanding Debt by type
- Direct and Overlapping Governmental Activities
- Legal Debt Margin

**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 to help comparisons over time and with other governments

- Demographic and Economic Statistics
- Principal Employers
- Full-time Equivalent City Government Employees by Function/Program

**Operating Information** - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information related to the services the City provides and the activities it performs.

- Operating Indicators by Function/ Program
- Capital Asset Statistics by Function/Program
- Miscellaneous Statistics

Sources: Unless otherwise noted, the information in these schedules is derived from various internal and other governmental and non-governmental sources where reliability of the data could be ascertained.

**CITY OF WILDOMAR****Net Assets by Component****(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>	
	<b>2010</b>	<b>2009</b>
<b>Governmental Activities</b>		
Invested in Capital Assets, Net of Related Debt	\$ 13,341,779	\$ 14,841,391
Restricted for:		
Community Development Projects	617,689	76,322
Public Works	1,763,914	1,284,148
Unrestricted	(818,416)	(494,416)
<b>Total Governmental Activities Net Assets</b>	<b><u>\$ 14,904,966</u></b>	<b><u>\$ 15,707,445</u></b>
<b>Primary Government</b>		
Invested in Capital Assets, Net of Related Debt	\$ 13,341,779	\$ 14,841,391
Restricted for:		
Community Development Projects	617,689	76,322
Public Works	1,763,914	1,284,148
Unrestricted	(818,416)	(494,416)
<b>Total Primary Government Activities Net Assets</b>	<b><u>\$ 14,904,966</u></b>	<b><u>\$ 15,707,445</u></b>

The City was incorporated in fiscal year 2008-2009. No information prior to that year is available.

Source: City Finance Department

**CITY OF WILDOMAR**  
**Changes in Net Assets**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year</b>	
	<b>2010</b>	<b>2009</b>
<b>EXPENSES</b>		
Governmental Activities:		
General Government	\$ 1,798,566	\$ 2,156,911
Public Safety	5,378,962	5,547,480
Community Development	1,786,894	1,501,865
Parks and Recreation	341,458	463,746
Public Works	2,741,040	29,440,843
Interest on long-term debt	71,105	-
Total Governmental Activities Expenses	<b>\$ 12,118,025</b>	<b>\$ 39,110,845</b>
<b>PROGRAM REVENUES</b>		
Governmental Activities:		
Charges for Services:		
General Government	71,195	1,633
Public Safety	-	26,893
Community Development	786,747	307,833
Parks and Recreation	7,387	-
Total Charges for Services	<b>865,329</b>	<b>336,359</b>
Operating Contributions and Grants:		
General Government	269,235	237,579
Public Safety	100,773	-
Community Development	871,513	884,216
Public Works	2,231,390	1,572,871
Total Operating Contributions and Grants	<b>3,472,911</b>	<b>2,694,666</b>
Capital Contributions and Grants:		
Public Works	-	43,653,393
Total Capital Contributions and Grants	<b>-</b>	<b>43,653,393</b>
Total Governmental Activities Program Revenue	<b>4,338,240</b>	<b>46,684,418</b>
<b>TOTAL NET REVENUES (EXPENSES)</b>	<b>(7,779,785)</b>	<b>7,573,573</b>
<b>GENERAL REVENUES AND OTHER CHARGES IN NET ASSETS</b>		
Governmental Activities:		
Taxes:		
Property Taxes, levied for general purpose	2,743,768	3,589,773
Sales Taxes	1,096,907	1,295,785
Franchise Taxes	591,706	520,290
Business Licenses Taxes	12,525	6,390
Other Taxes	99,456	130,518
Motor Vehicle in Lieu	2,226,922	2,555,318
Use of Money and Property	9,682	20,403
Other	84,030	15,395
Total Governmental Activities	<b>6,864,996</b>	<b>8,133,872</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (914,789)</b>	<b>\$ 15,707,445</b>

The City was incorporated in fiscal year 2008-2009. No information prior to that year is available.

Source: City Finance Department

**CITY OF WILDOMAR**  
**Fund Balances of Governmental Funds**  
**(Modified Accrual Basis of Accounting)**

	<b>Fiscal Year</b>	
	<b>2010</b>	<b>2009</b>
<b>GENERAL FUND</b>		
Reserved	\$ -	\$ -
Unreserved	1,044,414	1,276,268
<b>Total General Fund</b>	<b>\$ 1,044,414</b>	<b>\$ 1,276,268</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>		
Reserved:		
Encumbrances	\$ -	\$ -
Debt Service	-	-
Self Insurance	-	-
Unreserved:		
Unreserved, Reported in Nonmajor,		
Special Revenue Funds	741,577	375,878
Capital Projects Funds	342,663	(7,128)
Undesignated	1,272,834	984,592
<b>Total All Other Governmental Funds</b>	<b>\$ 2,357,074</b>	<b>\$ 1,353,342</b>

The City was incorporated in fiscal year 2008-2009. No information prior to that year is available.

Source: City Finance Department

**CITY OF WILDOMAR**  
**Changes in Fund Balances of Governmental Funds**  
**(Modified Accrual Basis of Accounting)**

	<b>Fiscal Year</b>	
	<b>2010</b>	<b>2009</b>
<b>REVENUES</b>		
Taxes	\$ 4,544,362	\$ 5,542,756
Licenses and Permits	71,195	28,526
Intergovernmental	4,559,085	4,128,189
Charges for Services	132,672	82,583
Use of Money and Property	9,682	20,403
Fines and Forfeitures	111,619	149,272
Contributions	244,706	237,579
Developer Participation	1,437,078	944,472
Miscellaneous	84,030	15,395
<b>Total Revenues</b>	<b>11,194,429</b>	<b>11,149,175</b>
<b>EXPENDITURES</b>		
Current:		
General Government	1,783,766	2,154,076
Public Safety	5,378,962	5,547,480
Community Development	1,786,894	1,501,865
Parks and Recreation	123,916	28,662
Public Works	1,461,323	1,053,337
Capital Outlay	-	11,765
<b>Total Expenditures</b>	<b>10,534,861</b>	<b>10,297,185</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>659,568</b>	<b>851,990</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	249,573	-
Transfers Out	(249,573)	-
Other Debts Issued	-	1,777,620
<b>Total Other Financing Sources (Uses)</b>	<b>659,568</b>	<b>1,777,620</b>
<b>Net Change in Fund Balances/ Net Assets</b>	<b>659,568</b>	<b>2,629,610</b>
Fund Balances, Beginning of Year	2,629,610	-
Restatements	112,310	-
Fund Balances, Beginning of Year, as restated	2,741,920	-
Fund Balances, End of Year	<b>\$ 3,401,488</b>	<b>\$ 2,629,610</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES</b>	<b>0.00%</b>	<b>0.00%</b>

The City was incorporated in fiscal year 2008-2009. No information prior to that year is available.

Source: City Finance Department

**CITY OF WILDOMAR****Assessed Value and Estimated Actual Value of Taxable Property**

<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 Rate</b>
2010	\$ 1,860,505,078	\$ 321,084,647	\$ 257,455,490	\$ (4,968,321)	\$ 2,434,076,894	0.06575

In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the purchase price of the property sold. 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.

The City was incorporated in fiscal year 2008-2009. Only fiscal year 2009-2010 information is available.

Source: The HdL Companies

**CITY OF WILDOMAR**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of Taxable Value)**

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<b>Agency</b>	<b>Fiscal Year</b>	
	<b>2010</b>	<b>2009</b>
Basic Levy*	1.00000	-
Menifee School	0.03254	-
Metropolitan Water Dist Orginal Area	0.00430	-
Perris Union High School	0.02686	-
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.06370</b>	-
<b>City's Share of 1% Levy Per Prop 13</b>	<b>0.05800</b>	-
<b>Total Direct Rate</b>	<b>0.06575</b>	-

\* In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies in 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.

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.

The City was incorporated in fiscal year 2008-2009. Only fiscal year 2009-2010 information is available.

Source: The HdL Companies

**CITY OF WILDOMAR**  
**Principal Property Tax Payers**

Taxpayer	2010			2009		
	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WNRA Wildomar	\$ 46,638,000	1	1.91%	\$ -	1	0.00%
Universal Health Realty Income Trust	34,228,288	2	1.40%	-	2	0.00%
LG Oak Creek	31,295,023	3	1.28%	-	3	0.00%
Wildomar Industrial Park	19,591,813	4	0.80%	-	4	0.00%
First Citizens Bank and Trust	16,957,999	5	0.70%	-	5	0.00%
Naples Plaza Limited	16,433,894	6	0.67%	-	6	0.00%
Oak Springs Ranch	15,549,900	7	0.64%	-	7	0.00%
MCW RC California Bear Creek Village	13,712,235	8	0.56%	-	8	0.00%
Inland Valley Medical Partners	13,583,460	9	0.56%	-	9	0.00%
Stonebridge Medical Center	12,413,863	10	0.51%	-	10	0.00%
<b>Totals</b>	<b>\$ 220,404,475</b>		<b>9.03%</b>	<b>\$ -</b>		<b>0.00%</b>

The City was incorporated in fiscal year 2008-2009. Only fiscal year 2009-2010 information is available.

Source: The HdL Companies

**CITY OF WILDOMAR****Property Tax Levies and Collections**

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<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Total Tax Collections</b>
		<b>Amount</b>	<b>Percentage of Levy</b>		
2009	\$ -	\$ 3,589,773	0.0%	\$ -	
2010	\$ 3,015,396	\$ 2,721,827	90.3%	\$ -	

The City was incorporated during the fiscal year 2008-2009. No information prior to that year is available.

The City was not on the tax rolls until fiscal year 2009-2010, therefore there is no total tax levy. However, the City still received its portion of property tax collections from Riverside County.

Source: County of Riverside

**CITY OF WILDOMAR****Ratios of Outstanding Debt by Type**

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	County Repayment <sup>(1)</sup>	Total Governmental Activities	% of Actual Assessed Value of Property <sup>(2)</sup>	Per Capita
2009	\$ -	\$ -	\$ -	\$ 1,777,620	\$ 1,777,620	0.00%	\$ 57.94
2010	-	-	-	1,848,725	1,848,725	0.08%	59.03

<sup>(1)</sup> County Repayment is not a bonded debt

<sup>(2)</sup> Assessed value used because actual value of taxable property not readily available in the state of California.

The City was incorporated during fiscal year 2008-2009. No information prior to that year is available.

Source: City Finance Department

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

<b>2009-2010 Assessed Valuation</b>	\$ 2,439,947,211		
Incremental Valuation	253,226,565		
<b>Adjusted Assessed Valuation</b>	<b>\$ 2,186,720,646</b>		
<hr/>			
<b>Overlapping Tax and Assessment Debt</b>			
Metropolitan Water District	\$ 255,075,000	0.121%	\$ 308,641
Perris Union High School District	56,172,260	0.336%	188,739
Menifee Union School District	45,408,922	0.545%	247,479
Lake Elsinore Unified School District Community Facilities District No. 2005-7	3,805,000	100%	3,805,000
Elsinore Valley Municipal Water District Community Facilities District No. 2004-1	2,130,000	100%	2,130,000
<b>Total Overlapping Tax and Assessment Debt</b>			
			<b>\$ 6,679,859</b>

**Overlapping General Fund Debt**

Riverside County General Funds Obligation	\$ 736,427,761	1.440%	\$ 10,604,560
Riverside County Pension Obligations	375,100,000	1.440%	5,401,440
Riverside County Board of Education Certificates of Participation	7,240,000	1.440%	104,256
Mount San Jacinto Community College District General Funds Obligations	12,470,000	3.790%	472,613
Lake Elsinore Unified School District Certificates of Participation	38,895,000	30.230%	11,757,959
Perris Union High School District General Fund Obligation	32,440,000	0.336%	108,998
Menifee Union School District Certificates of Participation	6,600,000	0.545%	35,970
Ortega Trail Recreation and Park District Certificates of Participation	210,000	14.426%	30,295
<b>Total Gross Overlapping General Fund Debt</b>			
Less: Riverside County Supported Obligations			
			<b>\$ 28,516,091</b>
			<b>217,764</b>
<b>Total Net Overlapping General Fund Debt</b>			
			<b>\$ 28,298,327</b>

**Direct Debt**

<b>City Of Wildomar</b>	<b>\$0</b>	<b>100%</b>	<b>\$0</b>
<hr/>			
<b>Gross Combined Total Debt</b>			
<b>Net Combined Total Debt</b>			
			<b>\$ 35,195,950</b>
			<b>\$ 34,978,186</b>

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

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

The City was incorporated during fiscal year 2008-2009. No information prior to that year is available.

**Debt to Assessed Valuation Ratios**

Direct Debt	0.00%
Overlapping Tax and Assessed Debt	0.27%

**Ratios to Adjusted Assessed Valuation**

Gross Combined Total Debt	1.61%
Net Combined Total Debt	1.60%

**State School Building Aid Repayable as of 6/30/10**

Source: California Municipal Statistics

**CITY OF WILDOMAR**  
**Legal Debt Margin Information**  
(dollars in thousands)

	<b>2010</b>	<b>2009</b>
Assessed Valuation	\$ 2,434,076,894	\$ -
Debt Limit Percentage	15%	15%
Debt Limit	\$ 365,111,534	-
Total Net Debt Applicable to Limit General Obligation Bonds:	-	-
Legal Debt Margin	<u>\$ 365,111,534</u>	<u>\$ -</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%

Section 43605 of The Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of Wildomar has no general obligation bond indebtedness.

The City was incorporated in fiscal year 2008-2009. Only fiscal year 2009-2010 information is available.

Source: City Finance Department, The HdL Companies

**CITY OF WILDOMAR**  
**Demographic and Economic Statistics**

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Calendar Year	Population	Personal Income (thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2009	31,374	\$ 673,738	\$ 21,474	12%	37.9	79.7%	13.3%
2010	-	-	-	-	-	0.0%	0.0%

The City was incorporated in fiscal year 2008-2009. Only fiscal year 2008-2009 information is available.

Source: The HdL Companies, California Employment Development Department

**CITY OF WILDOMAR**  
**Principal Employers**

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<b>Employer</b>	<b>2009</b>			<b>2008</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Inland Valley Medical Center	600	1	17.91%	600	1	17.36%
Lake Elsinore Unified School District	430	2	12.84%	430	2	12.44%
FCP INC	150	3	4.48%	150	3	4.34%
Stater Bros Markets	100	4	2.99%	100	4	2.89%
P K Mechanical Systems	85	5	2.54%	85	5	2.46%
Albertson's	80	6	2.39%	80	6	2.31%
Jack in the Box	60	7	1.79%	60	7	1.74%
Coldwell Banker	55	8	1.64%	56	8	1.62%
Mc Donald's	50	9	1.49%	50	9	1.45%
Cornerstone Community Church & School	45	10	1.34%	45	10	1.30%
<b>Total of Top Employers</b>	<b><u>1655</u></b>		<b><u>49.41%</u></b>	<b><u>1656</u></b>		<b><u>47.91%</u></b>

The City was incorporated in fiscal year 2008-2009. No information prior to that year is available.

Source: The HdL Companies

**CITY OF WILDOMAR****Full-Time Equivalent City Government Employees by Function/Program****As of June 30, 2010**

<b>Function</b>	<b>2010</b>	<b>2009</b>
City Manager		
Full- Time Equiv	1	0
City Clerk		
Full- Time Equiv	1	0
Administrative Services		
Full- Time Equiv	1	0
Community Development		
Full- Time Equiv	0	0
Engineering/ Pub. Works		
Full- Time Equiv	0	0
Building/Safety		
Full- Time Equiv	0	0
Community Services		
Full- Time Equiv	0	0
<b>TOTAL</b>	<b>3</b>	<b>0</b>

All City employees with the exception of City Manager, City Clerk and Administrative Services were contract during fiscal year 2009-2010. There were no city employees in fiscal year 2008-2009.

The City was incorporated in fiscal year 2008-2009. No information prior to that year is available.

Source: City Finance Department

**CITY OF WILDOMAR**  
**Operating Indicators by Function/ Program**

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<b>Function</b>	<b>2010</b>	<b>2009</b>
Police Services		
Calls for Service	8740	8684
DUI Arrests	53	78
Traffic Citations	233	1267
Public Works		
Street Resurfacing	0	N/A
Right of Way Clearing (Square Feet)	21,600	N/A
Traffic Signs Installed	78	N/A
Drain Inlets Cleaned	300	N/A
Building & Safety		
Building Permits Issued	151	232
Building Inspections Completed	4,032	N/A
Community Development		
Planning Applications Completed	50	39
Community Services		
Community Events Attendance	13,000	6,630

The City was incorporated in fiscal year 2008-2009. No information prior to that is available

Source: City Finance Department, City Community Development Department, City Building Department, City Police Services Department, City Public Works Department.

**CITY OF WILDOMAR**  
**Capital Asset Statistics by Function/Program**

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<b>Function</b>	<b>2010</b>	<b>2009</b>
Public Works		
Streets (miles)		
Paved	112	N/A
Unpaved	6	N/A
Traffic Signals	19	N/A
Community Services		
Parks	3	3
Park Acreage	13.88	13.88

The City was incorporated in fiscal year 2008-2009. No information prior to that is available.

Source: City Public Works Department, Community Services Department

**CITY OF WILDOMAR**  
**Miscellaneous Statistics**  
**As of June 30, 2010**

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Geographic Location	Wildomar is located along Interstate 15 in Riverside County.
Population	31,374
Area in Square Miles	24
Form of Government	Council-Manager
Date of Incorporation	July, 1 2008
Number of Full Time Employees	3
Public Safety:	
Police Department	Under contract with the Riverside County Sheriff's Department
Fire Department	Under contract with the Riverside County Sheriff's Department
Library	1 branch, Riverside County Library System
Recreation:	3 Parks owned by the City
Schools:	
Elementary	4
Middle Schools	1
High Schools	1

Source: City Finance Department