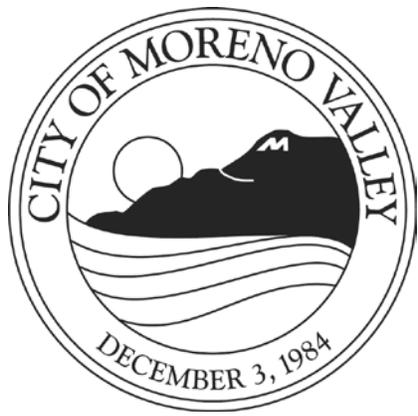




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY:
THE FINANCIAL & ADMINISTRATIVE SERVICES DEPARTMENT



**City of Moreno Valley
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010**

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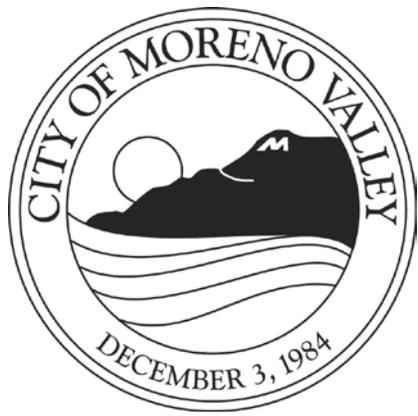
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Introductory Section



March 28, 2011

To the Honorable Mayor, Members of the City Council and Citizens of the City of Moreno Valley:

On behalf of the City Manager, Management Team and City Staff, it is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Moreno Valley (the City) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been 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.

The City's financial statements have been audited by Mayer Hoffman McCann, P.C., a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing the Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

Profile of the City of Moreno Valley

The City of Moreno Valley was incorporated on December 3, 1984. It is centrally located in Southern California, 66 miles east of Los Angeles and 100 miles north of San Diego. The City encompasses approximately 50 square miles of land area in western Riverside County and with a population estimate of 191,754, continues to be the second largest city in Riverside County. Though it has slowed because of the economy, the City's population continues to grow.

The City operates under the council-manager form of government with a five-member council elected by district for four-year overlapping terms. Each year the council elects the mayor for a one-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a wide range of services, which include general government, public safety (police, fire, code enforcement, animal control services, disaster preparedness, and school crossing guards), construction and maintenance of highways and streets, economic development, library, an electric utility which primarily serves the newly developed areas of the City, parks, and a wide range of recreation programs. In addition to general City activities, the Council is financially accountable for the Community Redevelopment Agency of the City of Moreno Valley, the Moreno Valley Community Services District, the Moreno Valley Public Financing Authority, and the Moreno Valley Public Facilities Financing Corporation. These entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1a of the Notes to Basic Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review in April/May of each year. The Council holds a series of public meetings on the proposed budget, and generally adopts a final budget no later than June 30th. The City's fiscal year is July 1st through June 30th. The appropriated budget is prepared by fund, department and program, and is controlled at the department level. The City Manager can approve transfers between programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The budget-to-actual comparisons for the general fund and the major governmental funds can be found in the Basic Financial Statements section of this report. The budget-to-actual comparisons for the non-major governmental funds can be found in the Non-Major governmental funds section of this report.

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 Moreno Valley operates.

Local economy. The City of Moreno Valley is located in the Inland Empire, which consists of Riverside and San Bernardino Counties. The Inland Empire had experienced a vibrant economic environment from the mid 90's to mid 2000's, and during this period the City experienced strong residential and commercial growth. With the current economic situation, the growth rate has slowed considerably.

For six years, from 2002 to 2008, the City experienced double-digit growth in many of the key factors that generate revenue for the City. During this six-year period assessed valuations of property increased by 136%. However, during fiscal year 2007-08 the City began to see the developing weakness in the economy that is now evident on a national basis. Assessed valuations of property decreased in Moreno Valley in FY 2009-10 and are expected to continue their decline through fiscal year 2010-11. For FY 2011-12 and the following few years, the regions are expected to see flat to moderate levels of growth in assessed valuations.

Long-term financial planning. Each year as part of the budget process, the City prepares a five-year financial plan for the general fund and updates the five-year capital improvement plan (CIP). The five-year financial plan includes the adopted budget plus four years of projections, which provides Council with the expected results of operations based on their budget policy decisions and assumptions about future revenues and expenditures. The five-year capital improvement plan includes all capital projects and identifies the timing of the project as well as the funding source. The first year of the CIP represents the capital expenditure budget for the City.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moreno Valley for its comprehensive annual financial report (CAFR) for the year ended June 30, 2009. This was the twelfth consecutive year that the City has received this prestigious award. The City received the award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe that our CAFR continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial & Administrative Services Department and especially the Financial and Treasury Operations Divisions. I would like to express my appreciation to all members of the divisions who assisted and contributed to its preparation. Credit also must be given to other City departments for their assistance and the City Council for their continuous support for maintaining the highest standards of professionalism in the management of the City of Moreno Valley's finances.

Lastly, I would like to thank the City's independent auditors, Mayer Hoffman McCann, for their assistance in preparing this important financial document.

Respectfully submitted,



Richard Teichert
Financial & Administrative Services Director

CITY OF MORENO VALLEY

MUNICIPAL OFFICIALS

June 30, 2010

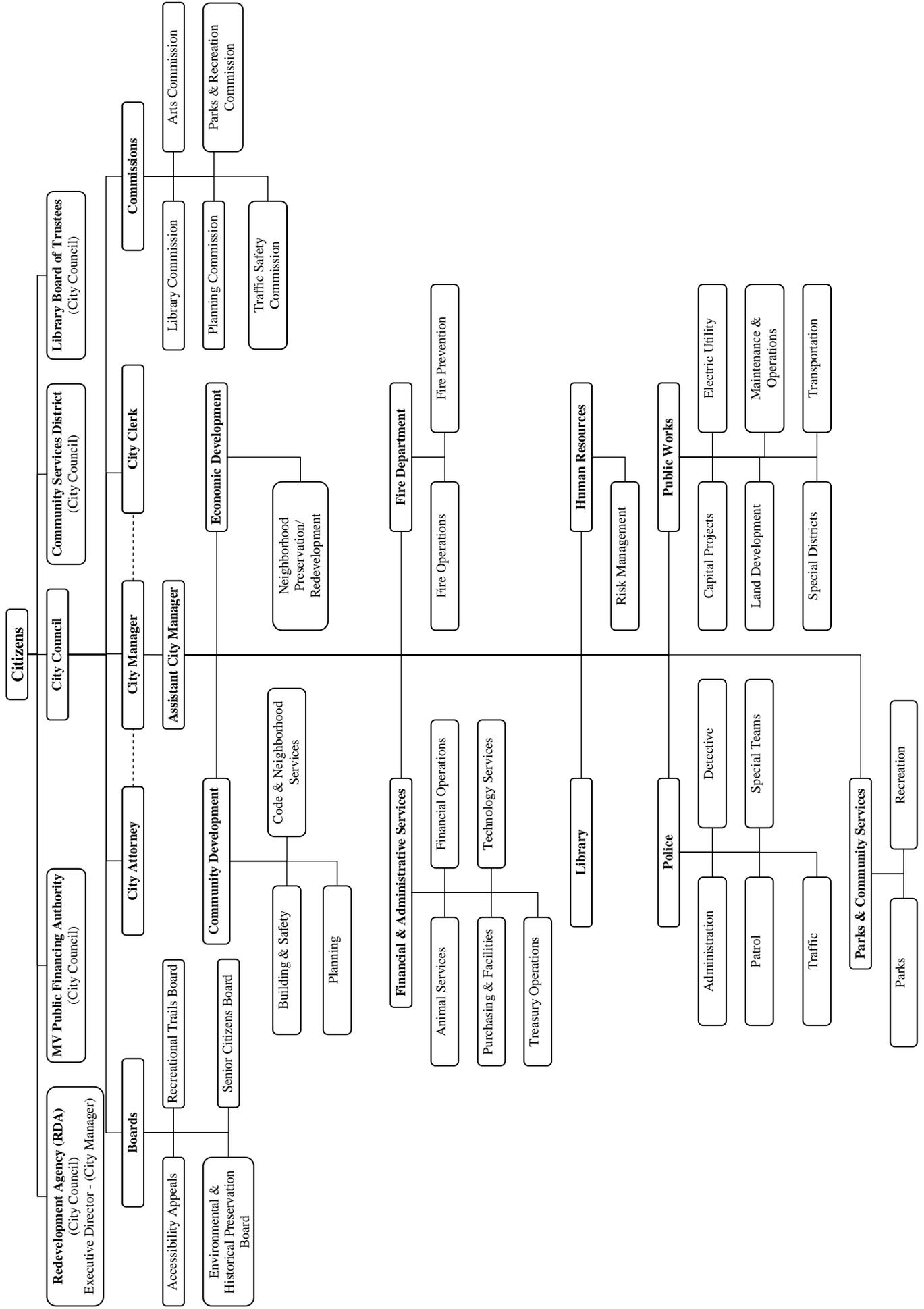
CITY COUNCIL

Bonnie Flickinger, Mayor
Robin N. Hastings, Mayor Pro Tem
William H. Batey II, Councilmember
Jesse L. Molina, Councilmember
Richard A. Stewart, Councilmember

EXECUTIVE OFFICERS

William Bopf, Interim City Manager
Michelle Dawson, Acting Assistant City Manager
Robert L. Hansen, City Attorney
Jane Halstead, City Clerk
Kyle Kollar, Interim Community Development Director
Barry Foster, Economic Development Director
Steve Elam, Interim Financial & Administrative Services Director
Steve Curley, Fire Chief
John Ruiz, Interim Human Resources Director
Paula Smus, Acting Library Services Manager
Michael McCarty, Parks & Community Services Director
John Anderson, Police Chief
Chris A. Vogt, Public Works Director/City Engineer

City of Moreno Valley Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moreno Valley
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

Financial Section





Mayer Hoffman McCann P.C.

An Independent CPA Firm

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Honorable Mayor and City Council
City of Moreno Valley
Moreno Valley, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Moreno Valley. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison information for the general fund and major special revenue funds of the City of Moreno Valley, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Honorable Mayor and City Council
City of Moreno Valley
Moreno Valley, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moreno Valley's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of 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.

Mayer Hoffman McClain P.C.

Irvine, California
March 24, 2011

Management's Discussion and Analysis

As management of the City of Moreno Valley (the City), we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Comprehensive Annual Financial Report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Moreno Valley exceeded its liabilities at June 30, 2010 by \$950.5 million (*net assets*). Of this amount, \$42.1 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's governmental activities' net assets increased by \$46.3 million, which is largely attributable to an increase in capital assets, in particular infrastructure contributed by developers during the year.
- During the year, the City (which includes the Community Redevelopment Agency of the City of Moreno Valley and the City of Moreno Valley Community Services District) had revenues that were \$51.1 million more than the \$160.6 million expenses recorded by the City in its governmental and business-type activities.
- The total debt of the City showed a net decrease of \$4.2 million (2.8%) during the current fiscal year. The decrease in debt was a result of normal maturity on existing debt.
- The General Fund had an end of year fund balance of \$51.3 million. This was a decrease of \$0.6 million and a decrease of 1.1% over FY 2008-09.

Overview of Financial Statements

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

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

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

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

The government-wide financial statements display functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, community development, community and cultural, public works, and interest on long-term debt. The business-type activities of the City include the Electric Utility.

The government-wide financial statements include the City and its component units. The City's component units are the Community Redevelopment Agency of the City of Moreno Valley, Moreno Valley Community Services District, Moreno Valley Public Financing Authority, and the Moreno Valley Public Facilities Financing Corporation. Although legally separate, for all practical purposes these entities function as departments of the City and therefore have been blended as part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds. *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information regarding governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund; Community Services District Zones, and Development Impact Fees Special Revenue Funds; the Redevelopment Agency Capital Projects Funds; and the Redevelopment Agency Debt Service Funds. All of these are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the supplementary section of the report in the form of *combining statements*.

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

Proprietary funds. The City maintains two different types of proprietary funds--enterprise and internal service funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Electric Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central services, technology services, facilities maintenance, equipment maintenance, and equipment replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Electric Utility, the City's only enterprise fund, is included in the Basic Financial Statements. All internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary section of the report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as *trustee*. The *Statement of Fiduciary Fund Assets and Liabilities*, included in the Basic Financial Statements, separately reports all of the City’s fiduciary activities. Detailed information of the fiduciary funds is in the Agency Funds section. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City’s own programs. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Government-wide Financial Analysis

The following table presents a summarization of the City’s assets, liabilities and net assets for its governmental and business-type activities as of June 30, 2010.

Table 1
Net Assets
(in \$000’s)

	Governmental Activities		Business-type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$ 298,590	\$ 275,079	\$ 12,156	\$ 9,566	\$ 310,746	\$ 284,645
Capital assets	747,543	806,020	31,745	33,529	779,288	839,549
Total assets	1,046,133	1,081,099	43,901	43,095	1,090,034	1,124,194
Current Liabilities	33,253	25,568	5,455	4,196	38,708	29,764
Long-term liabilities	117,514	113,878	30,618	30,059	148,132	143,937
Total liabilities	150,767	139,446	36,073	34,255	186,840	173,701
Net assets:						
Invested in capital assets, net of related debt	704,988	768,346	9,994	12,202	714,982	780,548
Restricted for						
Community development projects	19,961	36,342	-	-	19,961	36,342
Community & cultural	8,591	8,369	-	-	8,591	8,369
Public safety	280	2,103	-	-	280	2,103
Public works	71,336	61,366	-	-	71,336	61,366
Debt service	17,373	15,818	-	-	17,373	15,818
Other programs	3,141	2,546	-	-	3,141	2,546
Permanent funds - nonexpendable	66	169	-	-	66	169
Regulatory contingencies	-	-	1,767	1,158	1,767	1,158
Unrestricted	69,630	46,594	(3,933)	(4,520)	65,697	42,074
Total net assets	\$ 895,366	\$ 941,653	\$ 7,828	\$ 8,840	\$ 903,194	\$ 950,493

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 Moreno Valley, assets exceeded liabilities by \$950.5 million at June 30, 2010.

By far the largest portion of the City's net assets (82%) is its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summarization of the changes in net assets of the City's governmental and business-type activities, as of June 30, 2010.

Table 2
Changes in Net Assets
(in \$000's)

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program Revenues:						
Charges for services	\$38,136	\$ 25,111	\$ 12,431	\$ 13,326	\$ 50,567	\$ 38,437
Operating contributions and grants	12,857	21,512	-	-	12,857	21,512
Capital contributions and grants	31,813	71,923	-	-	31,813	71,923
General Revenues:						
Property tax	28,316	16,837	-	-	28,316	16,837
Property tax in lieu	16,791	13,703	-	-	16,791	13,703
Transient occupancy tax	498	536	-	-	498	536
Sales tax	12,164	10,983	-	-	12,164	10,983
Franchise tax	4,876	4,608	-	-	4,876	4,608
Business license tax	1,052	961	-	-	1,052	961
Utility user's tax	15,081	15,358	-	-	15,081	15,358
Franchise in lieu tax	121	133	-	-	121	133
Documentary transfer tax	598	479	-	-	598	479
Other taxes	2,683	2,279	-	-	2,683	2,279
Intergovernmental	866	547	-	-	866	547
Use of money and property	9,381	10,850	131	61	9,512	10,911
Other	1,788	1,239	-	1,250	1,788	2,489
Total Revenues	<u>177,021</u>	<u>197,059</u>	<u>12,562</u>	<u>14,637</u>	<u>189,583</u>	<u>211,696</u>
Expenses:						
General government	14,949	12,093	-	-	14,949	12,093
Public safety	50,856	58,165	-	-	50,856	58,165
Community development	12,036	29,664	-	-	12,036	29,664
Community and cultural	27,905	22,701	-	-	27,905	22,701
Public works	36,096	14,991	-	-	36,096	14,991
Interest on long-term debt	10,335	9,126	-	-	10,335	9,126
Electric	-	-	14,067	13,812	14,067	13,812
Total Expenses	<u>152,177</u>	<u>146,740</u>	<u>14,067</u>	<u>13,812</u>	<u>166,244</u>	<u>160,552</u>
Change in net assets before transfers	24,844	50,319	(1,505)	825	23,339	51,144
Transfers	654	225	(654)	(225)	-	-
Change in Net Assets	25,498	50,544	(2,159)	600	23,339	51,144
Restatement of Net Assets	1,690	(4,258)	(2,819)	412	(1,129)	(3,846)
Net Assets Beginning	868,179	895,367	12,806	7,828	880,985	903,195
Net Assets Ending	<u>\$895,367</u>	<u>\$ 941,653</u>	<u>\$ 7,828</u>	<u>\$ 8,840</u>	<u>\$ 903,195</u>	<u>\$ 950,493</u>

Operating contributions and grants increased \$8.7 million, 67.3%, over FY 2008-09. This increase was a result of increased economic stimulus monies received for the Neighborhood Stabilization Program, Workforce Housing Program and the Homelessness Prevention Program.

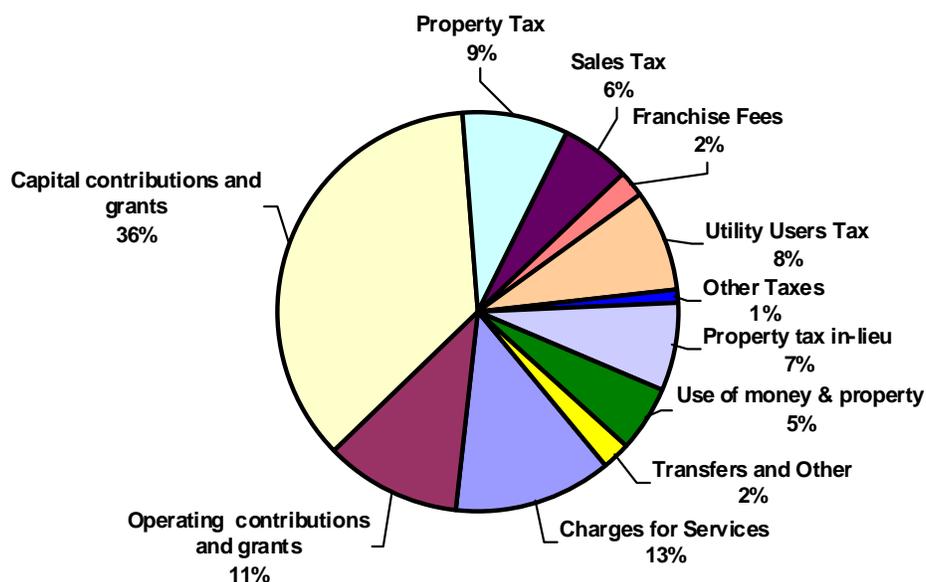
Capital contributions and grants increased \$40.1 million, 126.1% over FY 2008-09. This increase was a result of developer contributed assets increasing by \$30 million, 120%. Other increases include state Prop 1B bond funds and an increase in federal funding for infrastructure projects.

Property tax revenue decreased \$11.5 million, 40.5% under FY 2008-09. This decline was a result of the economic recession. In addition to the general market decline, Prop 8 required the County Assessor to make adjustments reducing property values on all properties, even if they hadn't been sold, therefore accelerating the decline in assessed value.

Governmental Activities

The government's net assets increased by \$46.3 million, with total revenues of \$197.1 million, total expenses of \$146.7 million, transfers in of \$0.2 million, and a restatement of previously over-reported net assets of \$4.3 million, largely attributed to adjustments to correct loan types and the reporting of certain capital assets and accumulated depreciation. Program revenues were \$118.6 million and general revenues were \$78.5 million, funding the net difference between program revenues and expenses. The largest single category of revenue was capital contributions and grants at \$71.9 million and is also program revenue. This revenue goes directly against expenses in recovering the costs of providing those services. This revenue category increased by \$40.1 million over FY 2008-09 primarily due to developer contributed assets as noted above. The second largest single revenue category was charges for services, at \$25.1 million. This is program revenue and goes directly against expenses in recovering the costs of providing those services. This revenue category decreased by \$13.0 million from FY 2008-09. The third largest single revenue category was operating contributions and grants at \$21.5 million, and is program revenue. Property tax was the fourth largest single revenue source at \$16.8 million, and utility user's tax was the fifth largest revenue source at \$15.4 million. Graph 1 presents the revenues by source for governmental activities for the fiscal year ended June 30, 2010.

**Graph 1
Revenues by Source – Governmental Activities**



The single largest expense category was public safety at \$58.2 million, accounting for 39.6% of total expenses. Community development was the second largest expense category at \$29.7 million and 20.2% of total expenses. Community and cultural was the third largest expense category at \$22.7 million. Public works was the fourth largest expense category at \$15.0 million, followed by general government at \$12.1 million, the fifth largest expense category, and interest on long-term debt at \$9.1 million, the sixth largest expense category.

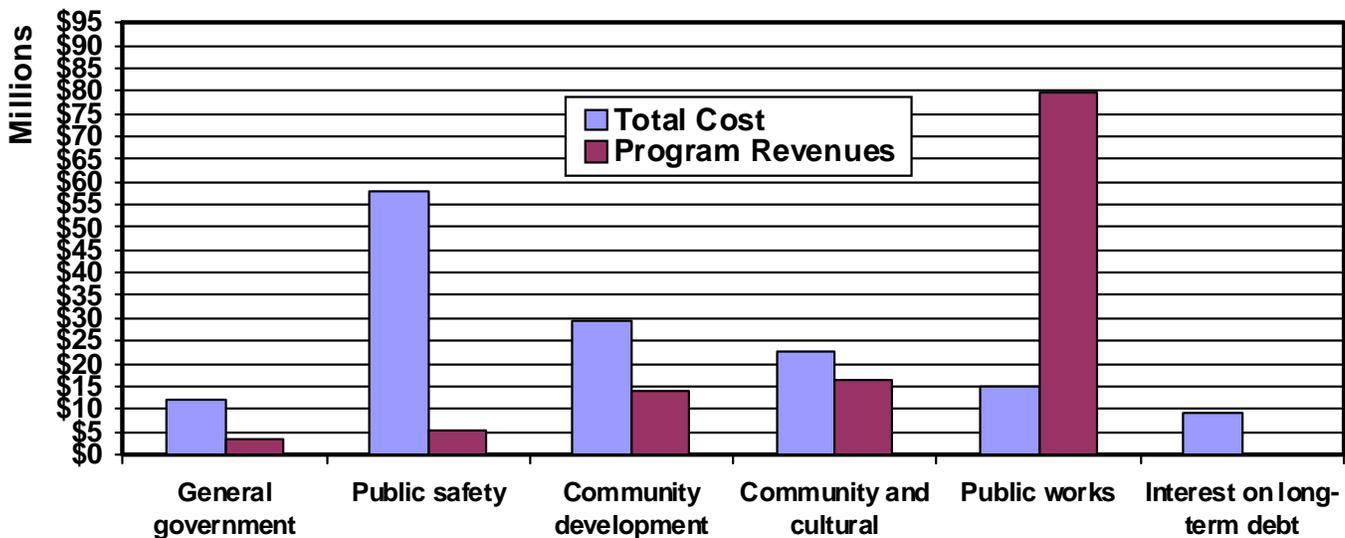
Table 3 presents the cost of each of the six major program categories, and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the financial burden that was placed on the City's taxpayers by each of the activities.

**Table 3
Governmental Activities - Net Cost of Services
For the year ended June 30, 2010**

	Total Cost of Services	Net Cost of Services
General government	\$ 12,093,157	\$ (8,846,277)
Public safety	58,165,412	(52,630,719)
Community development	29,663,451	(15,764,188)
Community and cultural	22,700,681	(6,271,839)
Public works	14,990,867	64,445,547
Interest on long-term debt	9,126,054	(9,126,054)
TOTAL	\$ 146,739,622	\$ (28,193,530)

As illustrated in the above table, program revenues recovered \$118.5 million of the cost of providing these services. The City paid for the remaining public benefit portion of these governmental activities with \$28.2 million in taxes (some of which were restricted for certain programs) and with other revenues. This governmental activity cost/revenue relationship is further illustrated in the following graph.

**Graph 2
Governmental Activities - Net Cost of Services
For the year ended June 30, 2010**



Business-Type Activities

The City's business-type activities include the activities of the Electric Utility. The net assets of the City's business-type activities increased \$1.0 million primarily due to a litigation settlement. The Electric Utility had total revenues of \$13.3 million, total expenses of \$13.8 million, transfers out of \$225,192, and a restatement of previously understated net assets of \$412,579. The restatement of net assets corrects the amount of infrastructure previously reported.

THE CITY'S FUNDS

Total fund balances presented in the governmental funds balance sheet are \$188.9 million, with the General Fund representing \$51.3 million, or 27.2% of the total. The City's General Fund fund balance has reserved \$33.8 million for advances to other funds, encumbrances, and prepaid and other assets.

General Fund Financial Results

The General Fund fund balance decreased by \$0.6 million over FY 2008-09. The original budget anticipated an \$8.7 million decrease. In anticipation of a continued decline in revenues, numerous operating and capital project transfers were made to return previous General Fund monies that were transferred out of the General Fund.

At fiscal year end, six General Fund revenues met or exceeded the amended budget, exceeding budget by \$2.4 million. Total revenues fell short of expectations by \$2.6 million.

General Fund actual expenditures were \$3.3 million less than the final amended budget. Major contributors to this result were in large part due to deferring some projects, delaying in hiring for open positions, and reduced program spending due to additional projected revenue shortfalls.

Other Major Fund Financial Results

The fund balance of the Community Service District Zones Special Revenue Fund, after an adjustment to correct prior year fund balance, decreased by \$1.1 million over FY 2008-09. This fund accounts for the administration, operations and maintenance of the City's various service zones established by the Moreno Valley Community Services District. The decrease in fund balance is primarily the result of declining property tax revenues, combined with an increase in contractual services required to be performed.

The fund balance of the Development Impact Fees Special Revenue Fund increased by \$4.8 million over FY 2008-09. This fund accounts for the developer impact fees one-time charges used to offset the additional public-service costs of new development. The increase in fund balance is due to the downsizing and reprioritizing of projects. Funds were returned to the special revenue fund's fund balance in order to make the required future debt service payments.

During the year ended June 30, 2010, the City split the Community Redevelopment Capital Projects Fund into two funds: the Community Redevelopment Agency Capital Projects Fund and the Community Redevelopment Agency Debt Service Fund. The Community Redevelopment Capital Projects Fund is used to account for the tax increment revenues collected by the Community Redevelopment Agency and used for administrative expenditures, capital projects with the redevelopment project area, and low and moderate income housing programs as required by law. The fund balance of the Community Redevelopment Agency Capital Projects Fund, after the adjustment to create the debt service fund, increased \$3.7 million over FY 2008-09. The increase in fund balance is a result of reducing program spending due to anticipation of possible takeaways by the State for balancing their budget.

The Community Redevelopment Agency Debt Service Fund is the newly created fund split from the Community Redevelopment Capital Projects Fund in the current year. This fund is used to account for the tax increment revenues and other resources collected by the Community Redevelopment Agency for the payment of Agency debt service. After an adjustment to correct the beginning fund balance, the current year activity decreased fund balance by \$6.7 million. The decrease in fund balance is the result of declining property tax revenues, combined with fixed charges for debt service payments.

The net assets of the Electric Enterprise Fund, after an adjustment to correct prior year infrastructure, increased by \$1.0 million from FY 2008-09. This fund accounts for the operations of the City’s electric utility. The increase is primarily due to a \$1,250,000 litigation settlement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the City’s governmental activities had \$1.084 billion (\$806 million net of depreciation) invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, vehicles, park facilities, roads, highways and bridges. The increase of \$81.1 million over FY 2008-09 is primarily attributed to the increase in infrastructure. Additionally, adjustments to certain capital assets and depreciation were made to correct prior year reporting.

At June 30, 2010, the City’s business-type activities had \$36.6 million (\$33.5 million net of depreciation) invested in capital assets, primarily utility infrastructure. The increase of \$2.6 million over FY 2008-09 is primarily due to the increase in infrastructure and construction in progress. Additionally, an adjustment to infrastructure was made to correct prior year reporting.

Table 4 presents the City’s capital assets by asset type.

**Table 4
Capital Assets at Year End
(Net of Depreciation)
For the Year Ended June 30, 2010**

	Governmental Activities	Business-type Activities
Land	\$ 308,409,790	\$ 1,237,459
Buildings and improvements	72,234,939	-
Machinery and equipment	2,127,778	-
Vehicles	3,120,782	-
Construction in progress	49,288,732	1,963,713
Infrastructure	370,838,252	30,327,698
Total	\$ 806,020,273	\$ 33,528,870

Additional information on the City’s capital assets can be found in Note 5 to the basic financial statements.

Long-Term Debt

At year-end, the City's governmental activities had \$113.9 million in bonds, certificates of participation, notes and accrued interest, leases and compensated absences, versus \$117.5 million last year, a decrease of \$3.6 million, or 3.1%. The decrease was the result of normal maturity on existing debt.

At June 30, 2010, the City's business-type activities had \$30.1 million in bonds and capital leases versus \$30.6 million last year, a decrease of \$559,513. The decrease was the result of normal maturity on existing debt. The City was able to meet its current debt obligations in a timely manner. The City has an active Debt Management Committee and a City Council-approved Debt Management Policy. Table 5 provides the total long-term debt by category.

Table 5
Outstanding Debt at Year End
For the Year Ended June 30, 2010

	Governmental Activities	Business-type Activities
Special tax bonds	\$ 15,525,000	\$ -
Certificates of participation	4,875,000	-
Lease revenue bonds	44,205,000	29,989,484
Tax allocation bonds	42,605,000	-
Notes (plus accrued interest)	2,023,648	-
Capital leases	16,440	36,404
Compensated absences	4,627,762	32,789
Total	<u>\$ 113,877,850</u>	<u>\$ 30,058,677</u>

Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements.

ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this Annual Report is on the economic condition of the City in the fiscal year that ended June 30, 2010, it is important for the City's financial management to report on current issues affecting the City and their economic impact on FY 2009-10 and future years.

Clearly the economic downturn has impacted Moreno Valley, as well as the Inland Region as a whole. Both Riverside and San Bernardino counties will likely see a delayed and much slower economic recovery period.

With a population of 191,754, Moreno Valley is still experiencing population growth, albeit at a slower rate because of the economic downturn impacting California. Moreno Valley remains the second largest city in Riverside County and is presently the fourth largest city in the Inland Region. For the past few years, Moreno Valley has been consistently ranked by the U.S. Census Bureau as one of the 'fastest growing cities in the U.S.'—ranking in the Top 25 of cities with a population over 100,000 for the past four years. Though it has slowed because of the economy, population growth continues in Moreno Valley because of its strategic location at the junction of Interstate I-215 and State Route 60, along with offering a wide array of quality housing options, a family oriented lifestyle and a variety of quality of life amenities.

New housing development opportunities have long been a mainstay of Moreno Valley's growth and economic foundation. Over the years, the regional economy in the Inland Region of Riverside and San Bernardino counties has been heavily dependent on construction activity, and specifically, the new residential development industry. Moreno Valley was an active area for new home development and this industry peaked in FY 2004-05. Moreno Valley has not escaped the new housing construction decline that has hit the Inland Region especially hard, and residential building permit activity decreased 90% in the City for the period from 2005 to 2010.

New housing developers continue to have confidence in the Moreno Valley market, but the economy must improve before new large scale housing development rebounds to a significant extent. Additional challenges to overcome before new housing rebounds in the Inland Region include improvement in the home foreclosure and unemployment rates.

The City's assessed valuation has experienced a similar trend to that of the new housing development market. According to the Riverside County Assessor, for a six-year period from 2002 to 2008, the City of Moreno Valley's assessed valuation grew an amazing 136% from \$5.8 billion in 2002, to \$13.7 billion in 2008. With the recession officially starting in fourth quarter of 2007, property assessed valuation decreased in Moreno Valley from FY 2008-09 through FY 2010-11 when assessed valuations are projected to be approximately \$10.8 billion. With the conclusion of the Proposition 8 adjustments and a decline in foreclosure activity, the region is seeing stabilization in assessed valuations. For FY 2011-12 and the following few years, the regions are expected to see flat to moderate levels of growth in assessed valuations.

For several years Moreno Valley has experienced substantial non-residential growth including significant new commercial retail and industrial development. The economy has slowed commercial development in Southern California, but Moreno Valley continues to secure new business development opportunities. Although new retail slowed in FY 2009-10, Burlington Coat Factory and 99 Cents Only opened new Moreno Valley locations in spring 2010. Construction is currently underway in the Highland Fairview Business Park beginning with a 1.8 million square foot logistics center to house Sketchers U.S.A. Inc. Construction is estimated to be completed on this initial phase by late fall of 2011.

Creating employment opportunities and job growth is important to the continued development of the community. While new office and industrial development has slowed because of the economy and challenging financing market, Moreno Valley created more than 750 new jobs in FY 2009-10 through several major projects including: Frazee Paint, iHerb, Burlington Coat Factory, O'Reilly Automotive, and the further expansion of the Ross Distribution Center. Once the economy recovers, Moreno Valley is well positioned for future business development opportunities with nearly 15 million square feet of industrial building projects approved, entitled or under development. Creating the proper jobs to housing balance is key to Moreno Valley's continued economic success.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. For component units that publish separate financial statements, those statements can be obtained from the City Clerk. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial & Administrative Services Director, City of Moreno Valley, 14177 Frederick Street, P.O. Box 88005, Moreno Valley, California 92552-0805.

Basic Financial Statements



City of Moreno Valley
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets:			
Pooled cash and investments (note 3)	\$ 231,840,072	\$ 9,183,217	\$ 241,023,289
Receivables:			
Accounts	6,686,580	1,180,465	7,867,045
Notes and loans (note 4)	21,609,393	-	21,609,393
Accrued interest	1,736,809	-	1,736,809
Prepaid costs	49,913	3,313	53,226
Due from other governments	8,438,135	-	8,438,135
Land held for redevelopment	3,916,126	-	3,916,126
Advances to/from other funds (note 7)	801,157	(801,157)	-
Capital assets not being depreciated (note 5)	357,698,522	3,201,172	360,899,694
Capital assets, net of accumulated depreciation (note 5)	<u>448,321,750</u>	<u>30,327,698</u>	<u>478,649,448</u>
Total assets	<u>1,081,098,457</u>	<u>43,094,708</u>	<u>1,124,193,165</u>
Liabilities:			
Current:			
Accounts payable	12,732,706	1,891,977	14,624,683
Accrued payroll liabilities	2,101,507	23,477	2,124,984
Accrued interest payable	1,314,897	273,720	1,588,617
Unearned revenue	847,743	13,794	861,537
Deposits payable	97,339	854,149	951,488
Due to other governments	4,853,895	-	4,853,895
Accrued claims and judgments due within one year	359,000	-	359,000
Long term debt due within one year (note 6)	5,827,461	571,711	6,399,172
Noncurrent:			
Advances from operator	-	1,138,994	1,138,994
Accrued claims and judgments due in more than one year	3,261,000	-	3,261,000
Long term debt due in more than one year (note 6)	<u>108,050,389</u>	<u>29,486,966</u>	<u>137,537,355</u>
Total liabilities	<u>139,445,937</u>	<u>34,254,788</u>	<u>173,700,725</u>
Net Assets:			
Invested in capital assets, net of related debt	768,345,954	12,201,754	780,547,708
Restricted for:			
Community development projects	36,341,964	-	36,341,964
Community & cultural	8,368,534	-	8,368,534
Public safety	2,103,241	-	2,103,241
Public works	61,365,635	-	61,365,635
Debt service	15,818,072	-	15,818,072
Other programs	2,545,781	-	2,545,781
Permanent funds-nonexpendable	169,287	-	169,287
Public purpose programs	-	1,158,200	1,158,200
Unrestricted	<u>46,594,052</u>	<u>(4,520,034)</u>	<u>42,074,018</u>
Total net assets	<u>\$ 941,652,520</u>	<u>\$ 8,839,920</u>	<u>\$ 950,492,440</u>

See Notes to Basic Financial Statements

City of Moreno Valley
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

		Program Revenues	
Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs			
Primary Government:			
Governmental Activities:			
General government	\$ 12,093,157	\$ 3,148,712	\$ 66,861
Public safety	58,165,412	4,371,535	1,016,552
Community development	29,663,451	4,071,460	8,909,018
Community and cultural	22,700,681	11,254,752	5,174,090
Public works	14,990,867	2,264,619	6,345,620
Interest on long-term debt	9,126,054	-	-
Total Governmental Activities	\$ 146,739,622	\$ 25,111,078	\$ 21,512,141
Business-Type Activities:			
Electric	13,812,966	13,326,364	-
Total Business-Type Activities	13,812,966	13,326,364	-
Total Primary Government	\$ 160,552,588	\$ 38,437,442	\$ 21,512,141

General Revenues:

Taxes:

- Property taxes
- Property taxes in lieu
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Utility users' tax
- Other taxes
- Franchise in lieu taxes
- Documentary transfer tax
- Intergovernmental - motor vehicle in lieu, unrestricted
- Use of money and property
- Miscellaneous

Transfers (note 7)

Total General Revenues and Transfers

Change in Net Assets

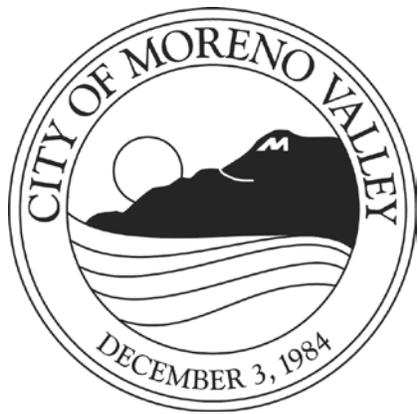
Net Assets at Beginning of Year, As Restated (note 10)

Net Assets at End of Year

See Notes to Basic Financial Statements

**Net (Expenses) Revenues and
Changes in Net Assets**

Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
\$ 31,307	\$ (8,846,277)	\$ -	\$ (8,846,277)
146,606	(52,630,719)	-	(52,630,719)
918,785	(15,764,188)	-	(15,764,188)
-	(6,271,839)	-	(6,271,839)
70,826,175	64,445,547	-	64,445,547
-	(9,126,054)	-	(9,126,054)
\$ 71,922,873	\$ (28,193,530)	\$ -	\$ (28,193,530)
-	-	(486,602)	(486,602)
-	-	(486,602)	(486,602)
\$ 71,922,873	\$ (28,193,530)	\$ (486,602)	\$ (28,680,132)
	16,836,699	-	16,836,699
	13,703,197	-	13,703,197
	535,775	-	535,775
	10,982,811	-	10,982,811
	4,607,594	-	4,607,594
	961,303	-	961,303
	15,358,341	-	15,358,341
	2,278,529	-	2,278,529
	132,548	-	132,548
	479,208	-	479,208
	547,188	-	547,188
	10,850,116	61,428	10,911,544
	1,238,641	1,250,000	2,488,641
	225,192	(225,192)	-
	78,737,142	1,086,236	79,823,378
	50,543,612	599,634	51,143,246
	891,108,908	8,240,286	899,349,194
	\$ 941,652,520	\$ 8,839,920	\$ 950,492,440



MAJOR GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources of the city traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund now includes the accounting for operations and fire prevention functions.

Community Services District (CSD) Zones Special Revenue Fund

This group of funds is used to account for the revenues expended on the various Community Services District (CSD) programs. There are nine Zones within the Community Services District providing services. Zone A-Parks and Recreation provides citywide park maintenance and recreation programming. Zone B-Residential Street Lighting provides residential subdivision street lighting. Zone C-Arterial Street Lighting provides citywide street lighting on major arterial streets. Zone D-Standard Landscaping provides landscaping for residential developments throughout the City. Zone E-Extensive Landscaping provides landscaping in major developments within the City. Zone L-Library Services provides library services to City residents. Zone M-Medians provides development and maintenance of median within the City. Community Facilities District (CFD) #1 provides maintenance of new neighborhood parks, trails and class 1 bikeways. Zone S – Sunnymead Boulevard Maintenance provides orderly development and maintenance of extensive landscape services for certain improvements constructed by the City and the RDA on Sunnymead Boulevard.

Development Impact Fees Special Revenue Fund

This group of funds is used to account for the restricted fees collected to provide funding for capital improvements related to the impact of development on various City services. The City collects fees for the following: arterial streets, traffic signals, fire facilities, police facilities, parkland facilities, Quimby in-lieu of parks, recreation facilities, library facilities, city hall facilities, corporate yard facilities, interchange improvements, maintenance equipment, and animal shelter facilities.

Community Redevelopment Agency Capital Projects Fund

This fund is used to account for the tax increment revenues collected by the Community Redevelopment Agency and used for administrative expenditures, capital projects within the redevelopment project area, and low and moderate income housing programs as required by law.

Community Redevelopment Agency Debt Service Fund

This fund is used to account for the tax increment revenues and other resources collected by the Community Redevelopment Agency for the payment of Agency debt service.

Other Governmental Funds

These funds constitute all other governmental funds that do not meet the criteria to be a major fund, which is 10% or more of assets, liabilities, revenues or expenditures for the governmental funds and 5% or more of total assets, liabilities, revenues or expenditures for the total governmental and enterprise funds combined. These funds include other Special Revenue Funds, other Capital Projects Funds, all Debt Service Funds and all Permanent Funds of the City.

**City of Moreno Valley
Governmental Funds
Combining Balance Sheet
June 30, 2010**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>General</u>	<u>CSD Zones</u>	<u>Development Impact Fees</u>	<u>Community Redevelopment Agency Capital Projects</u>
Assets:				
Pooled cash and investments (note 3)	\$ 18,372,009	\$ 11,266,011	\$ 20,206,173	\$ 48,428,128
Receivables:				
Accounts	3,398,730	235,130	-	22,578
Notes and loans (note 4)	-	-	-	17,567,422
Interest	1,301,364	-	-	231,023
Prepaid costs	13,455	-	-	-
Due from other governments	3,275,694	1,027,691	-	-
Due from other funds (note 7)	7,005,998	197,320	1,760,878	4,500
Land held for redevelopment	-	-	-	3,916,126
Advances to other funds (note 7)	57,852,991	-	-	3,564,945
	<u>\$ 91,220,241</u>	<u>\$ 12,726,152</u>	<u>\$ 21,967,051</u>	<u>\$ 73,734,722</u>
Total Assets				
	<u>\$ 91,220,241</u>	<u>\$ 12,726,152</u>	<u>\$ 21,967,051</u>	<u>\$ 73,734,722</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 7,954,156	\$ 646,166	\$ -	\$ 191,611
Accrued liabilities	832,517	343,609	-	77,214
Due to other funds (note 7)	-	3,371,652	-	1,927,292
Due to other governments	6,558	5	-	-
Deferred revenue	30,640,338	783,804	-	231,023
Unearned revenue	497,133	-	-	-
Deposits payable	-	97,339	-	-
Advances from other funds (note 7)	-	-	-	-
	<u>39,930,702</u>	<u>5,242,575</u>	<u>-</u>	<u>2,427,140</u>
Total Liabilities				
	<u>39,930,702</u>	<u>5,242,575</u>	<u>-</u>	<u>2,427,140</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	23,256	31,977	-	5,238,332
Reserved for prepaid and other assets	13,456	-	-	3,916,126
Reserved for debt service	1,000,000	-	-	-
Reserved for long-term receivables	-	-	-	17,567,422
Reserved for advances to other funds	28,152,248	-	-	3,564,945
Reserved for revolving line of credit	4,600,000	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
Designated:				
Designated for continuing appropriations	93,810	168,450	-	37,587,777
Designated for capital improvements	-	2,799,332	-	-
Designated for contingencies	-	938,157	-	-
Designated for net unrealized investment gain	712,267	-	-	-
Designated for scholarship programs	-	7,684	-	-
Undesignated	16,694,502	3,537,977	21,967,051	3,432,980
	<u>51,289,539</u>	<u>7,483,577</u>	<u>21,967,051</u>	<u>71,307,582</u>
Total Fund Balances				
	<u>51,289,539</u>	<u>7,483,577</u>	<u>21,967,051</u>	<u>71,307,582</u>
Total Liabilities & Fund Balances				
	<u>\$ 91,220,241</u>	<u>\$ 12,726,152</u>	<u>\$ 21,967,051</u>	<u>\$ 73,734,722</u>

See Notes to Basic Financial Statements

Debt Service Fund	Community Redevelopment Agency Debt Service	Total Nonmajor Governmental Funds	Totals
\$	32,652,109	\$ 67,097,024	\$ 198,021,454
	-	3,028,871	6,685,309
	-	4,041,971	21,609,393
	-	204,422	1,736,809
	-	28,147	41,602
	73,572	4,061,178	8,438,135
	-	90,291	9,058,987
	-	-	3,916,126
	220,500	580,657	62,219,093
	32,946,181	79,132,561	311,726,908
\$	-	\$ 3,783,527	\$ 12,575,460
	-	691,228	1,944,568
	4,713	3,755,330	9,058,987
	4,846,739	593	4,853,895
	12,000	364,405	32,031,570
	-	350,610	847,743
	-	-	97,339
	61,417,936	-	61,417,936
	66,281,388	8,945,693	122,827,498
	-	6,180,337	11,473,902
	-	28,147	3,957,729
	22,500,000	15,818,072	39,318,072
	-	4,041,971	21,609,393
	220,500	580,657	32,518,350
	-	-	4,600,000
	-	19,428,226	19,428,226
	-	23,940,171	23,940,171
	-	169,287	169,287
	-	-	37,850,037
	-	-	2,799,332
	-	-	938,157
	-	-	712,267
	-	-	7,684
	(56,055,707)	-	(10,423,197)
	(33,335,207)	70,186,868	188,899,410
\$	32,946,181	79,132,561	311,726,908

Assets:

Pooled cash and investments (note 3)
Receivables:
Accounts
Notes and loans (note 4)
Interest
Prepaid costs
Due from other governments
Due from other funds (note 7)
Land held for redevelopment
Advances to other funds (note 7)

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds (note 7)
Due to other governments
Deferred revenue
Unearned revenue
Deposits payable
Advances from other funds (note 7)

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds
Reserved for revolving line of credit

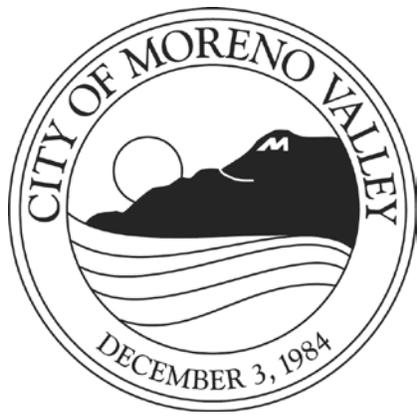
Unreserved:

Unreserved, reported in nonmajor:

Special revenue funds
Capital project funds
Permanent funds
Designated:
Designated for continuing appropriations
Designated for capital improvements
Designated for contingencies
Designated for net unrealized investment gain
Designated for scholarship programs
Undesignated

Total Fund Balances

Total Liabilities & Fund Balances



City of Moreno Valley
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Fund balances of governmental funds	\$	188,899,410
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets net of depreciation have not been included as financial resources in governmental fund activity.</p>		
Capital Assets (excludes internal service capital assets)		1,064,795,999
Accumulated Depreciation (excludes internal service accumulated depreciation)		(267,522,277)
<p>Long-term debt and compensated absences that have not been included in the governmental fund activity:</p>		
Long-term debt payable		(109,250,088)
Compensated absences (excludes internal service compensated absences)		(4,079,196)
<p>Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.</p>		
		(1,314,897)
<p>Certain items are reported as revenues in the statement of activities, but do not meet the revenue recognition criteria in order to be reported as revenues in the statement of revenues, expenditures and change in fund balances, and consequently, are reported as deferred revenue in the balance sheet of governmental funds.</p>		
		32,031,570
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.</p>		
		38,091,999
Net assets of governmental activities	\$	941,652,520

See Notes to Basic Financial Statements

**City of Moreno Valley
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year ended June 30, 2010**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>CSD Zones</u>	<u>Development Impact Fees</u>
Revenues:			
Taxes:			
Property taxes	\$ 9,296,083	\$ 3,154,342	\$ -
Property taxes in lieu	13,703,197	-	-
Utility taxes	15,358,341	-	-
Sales taxes	9,298,295	-	-
Other Taxes	6,716,428	1,024,603	-
Licenses and permits	1,354,188	-	-
Intergovernmental	1,183,894	14,495	-
Charges for services	7,654,867	10,637,467	644,531
Use of money and property	5,470,852	683,098	662,439
Fines and forfeitures	1,130,414	45,989	-
Miscellaneous	462,247	53,044	-
Total Revenues	71,628,806	15,613,038	1,306,970
Expenditures:			
Current:			
General government	10,296,168	-	-
Public safety	57,450,534	-	-
Community development	5,093,483	-	-
Public works	3,889,593	-	-
Community and cultural	-	16,664,943	-
Capital outlay	43,268	26,105	-
Debt Service:			
Principle retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	76,773,046	16,691,048	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(5,144,240)	(1,078,010)	1,306,970
Other Financing Sources (Uses)			
Transfers in (note 7)	7,330,279	923,188	8,774,196
Transfers out (note 7)	(2,710,323)	(866,129)	(5,263,145)
Total Other Financing Sources (Uses)	4,619,956	57,059	3,511,051
<i>Net Change in Fund Balances</i>	(524,284)	(1,020,951)	4,818,021
Fund Balances, Beginning of Year, as Restated (note 10)	51,813,823	8,504,528	17,149,030
Fund Balances, End of Year	\$ 51,289,539	\$ 7,483,577	\$ 21,967,051

See Notes to Basic Financial Statements

Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Totals
Community Redevelopment Agency Capital Projects	Community Redevelopment Agency Debt Service		
\$ 3,782,660	\$ 594,942	\$ 8,672	\$ 16,836,699
-	-	-	13,703,197
-	-	-	15,358,341
-	924,570	759,946	10,982,811
-	-	1,253,926	8,994,957
-	-	-	1,354,188
-	-	37,851,035	39,049,424
-	-	1,245,282	20,182,147
1,971,402	1,078,549	983,776	10,850,116
-	-	-	1,176,403
9,136	-	714,214	1,238,641
5,763,198	2,598,061	42,816,851	139,726,924
1,601,799	243,764	465,899	12,607,630
-	-	861,182	58,311,716
2,531,334	-	7,379,038	15,003,855
-	-	9,906,721	13,796,314
-	-	5,317,131	21,982,074
-	-	26,200,378	26,269,751
-	330,436	3,359,658	3,690,094
-	5,179,345	4,019,417	9,198,762
4,133,133	5,753,545	57,509,424	160,860,196
1,630,065	(3,155,484)	(14,692,573)	(21,133,272)
2,025,689	4,237	10,265,345	29,322,934
-	(3,594,069)	(13,673,296)	(26,106,962)
2,025,689	(3,589,832)	(3,407,951)	3,215,972
3,655,754	(6,745,316)	(18,100,524)	(17,917,300)
67,651,828	(26,589,891)	88,287,392	206,816,710
\$ 71,307,582	\$ (33,335,207)	\$ 70,186,868	\$ 188,899,410

Revenues:

Taxes:

Property taxes	16,836,699
Property taxes in lieu	13,703,197
Utility taxes	15,358,341
Sales taxes	10,982,811
Other Taxes	8,994,957
Licenses and permits	1,354,188
Intergovernmental	39,049,424
Charges for services	20,182,147
Use of money and property	10,850,116
Fines and forfeitures	1,176,403
Miscellaneous	1,238,641

Total Revenues

Expenditures:

Current:

General government	12,607,630
Public safety	58,311,716
Community development	15,003,855
Public works	13,796,314
Community and cultural	21,982,074

Capital outlay

Debt Service:

Principle retirement	3,690,094
Interest and fiscal charges	9,198,762

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

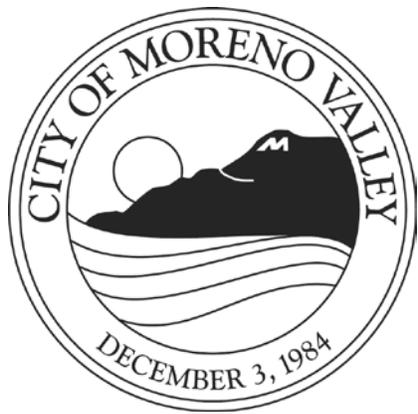
Transfers in (note 7)	29,322,934
Transfers out (note 7)	(26,106,962)

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated (note 10)

Fund Balances, End of Year



City of Moreno Valley
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2010

Net change in fund balances - total governmental funds	\$	(17,917,300)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay (excludes internal service capital outlay)		26,269,751
Depreciation expense (excludes internal service depreciation)		(21,805,405)
<p>Contributed capital assets are not reported in governmental funds. However, in the statement of activities, the value of these assets are recorded as capital contributions.</p>		
		57,484,065
<p>Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		3,690,094
<p>Accrued interest expense on long-term debt is reported on the government-wide statements, but does not require the use of current financial resources; therefore accrued interest is not reported as expenditures in the fund financial statements. This is the net change in accrued interest for the current period.</p>		
		72,708
<p>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. This is the net change in compensated absences for the period.</p>		
		20,362
<p>Certain items are reported as revenues in the statement of activities, but do not meet the revenue recognition criteria in order to be reported as revenues in the statement of revenues, expenditures and changes in fund balances, and consequently, are reported as deferred revenue in the balance sheet of governmental funds.</p>		
		2,375,138
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.</p>		
		354,199
Change in net assets of governmental activities	\$	<u>50,543,612</u>

See Notes to Basic Financial Statements

**City of Moreno Valley
General Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 11,700,001	\$ 11,700,001	\$ 9,296,083	\$ (2,403,918)
Property taxes in lieu	14,100,000	14,100,000	13,703,197	(396,803)
Utility taxes	14,970,000	14,970,000	15,358,341	388,341
Sales taxes	9,735,000	9,735,000	9,298,295	(436,705)
Other taxes	6,256,500	6,256,500	6,716,428	459,928
Licenses and permits	1,456,614	1,456,614	1,354,188	(102,426)
Intergovernmental	1,056,326	1,056,326	1,183,894	127,568
Charges for services	9,326,345	9,326,345	7,654,867	(1,671,478)
Use of money and property	4,350,614	4,400,614	5,470,852	1,070,238
Fines and forfeitures	1,087,000	1,087,000	1,130,414	43,414
Miscellaneous	165,650	180,180	462,247	282,067
Total Revenues	74,204,050	74,268,580	71,628,806	(2,639,774)
Expenditures:				
Current:				
General government				
City council	650,520	588,320	545,316	43,004
City manager	1,603,927	1,697,000	1,708,904	(11,904)
City clerk	620,108	617,661	464,559	153,102
City attorney	1,093,900	1,150,000	1,043,838	106,162
Economic development	684,755	540,000	483,846	56,154
Financial and administrative services	3,145,793	3,293,600	3,219,857	73,743
Human resources	967,200	1,149,165	966,293	182,872
Non-departmental	2,329,932	2,547,340	1,867,455	679,885
Public safety				
Police	39,909,509	39,590,967	38,726,538	864,429
Fire	16,111,775	15,566,320	15,173,224	393,096
Animal services	2,432,419	2,432,081	2,372,784	59,297
Emergency operations/volunteer services	590,842	603,592	593,830	9,762
Crossing guards	602,126	602,126	619,308	(17,182)
Community development	5,836,630	5,263,586	5,093,483	170,103
Public works	4,250,537	4,457,840	3,893,811	564,029
Total Expenditures	80,829,973	80,099,598	76,773,046	3,326,552
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(6,625,923)</i>	<i>(5,831,018)</i>	<i>(5,144,240)</i>	<i>686,778</i>
Other Financing Sources (Uses):				
Transfers in (note 7)	634,298	6,757,589	7,330,279	572,690
Transfers out (note 7)	(2,666,840)	(2,699,807)	(2,710,323)	(10,516)
Total Other Financing Sources (Uses)	(2,032,542)	4,057,782	4,619,956	562,174
<i>Net Change in Fund Balances</i>	<i>(8,658,465)</i>	<i>(1,773,236)</i>	<i>(524,284)</i>	<i>1,248,952</i>
Fund Balances, Beginning of Year, as restated	51,813,823	51,813,823	51,813,823	-
Fund Balances, End of Year	\$ 43,155,358	\$ 50,040,587	\$ 51,289,539	\$ 1,248,952

See Notes to Basic Financial Statements

City of Moreno Valley, California
Community Services District Zones Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

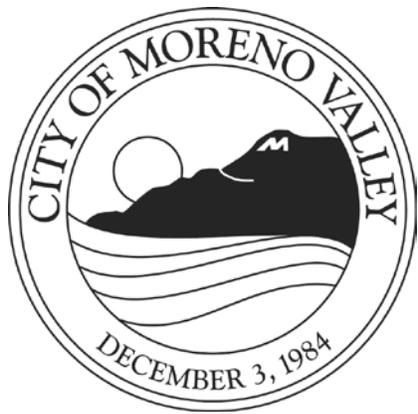
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 4,077,208	\$ 4,077,208	\$ 3,154,342	\$ (922,866)
Other taxes	959,760	959,760	1,024,603	64,843
Intergovernmental	32,000	32,000	14,495	(17,505)
Charges for services	11,111,494	11,111,494	10,637,467	(474,027)
Use of money and property	603,293	603,293	683,098	79,805
Fines and forfeitures	56,500	56,500	45,989	(10,511)
Miscellaneous	30,850	37,916	53,044	15,128
Total Revenues	16,871,105	16,878,171	15,613,038	(1,265,133)
Expenditures:				
Current:				
Community and cultural	18,542,915	17,370,016	16,664,944	705,072
Capital outlay	291,671	611,420	26,105	585,315
Total Expenditures	18,834,586	17,981,436	16,691,049	1,290,387
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1,963,481)	(1,103,265)	(1,078,011)	25,254
Other Financing Sources (Uses):				
Transfers in (note 7)	930,774	905,774	923,188	17,414
Transfers out (note 7)	(25,000)	(800,000)	(866,129)	(66,129)
Total Other Financing Sources (Uses)	905,774	105,774	57,059	(48,715)
<i>Net Change in Fund Balances</i>	(1,057,707)	(997,491)	(1,020,952)	(23,461)
Fund Balances, Beginning of Year, as restated	8,504,529	8,504,529	8,504,529	-
Fund Balances, End of Year	\$ 7,446,822	\$ 7,507,038	\$ 7,483,577	\$ (23,461)

See Notes to Basic Financial Statements.

**City of Moreno Valley, California
Development Impact Fees Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Charges for services	\$ 1,615,019	\$ 1,615,019	\$ 644,531	\$ (970,488)
Use of money and property	314,113	314,113	662,439	348,326
Total Revenues	1,929,132	1,929,132	1,306,970	(622,162)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,929,132	1,929,132	1,306,970	(622,162)
Other Financing Sources (Uses):				
Transfers in (note 7)	-	419,837	8,774,196	8,354,359
Transfers out (note 7)	(5,129,327)	(5,263,143)	(5,263,145)	(2)
Total Other Financing Sources (Uses)	(5,129,327)	(4,843,306)	3,511,051	8,354,357
<i>Net Change in Fund Balances</i>	(3,200,195)	(2,914,174)	4,818,021	7,732,195
Fund Balances, Beginning of Year	17,149,030	17,149,030	17,149,030	-
Fund Balances, End of Year	\$ 13,948,835	\$ 14,234,856	\$ 21,967,051	\$ 7,732,195

See Notes to Basic Financial Statements.



PROPRIETARY FUNDS

ENTERPRISE FUND:

Electric Fund

This fund is used to account for the operations of the City electric utility, with its basic purpose to purchase and distribute electricity to customers in the City's newly developed areas under the "Greenfield" concept. The City began serving its first customers in February 2004.

INTERNAL SERVICE FUNDS:

Internal Service Funds

These funds are used to account for services provided to other departments on a cost reimbursement basis. These services include providing insurance benefits, maintaining and replacing information systems, facilities maintenance, vehicle and equipment maintenance, and accumulating cash reserves for equipment replacement.

**City of Moreno Valley
Proprietary Funds
Statement of Fund Net Assets
June 30, 2010**

	Enterprise Fund - Electric	Governmental Activities - Internal Service Funds
Assets:		
Current:		
Pooled cash and investments (note 3)	\$ 9,183,217	\$ 33,818,618
Receivables:		
Accounts	1,180,465	1,271
Prepaid costs	3,313	8,311
Noncurrent:		
Capital assets, not being depreciated (note 5)	3,201,172	263,335
Capital assets, net of accumulated depreciation (note 5)	30,327,698	8,483,215
	43,895,865	42,574,750
Total Assets		
Liabilities:		
Current:		
Accounts payable	1,891,977	157,246
Accrued payroll liabilities	23,477	156,939
Unearned revenue	13,794	-
Deposits payable	854,149	-
Interest Payable	273,720	-
Compensated absences (note 6)	32,789	206,470
Bonds, notes and loans payable (note 6)	538,922	-
Noncurrent:		
Advances from other funds (note 7)	801,157	-
Advances from operator	1,138,994	-
Self-insurance payable	-	3,620,000
Compensated absences (note 6)	-	342,096
Bonds, notes and loans payable (note 6)	29,486,966	-
	35,055,945	4,482,751
Total Liabilities		
Net Assets		
Invested in capital assets, net of related debt	12,201,754	8,746,550
Restricted for:		
Public purpose programs	1,158,200	-
Unrestricted	(4,520,034)	29,345,449
	\$ 8,839,920	\$ 38,091,999
Total Net Assets		

See Notes to Basic Financial Statements

**City of Moreno Valley
Proprietary Funds
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Year ended June 30, 2010**

	Enterprise Fund - Electric	Governmental Activities - Internal Service Funds
Operating Revenues:		
Sales and service charges	\$ 12,959,454	\$ 13,240,617
Miscellaneous	288,110	40,050
Total Operating Revenues	13,247,564	13,280,667
Operating Expenses:		
Electricity purchased	7,089,557	-
Services and supplies	2,866,327	-
Distribution share	1,395,090	-
Cost of services	-	7,109,748
Self-insurance claims and charges	-	1,963,760
Depreciation	773,971	862,180
Total Operating Expenses	12,124,945	9,935,688
Operating Income (Loss)	1,122,619	3,344,979
Nonoperating Revenues (Expenses):		
Investment earnings	61,428	-
Interest expense	(1,688,021)	-
Engineering plan check fees	78,800	-
Litigation settlement	1,250,000	-
Total Nonoperating Revenues (Expenses)	(297,793)	-
Income (Loss) Before Transfers	824,826	3,344,979
Transfers:		
Transfers in (note 7)	-	100,000
Transfers out (note 7)	(225,192)	(3,090,780)
Net Transfers	(225,192)	(2,990,780)
Net Change in Assets	599,634	354,199
Net Assets:		
Beginning of Year, as restated (note 10)	8,240,286	37,737,800
Net Assets, End of Year	\$ 8,839,920	\$ 38,091,999

See Notes to Basic Financial Statements

**City of Moreno Valley
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2010**

	Enterprise Fund - Electric	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 13,087,299	\$ 13,240,810
Cash payments to suppliers for goods and services	(11,841,798)	(3,783,781)
Cash payments for claims	-	(1,876,760)
Cash payments to employees for services	(787,943)	(3,387,653)
Proceeds for litigation settlement	1,250,000	-
Other operating revenues (expenses)	288,110	40,050
	1,995,668	4,232,666
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	100,000
Cash paid to other funds	(1,003,733)	(3,090,780)
Advances received from operator	312,382	-
	(691,351)	(2,990,780)
Net Cash Provided (Used) by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(2,145,740)	(432,196)
Engineering plan check fees	78,800	-
Advances repaid to developers	(241,005)	-
Principal paid on capital-related debt	(545,202)	-
Interest and fiscal charges on capital-related debt	(1,692,162)	-
	(4,545,309)	(432,196)
Net Cash Provided (Used) by Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest received	61,428	-
	61,428	-
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Investments	(3,179,564)	809,690
Cash and Cash Equivalents at Beginning of Year	12,362,781	33,008,928
	\$ 9,183,217	\$ 33,818,618
Cash and Cash Equivalents at End of Year		
Reconciliation of Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 1,122,619	\$ 3,344,979
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	773,971	862,180
Proceeds for litigation settlement	1,250,000	-
Decrease (increase) in accounts receivable	189,681	193
Decrease (increase) in prepaid expenses	(300)	97
Decrease (increase) in inventories	-	6,796
Increase (decrease) in accounts payable	517,923	(136,296)
Increase (decrease) in accrued payroll liabilities	(14,677)	(6,102)
Increase (decrease) in accrued liabilities	(1,767,402)	-
Increase (decrease) in deferred revenue	13,794	-
Increase (decrease) in deposits payable	(75,630)	-
Increase (decrease) in compensated absences	(14,311)	73,819
Increase (decrease) in self-insurance payable	-	87,000
	873,049	887,687
Total Adjustments		
Net Cash Provided (Used) by Operating Activities	\$ 1,995,668	\$ 4,232,666

Schedule of Noncash Investing, Capital and Noncapital Financing Activities:

There were no significant noncash investing, capital and noncapital financing activities for the year ended June 30, 2010.

See Notes to Basic Financial Statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS:

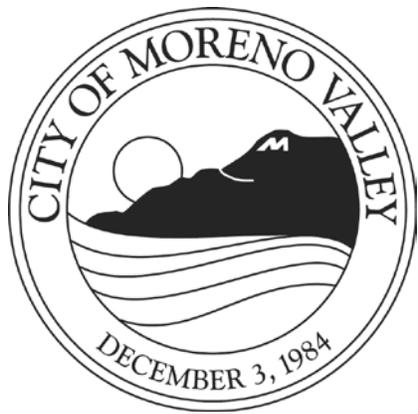
Fiduciary Funds

These funds are used to account for assets held in an agency or trustee capacity for others. These funds cannot be used to support the City's own programs.

**City of Moreno Valley
Fiduciary Funds
Statement of Fiduciary Funds Assets and Liabilities
June 30, 2010**

	Total
Assets:	
Pooled cash and investments (note 3)	\$ 7,625,057
Receivables:	
Accounts	1,395
Due from other governments	26,416
Total Assets	\$ 7,652,868
Liabilities:	
Accounts payable	\$ 143,019
Deposits payable	6,435,634
Payable to trustee	1,074,215
Total Liabilities	\$ 7,652,868

See Notes to Basic Financial Statements



**Notes to Basic
Financial
Statements**



City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Moreno Valley, California (the City), is located in the County of Riverside and was incorporated on December 3, 1984 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government. The City's major operations include police and fire protection, public works, parks, recreation and certain social services and general administration services.

Reporting Entity

Accounting principles generally accepted in the United States of America require that these financial statements represent the City of Moreno Valley and its component units. A component unit is included in the primary government's financial statements if the governing body is substantively the same as that of the City or if the component unit provides services or other benefits almost entirely to the primary government. The component units discussed below are included in the City's reporting entity because of their operational significance or financial relationships with the City. These component units are controlled by common governing boards, which are substantively the same as the City's and are presented as blended component units for financial reporting purposes. The component units have the same fiscal year end as the City. For those that publish separate financial statements, those statements can be obtained from the City Clerk.

- The Community Redevelopment Agency of the City of Moreno Valley (the Agency) was established pursuant to the State of California Health and Safety Code, Section 53601, entitled Community Redevelopment Law. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City of Moreno Valley.
- The Moreno Valley Community Services District (the District) was established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Its purpose is to finance the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts.
- Community Facilities District No. 2 (Moreno Valley Auto Mall), Community Facilities District No. 3 (Auto Mall Refinancing), and Community Facilities District No. 87-1 and 87-1, 1A#1 (Towngate) were established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Their purpose is to finance the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts and they are governed by City Council.
- Moreno Valley Public Facilities Financing Corporation (MVPFFC) and the Moreno Valley Public Financing Authority (MVPFA) are nonprofit public benefit corporations, formed for the purpose of providing public facility financing to the City. The Corporations' Boards of Directors are each composed of the five elected City Council members. Both Corporations may acquire, construct, rehabilitate, remodel, improve, install and finance or lease various facilities, land and equipment for the benefit of the City.
- Industrial Development Authority (the Authority) was established pursuant to the "California Industrial Development Financing Act" of the California Government Code. The Authority was established for the purpose of financing the construction, acquisition and equipment of certain land and facilities within the City of Moreno Valley and is governed by the City Council. The Authority did not report any activity for the current year.

The accounting policies of the City of Moreno Valley conform with generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

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

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expense reported for individual functions and activities. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

Agency funds use the accrual basis of accounting. Agency funds are not considered to have a measurement focus for financial reporting purposes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 120 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 revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

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

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The CSD Zones Special Revenue Fund accounts for the following:

- CSD Zone A - administration and maintenance of the parks and community service facilities and programs.
- CSD Zone B - operations necessary to process and administer the residential street lighting program.
- CSD Zone C - operations necessary to process and administer the arterial street lighting program.
- CSD Zone D - operations necessary to provide landscaping in and around residential developments.
- CSD Zone E - operations necessary to provide high-service level landscape maintenance in and around specific major residential developments.
- CSD Zone L - operations necessary to process and administer the library service program.
- CSD Zone M - operations necessary to provide orderly development and maintenance of medians within the City of Moreno Valley designated as Zone M.
- CFD #1 - provides funding for maintenance of new neighborhood parks, trails and Class-I bikeways.
- CSD Zone S – provides orderly development and maintenance of extensive landscape services for commercial sites on Sunnymead Boulevard.

The City has elected to report its Development Impact Fees fund as a major governmental type fund. The Development Impact Fees Special Revenue Fund accounts for the following developer impact fees:

- Arterial Street development impact fees
- Traffic Signal development impact fees
- Fire Facility development impact fees
- Police Facility development impact fees
- Park Land Facility development impact fees
- Quimby In-Lieu Park Fees
- Recreation Center development impact fees
- Libraries development impact fees
- City Hall development impact fees
- Corporate Yard development impact fees
- Interchange Improvements development impact fees
- Maintenance Equipment development impact fees
- Animal Shelter development impact fees

The Community Redevelopment Agency Capital Projects Fund accounts for the revenues received and expenditures made for redevelopment operations.

The Community Redevelopment Agency Debt Service Fund accounts for the tax increment revenues and other resources collected by the Community Redevelopment Agency for the payment of Agency debt service.

The City elected to report its enterprise fund as a major business-type fund.

- The Electric Fund accounts for the operations of the City's electric utility.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

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

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally the government reports the following fund types:

Internal Service Funds account for financial transactions related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs and the City's general information systems and telecommunications hardware and software. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

The Agency Funds are used to report resources held by the City in a purely custodial capacity, which includes assets held on behalf of customers and trustees for the Assessment Districts, TUMF and MSHCP Trust funds.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

d. Assets, Liabilities and Net Assets or Equity

Deposits, Investments, Cash and Cash Equivalents

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.

Investments for the City, as well as for its component units, are reported at fair value except for investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. 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". Any residual balances outstanding between the

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

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

d. Assets, Liabilities and Net Assets or Equity (Continued)

governmental activities and business-type activities are reported in the government-wide financial statements as "advances to/from 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.

Inventory and Prepaid Items

Inventories in the Central Services Internal Service Fund and the Equipment Maintenance Internal Service Fund are valued at cost using the first-in/first-out (FIFO) method. Inventory consists of expendable supplies held for consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two 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.

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 and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	5 – 50
Furniture and Equipment	3 – 15
Vehicles	3 – 10
Infrastructure	25 – 50

Deferred Revenue and Unearned Revenue

The City reports deferred revenue in the fund-level statements. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

The City reports unearned revenue in the fund-level statements and in the Statement of Net Assets. Unearned revenue arises when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

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

d. Assets, Liabilities and Net Assets or Equity (Continued)

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused annual leave benefits. The City records the annual leave liability using benefits earned by employees at the balance sheet date that will result in termination payments rather than compensated absences. The City records the annual leave liability using the dollar value of employees' rights to receive compensation attributable to services already rendered.

Long-Term Obligations

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

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

Land Held for Redevelopment

Land purchased for the purposes of resale (or contribution to a redevelopment project) is recorded at the cost to purchase the property or, upon entering into a contract for sale, the estimated net realizable value, if lower.

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 taxes attach as an enforceable lien on property as of January 1. Secured property taxes are payable in two installments with December 10 the last day to pay the first installment of secured property taxes without penalty, and April 10 the last day to pay the second installment of secured property taxes without penalty. Unsecured personal property taxes are due in a single installment on August 31. The County of Riverside bills and collects the property taxes and remits them to the City in installments during the year. Property taxes received within 60 days after the City's fiscal year end are considered "measurable" and "available" and are accrued in the City's financial statements.

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Information

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all Governmental Fund types. The budget is prepared on a GAAP (Generally Accepted Accounting Principles) basis. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget only during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIII B of the State Constitution.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

a. Budgetary Information (Continued)

The City's formal budgetary process begins at the operating program level. Departmental budgets are comprised of the various operating program budgets. Operating programs do not cross departmental lines. Individual fund budgets consist of the departmental budgets; departmental budgets may cross fund lines.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund types, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control (legal level) for most funds is established by the amount of expenditures budgeted at the departmental and fund levels. Accordingly, the General Fund expenditures are displayed in the supplementary schedules at the department level and the Special Revenue, Debt Service and Capital Projects Funds expenditures are displayed at the function level. Management control is exercised at the line item level in each operating program. Management can transfer budgeted amounts between operating programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval.

Note 3: Cash and Investments

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

Governmental Activities:	
Governmental Funds	\$ 198,021,454
Internal Service Funds	33,818,618
Business-Type Activities	9,183,217
Fiduciary Funds	<u>7,625,057</u>
Total Cash and Investments	<u>\$ 248,648,346</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash and Cash Equivalents:	
Petty cash and change boxes	\$ 9,477
Demand deposit	2,576,220
Investments	221,239,134
Cash and Investments with fiscal agents	<u>24,823,515</u>
Total Cash and Investments	<u>\$ 248,648,346</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits

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 government agency. Accordingly, all collateral held by the California Agents of Depository are considered to be held for, and in the name of, the local government agency.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 3: Cash and Investments (Continued)

Investments

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

- U.S. Treasury Bills, Notes and Bonds
- Government Sponsored Enterprises (GSE's) or U.S. Agencies
- California State Local Agency Investment Fund (LAIF)
- Bonds, notes or other indebtedness of the State of California
- Bonds, notes or other indebtedness of local agencies in California
- Bankers Acceptances
- Commercial Paper
- Commercial Paper issued under the Temporary Liquidity Guarantee Program (TLGP)
- Time Deposits and Non-negotiable Certificates of Deposit
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Corporate Obligations (Medium-term Notes)
- Corporate Obligations (Medium-term Notes) issued under the Temporary Liquidity Guarantee Program (TLGP)
- Mutual Funds and Money Market Accounts
- Other Government Sponsored Investment Pools

Investments Authorized by Debt Agreements

The above investments do not address the investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

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

GASB Statement No. 31

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

Credit Risk

The City's investment policy limits investments in medium term notes (MTN's) to those rated in the top category by two of the three largest nationally recognized rating services at the time of purchase (with split ratings, the lower rating must meet the standard). As of June 30, 2010, the City's investment in medium term notes consisted of investments with Bank of America, Bank of New York, Bellsouth Corp., Berkshire Hathaway, Blackrock Inc., General Electric Capital Corp., Goldman Sachs, JP Morgan, Lehman Bros, Morgan Stanley, Pepsico Inc., Praxair, U.S. Bankcorp, Wal-Mart, and Wells Fargo Bank. At June 30, 2010, all MTN's were rated "A" or higher by Moody's with the exception of Lehman Bros. During the fiscal year, the City revised its investment policy of MTN purchases from Aaa to A by Moody's. All securities were investment grade and legal under State and City law at their time of purchase. The City's investment portfolio includes two (2) \$1 million corporate notes from Lehman Brothers. Since Lehman Brothers filed for Chapter 11 bankruptcy in September 2008, these investments totaling \$2 million are at risk. The City continues to pursue recovery through various means, although the amount of recovery that will be ultimately realized from these two cases is unknown. Federal agency securities are rated AAA. Investments in U.S. Treasury securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2010, the City's investments in external investment pools and investment agreements are unrated.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 3: Cash and Investments (Continued)

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 carrying amount of the City's demand deposits was \$1,011,586 at June 30, 2010. Bank balances before reconciling items were \$2,005,876 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed above under "Deposits". The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, all investments are held by third-party custodians for safekeeping, with the securities in the City's name. This is the lowest level of custodial credit risk exposure.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio will not directly invest in securities maturing in more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage and amount that can be invested in certain types of investments. These restrictions are as follows:

<u>Investment Types</u>	<u>Maturity Limit</u>	<u>Maximum Portfolio Percentage</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury bills, notes and bonds	5 years	None	None
GSE's or U.S. Agencies	5 years	None	None
California State Local Agency Investment Fund	n/a	None	None
Bonds, notes or other indebtedness of the State of California	5 years	None	None
Bonds, notes or other indebtedness of local agencies in CA.	5 years	None	5%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
CD Placement Service	5 years	30%	5%
Repurchase Agreements	1 year	None	5%
Reverse Repurchase Agreements	92 days	20%	5%
Medium-term Notes (MTN's)	5 years	30%	5%
Mutual Funds and Money Market Accounts	n/a	20%	5%
Collateralized Bank Deposits	5 years	None	5%
Mortgage Pass-Through Securities	5 years	20%	5%
Bank/Time Deposits	5 years	None	5%
Other Governmental Sponsored Investment Pools	n/a	None	None

As of June 30, 2010, the City is in compliance with the investment policy restriction.

The City has invested more than 5% of the total investment value with the following issuers:

California State Local Agency Investment Fund (LAIF)	21.5 %
US Treasury Notes	11.0%
Federal Farm Credit	8.4 %
Federal Home Loan Bank	9.0 %
Federal Home Loan Mortgage Corp	10.4 %
Federal National Mortgage Assn	10.8 %

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk (Continued)

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

<u>Investment Type</u>	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Fair Value
Local Agency Investment Fund	\$ 48,497,791	\$ -	\$ -	\$ -	\$ -	\$48,497,791
Money Market Funds	1,564,634	-	-	-	-	1,564,634
Medium Term Notes	196,494	-	32,654,522	18,383,858	-	51,234,874
US Treasury Notes	-	-	20,457,373	4,188,254	-	24,645,627
Federal Agricultural Mortgage Corp.	-	1,019,159	-	-	-	1,019,159
Federal Farm Credit Banks	-	1,018,227	7,247,599	10,573,113	-	18,838,939
Federal Farm Loan Banks	-	1,001,748	7,072,867	11,954,028	-	20,028,643
Federal Home Loan Mortgage Corp.	-	-	5,033,352	18,000,650	-	23,034,002
Federal National Mortgage Assn.	-	-	6,008,005	18,082,466	-	24,090,471
Tennessee Valley Authority	-	-	4,184,389	4,100,605	-	8,284,994
Held by Bond Trustee:						
Money Market Funds	<u>24,823,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,823,515</u>
Totals	<u>\$ 75,082,434</u>	<u>\$ 3,039,134</u>	<u>\$ 82,658,107</u>	<u>\$ 85,282,974</u>	<u>\$ -</u>	<u>\$ 246,062,649</u>

Note 4: Notes and Loans Receivables

Notes and loans receivables of \$21,609,393 consist primarily of revolving home improvement loans and are due beyond one year.

A summary of amounts owed at June 30, 2010 follows:

	Community Redevelopment Agency <u>Capital Projects Fund</u>	Nonmajor <u>Governmental Funds</u>
Cottonwood Properties	\$ 3,847,806	\$ 2,050,000
Sheila Street Rehabilitation	2,651,875	-
RHDC Properties	1,892,167	783,021
CVHC	1,639,450	-
Crippled Children	824,917	-
Bay Family Apartments	755,000	-
Perris Isle	413,000	687,000
Oakwood	2,250,000	-
Rancho Dorado	2,800,000	-
Others	493,207	521,950
Totals	<u>\$ 17,567,422</u>	<u>\$ 4,041,971</u>

Note 5: Capital Assets

General government capital asset activity for the year ended June 30, 2010 follows:

	Balance July 1, 2009	Adjustments	Balance July 1, 2009 as Adjusted	Additions	Deletions	Balance June 30, 2010
Non-Depreciable Assets:						
Land	\$303,293,860	\$ -	\$ 303,293,860	\$ 5,115,930	\$ -	\$ 308,409,790
Construction In Progress	<u>55,975,095</u>	<u>(3,040,734)</u>	<u>52,934,361</u>	<u>28,562,959</u>	<u>(32,208,588)</u>	<u>49,288,732</u>
Subtotal: Non-Depreciable Assets	359,268,955	(3,040,734)	356,228,221	33,678,889	(32,208,588)	357,698,522

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 5: Capital Assets (Continued)

	Balance July 1, 2009	Adjustments	Balance July 1, 2009 as Adjusted	Additions	Deletions	Balance June 30, 2010
Depreciable Assets:						
Buildings & Improvements	101,837,564	-	101,837,565	8,365,715	-	110,203,280
Machinery & Equipment	11,017,995	-	11,017,995	935,155	-	11,953,150
Vehicles	9,780,182	-	9,780,182	54,262	(23,534)	9,810,910
Infrastructure	<u>521,354,812</u>	-	<u>521,354,812</u>	<u>73,359,917</u>	-	<u>594,714,729</u>
Subtotal: Depreciable Assets	643,990,553	-	643,990,554	82,715,049	(23,534)	726,682,069
Total Capital Assets	1,003,259,508	(3,040,734)	1,000,218,775	116,393,938	(32,232,122)	1,084,380,591
 Less Accumulated Depreciation for:						
Buildings & Improvements	(34,697,120)	-	(34,697,120)	(3,271,221)	-	(37,968,341)
Machinery & Equipment	(8,988,526)	-	(8,988,525)	(836,847)	-	(9,825,372)
Vehicles	(5,752,251)	-	(5,752,251)	(961,411)	23,534	(6,690,128)
Infrastructure	<u>(206,278,371)</u>	-	<u>(206,278,371)</u>	<u>(17,598,106)</u>	-	<u>(223,876,477)</u>
Total Accumulated Depreciation	(255,716,268)	-	(255,716,267)	(22,667,585)	23,534	(278,360,318)
Total Net Capital Assets	<u>\$ 747,543,240</u>	<u>\$ (3,040,734)</u>	<u>\$744,502,508</u>	<u>\$93,726,353</u>	<u>\$ (32,208,588)</u>	<u>\$806,020,273</u>

The adjustments are due to certain capital assets and depreciation not being properly reported in the prior year.

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

Governmental Activities:	
General government	\$ 98,539
Public safety	1,213,306
Community development	748,717
Community and cultural	1,976,729
Public works	17,768,114
Internal service funds	<u>862,180</u>
Total	<u>\$22,667,585</u>

Business-type capital asset activity for the year ended June 30, 2010 follows:

	Balance July 1, 2009	Adjustments	Balance July 1, 2009 as Adjusted	Additions	Deletions	Balance June 30, 2010
Non-Depreciable Assets:						
Land	\$ 1,237,459	\$ -	\$ 1,237,459	\$ -	\$ -	\$ 1,237,459
Construction In Progress	<u>1,617,422</u>	-	<u>1,617,422</u>	<u>2,206,549</u>	<u>(1,860,258)</u>	<u>1,963,713</u>
Subtotal: Non-Depreciable Assets	2,854,881	-	2,854,881	2,206,549	(1,860,258)	3,201,172
 Depreciable Assets:						
Infrastructure	<u>31,164,946</u>	<u>412,579</u>	<u>31,577,525</u>	<u>2,040,455</u>	<u>(241,006)</u>	<u>33,376,974</u>
Subtotal: Depreciable Assets	31,164,946	412,579	31,577,525	2,040,455	(241,006)	33,376,974
Total Capital Assets	34,019,827	412,579	34,432,406	4,247,004	(2,101,264)	36,578,146

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 5: Capital Assets (Continued)

	Balance July 1, 2009	Adjustments	Balance July 1, 2009 as Adjusted	Additions	Deletions	Balance June 30, 2010
Less Accumulated Depreciation for:						
Infrastructure	<u>(2,275,305)</u>	-	<u>(2,275,305)</u>	<u>(773,971)</u>	-	<u>(3,049,276)</u>
Total Accumulated Depreciation	(2,275,305)	-	(2,275,305)	(773,971)	-	(3,049,276)
Total Net Capital Assets	<u>\$ 31,744,522</u>	<u>\$ 412,579</u>	<u>\$ 32,157,101</u>	<u>\$ 3,473,033</u>	<u>\$ (2,101,264)</u>	<u>\$ 33,528,870</u>

Depreciation expense for business-type activities was charged as follows:

Electric Utility \$ 773,971

Note 6: Long-Term Debt

Changes in Long-Term Debt - Governmental Activities

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

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Towngate Community Facilities District No. 87-1:					
2007 Towngate Special Tax Refunding Bonds	\$ 10,090,000	\$ -	\$ (600,000)	\$ 9,490,000	\$ 630,000
2007 Towngate Improvement Tax Refunding	3,855,000	-	(190,000)	3,665,000	195,000
Community Facilities District No. 3:					
Auto Mall Special Tax Bonds	3,320,000	-	(950,000)	2,370,000	1,045,000
Moreno Valley Public Facilities Financing					
Refunding Certificates of Participation, Series 1997	5,470,000	-	(595,000)	4,875,000	615,000
Moreno Valley Public Financing Authority:					
Lease Revenue Bonds, 1997	3,900,000	-	(195,000)	3,705,000	205,000
Lease Revenue Bonds, 2005	41,305,000	-	(805,000)	40,500,000	840,000
City:					
Accrued Self-Insurance Claims and Judgments	3,533,000	994,223	(907,223)	3,620,000	359,000
Other Post Employment Benefits	-	5,790,277	(9,426,914)	-	-
Compensated Absences:					
Governmental Funds	4,099,558	4,079,196	(4,099,558)	4,079,196	1,944,551
Internal Service Funds	474,747	286,081	(212,262)	548,566	206,470
Child Development Portable Classrooms	41,098	-	(24,658)	16,440	16,440
Community Redevelopment Agency:					
Notes Payable, Price Company	2,234,084	-	(210,436)	2,023,648	-
RDA – 2007 Tax Allocation Bonds Series A	<u>42,725,000</u>	<u>-</u>	<u>(120,000)</u>	<u>42,605,000</u>	<u>130,000</u>
Totals	<u>\$ 121,047,487</u>	<u>\$ 5,359,500</u>	<u>\$ (8,909,137)</u>	<u>\$ 117,497,850</u>	<u>\$ 6,186,461</u>

2007 Towngate Special Tax Refunding Bonds

Towngate CFD 87-1 2007 Special Tax Refunding Bonds in the original issue of \$10,665,000 were issued in November 2007 to refund prior bonds currently outstanding, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial fashion through December 1, 2021 and bear interest ranging from 3.50% to 5.00%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on December 1, 2017. The bonds are payable from and secured by a special tax levy against certain affected parcels within the District. Under an arrangement (Participation Agreement) involving the District, the City and the City's Redevelopment Agency, the required tax levy may be reduced in part by the reimbursable tax increment and utility reimbursements from the Agency. This refinancing decreased the aggregate debt service payments that were required on the Refunded Bonds by approximately \$3,650,042. This refunding resulted in an economic gain of approximately \$1,061,603.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 6: Long-Term Debt (Continued)

2007 Towngate Improvement Tax Refunding Bonds

CFD 87-1 Improvement Area No. 1 Special Tax Refunding Bonds in the original issue of \$4,075,000 were issued in November 2007 to refund prior bonds currently outstanding, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial fashion through October 1, 2023 and bear interest ranging from 3.75% to 4.875%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on April 1, 2009. The bonds are payable from and secured by a special tax levy against certain affected parcels within the District. Under an arrangement (a Cooperation and Reimbursement Agreement) involving the District, the City and the City's Redevelopment Agency, the required tax levy may be reduced in part by a reimbursable tax increment from the Agency to a maximum of 70.3% of required debt service. This refinancing increased the aggregate debt service payments that were required on the Refunded Bonds by approximately \$984,049. This refunding resulted in an economic gain of approximately \$465,301.

Auto Mall Special Tax Bonds

Community Facilities District No. 3, Auto Mall Special Tax Bonds 2000, Refinancing in March 2000, the Community Facilities District No. 3 of the City of Moreno Valley issued Special Tax Bonds 2000 (Refinancing Bonds) in the amount of \$8,075,000 to refund on June 1, 2000 \$7,828,258 of outstanding Auto Mall Special Tax Bonds (Refunded Bonds). The Refinancing Bonds mature in serial and term fashion through September 2030 and bear interest payable semi-annually at rates ranging from 5.25% to 7.50%. The bonds are subject to optional and mandatory redemption prior to maturity beginning September 1, 2010. The bonds are payable from and secured by a special tax levy against parcels within the District. Under an arrangement (Owner Participation Agreement) involving the parcel owners, the District, the City and the City's Redevelopment Agency, the required tax levy is to be offset by available property tax increment from the Agency. Should available increment be insufficient to offset the levy, available project sales tax collected by the City will be used. This refinancing increased the aggregate debt service payments that were required on the Refunded Bonds by approximately \$3,100,000 and produced an economic loss (the excess of the present value of the new over old debt service payments) of approximately \$418,000. The refinancing was undertaken to cure a debt service payment default that had occurred on the now refunded bonds. Special tax delinquencies were the primary cause of the default.

Refunding Certificates of Participation, Series 1997

Refunding Certificates of Participation (City Hall) Series 1997 in the original issue of \$10,955,000, with a variable interest rate due through 2016, were issued to advance refund \$10,180,000 of outstanding 1995 Certificates of Participation. The source of repayment for the Certificates is lease payments to be made by the Moreno Valley Public Facilities Financing Corporation whereby scheduled lease payments equal the amount of principal and interest due on the Certificates. The City has the option to convert the variable rate certificates at any time. The Refunding Certificates are subject to purchase on the demand of the holder while they are outstanding at a variable rate upon seven days notice. Payment of these demand certificates shall be made from the proceeds of the resale of such certificates by the City's remarketing agent. Should there be insufficient funds from this source, funds will be made available from an irrevocable bank letter of credit. The letter of credit is valid through the date the Certificates bear interest at a fixed rate or May 1, 2007. Repayment of the letter of credit shall occur from any available funds with the trustee of the issue, including the scheduled lease payments of the City.

Lease Revenue Bonds, 1997

Lease Revenue Bonds 1997 in the original issue amount of \$5,300,000 were issued for the purpose of financing a portion of the cost of acquiring and constructing a public safety building for City use, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial and term fashion through November 1, 2022 and bear interest ranging from 4.15% to 5.50%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on November 1, 2007. The bonds are payable from lease, payments made by the City under a project lease dated November 1, 1997 between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City for the rental use of the public safety building financed by this bond issue. This issue is fully insured in the event of nonpayment by the City.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 6: Long-Term Debt (Continued)

Lease Revenue Bonds, 2005

Lease Revenue Bonds 2005 in the original issue amount of \$48,205,000 were issued for the purpose of financing a portion of the cost of the expansion of the public safety building, electric utility infrastructure, construction of a fire station, various public works and redevelopment projects, to fund a reserve for the bonds and to pay issuance costs. Of the \$48,205,000 originally issued, the portion for the electric utility infrastructure \$4,910,000 has been separated and is shown as long-term debt for business-type activities. The bonds mature in serial and term fashion through November 1, 2035 and bear interest ranging from 3% to 4.375%. The bonds are subject to both optional and mandatory redemption beginning November 1, 2006. The bonds are payable from lease payments made by the City under a project lease dated May 1, 1997, between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the Public Safety Building and the City Hall. This issue is fully insured in the event of nonpayment by the City.

Compensated Absences

At June 30, 2010, the amount of compensated absences liability was \$4,627,762. This amount consists of \$4,079,196 for governmental funds, principally paid by the general fund, and \$548,566 for internal service funds.

Portable Classroom Loans

In January 1999, the City entered into two agreements with the California Department of Education to finance the purchase and construction of two portable classrooms. Under the terms of the agreements, the City was granted two non-interest bearing loans totaling \$246,585. The loans are payable in monthly installments of \$2,055 beginning February 2001, for 10 years. The amount outstanding as of June 30, 2010 was \$16,440.

Note Payable - Price Company

The Redevelopment Agency had recorded a long-term payable in the original amount of \$2,433,744 under a development and disposition agreement and promissory note with Price Company for the reimbursement of costs of construction of a 130,000-square-foot retail store. The note bears interest at 8% per annum and is payable solely from 50% of site-generated sales tax. Any remainder payable after September 2015 will be forgiven. The amount outstanding as of June 30, 2010 was \$2,023,648.

RDA 2007 Tax Allocation Bonds Series A

Redevelopment Agency 2007 Tax Allocation Bonds, Series A, in the original issue amount of \$43,495,000 were issued in November 2007 for the purpose of financing various redevelopment activities and other undertakings permitted under the Redevelopment Law, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial and term fashion through August 1, 2038 and bear interest ranging from 3.5% to 5.0%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on August 1, 2017. The bonds are payable solely from Tax Increment Revenues and other funds and amounts pledged therefore pursuant to the Indenture. This issue is fully insured in the event of nonpayment by the Agency.

Conduit Debt

The Moreno Valley Public Financing Authority issued \$5,548,000 Assisted Living Housing Revenue Bonds, Series 2000A. The bonds and interest thereon are limited obligations of the issuer, payable solely from the revenues and the trust estate, which are assigned and pledged to such purposes. Consequently, no liability is reported in these accompanying financial statements. The outstanding balance at June 30, 2010 was \$5,288,000.

No-Commitment Debt

Assessment District No. 87-4, Limited Obligation Improvement Bonds, in the original issue amount of \$6,858,539, were issued for the purpose of acquiring infrastructure improvements and financing landscaping for one of the City's districts. The bonds mature in serial fashion through September 2, 2009 and bear interest, payable semi-annually, at rates ranging from 6.4% to 7.8%. The bonds are subject to optional redemption prior to maturity for denominations greater than \$5,000. The bonds matured on September 2, 2009; therefore there is no outstanding balance as of June 30, 2010.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 6: Long-Term Debt (Continued)

The Community Facilities District No. 5 of the City of Moreno Valley 2007 Special Tax Bonds were issued to finance various public improvements needed to develop property located within the Community Facilities District No. 5 ("District"). The original issue amount was \$5,870,000. The Bonds are special limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes to be levied on and collected from the owners of the taxable land within the District and from certain other funds pledged under the Fiscal Agent Agreement dated May 1, 2007 by and between the City for and on behalf of the District and Wells Fargo Bank, National Association, as fiscal agent. The Special Taxes are to be levied according to the rates and method of apportionment approved by the City Council, the legislative body of the District, and the qualified electors within the District. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The City is in no way liable for repayment but is acting as an agent for the property owners in collecting the assessments and forwarding the collections to bondholders. Interest on the Bonds will be payable on September 1, 2007 and semiannually thereafter on each March 1 and September 1 thru 2037. Interest rates range from 4.00% to 5.00%. Principal on the Bonds is due each September 1 beginning 2009 and ending 2037. The outstanding balance at June 30, 2010 was \$5,855,000.

The annual maturities and the annual debt service requirements to amortize the outstanding debt as of June 30, 2010 are as follows:

	<u>Moreno Valley Public Financing Authority</u>		<u>Community Facilities Districts</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,				
2011	\$ 1,045,000	\$ 1,995,206	\$ 1,870,000	\$ 678,895
2012	1,100,000	1,943,313	875,000	610,279
2013	1,145,000	1,888,991	905,000	577,338
2014	1,210,000	1,831,775	940,000	542,291
2015	1,270,000	1,774,078	985,000	503,538
2016 – 2020	7,265,000	7,906,389	5,655,000	1,785,654
2021 – 2025	8,335,000	6,000,924	3,565,000	551,035
2026 – 2030	9,035,000	4,070,136	580,000	173,252
2031 – 2035	11,245,000	1,830,610	150,000	5,625
2036	<u>2,555,000</u>	<u>55,891</u>	-	-
Totals	<u>\$ 44,205,000</u>	<u>\$ 29,297,313</u>	<u>\$ 15,525,000</u>	<u>\$ 5,427,907</u>

	<u>Moreno Valley Public Facilities Financing Corporation</u>		<u>City of Moreno Valley</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,				
2011	\$ 615,000	\$ 137,025	\$ 16,440	\$ -
2012	645,000	118,125	-	-
2013	665,000	98,475	-	-
2014	695,000	78,075	-	-
2015	725,000	56,775	-	-
2016 - 2017	<u>1,530,000</u>	<u>46,350</u>	-	-
Totals	<u>\$ 4,875,000</u>	<u>\$ 534,825</u>	<u>\$ 16,440</u>	<u>\$ -</u>

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 6: Long-Term Debt (Continued)

Annual maturities and the annual debt service requirements (Continued):

Year Ending June 30,	Community Redevelopment Agency	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 130,000	\$ 2,050,284
2012	210,000	2,043,484
2013	220,000	2,034,884
2014	230,000	2,025,884
2015	230,000	2,017,259
2016 – 2020	1,255,000	9,948,953
2021 – 2025	4,930,000	9,456,242
2026 – 2030	9,595,000	7,659,803
2031 – 2035	12,850,000	4,923,750
2036 – 2039	<u>12,955,000</u>	<u>1,335,125</u>
Totals	<u>\$ 42,605,000</u>	<u>\$ 43,495,668</u>

The above schedules do not include the long-term debt for compensated absences nor maturities for the Community Redevelopment Agency Price Company Notes Payable, as fixed maturities have not been established.

Changes in Long-Term Debt - Business-Type Activities

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

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Electrical Cabinet Capital Leases	\$ 102,551	\$ -	\$ (66,147)	\$ 36,404	\$ 33,922
Lease Revenue Bonds, 2005	5,010,000	-	(100,000)	4,910,000	100,000
Lease Revenue Bonds, 2007	25,765,000	-	(390,000)	25,375,000	405,000
Less Deferred Issuance	(306,461)	-	10,945	(295,516)	-
Long-term Compensated	<u>47,100</u>	<u>38,341</u>	<u>(52,652)</u>	<u>32,789</u>	<u>32,789</u>
Totals	<u>\$ 30,618,190</u>	<u>\$ 38,341</u>	<u>\$ (597,854)</u>	<u>\$ 30,058,677</u>	<u>\$ 571,711</u>

Electrical Cabinets Capital Lease

Between January 2004 and August 2006, the City entered into nine separate lease purchase agreements to lease electrical cabinets in the amount of \$65,000 each. The term of each lease is for 60 months. The outstanding balance as of June 30, 2010 was \$36,404.

Lease Revenue Bonds, 2005

Lease Revenue Bonds 2005 in the original issue amount of \$48,205,000 were issued for the purpose of financing a portion of the cost of the expansion of the public safety building, electric utility infrastructure, construction of a fire station, various public works and redevelopment projects, to fund a reserve for the bonds and to pay issuance costs. Of the \$48,205,000 originally issued, the portion for the electric utility infrastructure (\$5,105,000) has been separated and is shown as long-term debt for business-type activities. The bonds mature in serial and term fashion through November 1, 2035 and bear interest ranging from 3% to 4.375%. The bonds are subject to both optional and mandatory redemption beginning November 1, 2006. The bonds are payable from lease payments made by the City under a project lease dated May 1, 1997, between the

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 6: Long-Term Debt (Continued)

Lease Revenue Bonds, 2005 (Continued)

City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the Public Safety Building and the City Hall. This issue is fully insured in the event of nonpayment by the City.

Lease Revenue Bonds, 2007

Lease Revenue Bonds 2007 (Taxable) in the original issue amount of \$25,765,000 were issued for the purpose of financing a City-owned 115kV to 12kV substation, a 115kV to 12kV switchyard adjacent to the substation, and other infrastructure improvements to support planned growth of the City-owned electrical distribution system. The bonds mature in serial and term fashion through May 1, 2038 and bear interest ranging from 5.084% to 5.75%. The bonds are subject to both optional and mandatory redemption beginning May 1, 2017. The bonds are payable from lease payments made by the City under a project lease dated May 1, 2007, between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the 115kV to 12kV substation. This issue is fully insured in the event of nonpayment by the City.

Compensated Absences

At June 30, 2010, the amount of compensated absences liability totaled \$32,789. Based on the current trend of usage, this entire amount is expected to be paid within one year.

The annual maturities and the annual debt service requirements to amortize the outstanding debt as of June 30, 2010 were as follows:

Year Ending <u>June 30,</u>	<u>Electrical Cabinets Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 33,922	\$ 1,078
2012	<u>2,482</u>	<u>18</u>
Totals	<u>\$ 36,404</u>	<u>\$ 1,096</u>

Year Ending June 30,	<u>Lease Revenue Bonds, 2005</u>		<u>Lease Revenue Bonds, 2007</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 100,000	\$ 218,212	\$ 405,000	\$ 1,421,974
2012	105,000	213,337	430,000	1,401,383
2013	110,000	208,237	450,000	1,379,522
2014	120,000	202,762	475,000	1,356,644
2015	125,000	197,262	495,000	1,332,495
2016 – 2020	705,000	896,360	2,895,000	6,249,352
2021 – 2025	875,000	716,170	3,785,000	5,360,444
2026 – 2030	1,100,000	493,460	4,965,000	4,181,027
2031 – 2035	1,360,000	221,594	6,565,000	2,586,638
2036 - 2038	<u>310,000</u>	<u>6,781</u>	<u>4,910,000</u>	<u>575,288</u>
Totals	<u>\$ 4,910,000</u>	<u>\$ 3,374,175</u>	<u>\$ 25,375,000</u>	<u>\$ 25,844,767</u>

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 6: Long-Term Debt (Continued)

Annual maturities and the annual debt service requirements (Continued):

These schedules do not include the long-term debt for compensated absences, as fixed maturities have not been established.

Note 7: Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 7,005,998	\$ -
Special Revenue Funds:		
CSD Zones	197,320	3,371,652
Development Impact Fees	1,760,878	-
Capital Projects Fund:		
Community Redevelopment Agency	4,500	1,927,292
Debt Service Fund:		
Community Redevelopment Agency	-	4,713
Nonmajor Governmental Funds	<u>90,291</u>	<u>3,755,330</u>
Totals	<u>\$ 9,058,987</u>	<u>\$ 9,058,987</u>

The City of Moreno Valley utilizes the State of California Local Agency Investment Fund (LAIF) as a short-term investment tool. In June 2006, the General Fund LAIF account reached the LAIF threshold and as an alternative for investing, the remaining funds were loaned to CSD Zone A, in the CSD Zones Fund, and the Community Redevelopment Agency Capital Projects Fund for investment into LAIF. The amounts of the loans outstanding at June 30, 2010 were \$3,281,361 and \$1,927,292, respectively.

The General Fund has made short-term loans to the following funds to eliminate negative cash balances:

Law Enforcement Fund	\$ 326,907
Community Development Block Grant Fund	358,355
Used Oil Recycling Fund	11,593
Storm Water Maintenance Fund	66,020
Emergency Management Preparedness Grant Fund	34,948
Box Springs Water EPA Grant Fund	59,665
TRI 16-06-1 Targeted Rubberized Fund	26,474
Neighborhood Stabilization Program Fund	772,778
FHWA Transims Fund	12,642
ETA Job Training Grant Fund	20,225
Homelessness Prevention Program	100,636
Energy Efficiency & Conservation Block Grant	133
Automall Capital Administration	2,256

The General Fund made a short-term loan of \$4,713 to the Community Redevelopment Agency Debt Service Fund for interest charges that were not yet paid as of year-end.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 7: Interfund Receivables, Payables and Transfers (Continued)

a. Due To/From Other Funds (Continued)

The Community Services District, CSD Zone A, made a short-term loan of \$197,320 to the ASES Program Grant Fund to eliminate negative cash.

The Development Impact Fees Fund, Arterial Streets, made a short-term loan of \$1,760,878 to the TUMF Capital Projects Fund to eliminate negative cash.

The Special District Administration Fund made a short-term loan of \$90,291 to the Community Services District, CSD Zone B, for operating activities.

The Community Redevelopment Agency Capital Projects Fund made a loan to the Warner Ranch Capital/Development Projects Fund to finance Warner Ranch alleyway improvements. The total outstanding loan is \$4,500. The loan was made in 1995-1996. Repayments are made annually and will be complete in 2010-2011.

b. Advances To/From Other Funds

<u>Funds</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
Major Governmental Funds:		
General Fund	\$ 57,852,991	\$ -
Capital Projects Fund:		
Community Redevelopment Agency	3,564,945	-
Debt Service Fund:		
Community Redevelopment Agency	220,500	61,417,936
Nonmajor Governmental Funds	580,657	-
Proprietary Fund:		
Electric	<u>-</u>	<u>801,157</u>
Totals	<u>\$ 62,219,093</u>	<u>\$ 62,219,093</u>

The long-term payable to the General Fund from the Community Redevelopment Agency Debt Service Fund includes \$652,248 representing monies borrowed in prior fiscal years by the Agency to finance redevelopment activities. The monies loaned to the Agency bear an interest rate of 12%. Repayment of the long-term payable will be made when funds becomes available. At June 30, 2010, accrued interest amounts to \$218,760.

The City purchased the Towngate Regional Mall - Department Store Parcel Acquisition Notes for \$5,000,000. The notes, totaling \$13,000,000, originate from a participation agreement (as amended) whereby the Community Redevelopment Agency acquired certain parcels within the mall for subsequent transfer to major tenants. The notes bear interest at 7.25% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Furthermore, the Community Redevelopment Agency has covenanted to use reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. At June 30, 2010, accrued interest amounts to \$4,489,369.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 7: Interfund Receivables, Payables and Transfers (Continued)

b. Advances To/From Other Funds (Continued)

The Community Redevelopment Agency purchased improved property from the City – the Conference and Recreation Center. The purchase price was \$14,203,946. The loan note is \$11,474,822 after the initial payments of \$2,700,000 and \$29,124. The term is 20 years with 12% simple interest. The Agency will make interest only annual payments with a balloon payment due at the end of the term. At June 30, 2010, accrued interest amounts to \$5,517,792.

Community Redevelopment Agency 2007 Series B, Subordinate Taxable Tax Allocation Bonds in the original issue amount of \$22,500,000 were issued in November 2007. All of the bonds were purchased by the General Fund. The General Fund will make a reservation of fund balance for these bonds. The proceeds of the bonds will remain unspent pending the outcome of litigation between the Agency and the County of Riverside concerning the interpretation of a pass-through agreement between the Agency and the County. The Agency will pay interest only debt service payments to the General Fund. The interest rate is variable and is expected to approximate a rate of return the Agency achieves from investing the bond proceeds. During the year, the amount of interest earned and paid to the City was \$457,378. If the Agency is successful in its litigation, it would begin receiving additional tax increment revenue to pay all or part of the debt service on the bonds. At that point, the bonds will be remarketed within five years and the proceeds used for the purpose of financing various redevelopment improvement projects. The bonds may be redeemed in total or in part at any time.

In June 2007, The Community Redevelopment Agency Capital Projects Fund, Low and Moderate Income Housing, advanced to the Community Redevelopment Agency Debt Service Fund, Tax Increment, \$4,157,976 to finance the purchase of certain properties. Repayments will be made annually based on the Agency’s approximate average investment returns on monies. The outstanding balance as of June 30, 2010 is \$3,564,945.

The Community Redevelopment Agency Capital Projects Fund advanced \$300,000 to the Electric Fund for construction of electrical infrastructure. The loan has a ten year term and a five percent annual interest rate. The outstanding balance as of June 30, 2010 is \$220,500.

The Special Districts Administration Fund has loaned \$580,657 to the Electric Fund for start-up costs. The loan will be repaid when revenue becomes available.

c. Interfund Transfers

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 7,330,279	\$ 2,710,323
Special Revenue Funds:		
CSD Zones	923,188	866,129
Development Impact Fees Fund	8,774,196	5,263,145
Capital Projects Fund:		
Community Redevelopment Agency	2,025,689	-
Debt Service Fund:		
Community Redevelopment Agency	4,237	3,594,069
Nonmajor Governmental Funds	10,265,345	13,673,296
Proprietary Funds:		
Electric	-	225,192
Internal Service Funds	<u>100,000</u>	<u>3,090,780</u>
Totals	<u>\$ 29,422,934</u>	<u>\$ 29,422,934</u>

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 7: Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers (Continued)

The General Fund transferred a total of \$2,342,238 to several funds to provide subsidies to cover the operating deficits.

The transfer amounts by fund are as follows:

State Gasoline Tax Fund	\$1,000,000
CSD Zones Fund, Zone A	289,819
CSD Zones Fund, Library Services	424,915
Public Education/Government Access Program Fund	300,000
Emergency Management Preparedness Grant Fund	32,967
Storm Water Maintenance Fund	181,978
NPDES CSA Fund	112,559

The General Fund transferred \$103,400 to CSD Zones Fund, Zone M, for median maintenance.

The General Fund transferred \$1,232 to the Used Oil Recycling Fund to subsidize grant operating expenditures.

The General Fund transferred \$2,284 to the TCA2-06-022 Local Government Waste TI Fund to subsidize grant operating expenditures.

The General Fund transferred \$254,169 to the Public Safety Lease Revenue Bonds 1997 Debt Service Fund for debt obligations for the fiscal year.

The General Fund transferred \$7,000 to the Community Redevelopment Agency Capital Projects Fund, Low and Moderate Income Housing, for neighborhood cleanup funding.

The CSD Zones Fund, Zone A, transferred \$817,414 to the General Fund for a return of unused operating subsidies.

The CSD Zones Fund, Zone E, transferred \$48,715 to the NPDES CSA Fund for parcel fees collected.

The Development Impact Fees Fund, Arterial Streets, transferred the amount of \$1,118,050 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

The Development Impact Fees Fund, Fire Facility, transferred the amount of \$257,328 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

The Development Impact Fees Fund, Police Facility, transferred the amount of \$675,493 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

During the 2009-2010 budget process and subsequently, Arterial Streets Development Impact Fees were committed to supporting several capital projects. Transfers totaling \$1,837,894 were made to the DIF Capital Projects Fund for these commitments:

Reche Vista Realignment – Perris / Heacock North City Limits	\$500,000
Perris Blvd Widening-Ramona to Cactus	704,078
Perris Blvd Widening - Ironwood to Manzanita	500,000
Kitching Storm Channel Bridge	133,816

During the 2009-2010 budget process and subsequently, Traffic Signal Development Impact Fees were committed to supporting several capital projects. Transfers totaling \$1,374,380 were made to the DIF Capital Projects Fund for these commitments:

Emergency Vehicle Pre-Emption	\$1,000,000
Sunnymead Ranch/Village Road Traffic Signal	272,000
Transportation Management Center	102,380

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 7: Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers (Continued)

The Community Redevelopment Agency Debt Service Fund transferred a total of \$1,575,380 to fund the following debt service obligations:

2007 Towngate Refunding Debt Service Fund	\$ 373,011
2007 Towngate Improvement Refunding Debt Service Fund	274,598
Lease Revenue Bonds 2005 Debt Service Fund	592,646
Public Safety Bond Debt Service Fund	150,000
Auto Mall Special Tax Bonds Debt Service Fund	185,125

The Community Redevelopment Agency Debt Service Fund transferred a total of \$704,381 to the Community Redevelopment Agency Capital Project Fund, Administration, for administration costs.

The Community Redevelopment Agency Debt Service Fund transferred a total of \$1,314,308 to the Community Redevelopment Agency Capital Project Fund, Capital Projects, for capital projects costs.

The State Gasoline Tax Fund transferred \$1,000,000 to the General Fund to return an unused portion of operating subsidies.

The Law Enforcement Fund, LLEBG-PD, transferred a total of \$312,073 to the General Fund to return an unused portion of a grant subsidy.

The Law Enforcement Fund, OTS Public Works, transferred a total of \$34,887 to the General Fund, Fire Service Operations, for reimbursement of equipment purchased.

The 2007 Towngate Improvement Refunding Debt Service Fund transferred \$15,700 to the Towngate Capital/Administration Fund for reimbursement of administrative and fiscal charges.

The 2007 Towngate Refunding Debt Service Fund transferred \$139,750 to the Towngate Capital/Administration Fund for reimbursement of administrative and fiscal charges.

The Auto Mall Special Tax Bonds Debt Service Fund transferred \$76,000 to the Auto Mall Capital/Administration Fund for reimbursement of administrative and fiscal charges.

The City Hall Capital/Administration Fund transferred \$2,476,741 to the General Fund to return an unused portion of project subsidies.

The City Hall Capital/Administration Fund transferred \$419,837 to the Development Impact Fees Fund, Parkland Facility, to return an unused portion of project subsidies.

The City Hall Capital/Administration Fund transferred \$100,000 to the Internal Service Fund, Facilities Maintenance, to return an unused portion of Emergency Operations Center project subsidy.

The Lease Revenue Bonds 2005 Capital Projects Fund transferred \$742 to the Lease Revenue Bonds 2005 Debt Service Fund for arbitrage payments.

The Public Education/Government Access Program Fund transferred a total of \$339,150 to the General Fund to return an unused portion of operating subsidies.

The Used Oil Recycling Fund transferred a total of \$369 to reimburse the General Fund for grant expenditures.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 7: Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers (Continued)

The Community Development Block Grant Fund transferred a total of \$5,053 to reimburse the General Fund for grant expenditures.

The SCAG Article 3 Fund transferred a total of \$376,984 to the Measure A Fund to return an unused portion of operating subsidies.

The Parks and Community Services PAL Grant Fund transferred a total of \$17,414 to the CSD Zones Fund, Zone A Parks, to return an unused portion of a project subsidy.

The COP 1993 Debt Service Fund transferred a total of \$421,959 to the Development Impact Fees Fund, Arterial Streets, to return an unused portion of a project subsidy.

The DIF Capital Project Fund transferred a total of \$5,804,589 to the Development Impact Fees Fund, Arterial Streets, to return unused portions of project subsidies.

The DIF Capital Project Fund transferred a total of \$2,127,811 to the Development Impact Fees Fund, Traffic Signals, to return unused portions of project subsidies.

The Box Springs Water EPA Grant transferred a total of \$4,237 to the Community Redevelopment Agency Debt Service Fund to return an unused portion of a project subsidy.

The Electric Fund transferred \$225,192 to reimburse the General Fund for litigation expenditures.

The City Hall Facility Internal Service Fund transferred \$883,740 to the City Hall COPs Series 1997 Debt Service Fund to fund the debt service obligation.

The Equipment Replacement Reserve Internal Service Fund transferred a total of \$2,114,400 to the General Fund for replacement of various equipment.

The Equipment Replacement Reserve Internal Service Fund transferred a total of \$87,640 to the CSD Zones Fund, Zone A, for replacement of various equipment.

The Technology Services Internal Service Fund transferred a total of \$5,000 to the General Fund for replacement of radio equipment for Emergency Operations/Volunteer Services.

Note 8: Employee Pension Plan

Plan Description

The City's defined benefit pension plan, Public Employees Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 8: Employee Pension Plan (Continued)

Funding Policy

Active plan members in PERS are required to contribute 8.00% of their annual covered salary as of January 2008. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate is 14.969% for fiscal year 2009-2010. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2009-2010, the City's annual pension cost was \$5,233,518. The City also contributed \$1,783,649 on behalf of the employees for the employee contribution. The required contribution for the fiscal year 2009-2010 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) projected salary increases for employees that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members, and c) 3.25% cost-of-living adjustment. Both a) and b) include an inflation component of 3.00%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15-year period. The PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 25 years.

Ended June 30,	Pension Cost (APC)	Percentage of APC Contributed	Pension Obligation
2008	\$ 4,374,893	100 %	\$ -
2009	4,438,856	100 %	-
2010	5,233,518	100 %	-

Required Supplementary Information – Funded Status of Plan

Latest Information Available

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value Of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
06/30/07	\$ 75,316,003	\$ 58,733,315	\$ 16,582,688	78.0 %	\$ 26,023,541	63.7%
06/30/08	90,939,749	69,197,682	21,742,067	76.1 %	30,739,388	70.7%
06/30/09	109,758,482	78,175,287	31,583,195	71.2 %	26,384,952	119.7 %

The Funded Status of Plan schedule above shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The Funded Status of Plan schedule, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9: Other Post Employment Benefits (OPEB)

Plan Description

The City's defined benefit postemployment healthcare plan provides a portion of certain health care for retired employees. In accordance with City policy, employees who retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability) and are not temporary employees, are eligible for these benefits. In June 2009,

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 9: Other Post Employment Benefits (OPEB) (Continued)

Plan Description (Continued)

the City established an irrevocable trust fund to begin funding the City's unfunded liability through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The City is required to contribute the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 7.75% of the annual covered payroll.

Annual OPEB Cost

For fiscal year 2009-2010, the City's annual OPEB cost was \$1,425,000. The required contribution for the fiscal year was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), and b) projected salary increases for employees of 3.25%, and c) an annual healthcare cost increase of 4.5%. Both a) and b) include an inflation component of 3.00%.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$1,631,000
Interest on net OPEB obligation	230,000
Administrative expenses	(2)
Adjustment to annual required contribution	<u>(435,998)</u>
Annual OPEB cost (expense)	1,425,000
Contributions (including premiums/benefits paid)	<u>(1,425,000)</u>
Increase in net OPEB obligation	-
Net OPEB obligation – beginning of year	<u> -</u>
Net OPEB obligation – end of year	<u>\$ -</u>

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

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 9: Other Post Employment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two preceding fiscal years were as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/08	*	*	*
06/30/09	\$ 1,785,573	100 %	-
06/30/10	1,425,000	100 %	-

* The information for the preceding year is unavailable. GASB 45 was implemented in fiscal year 2008-2009.

Required Supplementary Information – Funded Status of Plan

Latest Information Available

Valuation Date	Actuarial Accrued Liability	Actuarial Value Of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
06/30/07	*	*	*	*	*	*
06/30/08	\$ 9,338,000	-	\$ 9,338,000	0 %	\$ 29,794,978	31.3 %
06/30/09	9,480,000	1,580,000	9,480,000	0 %	28,530,000	33.2 %

Note 10: Prior Period Adjustments

- (a) During the year ended June 30, 2010, the City combined the Fire Services Fund of \$341,612 with the General Fund.
- (b) During the year ended June 30, 2010, the City split the Civil Penalties Fund from the General Fund in the amount of \$197,697. This was done to better identify the activities of the Civil Penalties Fund.
- (c) During the year ended June 30, 2010, the City split the Emergency Services Agency Fines Fund from the General Fund in the amount of \$184,674. This was done to better identify the activities of the Emergency Services Agency Fines Fund.
- (d) During the year ended June 30, 2010, the City split the Community Redevelopment Capital Projects Fund into two funds: the Community Redevelopment Agency Capital Projects Fund and the Community Redevelopment Agency Debt Service Fund. This was done to better identify debt service activity for the Community Redevelopment Agency.
- (e) During the year ended June 30, 2010, the City discovered the Used Oil Recycling revenue had previously been overstated by \$44,475. To correct this oversight, an adjustment was made to reduce due from other governments and adjust beginning fund balance and government-wide beginning net assets..
- (f) During the year ended June 30, 2010, the City discovered the CFD #4M Fund was improperly included in the CSD Zones Fund. To correct this oversight, an adjustment was made to remove the CFD #4M Fund from the CSD Zones Fund.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 10: Prior Period Adjustments (Continued)

- (g) During the year ended June 30, 2010 the City discovered that CFD # 5 Stoneridge was incorrectly being reported as having a Debt Service and Capital Projects fund. As this debt issuance was a no-commitment debt, the City corrected the oversight by transferring the fund balance of the two funds, \$457,457 and \$714,279, respectively, to an agency fund.
- (h) During the year ended June 30, 2010 the City discovered that certain capital assets were incorrectly reported in the Electric Utility Fund. To correct this oversight, an adjustment of \$412,579 was made to the beginning net capital assets and the government-wide beginning net assets.
- (i) During the year ended June 30, 2010 the City discovered that certain capital assets were incorrectly reported in the Technology Services Internal Service Fund and the Facilities Maintenance Internal Service Fund. To correct this oversight, adjustments of \$164,018 were made to the beginning net capital assets and the government-wide beginning net assets.
- (j) During the year ended June 30, 2010 the City discovered that certain capital assets were incorrectly reported. To correct this oversight, adjustments of \$2,877,373 were made to beginning net capital assets and the government-wide beginning net assets.

<u>Government-wide Financial Statements:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets at beginning of year, as previously reported	\$ 895,366,510	\$ 7,827,707
Adjustment (e)	(44,475)	-
Adjustment (g)	(457,457)	-
Adjustment (g)	(714,279)	-
Adjustment (h)	-	412,579
Adjustment (i)	(164,018)	-
Adjustment (j)	<u>(2,877,373)</u>	<u>-</u>
Net assets at beginning of year, as restated	<u>\$ 891,108,908</u>	<u>\$ 8,240,286</u>

Fund Financial Statements:

	<u>General Fund</u>	<u>Fire Services</u>	<u>Civil Penalties</u>	<u>Emergency Services Agency Fines</u>
<u>Governmental Funds:</u>				
Fund balance at beginning of year, as previously reported	\$ 51,854,582	\$ 341,612	\$ -	\$ -
Adjustment (a)	341,612	(341,612)	-	-
Adjustment (b)	(197,697)	-	197,697	-
Adjustment (c)	<u>(184,674)</u>	<u>-</u>	<u>-</u>	<u>184,674</u>
Fund balance at beginning of year, as restated	<u>\$ 51,813,823</u>	<u>\$ -</u>	<u>\$ 197,697</u>	<u>\$ 184,674</u>

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 10: Prior Period Adjustments (Continued)

<u>Fund Financial Statements:</u>	<u>Community Redevelopment Capital Project</u>	<u>Community Redevelopment Debt Service</u>	<u>Used Oil Recycling</u>	<u>CSD Zones</u>	<u>CFD #4M Fund</u>
Governmental Fund:					
Fund balance at beginning of year, as previously reported	\$ 41,061,937	\$ -	\$ -	\$ 8,565,310	\$ -
Adjustment (d)	26,589,891	(26,589,891)	-	-	-
Adjustment (e)	-	-	(44,475)	-	-
Adjustment (f)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,782)</u>	<u>60,782</u>
Fund balance at beginning of year, as restated	<u>\$ 67,651,828</u>	<u>\$ (26,589,891)</u>	<u>\$ (44,475)</u>	<u>\$ 8,504,528</u>	<u>\$ 60,782</u>

<u>Fund Financial Statements:</u>	<u>Stoneridge Capital/ Administration</u>	<u>CFD # 5 Stoneridge</u>
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Governmental Funds:

Net assets at beginning of year, as previously reported	\$ 457,457	\$ 714,279
Adjustment (g)	<u>(457,457)</u>	<u>(714,279)</u>
Net assets at beginning of year, as restated	<u>\$ 0</u>	<u>\$ 0</u>

<u>Fund Financial Statements:</u>	<u>Electric Utility</u>	<u>Fund Financial Statements:</u>	<u>Technology Services</u>	<u>Facilities Maintenance</u>
Proprietary Funds:		Internal Service Funds:		
Net assets at beginning of year, as previously reported	\$ 7,827,707	Net assets at beginning of year, as previously reported	\$ 7,955,631	\$ 11,862,815
Adjustment (h)	<u>412,579</u>	Adjustment (i)	<u>(163,356)</u>	<u>(662)</u>
Net assets at beginning of year, as restated	<u>\$ 8,240,286</u>	Net assets at beginning of year, as restated	<u>\$ 7,792,275</u>	<u>\$ 11,862,153</u>

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 11: Fund Deficits

The following funds contained a deficit fund balance as of June 30, 2010:

Major Governmental Funds:

Debt Service Funds:	
Community Redevelopment Agency	\$ 33,335,207

Non-Major Governmental Funds:

Special Revenue Funds:	
Child Care Grant Fund	\$ 14,140
Used Oil Recycling	25,674
Storm Water Maintenance Recycling	19,170
TR116-06-1 Targeted Rubberized	26,474
Neighborhood Stabilization Program	848,212
FHWA TRANSIMS	24,333
ETA Job Training Grant	6,627
Capital Projects Funds:	
Auto Mall Capital/Administration	2,256
TUMF Capital Projects	640,714

The Community Redevelopment Agency Debt Service deficit fund balance is a result of the accumulation of advances from the General Fund for operating and capital expenditures.

The Child Care Grant, Used Oil Recycling, Storm Water Maintenance Recycling, TR1 16-06-1 Targeted Rubberized, Neighborhood Stabilization Program, FHWA TRANSIMS, ETA Job Training Grant, Auto Mall Capital/Administration, and TUMF Capital Projects Funds deficit fund balances are a result of reimbursement monies not yet received.

Note 12: Expenditures In Excess of Appropriation

Excess of expenditures over appropriations in departments of individual funds are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
City manager	\$ 1,697,000	\$ 1,708,904	\$ 11,904
Crossing guards	602,126	619,308	17,182
Measure A Special Revenue Fund:			
Public works	298,383	636,208	337,825
Public Education/Government Access Program Special Revenue Fund:			
General government	436,100	436,533	433
Special Districts Administration Special Revenue Fund:			
Public works	1,169,779	1,176,018	6,239
NPDES CSA Special Revenue Fund:			
Public works	805,538	836,257	30,719
Traffic Congestion Relief Special Revenue Fund:			
Public works	-	15,775	15,775
Beverage Container Recycling Special Revenue Fund:			
General government	-	6,632	6,632
Emergency Management Preparedness Grant Special Revenue Fund:			
Public safety	97,025	107,465	10,440

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 12: Expenditures In Excess of Appropriation (Continued)

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
ASES Program Grant Special Revenue Fund:			
Community and cultural	4,545,845	4,629,478	83,633
TCA-06-22 Local Government Waste TI Special Revenue Fund:			
Public works	-	2,284	2,284
Proposition 1B Special Revenue Fund:			
Public works	-	42,448	42,448
DIF Capital Projects Fund:			
Public works	-	1,492	1,492
OPA Sales Tax Agreements Debt Service Fund:			
Interest and fiscal charges	-	389,162	389,162
CFD #5 Stoneridge Debt Service Fund:			
Interest and fiscal charges	288,315	288,325	10
2007 Towngate Refunding Debt Service Fund:			
Interest and fiscal charges	409,381	409,383	2

Note 13: Commitments and Contingencies

Riverside County Agreements

During December 1987, the City of Moreno Valley and the Community Redevelopment Agency (Agency) entered into an agreement (the "County Agreement") with the County of Riverside which provided, in part, that the Agency make certain payments to the County. The County Agreement generally provides for the Agency to make payments to the County upon achievement by the Agency of \$7 million annually of tax increment revenue. Once the \$7 million threshold is reached, the County Agreement generally provides that the Agency will make payment to the County of an amount equal to tax increment revenues between \$7 million annually and \$12 million annually, and half of such revenues in excess of \$12 million. The County Agreement further provides that when total tax increment paid to the County under this agreement from increments between \$7 million and \$12 million reaches \$75 million, tax increment in excess of \$7 million annually will be split equally between the Agency and County.

Beginning in 2003-2004 the Agency's tax increment exceeded \$7 million. However, the County did not notify the Agency to such effect. In 2006-07, the Auditor Controller withheld a portion of the Agency's 2006-07 tax increment in the amount of \$1,092,287.59. The Agency disputes the authority of the County to withhold such funds and the matter, as well as other issues concerning the County Agreement, is currently the subject of litigation involving the County and the Agency.

During April 1988, the City of Moreno Valley and the Agency entered into an agreement (the "Flood Agreement") with the Riverside County Flood Control and Water Conservation District (District), which provides generally that the Agency shall receive 100% of the District's share of the tax increment until such time the total tax increment exceeds \$12 million at which time the District shall receive at least 50% of its share. Under the Flood Agreement, the Agency is to demonstrate, as more particularly provided in the Flood Agreement, that the cumulative project costs paid by the Agency for the project improvements exceed the cumulative total of District share received by the Agency. To the extent that the cumulative project costs paid by the Agency exceed the cumulative total of District share received by the Agency, the Agency may retain the balance needed from the remaining 50% of the District share. Beginning in 2005-06, the Agency's tax increment exceeded \$12 million, with remittance not having been made of amounts to the District. The financial statements show the amount of \$4,846,739 (the amount that was not remitted to the District) as Due to Other Governments.

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 13: Commitments and Contingencies (Continued)

Community Facilities District No. 3 Agreement

In conjunction with the issue of the Moreno Valley Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing), the Community Redevelopment Agency and the City are parties to an owner-participation agreement which provides that the Agency will transmit to the Community Facilities District No. 3 (District) the available property tax increment it receives on parcels within the District as a credit against the special parcel taxes that otherwise would be payable by the owners. Furthermore, the City has agreed to loan the Agency available sales tax generated within the District for payment directly to the parcel owners should the increment be insufficient to offset the special parcel taxes. In addition, the Agency has agreed to pay to the parcel owners, subject to certain restrictions, certain available surplus sales tax from within the District. The obligations to remit sales tax terminate by December 1, 2010.

This agreement replaces a previous arrangement involving these parcels when they were included in Community Facilities District No. 2.

The amounts remitted during the year under the replacement and previous agreement to parcel owners totaled \$692,744.

Community Facilities District No. 87-1 Agreement

In connection with the issuance of the Community Facilities District No. 87-1 (CFD) Towngate 2007 Special Tax Refunding Bonds, the Community Redevelopment Agency entered into an owner participation agreement whereby the Agency has committed tax increment for the payment of debt service requirements for these Bonds.

Other Agreements

On May 10, 2005, the Community Redevelopment Agency and the Community Services District entered into a lease agreement for the Conference and Recreation Center. The Community Services District occupied the building during June 2005 although construction was still in progress. Upon completion of construction during fiscal year 2005-2006 the lease agreement became effective for a base rent of \$1.00 per month. The Community Services District has responsibility for facility maintenance and provides programming that serves the residents of the Project Area.

Self-Insurance Pool

The City is a member of CSAC Excess Insurance Authority. The Authority is a member directed joint powers insurance pool, which has been operational since October of 1979. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage.

The City participates in the excess workers' compensation and employer's liability programs of the Authority. For workers' compensation the City has a self-insured retention of \$300,000 per occurrence. For employer's liability the City has a self-insured retention of \$250,000 per occurrence. The City has a pooled retention of \$5,000,000 each occurrence, a \$45,000,000 reinsurance layer in excess of the \$5,000,000 pooled retention per occurrence for workers' compensation claims, and a \$5,000,000 employer's liability reinsurance layer per occurrence in excess of the \$5,000,000 pooled retention.

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

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 13: Commitments and Contingencies (Continued)

Self-Insurance Payable

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The City established two self-insurance funds (Internal Service Funds) to account for and finance its uninsured risks of loss. Under this program, the self-insurance funds provide coverage for up to a maximum of \$300,000 for each workers' compensation claim and \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the City participate in the program and make payments to the self-insurance funds based on actuarial estimates of the amounts needed to pay prior and current year claims.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$2,188,000 and \$1,166,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$3,354,000. Of these amounts, the current year's adjustment is a decrease of \$179,000.

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Amount of accrued claims at June 30, 2008	\$ 1,484,000	\$ 2,327,000	\$ 3,811,000
Incurring claims, representing the total of a provision for events for the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates.	(182,313)	203,912	21,599
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(83,687)</u>	<u>(215,912)</u>	<u>(299,599)</u>
Amount of accrued claims at June 30, 2009	<u>\$ 1,218,000</u>	<u>\$ 2,315,000</u>	<u>\$ 3,533,000</u>
Incurring claims, representing the total of a provision for events for the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates.	615,334	378,889	994,223
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(401,334)</u>	<u>(505,889)</u>	<u>(907,223)</u>
Amount of accrued claims at June 30, 2010	<u>\$ 1,432,000</u>	<u>\$ 2,188,000</u>	<u>\$ 3,620,000</u>

City of Moreno Valley
Notes to Basic Financial Statements
Year ended June 30, 2010 (Continued)

Note 13: Commitments and Contingencies (Continued)

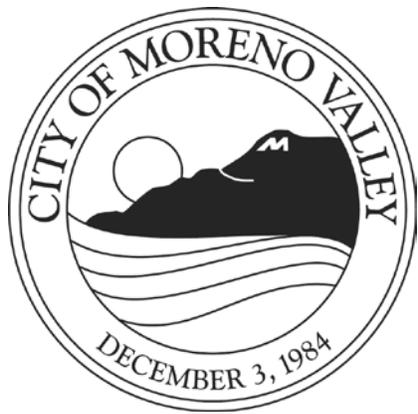
Litigation

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Management estimates that the potential claims against the City, not covered by insurance or self-insurance reserves, resulting from such litigation would not materially affect the financial statements of the City.

Note 14: Subsequent Events

Subsequent events are those events and transactions that occur after the end of the fiscal period but prior to issuance of the financial statements that are important for readers of the financial statements to be aware of.

In February 2011, the Moreno Valley Public Financing Authority refunded, on an advanced basis, the 1997 Lease Revenue Bonds in a Private Placement refunding. The 2011 Private Placement Refunding bonds mature in serial and term fashion through November 1, 2022 and bear interest ranging from 5.2% to 5.5%. The bonds are payable from lease payments made by the City under a project lease dated November 1, 1997 between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City for the rental use of the public safety building financed by the original 1997 Lease Revenue bonds issue. This issue is fully insured in the event of nonpayment by the City. This refinancing decreased aggregate debt service payments that were required by approximately \$731,963. This refunding resulted in an economic gain of approximately \$171,743.



**Non-major
Governmental
Funds**



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

State Gasoline Tax Fund

This fund is used to account for the City's share of state gas tax revenue restricted for street improvement and maintenance. The revenue is apportioned under the Streets and Highway Code of the State of California.

Article 3 Transportation Fund

This fund is used to account for the City's share of Article 3 revenue restricted for construction of pedestrian and bikeway projects.

Measure A Fund

This fund is used to account for the City's share of the Riverside County half-cent sales tax restricted for transportation projects.

Law Enforcement Fund

This fund is used to account for revenue from several grants restricted for law enforcement. The grants include the ABC Police Grant Fund, the Local Law Enforcement Block Grant (LLEBG), Supplemental Law Enforcement Services Fund (SLESF), Office of Traffic Safety Grant (OTS), Edward Byrne Memorial Justice Assistance Grant (JAG), and the 2008 COPS Tech Program Grant Fund.

Public Education/Government Access Program Fund

This fund is used to account for the Public Education/Government Access (PEG) Grant revenue restricted for providing education and government access to the public. These funds are used to support the City's cable television channel, MVTV-3.

Air Quality Management Fund

This fund is used to account for the City's share of the State AB 2766 funds. The revenue is apportioned to cities by the South Coast Air Quality Management District and is restricted for programs to reduce air pollution from mobile sources pursuant to the California Clean Air Act of 1988.

Community Development Block Grant Fund

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development – Community Development Block Grant Program to be used for the development of suitable housing environment and expansion of economic opportunities for low and moderate income families.

Special Districts Administration Fund

This fund is used to account for the coordination and administration of all special assessments districts formed within the City for infrastructure improvements.

NPDES CSA Fund

This fund is used to account for the City's National Pollutant Discharge Elimination System program.

Housing Assistance Programs Fund

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development to be used to develop and implement programs that expand the supply of affordable housing for low and very low income families.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

Child Care Grant Fund

This fund is used to account for the Child Care grant program which provides after-school day care for the City's residents.

Parks and Community Services PAL Grant Fund

This fund is used to account for the Police Activities League (PAL) grant to promote the individual growth of the targeted youths and to provide positive alternatives for the participants. The Parks and Recreation Department administers the program through a collaborative effort with the Moreno Valley Police Department.

Used Oil Recycling Fund

This fund is used to account for the California Integrated Waste Management Board Used Oil Block Grant. The program provides public education and convenient used oil collection sites.

Storm Water Maintenance

This fund is used to ensure the safety and cleanliness of our City streets and the City's maintained storm drain system by cleaning all catch basins, connector pipes and culverts on an annual basis, and by providing emergency services, as needed.

Traffic Congestion Relief Fund

This fund is used to account for revenues and expenditures related to legally restricted funds obtained through grants from the State of California for traffic congestion relief.

Disaster Fund

This fund is used to account for unforeseeable disasters and emergency situations for which reimbursement may become available.

Beverage Container Recycling Fund

This fund is used to account for the Department of Conservation Beverage Container Recycling grant.

Emergency Management Preparedness Grant Fund

This fund is used to account for the receipt and disbursement of grant funds providing terrorism preparedness, an Emergency Operating Center (EOC), emergency planning and management of the Certified Emergency Response Team (CERT).

ASES Program Grant

This fund is used to account for the After School Education and Safety grant.

Box Springs Water EPA Grant

This fund is used to account for the Box Springs Water Environmental Protection Agency grant.

TCA2-06-22 Local Gov't Waste Tire Clean & Amnesty Event Grant Program

This fund is used to account for the TCA2-06-22 Local Government Waste Tire Clean-up & Amnesty Event grant.

TRI16-06-1 Targeted Rubberized Asphalt Concrete Incentive Grant

This fund is used to account for the recycling grant from the California Integrated Waste Management Board, which essentially pays for the differential costs of an asphalt overlay project.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

Prop 1B

This fund is used to account for the City's share of Prop 1B revenue restricted for transportation programs.

Neighborhood Stabilization Grant

This fund is used to account for the grant allocation received by the City from HUD to address the foreclosure crisis and implement a neighborhood stabilization program (NSP) aimed at assisting low- to moderate- income households, while targeting the areas of the City most affected by the foreclosures.

CDBG Recovery Act of 2009

This fund is used to account for the grant allocation used in implementing activities that benefit the low and moderate income population in accordance with the Recovery Act objectives.

FHWA TRANSIMS

This fund is used to account for the financial transactions regarding the City's contract with the U.S. Department of Transportation Federal Highway Administration. In accordance with the contract, the City will construct a new citywide traffic model using the TRANSIMS program and analyze impacts of land-use changes on the circulation system.

CFD #4M

This fund is used to account for the maintenance and administration costs of the detention basin within Centerpointe Business Park.

H.E.A.L.

This fund is used to account for the donation and use of funds received from Kaiser Foundation Health Plan, as required by donor.

Workforce Housing Program

This fund is used to account for the grant funding received from the California Department of Housing and Community Development for construction or acquisition of capital assets as a reward for providing quality affordable housing for low-income households.

ETA Job Training Grant

This fund is used to account for the grant funding received from the U.S. Department of Labor's Employment Training Administration to implement youth job training programs in the customer service and warehouse, distribution and logistics industries.

Homelessness Prevention Program

This fund is used to account for the Homelessness Prevention Program grant which aims to assist households that would otherwise become homeless (many, due to the economic crises) or rapidly re-house those who are homeless or at risk of homelessness.

Energy Efficiency & Conservation Block Grant

This fund is used to account for the federal grant funding received by the City to fund projects that improve energy efficiency, lower energy usage, and reduce fossil fuel emissions.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

Civil Penalties

This fund is used to account for all financial transactions involving civil penalties received by the City in accordance with the provisions of SB 1137, which requires legal owners of vacant properties to maintain and care for them.

Emergency Services Agency Fines

This fund is used to account for the financial transactions involving AMR fines received by the City, which are to be used only to fund the purchase of various equipment needed by the Fire Department.

CAPITAL PROJECTS FUNDS:

City Hall Capital/Administration Fund

This fund is used to account for various general City Hall capital improvements and projects.

Capital Improvements Fund

This fund is used to account for revenues received to construct capital projects to mitigate the impact of new development on the City's infrastructure.

Public Works Capital Projects Fund

This fund is used to account for general City capital projects.

Traffic Signal Mitigation Fund

This fund is used to account for traffic signal projects funded by revenues received from traffic mitigation fees.

Fire Services Capital Projects Fund

This fund is used to account for capital projects specific to Fire Services, including construction of new fire stations.

Park Acquisition and Development Fund

This fund is used to account for parks acquisition and development projects funded by revenues received from developers on a dwelling unit basis in accordance with the Quimby Act, a 1965 provision in the State Subdivision Map Act for the dedication of park land.

Lease Revenue Bonds 2005 Capital Projects

This fund is used to account for the construction of capital improvements funded by the 2005 Lease Revenue Bonds issued in July 2005.

Towngate Capital/Administration Fund

This fund is used to account for the acquisition and construction of capital facilities in the Towngate area financed through special tax bonds.

Warner Ranch Capital/Development Fund

This fund is used to account for the acquisition or construction of capital facilities in the Warner Ranch area financed through special assessments.

Auto Mall Capital/Administration Fund

This fund is used to account for the acquisition or construction of capital facilities in the Auto Mall area financed through special tax bonds.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS (CONTINUED):

Parks and Community Services Capital Projects Fund

This fund is used to account for general parks and recreation capital projects, the development of new parks and recreation facilities, community parks, neighborhood parks and sports facilities and for the major renovation of existing parks and facilities.

TUMF Capital Projects Fund

This fund is used to account for transportation capital projects funded by the City's share of the Transportation Uniform Mitigation Fee (TUMF) which is a mandatory development impact fee program in Western Riverside County. This program, enacted by a two-thirds majority of voters in 2002, was designed to pay for major roads and interchange projects that are needed to serve communities as a result of new development. The Western Riverside Council of Governments (WRCOG) administers the program.

DIF Capital Projects Fund

This group of funds is used to account for construction of major capital improvements funded by the development impact fee (DIF) revenues charged to developers.

DEBT SERVICE FUNDS:

OPA Sales Tax Agreements Fund

This fund is used to account for the accumulation of 50% of sales tax revenue for certain retail stores and for the payment of principal and interest related to the ownership participation agreements between the Community Redevelopment Agency and certain retail stores.

City Hall COPs Series 1997 Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the City Hall Refunding Certificates of Participation issued May 1, 1997.

Auto Mall Special Tax Bonds Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing).

Certificates of Participation Series 1993 Debt Service Fund

This fund was used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the now defeased Refunding Certificates of Participation issued October 1, 1993.

Public Safety Lease Revenue Bonds 1997 Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Public Safety Lease Revenue Bonds issued November 1, 1997.

Lease Revenue Bonds 2005 Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the 2005 Lease Revenue Bonds issued in July 2005 to finance various City capital improvements.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUNDS (CONTINUED):

2007 Towngate Improvement Refunding Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Improvement Area No. 1 Special Tax Refunding Bonds issued November 29, 2007.

2007 Towngate Refunding Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Special Tax Refunding Bonds issued November 29, 2007.

PERMANENT FUNDS:

Celebration Park Endowment Fund

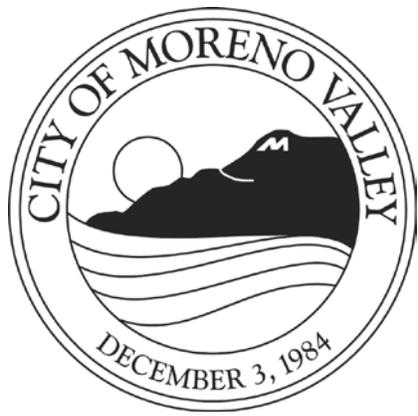
This fund is used to account for the endowment program for Celebration Park. The principal endowment amount was provided by a developer. The Parks and Community Services Department will use 85% of the interest earned each year to sponsor a community event at Celebration Park for the surrounding community to enhance community pride and involvement.

Equestrian Trail Endowment Fund

This fund is used to account for the endowment program for the Equestrian Trail. The principal endowment amount was provided by a developer. The interest earned will be used for the benefit of citywide trail use, maintenance, education and other trail-related costs.

Rockridge Park Endowment Fund

This fund is used to account for the endowment program provided for Rockridge Park. The principal endowment was provided by a developer. The interest earned will be used for the benefit of the facilities at Rockridge Park.



**City of Moreno Valley
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010**

	Special Revenue Funds		
	State Gasoline Tax	Article 3 Transportation	Measure A
Assets:			
Pooled cash and investments	\$ 329,941	\$ -	\$ 10,380,528
Receivables:			
Accounts	7,992	-	783,537
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	514,237	-	769,592
Due from other funds	-	-	-
Advances to other funds	-	-	-
	\$ 852,170	\$ -	\$ 11,933,657
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 7,338	\$ -	\$ 344,850
Accrued liabilities	135,034	-	24,207
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
	142,372	-	369,057
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	1,550,473
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	8,465,530
Undesignated	709,798	-	1,548,597
	709,798	-	11,564,600
Total Fund Balances	709,798	-	11,564,600
Total Liabilities & Fund Balances	\$ 852,170	\$ -	\$ 11,933,657

Special Revenue Funds

Law Enforcement	Public Education/ Government Access Program	Air Quality Management
\$ 246,040	\$ 1,817,511	\$ 499,687
-	122,559	-
-	-	-
-	-	-
397,783	-	56,650
-	-	-
-	-	-
\$ 643,823	\$ 1,940,070	\$ 556,337
\$ 69,653	\$ -	\$ -
2,736	11,535	2,109
326,907	-	-
593	-	-
-	-	-
242,452	-	-
642,341	11,535	2,109
7,177	-	2,950
-	-	-
-	-	-
-	-	-
-	-	-
-	-	492,537
(5,695)	1,928,535	58,741
1,482	1,928,535	554,228
\$ 643,823	\$ 1,940,070	\$ 556,337

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:
Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds
Unreserved:
Designated:
Designated for continuing appropriations
Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

**City of Moreno Valley
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010**

	Special Revenue Funds		
	Community Development Block Grant	Special Districts Administration	NPDES CSA
Assets:			
Pooled cash and investments	\$ -	\$ 294,282	\$ 279,154
Receivables:			
Accounts	-	12,571	59,299
Notes and loans	100,000	-	-
Interest	5,725	-	-
Prepaid costs	-	11,708	-
Due from other governments	848,649	-	27,253
Due from other funds	-	90,291	-
Advances to other funds	-	580,657	-
	\$ 954,374	\$ 989,509	\$ 365,706
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 442,907	\$ 1,137	\$ 12,517
Accrued liabilities	18,439	34,341	27,990
Due to other funds	358,355	-	-
Due to other governments	-	-	-
Deferred revenue	5,725	-	16,478
Unearned revenue	-	-	-
	825,426	35,478	56,985
Fund Balances:			
Reserved:			
Reserved for encumbrances	187,151	-	-
Reserved for prepaid and other assets	-	11,708	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	100,000	-	-
Reserved for advances to other funds	-	580,657	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	(158,203)	361,666	308,721
	128,948	954,031	308,721
Total Fund Balances	128,948	954,031	308,721
Total Liabilities & Fund Balances	\$ 954,374	\$ 989,509	\$ 365,706

Special Revenue Funds

Housing Assistance Programs	Child Care Grant	Parks and Community Services PAL Grant
\$ 453,234	\$ 243,748	\$ -
-	-	-
3,941,971	-	-
198,697	-	-
-	16,439	-
12,600	9,751	-
-	-	-
-	-	-
\$ 4,606,502	\$ 269,938	\$ -
\$ -	\$ 2,513	\$ -
1,863	281,565	-
-	-	-
-	-	-
198,697	-	-
-	-	-
200,560	284,078	-
69,496	-	-
-	16,439	-
-	-	-
3,941,971	-	-
-	-	-
238,146	-	-
156,329	(30,579)	-
4,405,942	(14,140)	-
\$ 4,606,502	\$ 269,938	\$ -

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds

Unreserved:

Designated:

Designated for continuing appropriations
Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	Special Revenue Funds		
	Used Oil Recycling	Storm Water Maintenance	Traffic Congestion Relief
Assets:			
Pooled cash and investments	\$ -	\$ -	\$ 1,090,678
Receivables:			
Accounts	-	197,816	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	472,155
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
Total Assets	\$ -	\$ 197,816	\$ 1,562,833
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 14,081	\$ 7,402	\$ -
Accrued liabilities	-	15,112	2,062
Due to other funds	11,593	66,020	-
Due to other governments	-	-	-
Deferred revenue	-	128,452	-
Unearned revenue	-	-	-
	-	-	-
Total Liabilities	25,674	216,986	2,062
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	(25,674)	(19,170)	1,560,771
	(25,674)	(19,170)	1,560,771
Total Fund Balances	(25,674)	(19,170)	1,560,771
Total Liabilities & Fund Balances	\$ -	\$ 197,816	\$ 1,562,833

Special Revenue Funds

Disaster	Beverage Container Recycling	Emergency Management Preparedness Grant
\$ 340,453	\$ 15,053	\$ -
-	-	-
-	-	-
-	-	-
-	-	38,564
-	-	-
-	-	-
\$ 340,453	\$ 15,053	\$ 38,564
\$ -	\$ -	\$ -
-	-	3,616
-	-	34,948
-	-	-
-	15,053	-
-	-	-
-	15,053	38,564
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
340,453	-	-
340,453	-	-
\$ 340,453	\$ 15,053	\$ 38,564

Assets:

Pooled cash and investments	
Receivables:	
Accounts	
Notes and loans	
Interest	
Prepaid costs	
Due from other governments	
Due from other funds	
Advances to other funds	

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable	
Accrued liabilities	
Due to other funds	
Due to other governments	
Deferred revenue	
Unearned revenue	

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances	
Reserved for prepaid and other assets	
Reserved for debt service	
Reserved for long-term receivables	
Reserved for advances to other funds	

Unreserved:

Designated:

 Designated for continuing appropriations

Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	Special Revenue Funds		
	ASES Program Grant	Box Springs Water EPA Grant	TCA2-06-22 Local Gov't Waste TI
Assets:			
Pooled cash and investments	\$ -	\$ -	\$ -
Receivables:			
Accounts	69	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	498,840	60,016	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	\$ 498,909	\$ 60,016	\$ -
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 119,049	\$ -	\$ -
Accrued liabilities	67,247	-	-
Due to other funds	197,320	59,665	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
	383,616	59,665	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	115,293	351	-
	115,293	351	-
Total Liabilities & Fund Balances	\$ 498,909	\$ 60,016	\$ -

Special Revenue Funds

TRI16-06-1 Targeted Rubberized	Prop 1B	Neighborhood Stabilization Grant
\$ -	\$ 4,235,656	\$ -
-	-	97,814
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ 4,235,656	\$ 97,814
\$ -	\$ 21,699	\$ 165,396
-	864	7,852
26,474	-	772,778
-	-	-
-	-	-
-	-	-
26,474	22,563	946,026
-	211,882	16,724
-	-	-
-	-	-
-	-	-
-	-	-
-	1,317,974	-
(26,474)	2,683,237	(864,936)
(26,474)	4,213,093	(848,212)
\$ -	\$ 4,235,656	\$ 97,814

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds

Unreserved:

Designated:

Designated for continuing appropriations
--

Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	Special Revenue Funds		
	CDBG Recovery Act of 2009	FHWA TRANSIMS	CFD #4M
Assets:			
Pooled cash and investments	\$ 1,980	\$ -	\$ 55,783
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	107,841	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	\$ 109,821	\$ -	\$ 55,783
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 450	\$ 6,758	\$ -
Accrued liabilities	1,213	4,933	-
Due to other funds	-	12,642	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	108,158	-	-
	109,821	24,333	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	8,717	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	-	(33,050)	55,783
	-	(24,333)	55,783
Total Liabilities & Fund Balances	\$ 109,821	\$ -	\$ 55,783

Special Revenue Funds

H.E.A.L.	Workforce Housing Program	ETA Job Training Grant
\$ 3,000	\$ 120,074	\$ -
-	-	-
-	-	-
-	-	-
-	-	33,087
-	-	-
-	-	-
\$ 3,000	\$ 120,074	\$ 33,087
\$ -	\$ 120,074	\$ 19,489
-	-	-
-	-	20,225
-	-	-
-	-	-
-	-	-
-	120,074	39,714
-	-	1,168
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3,000	-	(7,795)
3,000	-	(6,627)
\$ 3,000	\$ 120,074	\$ 33,087

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds

Unreserved:

Designated:

 Designated for continuing appropriations

Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds		
	Homelessness Prevention Program	Energy Efficiency & Conservation Block Grant	Civil Penalties
Assets:			
Pooled cash and investments	\$ -	\$ -	\$ 273,413
Receivables:			
Accounts	-	-	11,001
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	207,168	6,992	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	\$ 207,168	\$ 6,992	\$ 284,414
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 105,511	\$ -	\$ -
Accrued liabilities	1,021	6,859	-
Due to other funds	100,636	133	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
	207,168	6,992	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	228,460	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	(228,460)	-	284,414
	-	-	284,414
Total Liabilities & Fund Balances	\$ 207,168	\$ 6,992	\$ 284,414

**Special Revenue
Funds**

**Emergency
Services Agency
Fines**

\$ 147,523
50,863
-
-
-
-
-
-

\$ 198,386

Assets:

Pooled cash and investments
Receivables:
 Accounts
 Notes and loans
 Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

\$ -
-
-
-
-
-

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

- Reserved for encumbrances
- Reserved for prepaid and other assets
- Reserved for debt service
- Reserved for long-term receivables
- Reserved for advances to other funds

Unreserved:

Designated:
 Designated for continuing appropriations
Undesignated

198,386

198,386

Total Fund Balances

\$ 198,386

Total Liabilities & Fund Balances

**City of Moreno Valley
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010**

	Capital Projects Funds		
	City Hall Capital/ Administration	Capital Improvements	Public Works Capital Projects
Assets:			
Pooled cash and investments	\$ 10,567,607	\$ 176,852	\$ 86,180
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	\$ 10,567,607	\$ 176,852	\$ 86,180
Total Assets	\$ 10,567,607	\$ 176,852	\$ 86,180
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 38,778	\$ -	\$ 14,310
Accrued liabilities	7,228	-	11
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
	46,006	-	14,321
Total Liabilities	46,006	-	14,321
Fund Balances:			
Reserved:			
Reserved for encumbrances	1,406,631	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	4,975,566	-	30,000
Undesignated	4,139,404	176,852	41,859
	10,521,601	176,852	71,859
Total Fund Balances	10,521,601	176,852	71,859
Total Liabilities & Fund Balances	\$ 10,567,607	\$ 176,852	\$ 86,180

Capital Projects Funds

Traffic Signal Mitigation	Fire Services Capital Projects	Park Acquisition and Development
\$ 137,578	\$ 1,903,384	\$ 230
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ 137,578	\$ 1,903,384	\$ 230
\$ -	\$ -	\$ -
-	11	-
-	-	-
-	-	-
-	-	-
-	-	-
-	11	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
137,578	1,903,373	230
137,578	1,903,373	230
\$ 137,578	\$ 1,903,384	\$ 230

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds

Unreserved:

Designated:

 Designated for continuing appropriations

Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Capital Projects Funds		
	Lease Revenue Bonds 2005 Capital Projects	Towngate Capital/ Administration	Warner Ranch Capital/ Development
Assets:			
Pooled cash and investments	\$ 6,597,206	\$ 6,349	\$ 12,618
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Total Assets	\$ 6,597,206	\$ 6,349	\$ 12,618
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,537,097	\$ -	\$ -
Accrued liabilities	16,073	-	-
Due to other funds	-	-	4,500
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Total Liabilities	1,553,170	-	4,500
Fund Balances:			
Reserved:			
Reserved for encumbrances	798,461	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	3,581,414	-	-
Undesignated	664,161	6,349	8,118
Total Fund Balances	5,044,036	6,349	8,118
Total Liabilities & Fund Balances	\$ 6,597,206	\$ 6,349	\$ 12,618

Capital Projects Funds

Auto Mall Capital/ Administration	Parks and Community Services Capital Projects	TUMF Capital Projects
\$ -	\$ 6,477,682	\$ -
-	-	1,684,974
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ 6,477,682	\$ 1,684,974
\$ -	\$ 26,015	\$ 557,771
-	82	7,039
2,256	-	1,760,878
-	-	-
-	-	-
-	-	-
2,256	26,097	2,325,688
-	28,295	1,184,901
-	-	-
-	-	-
-	-	-
-	-	-
-	3,520,152	-
(2,256)	2,903,138	(1,825,615)
(2,256)	6,451,585	(640,714)
\$ -	\$ 6,477,682	\$ 1,684,974

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds

Unreserved:

Designated:

 Designated for continuing appropriations

Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	Capital Projects Funds
	DIF Capital Projects
Assets:	
Pooled cash and investments	\$ 4,193,585
Receivables:	
Accounts	376
Notes and loans	-
Interest	-
Prepaid costs	-
Due from other governments	-
Due from other funds	-
Advances to other funds	-
	\$ 4,193,961
Total Assets	
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	\$ 26,076
Accrued liabilities	10,186
Due to other funds	-
Due to other governments	-
Deferred revenue	-
Unearned revenue	-
	36,262
Total Liabilities	
Fund Balances:	
Reserved:	
Reserved for encumbrances	477,851
Reserved for prepaid and other assets	-
Reserved for debt service	-
Reserved for long-term receivables	-
Reserved for advances to other funds	-
Unreserved:	
Designated:	
Designated for continuing appropriations	3,677,730
Undesignated	2,118
	4,157,699
Total Fund Balances	
Total Liabilities & Fund Balances	\$ 4,193,961

Debt Service Funds

OPA Sales Tax Agreements	City Hall COPs Series 1997	Auto Mall Special Tax Bonds
\$ 92,488	\$ 939,065	\$ 2,397,341
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ 92,488	\$ 939,065	\$ 2,397,341
\$ 92,488	\$ -	\$ 30,168
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
92,488	-	30,168
-	-	-
-	-	-
-	939,065	2,367,173
-	-	-
-	-	-
-	-	-
-	-	-
-	939,065	2,367,173
\$ 92,488	\$ 939,065	\$ 2,397,341

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Due from other funds
Advances to other funds

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenue
Unearned revenue

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for prepaid and other assets
Reserved for debt service
Reserved for long-term receivables
Reserved for advances to other funds

Unreserved:

Designated:

Designated for continuing appropriations
Undesignated

Total Fund Balances

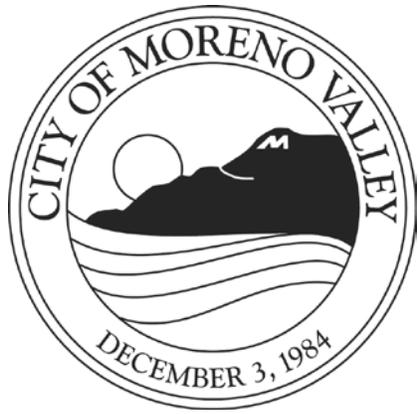
Total Liabilities & Fund Balances

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	Debt Service Funds		
	Certificates of Participation Series 1993	Public Safety Lease Revenue Bonds 1997	Lease Revenue Bonds 2005 Debt Service
Assets:			
Pooled cash and investments	\$ -	\$ 763,764	\$ 8,788,144
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
Total Assets	\$ -	\$ 763,764	\$ 8,788,144
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	763,764	8,788,144
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	-
	-	-	-
Total Fund Balances	-	763,764	8,788,144
Total Liabilities & Fund Balances	\$ -	\$ 763,764	\$ 8,788,144

City of Moreno Valley
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Permanent Funds			Total Nonmajor Funds
	Celebration Park Endowment	Equestrian Trail Endowment	Rockridge Park Endowment	
Assets:				
Pooled cash and investments	\$ 57,304	\$ 11,983	\$ 100,000	\$ 67,097,024
Receivables:				
Accounts	-	-	-	3,028,871
Notes and loans	-	-	-	4,041,971
Interest	-	-	-	204,422
Prepaid costs	-	-	-	28,147
Due from other governments	-	-	-	4,061,178
Due from other funds	-	-	-	90,291
Advances to other funds	-	-	-	580,657
	\$ 57,304	\$ 11,983	\$ 100,000	\$ 79,132,561
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,783,527
Accrued liabilities	-	-	-	691,228
Due to other funds	-	-	-	3,755,330
Due to other governments	-	-	-	593
Deferred revenue	-	-	-	364,405
Unearned revenue	-	-	-	350,610
	-	-	-	8,945,693
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	6,180,337
Reserved for prepaid and other assets	-	-	-	28,147
Reserved for debt service	-	-	-	15,818,072
Reserved for long-term receivables	-	-	-	4,041,971
Reserved for advances to other funds	-	-	-	580,657
Unreserved:				
Designated:				
Designated for continuing appropriations	-	-	-	26,299,049
Undesignated	57,304	11,983	100,000	17,238,635
	57,304	11,983	100,000	70,186,868
Total Liabilities & Fund Balances	\$ 57,304	\$ 11,983	\$ 100,000	\$ 79,132,561



**City of Moreno Valley
Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Year ended June 30, 2010**

	Special Revenue Funds		
	State Gasoline Tax	Article 3 Transportation	Measure A
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	2,992,075	-	5,560,175
Charges for services	-	-	-
Use of money and property	289	14,882	444,841
Miscellaneous	37,772	-	1,747
Total Revenues	3,030,136	14,882	6,006,763
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	3,351,302	-	1,034,199
Community and cultural	-	-	-
Capital outlay	-	-	6,925,711
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	3,351,302	-	7,959,910
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(321,166)	14,882	(1,953,147)
Other Financing Sources (Uses)			
Transfers in	1,000,000	-	376,984
Transfers out	(1,000,000)	(376,984)	-
Total Other Financing Sources (Uses)	-	(376,984)	376,984
<i>Net Change in Fund Balances</i>	(321,166)	(362,102)	(1,576,163)
Fund Balances, Beginning of Year, as Restated	1,030,964	362,102	13,140,763
Fund Balances, End of Year	\$ 709,798	\$ -	\$ 11,564,600

Special Revenue Funds

Law Enforcement	Public Education/ Government Access Program	Air Quality Management
\$ -	\$ -	\$ -
-	-	-
-	-	-
1,100,288	-	293,423
-	-	-
17,780	-	21,882
5,269	468,097	-
1,123,337	468,097	315,305
-	436,533	-
712,423	-	-
56,946	-	-
-	-	170,309
-	-	-
320,520	-	34,027
-	-	-
-	-	-
1,089,889	436,533	204,336
33,448	31,564	110,969
-	300,000	-
(346,960)	(339,150)	-
(346,960)	(39,150)	-
(313,512)	(7,586)	110,969
314,994	1,936,121	443,259
\$ 1,482	\$ 1,928,535	\$ 554,228

Revenues:

Taxes:
Property taxes
Sales taxes
Other Taxes
Intergovernmental
Charges for services
Use of money and property
Miscellaneous

Total Revenues

Expenditures:

Current:
General government
Public safety
Community development
Public works
Community and cultural
Capital outlay
Debt Service:
Principal retirement
Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

**City of Moreno Valley
Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Year ended June 30, 2010**

	Special Revenue Funds		
	Community Development Block Grant	Special Districts Administration	NPDES CSA
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	2,238,534	-	94,168
Charges for services	-	726,522	471,467
Use of money and property	-	27,862	-
Miscellaneous	2,313	-	-
Total Revenues	2,240,847	754,384	565,635
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	1,346,985	-	-
Public works	-	1,176,018	836,257
Community and cultural	-	-	-
Capital outlay	954,699	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	2,301,684	1,176,018	836,257
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(60,837)</i>	<i>(421,634)</i>	<i>(270,622)</i>
Other Financing Sources (Uses)			
Transfers in	-	-	161,274
Transfers out	(5,053)	-	-
Total Other Financing Sources (Uses)	(5,053)	-	161,274
<i>Net Change in Fund Balances</i>	<i>(65,890)</i>	<i>(421,634)</i>	<i>(109,348)</i>
Fund Balances, Beginning of Year, as Restated	194,838	1,375,665	418,069
Fund Balances, End of Year	\$ 128,948	\$ 954,031	\$ 308,721

Special Revenue Funds

Housing Assistance Programs	Child Care Grant	Parks and Community Services PAL Grant
\$ -	\$ -	\$ -
-	-	-
-	-	-
777,484	694,528	-
-	17,293	-
100	-	-
-	102	-
777,584	711,923	-
-	-	-
-	-	-
144,951	-	-
-	-	-
-	687,265	-
-	-	-
-	24,658	-
-	-	-
144,951	711,923	-
632,633	-	-
-	-	-
-	-	(17,414)
-	-	(17,414)
632,633	-	(17,414)
3,773,309	(14,140)	17,414
\$ 4,405,942	\$ (14,140)	\$ -

Revenues:

Taxes:
Property taxes
Sales taxes
Other Taxes
Intergovernmental
Charges for services
Use of money and property
Miscellaneous

Total Revenues

Expenditures:

Current:
General government
Public safety
Community development
Public works
Community and cultural
Capital outlay
Debt Service:
Principal retirement
Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

**City of Moreno Valley
Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Year ended June 30, 2010**

	Special Revenue Funds		
	Used Oil Recycling	Storm Water Maintenance	Traffic Congestion Relief
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	39,289	315,259	1,690,338
Charges for services	-	-	-
Use of money and property	-	-	33,710
Miscellaneous	-	-	-
Total Revenues	39,289	315,259	1,724,048
Expenditures:			
Current:			
General government	21,351	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	525,214	1,468,275
Community and cultural	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	21,351	525,214	1,468,275
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	17,938	(209,955)	255,773
Other Financing Sources (Uses)			
Transfers in	1,232	181,978	-
Transfers out	(369)	-	-
Total Other Financing Sources (Uses)	863	181,978	-
<i>Net Change in Fund Balances</i>	18,801	(27,977)	255,773
Fund Balances, Beginning of Year, as Restated	(44,475)	8,807	1,304,998
Fund Balances, End of Year	\$ (25,674)	\$ (19,170)	\$ 1,560,771

Special Revenue Funds

Disaster	Beverage Container Recycling	Emergency Management Preparedness Grant
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	7,767	70,096
-	-	-
-	-	-
-	-	-
-	7,767	70,096
-	6,632	-
-	-	107,465
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	6,632	107,465
-	1,135	(37,369)
-	-	32,967
-	-	-
-	-	32,967
-	1,135	(4,402)
340,453	(1,135)	4,402
\$ 340,453	\$ -	\$ -

Revenues:

Taxes:
 Property taxes
 Sales taxes
 Other Taxes
 Intergovernmental
 Charges for services
 Use of money and property
 Miscellaneous

Total Revenues

Expenditures:

Current:
 General government
 Public safety
 Community development
 Public works
 Community and cultural
 Capital outlay
 Debt Service:
 Principal retirement
 Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
 Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
 Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

**City of Moreno Valley
Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Year ended June 30, 2010**

	Special Revenue Funds		
	ASES Program Grant	Box Springs Water EPA Grant	TCA2-06-22 Local Gov't Waste TI
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	4,465,067	60,016	-
Charges for services	-	-	-
Use of money and property	23,495	351	-
Miscellaneous	4,399	-	-
Total Revenues	4,492,961	60,367	-
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	55,993	2,284
Community and cultural	4,629,478	-	-
Capital outlay	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	4,629,478	55,993	2,284
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(136,517)</i>	<i>4,374</i>	<i>(2,284)</i>
Other Financing Sources (Uses)			
Transfers in	-	-	2,284
Transfers out	-	(4,237)	-
Total Other Financing Sources (Uses)	-	(4,237)	2,284
<i>Net Change in Fund Balances</i>	<i>(136,517)</i>	<i>137</i>	<i>-</i>
Fund Balances, Beginning of Year, as Restated	251,810	214	-
Fund Balances, End of Year	\$ 115,293	\$ 351	\$ -

Special Revenue Funds

TRI16-06-1 Targeted Rubberized	Prop 1B	Neighborhood Stabilization Grant
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	2,682,869	4,448,719
-	-	-
-	-	-
-	368	400
-	2,683,237	4,449,119
-	-	-
-	-	-
26,474	889,288	5,297,010
-	-	-
-	-	-
-	-	-
26,474	889,288	5,297,010
(26,474)	1,793,949	(847,891)
-	-	-
-	-	-
-	-	-
(26,474)	1,793,949	(847,891)
-	2,419,144	(321)
\$ (26,474)	\$ 4,213,093	\$ (848,212)

Revenues:

Taxes:
 Property taxes
 Sales taxes
 Other Taxes
 Intergovernmental
 Charges for services
 Use of money and property
 Miscellaneous

Total Revenues

Expenditures:

Current:
 General government
 Public safety
 Community development
 Public works
 Community and cultural
 Capital outlay
 Debt Service:
 Principal retirement
 Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
 Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
 Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

**City of Moreno Valley
Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Year ended June 30, 2010**

	Special Revenue Funds		
	CDBG Recovery Act of 2009	FHWA TRANSIMS	CFD #4M
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	11,515	90,196	-
Charges for services	-	-	-
Use of money and property	-	-	1,968
Miscellaneous	-	-	-
	11,515	90,196	1,968
Total Revenues	11,515	90,196	1,968
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	11,515	-	-
Public works	-	128,761	6,967
Community and cultural	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	11,515	128,761	6,967
Total Expenditures	11,515	128,761	6,967
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>-</i>	<i>(38,565)</i>	<i>(4,999)</i>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(38,565)</i>	<i>(4,999)</i>
Fund Balances, Beginning of Year, as Restated	-	14,232	60,782
Fund Balances, End of Year	\$ -	\$ (24,333)	\$ 55,783

Special Revenue Funds

<u>H.E.A.L.</u>	<u>Workforce Housing Program</u>	<u>ETA Job Training Grant</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	1,200,741	95,141
-	-	-
-	-	-
3,000	-	-
<u>3,000</u>	<u>1,200,741</u>	<u>95,141</u>
-	-	-
-	-	-
-	-	101,768
-	-	-
-	-	-
-	1,200,741	-
-	-	-
-	-	-
<u>-</u>	<u>1,200,741</u>	<u>101,768</u>
<u>3,000</u>	<u>-</u>	<u>(6,627)</u>
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,000</u>	<u>-</u>	<u>(6,627)</u>
-	-	-
<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (6,627)</u>

Revenues:

Taxes:
 Property taxes
 Sales taxes
 Other Taxes
 Intergovernmental
 Charges for services
 Use of money and property
 Miscellaneous

Total Revenues

Expenditures:

Current:
 General government
 Public safety
 Community development
 Public works
 Community and cultural

Capital outlay

Debt Service:

Principal retirement
 Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
 Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
 Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance
 Year ended June 30, 2010

	Special Revenue Funds		
	Homelessness Prevention Program	Energy Efficiency & Conservation Block Grant	Civil Penalties
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	419,863	97,268	-
Charges for services	-	-	-
Use of money and property	-	-	1,711
Miscellaneous	-	-	85,006
	419,863	97,268	86,717
Total Revenues	419,863	97,268	86,717
Expenditures:			
Current:			
General government	-	1,383	-
Public safety	-	-	-
Community development	419,863	-	-
Public works	-	-	-
Community and cultural	-	-	-
Capital outlay	-	95,885	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	419,863	97,268	-
Total Expenditures	419,863	97,268	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	86,717
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<i>Net Change in Fund Balances</i>	-	-	86,717
Fund Balances, Beginning of Year, as Restated	-	-	197,697
Fund Balances, End of Year	\$ -	\$ -	\$ 284,414

Special Revenue	
Funds	
<hr/>	
Emergency Services	
Agency Fines	
<hr/>	
\$	
-	Taxes:
-	Property taxes
-	Sales taxes
-	Other Taxes
50,863	Intergovernmental
-	Charges for services
1,256	Use of money and property
-	Miscellaneous
<hr/>	
52,119	Total Revenues
<hr/>	
	Expenditures:
	Current:
-	General government
38,407	Public safety
-	Community development
-	Public works
-	Community and cultural
-	Capital outlay
	Debt Service:
-	Principal retirement
-	Interest and fiscal charges
<hr/>	
38,407	Total Expenditures
<hr/>	
13,712	<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>
<hr/>	
	Other Financing Sources (Uses)
-	Transfers in
-	Transfers out
<hr/>	
-	Total Other Financing Sources (Uses)
<hr/>	
13,712	<i>Net Change in Fund Balances</i>
<hr/>	
184,674	Fund Balances, Beginning of Year, as Restated
<hr/>	
\$ 198,386	Fund Balances, End of Year
<hr/> <hr/>	

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance
 Year ended June 30, 2010

	Capital Projects Funds		
	City Hall Capital/ Administration	Capital Improvements	Public Works Capital Projects
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	30,000
Use of money and property	-	-	-
Miscellaneous	745	-	-
	745	-	30,000
Total Revenues	745	-	30,000
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	1,658
Community and cultural	-	-	-
Capital outlay	697,907	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	697,907	-	1,658
Total Expenditures	697,907	-	1,658
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(697,162)	-	28,342
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(2,996,578)	-	-
	(2,996,578)	-	-
Total Other Financing Sources (Uses)	(2,996,578)	-	-
<i>Net Change in Fund Balances</i>	(3,693,740)	-	28,342
Fund Balances, Beginning of Year, as Restated	14,215,341	176,852	43,517
Fund Balances, End of Year	\$ 10,521,601	\$ 176,852	\$ 71,859

Capital Projects Funds

<u>Traffic Signal Mitigation</u>	<u>Fire Services Capital Projects</u>	<u>Park Acquisition and Development</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,887	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,887	-
-	(2,887)	-
-	-	-
-	-	-
-	-	-
-	(2,887)	-
137,578	1,906,260	230
<u>\$ 137,578</u>	<u>\$ 1,903,373</u>	<u>\$ 230</u>

Revenues:

Taxes:
Property taxes
Sales taxes
Other Taxes
Intergovernmental
Charges for services
Use of money and property
Miscellaneous

Total Revenues

Expenditures:

Current:
General government
Public safety
Community development
Public works
Community and cultural
Capital outlay
Debt Service:
Principal retirement
Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance
 Year ended June 30, 2010

	Capital Projects Funds		
	Lease Revenue Bonds 2005 Capital Projects	Towngate Capital/ Administration	Warner Ranch Capital/ Development
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ 8,672
Sales taxes	-	-	-
Other Taxes	-	1,964	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	802	-	-
Miscellaneous	4,835	-	-
	5,637	1,964	8,672
Total Revenues			
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	150,694	2,639
Community and cultural	-	-	-
Capital outlay	7,918,227	-	-
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	7,918,227	150,694	2,639
Total Expenditures			
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(7,912,590)	(148,730)	6,033
Other Financing Sources (Uses)			
Transfers in	-	155,450	-
Transfers out	(742)	-	-
	(742)	155,450	-
Total Other Financing Sources (Uses)			
<i>Net Change in Fund Balances</i>	(7,913,332)	6,720	6,033
Fund Balances, Beginning of Year, as Restated	12,957,368	(371)	2,085
Fund Balances, End of Year	\$ 5,044,036	\$ 6,349	\$ 8,118

Capital Projects Funds

Auto Mall Capital/ Administration	Parks and Community Services Capital Projects	TUMF Capital Projects
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	8,355,353
-	-	-
-	-	-
-	-	-
78,256	116,181	5,990,731
(78,256)	(116,181)	2,364,622
76,000	-	-
-	-	-
76,000	-	-
(2,256)	(116,181)	2,364,622
-	6,567,766	(3,005,336)
\$ (2,256)	\$ 6,451,585	\$ (640,714)

Revenues:

Taxes:
Property taxes
Sales taxes
Other Taxes
Intergovernmental
Charges for services
Use of money and property
Miscellaneous

Total Revenues

Expenditures:

Current:
General government
Public safety
Community development
Public works
Community and cultural
Capital outlay
Debt Service:
Principal retirement
Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance
 Year ended June 30, 2010

	Capital Projects Funds
	DIF Capital Projects
Revenues:	
Taxes:	
Property taxes	\$ -
Sales taxes	-
Other Taxes	-
Intergovernmental	-
Charges for services	-
Use of money and property	-
Miscellaneous	161
	161
Total Revenues	161
Expenditures:	
Current:	
General government	-
Public safety	-
Community development	-
Public works	2,004
Community and cultural	-
Capital outlay	1,946,266
Debt Service:	
Principal retirement	-
Interest and fiscal charges	-
	1,948,270
Total Expenditures	1,948,270
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1,948,109)
Other Financing Sources (Uses)	
Transfers in	3,212,274
Transfers out	(7,932,400)
	(4,720,126)
Total Other Financing Sources (Uses)	(4,720,126)
<i>Net Change in Fund Balances</i>	(6,668,235)
Fund Balances, Beginning of Year, as Restated	10,825,934
Fund Balances, End of Year	\$ 4,157,699

Debt Service Funds

OPA Sales Tax Agreements	City Hall COPs Series 1997	Auto Mall Special Tax Bonds
\$ -	\$ -	\$ -
-	-	759,946
-	-	1,173,443
-	-	-
-	-	-
389,162	-	147
-	-	-
389,162	-	1,933,536
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	595,000	950,000
389,162	102,388	898,520
389,162	697,388	1,848,520
-	(697,388)	85,016
-	883,740	185,125
-	-	(76,000)
-	883,740	109,125
-	186,352	194,141
-	752,713	2,173,032
\$ -	\$ 939,065	\$ 2,367,173

Revenues:

Taxes:
 Property taxes
 Sales taxes
 Other Taxes
 Intergovernmental
 Charges for services
 Use of money and property
 Miscellaneous

Total Revenues

Expenditures:

Current:
 General government
 Public safety
 Community development
 Public works
 Community and cultural

Capital outlay

Debt Service:

Principal retirement
 Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
 Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
 Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

City of Moreno Valley
 Nonmajor Governmental Funds
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance
 Year ended June 30, 2010

	Debt Service Funds		
	Certificates of Participation Series 1993	Public Safety Lease Revenue Bonds 1997	Lease Revenue Bonds 2005 Debt Service
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other Taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	44	310
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	44	310
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Community and cultural	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal retirement	-	195,000	805,000
Interest and fiscal charges	2,000	206,918	1,843,017
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,000	401,918	2,648,017
	<hr/>	<hr/>	<hr/>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(2,000)	(401,874)	(2,647,707)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers in	-	404,169	2,644,259
Transfers out	(421,959)	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(421,959)	404,169	2,644,259
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Balances</i>	(423,959)	2,295	(3,448)
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Restated	423,959	761,469	8,791,592
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ -	\$ 763,764	\$ 8,788,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Debt Service Funds

2007 Towngate Improvement Refunding	2007 Towngate Refunding
\$ -	\$ -
-	-
78,519	-
-	-
-	-
57	277
-	-
78,576	277
-	-
-	-
-	-
-	-
-	-
-	-
190,000	600,000
168,029	409,383
358,029	1,009,383
(279,453)	(1,009,106)
274,598	373,011
(15,700)	(139,750)
258,898	233,261
(20,555)	(775,845)
841,530	2,914,796
\$ 820,975	\$ 2,138,951

Revenues:

Taxes:
 Property taxes
 Sales taxes
 Other Taxes
 Intergovernmental
 Charges for services
 Use of money and property
 Miscellaneous

Total Revenues

Expenditures:

Current:
 General government
 Public safety
 Community development
 Public works
 Community and cultural

Capital outlay

Debt Service:

Principal retirement
 Interest and fiscal charges

Total Expenditures

*Excess (Deficiency) of Revenues
 Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
 Transfers out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as Restated

Fund Balances, End of Year

City of Moreno Valley
Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Year ended June 30, 2010

	Permanent Funds			Total Nonmajor Funds
	Celebration Park Endowment	Equestrian Trail Endowment	Rockridge Park Endowment	
Revenues:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 8,672
Sales taxes	-	-	-	759,946
Other Taxes	-	-	-	1,253,926
Intergovernmental	-	-	-	37,851,035
Charges for services	-	-	-	1,245,282
Use of money and property	2,332	518	-	983,776
Miscellaneous	-	-	100,000	714,214
Total Revenues	2,332	518	100,000	42,816,851
Expenditures:				
Current:				
General government	-	-	-	465,899
Public safety	-	-	-	861,182
Community development	-	-	-	7,379,038
Public works	-	-	-	9,906,721
Community and cultural	-	-	-	5,317,131
Capital outlay	-	-	-	26,200,378
Debt Service:				
Principal retirement	-	-	-	3,359,658
Interest and fiscal charges	-	-	-	4,019,417
Total Expenditures	-	-	-	57,509,424
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	2,332	518	100,000	(14,692,573)
Other Financing Sources (Uses)				
Transfers in	-	-	-	10,265,345
Transfers out	-	-	-	(13,673,296)
Total Other Financing Sources (Uses)	-	-	-	(3,407,951)
<i>Net Change in Fund Balances</i>	2,332	518	100,000	(18,100,524)
Fund Balances, Beginning of Year, as Restated	54,972	11,465	-	88,287,392
Fund Balances, End of Year	\$ 57,304	\$ 11,983	\$ 100,000	\$ 70,186,868

**City of Moreno Valley
State Gasoline Tax Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$ 2,527,500	\$ 2,527,500	\$ 2,992,075	\$ 464,575
Use of money and property	15,675	15,675	289	(15,386)
Miscellaneous	2,000	22,000	37,772	15,772
Total Revenues	2,545,175	2,565,175	3,030,136	464,961
Expenditures:				
Current:				
Public works	3,488,805	3,845,713	3,351,302	494,411
Total Expenditures	3,488,805	3,845,713	3,351,302	494,411
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(943,630)	(1,280,538)	(321,166)	959,372
Other Financing Sources (Uses):				
Transfers in (note 7)	1,000,000	1,000,000	1,000,000	-
Transfers out (note 7)	-	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	1,000,000	-	-	-
<i>Net Change in Fund Balances</i>	56,370	(1,280,538)	(321,166)	959,372
Fund Balances, Beginning of Year	1,030,964	1,030,964	1,030,964	-
Fund Balances, End of Year	\$ 1,087,334	\$ (249,574)	\$ 709,798	\$ 959,372

City of Moreno Valley
Article 3 Transportation Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 14,882	\$ 14,882
Total Revenues	-	-	14,882	14,882
Expenditures:				
Capital outlay	-	5,000	-	5,000
Total Expenditures	-	5,000	-	5,000
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(5,000)	14,882	19,882
Other Financing Sources (Uses):				
Transfers out (note 7)	-	-	(376,984)	(376,984)
Total Other Financing Sources (Uses)	-	-	(376,984)	(376,984)
<i>Net Change in Fund Balances</i>	-	(5,000)	(362,102)	(357,102)
Fund Balances, Beginning of Year	362,102	362,102	362,102	-
Fund Balances, End of Year	\$ 362,102	\$ 357,102	\$ -	\$ (357,102)

**City of Moreno Valley
Measure A Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,922,839	\$ 8,922,839	\$ 5,560,175	\$ (3,362,664)
Use of money and property	300,000	300,000	444,841	144,841
Miscellaneous	1,000	1,000	1,747	747
Total Revenues	9,223,839	9,223,839	6,006,763	(3,217,076)
Expenditures:				
Current:				
Public works	421,531	298,383	1,034,199	(735,816)
Capital outlay	14,094,788	24,081,575	6,925,711	17,155,864
Total Expenditures	14,516,319	24,379,958	7,959,910	16,420,048
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(5,292,480)	(15,156,119)	(1,953,147)	13,202,972
Other Financing Sources (Uses):				
Transfers in (note 7)	-	-	376,984	376,984
Total Other Financing Sources (Uses)	-	-	376,984	376,984
<i>Net Change in Fund Balances</i>	(5,292,480)	(15,156,119)	(1,576,163)	13,579,956
Fund Balances, Beginning of Year	13,140,763	13,140,763	13,140,763	-
Fund Balances, End of Year	\$ 7,848,283	\$ (2,015,356)	\$ 11,564,600	\$ 13,579,956

**City of Moreno Valley
Law Enforcement Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$ 390,809	\$ 1,407,547	\$ 1,100,288	\$ (307,259)
Use of money and property	2,505	3,218	17,780	14,562
Miscellaneous	-	50,668	5,269	(45,399)
Total Revenues	393,314	1,461,433	1,123,337	(338,096)
Expenditures:				
Current:				
Public safety	409,326	761,949	712,423	49,526
Community development	36,000	61,026	56,946	4,080
Capital outlay	74,403	420,054	320,520	99,534
Total Expenditures	519,729	1,243,029	1,089,889	153,140
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(126,415)	218,404	33,448	(184,956)
Other Financing Sources (Uses):				
Transfers out (note 7)	-	-	(346,960)	(346,960)
Total Other Financing Sources (Uses)	-	-	(346,960)	(346,960)
<i>Net Change in Fund Balances</i>	(126,415)	218,404	(313,512)	(531,916)
Fund Balances, Beginning of Year	314,994	314,994	314,994	-
Fund Balances, End of Year	\$ 188,579	\$ 533,398	\$ 1,482	\$ (531,916)

City of Moreno Valley
Public Education/Government Access Program Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 468,097	\$ 218,097
Total Revenues	250,000	250,000	468,097	218,097
Expenditures:				
Current:				
General government	453,516	436,100	436,533	(433)
Total Expenditures	453,516	436,100	436,533	(433)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(203,516)	(186,100)	31,564	217,664
Other Financing Sources (Uses):				
Transfers in (note 7)	300,000	300,000	300,000	-
Transfers out (note 7)	-	(339,150)	(339,150)	-
Total Other Financing Sources (Uses)	300,000	(39,150)	(39,150)	-
<i>Net Change in Fund Balances</i>	96,484	(225,250)	(7,586)	217,664
Fund Balances, Beginning of Year	1,936,121	1,936,121	1,936,121	-
Fund Balances, End of Year	\$ 2,032,605	\$ 1,710,871	\$ 1,928,535	\$ 217,664

**City of Moreno Valley
Air Quality Management Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 293,423	\$ 93,423
Use of money and property	10,492	10,492	21,882	11,390
Total Revenues	210,492	210,492	315,305	104,813
Expenditures:				
Current:				
Public works	117,968	172,302	170,309	1,993
Capital outlay	519,860	594,429	34,027	560,402
Total Expenditures	637,828	766,731	204,336	562,395
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(427,336)	(556,239)	110,969	667,208
<i>Net Change in Fund Balances</i>	(427,336)	(556,239)	110,969	667,208
Fund Balances, Beginning of Year	443,259	443,259	443,259	-
Fund Balances, End of Year	\$ 15,923	\$ (112,980)	\$ 554,228	\$ 667,208

**City of Moreno Valley
Community Development Block Grant Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,429,146	\$ 3,429,146	\$ 2,238,534	\$ (1,190,612)
Miscellaneous	-	-	2,313	2,313
Total Revenues	3,429,146	3,429,146	2,240,847	(1,188,299)
Expenditures:				
Current:				
Community development	1,921,378	1,762,313	1,346,985	415,328
Capital outlay	-	1,750,957	954,699	796,258
Total Expenditures	1,921,378	3,513,270	2,301,684	1,211,586
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,507,768	(84,124)	(60,837)	23,287
Other Financing Sources (Uses):				
Transfers out (note 7)	-	-	(5,053)	(5,053)
Total Other Financing Sources (Uses)	-	-	(5,053)	(5,053)
<i>Net Change in Fund Balances</i>	1,507,768	(84,124)	(65,890)	18,234
Fund Balances, Beginning of Year	194,838	194,838	194,838	-
Fund Balances, End of Year	\$ 1,702,606	\$ 110,714	\$ 128,948	\$ 18,234

City of Moreno Valley
Special Districts Administration Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 943,470	\$ 943,470	\$ 726,522	\$ (216,948)
Use of money and property	42,308	42,308	27,862	(14,446)
Total Revenues	985,778	985,778	754,384	(231,394)
Expenditures:				
Current:				
Public works	1,364,603	1,169,779	1,176,018	(6,239)
Total Expenditures	1,364,603	1,169,779	1,176,018	(6,239)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(378,825)	(184,001)	(421,634)	(237,633)
<i>Net Change in Fund Balances</i>	(378,825)	(184,001)	(421,634)	(237,633)
Fund Balances, Beginning of Year	1,375,665	1,375,665	1,375,665	-
Fund Balances, End of Year	\$ 996,840	\$ 1,191,664	\$ 954,031	\$ (237,633)

**City of Moreno Valley
NPDES CSA Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 123,935	\$ 123,935	\$ 94,168	\$ (29,767)
Charges for services	715,238	715,238	471,467	(243,771)
Total Revenues	839,173	839,173	565,635	(273,538)
Expenditures:				
Current:				
Public works	907,607	805,538	836,257	(30,719)
Total Expenditures	907,607	805,538	836,257	(30,719)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(68,434)	33,635	(270,622)	(304,257)
Other Financing Sources (Uses):				
Transfers in (note 7)	112,559	112,559	161,274	48,715
Total Other Financing Sources (Uses)	112,559	112,559	161,274	48,715
<i>Net Change in Fund Balances</i>	44,125	146,194	(109,348)	(255,542)
Fund Balances, Beginning of Year	418,069	418,069	418,069	-
Fund Balances, End of Year	\$ 462,194	\$ 564,263	\$ 308,721	\$ (255,542)

**City of Moreno Valley
Housing Assistance Programs Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 379,961	\$ 379,961	\$ 777,484	\$ 397,523
Use of money and property	-	-	100	100
Total Revenues	379,961	379,961	777,584	397,623
Expenditures:				
Current:				
Community development	386,644	381,423	144,951	236,472
Capital outlay	-	894,985	-	894,985
Total Expenditures	386,644	1,276,408	144,951	1,131,457
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(6,683)	(896,447)	632,633	1,529,080
<i>Net Change in Fund Balances</i>	(6,683)	(896,447)	632,633	1,529,080
Fund Balances, Beginning of Year	3,773,309	3,773,309	3,773,309	-
Fund Balances, End of Year	\$ 3,766,626	\$ 2,876,862	\$ 4,405,942	\$ 1,529,080

City of Moreno Valley
 Child Care Grant Special Revenue Fund
 Budgetary Comparison Statement
 Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 914,900	\$ 914,900	\$ 694,528	\$ (220,372)
Charges for services	26,000	26,000	17,293	(8,707)
Miscellaneous	-	-	102	102
Total Revenues	940,900	940,900	711,923	(228,977)
Expenditures:				
Current:				
Community and cultural	888,489	766,456	687,265	79,191
Debt service:				
Principal retirement	-	-	24,658	(24,658)
Total Expenditures	888,489	766,456	711,923	54,533
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	52,411	174,444	-	(174,444)
<i>Net Change in Fund Balances</i>	52,411	174,444	-	(174,444)
Fund Balances, Beginning of Year	(14,140)	(14,140)	(14,140)	-
Fund Balances, End of Year	\$ 38,271	\$ 160,304	\$ (14,140)	\$ (174,444)

City of Moreno Valley
Parks & Community Services PAL Grant Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Other Financing Sources (Uses):				
Transfers out (note 7)	\$ -	\$ -	\$ (17,414)	\$ (17,414)
Total Other Financing Sources (Uses)	-	-	(17,414)	(17,414)
<i>Net Change in Fund Balances</i>	-	-	(17,414)	(17,414)
Fund Balances, Beginning of Year	17,414	17,414	17,414	-
Fund Balances, End of Year	\$ 17,414	\$ 17,414	\$ -	\$ (17,414)

**City of Moreno Valley
Used Oil Recycling Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 41,988	\$ 41,988	\$ 39,289	\$ (2,699)
Total Revenues	41,988	41,988	39,289	(2,699)
Expenditures:				
Current:				
General government	43,844	22,182	21,351	831
Total Expenditures	43,844	22,182	21,351	831
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1,856)	19,806	17,938	(1,868)
Other Financing Sources (Uses):				
Transfers in (note 7)	-	-	1,232	1,232
Transfers out (note 7)	-	-	(369)	(369)
Total Other Financing Sources (Uses)	-	-	863	863
<i>Net Change in Fund Balances</i>	(1,856)	19,806	18,801	(1,005)
Fund Balances, Beginning of Year, as restated	(44,475)	(44,475)	(44,475)	-
Fund Balances, End of Year	\$ (46,331)	\$ (24,669)	\$ (25,674)	\$ (1,005)

City of Moreno Valley
Storm Water Maintenance Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 414,913	\$ 414,913	\$ 315,259	\$ (99,654)
Total Revenues	414,913	414,913	315,259	(99,654)
Expenditures:				
Current:				
Public works	572,297	574,911	525,214	49,697
Total Expenditures	572,297	574,911	525,214	49,697
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(157,384)	(159,998)	(209,955)	(49,957)
Other Financing Sources (Uses):				
Transfers in (note 7)	181,978	181,978	181,978	-
Total Other Financing Sources (Uses)	181,978	181,978	181,978	-
<i>Net Change in Fund Balances</i>	24,594	21,980	(27,977)	(49,957)
Fund Balances, Beginning of Year	8,807	8,807	8,807	-
Fund Balances, End of Year	\$ 33,401	\$ 30,787	\$ (19,170)	\$ (49,957)

**City of Moreno Valley
Traffic Congestion Relief Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,739,098	\$ 1,739,098	\$ 1,690,338	\$ (48,760)
Use of money and property	40,000	40,000	33,710	(6,290)
Total Revenues	1,779,098	1,779,098	1,724,048	(55,050)
Expenditures:				
Current:				
Public works	-	1,468,274	1,468,275	(1)
Total Expenditures	-	1,468,274	1,468,275	(1)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,779,098	310,824	255,773	(55,051)
<i>Net Change in Fund Balances</i>	1,779,098	310,824	255,773	(55,051)
Fund Balances, Beginning of Year	1,304,998	1,304,998	1,304,998	-
Fund Balances, End of Year	\$ 3,084,096	\$ 1,615,822	\$ 1,560,771	\$ (55,051)

**City of Moreno Valley
Disaster Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund Balances, Beginning of Year	<u>\$ 340,453</u>	<u>\$ 340,453</u>	<u>\$ 340,453</u>	<u>\$ -</u>
Fund Balances, End of Year	<u><u>\$ 340,453</u></u>	<u><u>\$ 340,453</u></u>	<u><u>\$ 340,453</u></u>	<u><u>\$ -</u></u>

City of Moreno Valley
Beverage Container Recycling Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 47,349	\$ 47,349	\$ 7,767	\$ (39,582)
Total Revenues	47,349	47,349	7,767	(39,582)
Expenditures:				
Current:				
General government	47,349	-	6,632	(6,632)
Total Expenditures	47,349	-	6,632	(6,632)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	47,349	1,135	(46,214)
<i>Net Change in Fund Balances</i>	-	47,349	1,135	(46,214)
Fund Balances, Beginning of Year	(1,135)	(1,135)	(1,135)	-
Fund Balances, End of Year	\$ (1,135)	\$ 46,214	\$ -	\$ (46,214)

City of Moreno Valley
Emergency Management Preparedness Grant Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 70,096	\$ (29,904)
Total Revenues	100,000	100,000	70,096	(29,904)
Expenditures:				
Current:				
Public safety	191,291	97,025	107,465	(10,440)
Total Expenditures	191,291	97,025	107,465	(10,440)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(91,291)	2,975	(37,369)	(40,344)
Other Financing Sources (Uses):				
Transfers in (note 7)	-	32,967	32,967	-
Total Other Financing Sources (Uses)	-	32,967	32,967	-
<i>Net Change in Fund Balances</i>	(91,291)	35,942	(4,402)	(40,344)
Fund Balances, Beginning of Year	4,402	4,402	4,402	-
Fund Balances, End of Year	\$ (86,889)	\$ 40,344	\$ -	\$ (40,344)

**City of Moreno Valley
 ASES Program Grant Special Revenue Fund
 Budgetary Comparison Statement
 Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,543,902	\$ 4,543,902	\$ 4,465,067	\$ (78,835)
Use of money and property	52,000	52,000	23,495	(28,505)
Miscellaneous	8,000	8,000	4,399	(3,601)
Total Revenues	4,603,902	4,603,902	4,492,961	(110,941)
Expenditures:				
Current:				
Community and cultural	4,249,508	4,545,845	4,629,478	(83,633)
Total Expenditures	4,249,508	4,545,845	4,629,478	(83,633)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	354,394	58,057	(136,517)	(194,574)
<i>Net Change in Fund Balances</i>	354,394	58,057	(136,517)	(194,574)
Fund Balances, Beginning of Year	251,810	251,810	251,810	-
Fund Balances, End of Year	\$ 606,204	\$ 309,867	\$ 115,293	\$ (194,574)

City of Moreno Valley
Box Springs Water EPA Grant Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 19,078	\$ 19,078	\$ 60,016	\$ 40,938
Use of money and property	500	500	351	(149)
Total Revenues	19,578	19,578	60,367	40,789
Expenditures:				
Current:				
Public works	45,850	67,443	55,993	11,450
Capital outlay	7,000	7,000	-	7,000
Total Expenditures	52,850	74,443	55,993	18,450
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(33,272)	(54,865)	4,374	59,239
Other Financing Sources (Uses):				
Transfers out (note 7)	-	-	(4,237)	(4,237)
Total Other Financing Sources (Uses)	-	-	(4,237)	(4,237)
<i>Net Change in Fund Balances</i>	(33,272)	(54,865)	137	55,002
Fund Balances, Beginning of Year	214	214	214	-
Fund Balances, End of Year	\$ (33,058)	\$ (54,651)	\$ 351	\$ 55,002

City of Moreno Valley
TCA-06-22 Local Gov't Waste TI Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 2,284	\$ (2,284)
Total Expenditures	-	-	2,284	(2,284)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	(2,284)	(2,284)
Other Financing Sources (Uses):				
Transfers in (note 7)	-	-	2,284	2,284
Total Other Financing Sources (Uses)	-	-	2,284	2,284
<i>Net Change in Fund Balances</i>	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley
TRI16-06-1 Target Rubberized Asphalt Concrete Incentive Grant
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 84,000	\$ 84,000	\$ -	\$ (84,000)
Total Revenues	84,000	84,000	-	(84,000)
Expenditures:				
Current:				
Public works	84,000	28,000	26,474	1,526
Total Expenditures	84,000	28,000	26,474	1,526
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	56,000	(26,474)	(82,474)
<i>Net Change in Fund Balances</i>	-	56,000	(26,474)	(82,474)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 56,000	\$ (26,474)	\$ (82,474)

**City of Moreno Valley
Proposition 1B Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,682,869	\$ 2,682,869	\$ 2,682,869	\$ -
Miscellaneous	-	-	368	368
Total Revenues	2,682,869	2,682,869	2,683,237	368
Expenditures:				
Current:				
Public works	-	2,419,144	889,288	1,529,856
Total Expenditures	-	2,419,144	889,288	1,529,856
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	2,682,869	263,725	1,793,949	1,530,224
<i>Net Change in Fund Balances</i>	2,682,869	263,725	1,793,949	1,530,224
Fund Balances, Beginning of Year	2,419,144	2,419,144	2,419,144	-
Fund Balances, End of Year	\$ 5,102,013	\$ 2,682,869	\$ 4,213,093	\$ 1,530,224

**City of Moreno Valley
Neighborhood Stabilization Program
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 11,390,116	\$ 11,390,116	\$ 4,448,719	\$ (6,941,397)
Miscellaneous	-	-	400	400
Total Revenues	11,390,116	11,390,116	4,449,119	(6,940,997)
Expenditures:				
Current:				
Community development	11,390,116	11,390,116	5,297,010	6,093,106
Total Expenditures	11,390,116	11,390,116	5,297,010	6,093,106
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	(847,891)	(847,891)
<i>Net Change in Fund Balances</i>	-	-	(847,891)	(847,891)
Fund Balances, Beginning of Year	(321)	(321)	(321)	-
Fund Balances, End of Year	\$ (321)	\$ (321)	\$ (848,212)	\$ (847,891)

City of Moreno Valley
CDBG Recovery Act of 2009 Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 479,292	\$ 11,515	\$ (467,777)
Total Revenues	-	479,292	11,515	(467,777)
Expenditures:				
Current:				
Community development	-	342,100	11,515	330,585
Total Expenditures	-	342,100	11,515	330,585
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>-</i>	<i>137,192</i>	<i>-</i>	<i>(137,192)</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>137,192</i>	<i>-</i>	<i>(137,192)</i>
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 137,192	\$ -	\$ (137,192)

**City of Moreno Valley
FHWA TRANSIMS
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 186,556	\$ 186,556	\$ 90,196	\$ (96,360)
Total Revenues	186,556	186,556	90,196	(96,360)
Expenditures:				
Current:				
Public works	144,592	151,182	128,761	22,421
Total Expenditures	144,592	151,182	128,761	22,421
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	41,964	35,374	(38,565)	(73,939)
<i>Net Change in Fund Balances</i>	41,964	35,374	(38,565)	(73,939)
Fund Balances, Beginning of Year	14,232	14,232	14,232	-
Fund Balances, End of Year	\$ 56,196	\$ 49,606	\$ (24,333)	\$ (73,939)

City of Moreno Valley
CFD #4M Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Use of money and property	-	-	1,968	1,968
Total Revenues	35,000	35,000	1,968	(33,032)
Expenditures:				
Current:				
Public works	35,000	33,700	6,967	26,733
Total Expenditures	35,000	33,700	6,967	26,733
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	1,300	(4,999)	(6,299)
<i>Net Change in Fund Balances</i>	-	1,300	(4,999)	(6,299)
Fund Balances, Beginning of Year, as restated	60,782	60,782	60,782	-
Fund Balances, End of Year	\$ 60,782	\$ 62,082	\$ 55,783	\$ (6,299)

City of Moreno Valley
H.E.A.L. Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 3,000	\$ 3,000	\$ -
Total Revenues	-	3,000	3,000	-
Expenditures:				
Current:				
General government	-	3,000	-	3,000
Total Expenditures	-	3,000	-	3,000
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	3,000	3,000
<i>Net Change in Fund Balances</i>	-	-	3,000	3,000
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ 3,000	\$ 3,000

**City of Moreno Valley
Workforce Housing Program Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$ -	\$ 1,200,741	\$ 1,200,741	\$ -
Total Revenues	-	1,200,741	1,200,741	-
Expenditures:				
Capital outlay	-	1,200,741	1,200,741	-
Total Expenditures	-	1,200,741	1,200,741	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	-	-
<i>Net Change in Fund Balances</i>	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Moreno Valley
ETA Job Training Grant
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 82,490	\$ 118,886	\$ 95,141	\$ (23,745)
Use of money and property	2,500	2,500	-	(2,500)
Total Revenues	84,990	121,386	95,141	(26,245)
Expenditures:				
Current:				
Community development	82,490	118,886	101,768	17,118
Total Expenditures	82,490	118,886	101,768	17,118
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	2,500	2,500	(6,627)	(9,127)
<i>Net Change in Fund Balances</i>	2,500	2,500	(6,627)	(9,127)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ 2,500	\$ 2,500	\$ (6,627)	\$ (9,127)

City of Moreno Valley
Homelessness Prevention Program Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 732,872	\$ 732,872	\$ 419,863	\$ (313,009)
Total Revenues	732,872	732,872	419,863	(313,009)
Expenditures:				
Current:				
Community development	732,872	549,654	419,863	129,791
Total Expenditures	732,872	549,654	419,863	129,791
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	183,218	-	(183,218)
<i>Net Change in Fund Balances</i>	-	183,218	-	(183,218)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 183,218	\$ -	\$ (183,218)

**City of Moreno Valley
Energy Efficiency & Conservation Block Grant
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 1,684,300	\$ 97,268	\$ (1,587,032)
Total Revenues	-	1,684,300	97,268	(1,587,032)
Expenditures:				
Current:				
General government	-	-	1,383	(1,383)
Capital outlay	-	1,684,300	95,885	1,588,415
Total Expenditures	-	1,684,300	97,268	1,587,032
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	-	-
<i>Net Change in Fund Balances</i>	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley
Civil Penalties Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1,711	\$ 1,711
Miscellaneous	-	-	85,006	85,006
Total Revenues	-	-	86,717	86,717
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	86,717	86,717
<i>Net Change in Fund Balances</i>	-	-	86,717	86,717
Fund Balances, Beginning of Year, as restated	197,697	197,697	197,697	-
Fund Balances, End of Year	\$ 197,697	\$ 197,697	\$ 284,414	\$ 86,717

City of Moreno Valley
Emergency Services Agency Fines Special Revenue Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 50,863	\$ 50,863	\$ -
Use of money and property	-	-	1,256	1,256
Total Revenues	-	50,863	52,119	1,256
Expenditures:				
Current:				
Public safety	-	50,863	38,407	12,456
Total Expenditures	-	50,863	38,407	12,456
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	13,712	13,712
<i>Net Change in Fund Balances</i>	-	-	13,712	13,712
Fund Balances, Beginning of Year, as restated	184,674	184,674	184,674	-
Fund Balances, End of Year	\$ 184,674	\$ 184,674	\$ 198,386	\$ 13,712

City of Moreno Valley
City Hall Capital/Administration Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 745	\$ 745
Total Revenues	-	-	745	745
Expenditures:				
Capital outlay	-	9,974,680	697,907	9,276,773
Total Expenditures	-	9,974,680	697,907	9,276,773
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(9,974,680)	(697,162)	9,277,518
Other Financing Sources (Uses):				
Transfers out (note 7)	(600,000)	(2,996,578)	(2,996,578)	-
Total Other Financing Sources (Uses)	(600,000)	(2,996,578)	(2,996,578)	-
<i>Net Change in Fund Balances</i>	(600,000)	(12,971,258)	(3,693,740)	9,277,518
Fund Balances, Beginning of Year	14,215,341	14,215,341	14,215,341	-
Fund Balances, End of Year	\$ 13,615,341	\$ 1,244,083	\$ 10,521,601	\$ 9,277,518

City of Moreno Valley
Capital Improvements Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund Balances, Beginning of Year	<u>\$ 176,852</u>	<u>\$ 176,852</u>	<u>\$ 176,852</u>	<u>\$ -</u>
Fund Balances, End of Year	<u><u>\$ 176,852</u></u>	<u><u>\$ 176,852</u></u>	<u><u>\$ 176,852</u></u>	<u><u>\$ -</u></u>

**City of Moreno Valley
Public Works Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 30,000	\$ 44,310	\$ 30,000	\$ (14,310)
Use of money and property	900	900	-	(900)
Total Revenues	30,900	45,210	30,000	(15,210)
Expenditures:				
Capital outlay	30,000	39,725	1,658	38,067
Total Expenditures	30,000	39,725	1,658	38,067
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	900	5,485	28,342	22,857
<i>Net Change in Fund Balances</i>	900	5,485	28,342	22,857
Fund Balances, Beginning of Year	43,517	43,517	43,517	-
Fund Balances, End of Year	\$ 44,417	\$ 49,002	\$ 71,859	\$ 22,857

**City of Moreno Valley
Traffic Signal Mitigation Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund Balances, Beginning of Year	<u>\$ 137,578</u>	<u>\$ 137,578</u>	<u>\$ 137,578</u>	<u>\$ -</u>
Fund Balances, End of Year	<u><u>\$ 137,578</u></u>	<u><u>\$ 137,578</u></u>	<u><u>\$ 137,578</u></u>	<u><u>\$ -</u></u>

**City of Moreno Valley
Fire Services Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Expenditures:				
Capital outlay	\$ -	\$ 10,000	\$ 2,887	\$ 7,113
Total Expenditures	-	10,000	2,887	7,113
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(10,000)	(2,887)	7,113
<i>Net Change in Fund Balances</i>	-	(10,000)	(2,887)	7,113
Fund Balances, Beginning of Year	1,906,260	1,906,260	1,906,260	-
Fund Balances, End of Year	\$ 1,906,260	\$ 1,896,260	\$ 1,903,373	\$ 7,113

City of Moreno Valley
Park Acquisition & Development Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balances, Beginning of Year	\$ 230	\$ 230	\$ 230	\$ -
Fund Balances, End of Year	\$ 230	\$ 230	\$ 230	\$ -

City of Moreno Valley
Lease Revenue Bonds 2005 Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 100,000	\$ 100,000	\$ 802	\$ (99,198)
Miscellaneous	-	-	4,835	4,835
Total Revenues	100,000	100,000	5,637	(94,363)
Expenditures:				
Capital outlay	400,000	14,517,691	7,918,227	6,599,464
Total Expenditures	400,000	14,517,691	7,918,227	6,599,464
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(300,000)	(14,417,691)	(7,912,590)	6,505,101
Other Financing Sources (Uses):				
Transfers out (note 7)	-	-	(742)	(742)
Total Other Financing Sources (Uses)	-	-	(742)	(742)
<i>Net Change in Fund Balances</i>	(300,000)	(14,417,691)	(7,913,332)	6,504,359
Fund Balances, Beginning of Year	12,957,368	12,957,368	12,957,368	-
Fund Balances, End of Year	\$ 12,657,368	\$ (1,460,323)	\$ 5,044,036	\$ 6,504,359

City of Moreno Valley
Towngate Capital/Administration Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Other taxes	\$ -	\$ -	\$ 1,964	\$ 1,964
Total Revenues	-	-	1,964	1,964
Expenditures:				
Current:				
Public works	178,000	173,410	150,694	22,716
Total Expenditures	178,000	173,410	150,694	22,716
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(178,000)	(173,410)	(148,730)	24,680
Other Financing Sources (Uses):				
Transfers in (note 7)	178,000	178,000	155,450	(22,550)
Total Other Financing Sources (Uses)	178,000	178,000	155,450	(22,550)
<i>Net Change in Fund Balances</i>	-	4,590	6,720	2,130
Fund Balances, Beginning of Year	(371)	(371)	(371)	-
Fund Balances, End of Year	\$ (371)	\$ 4,219	\$ 6,349	\$ 2,130

City of Moreno Valley
Warner Ranch Capital/Development Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 8,325	\$ 8,325	\$ 8,672	\$ 347
Total Revenues	8,325	8,325	8,672	347
Expenditures:				
Current:				
Public works	7,188	7,188	2,639	4,549
Total Expenditures	7,188	7,188	2,639	4,549
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,137	1,137	6,033	4,896
<i>Net Change in Fund Balances</i>	1,137	1,137	6,033	4,896
Fund Balances, Beginning of Year	2,085	2,085	2,085	-
Fund Balances, End of Year	\$ 3,222	\$ 3,222	\$ 8,118	\$ 4,896

**City of Moreno Valley
Auto Mall Capital/Administration Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public works	\$ 148,940	\$ 148,940	\$ 78,256	\$ 70,684
Total Expenditures	148,940	148,940	78,256	70,684
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(148,940)	(148,940)	(78,256)	70,684
Other Financing Sources (Uses):				
Transfers in (note 7)	148,940	148,940	76,000	(72,940)
Total Other Financing Sources (Uses)	148,940	148,940	76,000	(72,940)
<i>Net Change in Fund Balances</i>	-	-	(2,256)	(2,256)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ (2,256)	\$ (2,256)

**City of Moreno Valley
Parks & Community Services Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Community and cultural	\$ -	\$ -	\$ 388	\$ (388)
Capital outlay	277,000	10,179,772	115,793	10,063,979
Total Expenditures	277,000	10,179,772	116,181	10,063,591
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(277,000)	(10,179,772)	(116,181)	10,063,591
<i>Net Change in Fund Balances</i>	(277,000)	(10,179,772)	(116,181)	10,063,591
Fund Balances, Beginning of Year	6,567,766	6,567,766	6,567,766	-
Fund Balances, End of Year	\$ 6,290,766	\$ (3,612,006)	\$ 6,451,585	\$ 10,063,591

City of Moreno Valley
TUMF Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,000,000	\$ 8,000,000	\$ 8,355,353	\$ 355,353
Total Revenues	8,000,000	8,000,000	8,355,353	355,353
Expenditures:				
Current:				
Public works	-	-	129	(129)
Capital outlay	9,799,120	24,803,582	5,990,602	18,812,980
Total Expenditures	9,799,120	24,803,582	5,990,731	18,812,851
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1,799,120)	(16,803,582)	2,364,622	19,168,204
<i>Net Change in Fund Balances</i>	(1,799,120)	(16,803,582)	2,364,622	19,168,204
Fund Balances, Beginning of Year	(3,005,336)	(3,005,336)	(3,005,336)	-
Fund Balances, End of Year	\$ (4,804,456)	\$ (19,808,918)	\$ (640,714)	\$ 19,168,204

**City of Moreno Valley
DIF Capital Projects Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 161	\$ (1,839)
Total Revenues	2,000	2,000	161	(1,839)
Expenditures:				
Current:				
Public works	-	-	2,004	(2,004)
Capital outlay	3,572,958	8,434,787	1,946,266	6,488,521
Total Expenditures	3,572,958	8,434,787	1,948,270	6,486,517
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(3,570,958)	(8,432,787)	(1,948,109)	6,484,678
Other Financing Sources (Uses):				
Transfers in (note 7)	3,078,458	3,212,274	3,212,274	-
Transfers out (note 7)	-	-	(7,932,400)	(7,932,400)
Total Other Financing Sources (Uses)	3,078,458	3,212,274	(4,720,126)	(7,932,400)
<i>Net Change in Fund Balances</i>	(492,500)	(5,220,513)	(6,668,235)	(1,447,722)
Fund Balances, Beginning of Year	10,825,934	10,825,934	10,825,934	-
Fund Balances, End of Year	\$ 10,333,434	\$ 5,605,421	\$ 4,157,699	\$ (1,447,722)

City of Moreno Valley
OPA Sales Tax Agreements Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 350,000	\$ 350,000	\$ 389,162	\$ 39,162
Total Revenues	350,000	350,000	389,162	39,162
Expenditures:				
Debt service:				
Interest and fiscal charges	-	-	389,162	(389,162)
Total Expenditures	-	-	389,162	(389,162)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	350,000	350,000	-	(350,000)
<i>Net Change in Fund Balances</i>	350,000	350,000	-	(350,000)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ 350,000	\$ 350,000	\$ -	\$ (350,000)

**City of Moreno Valley
City Hall COPS Series 1997 Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 595,000	\$ 595,000	\$ 595,000	\$ -
Interest and fiscal charges	264,540	249,375	102,388	146,987
Total Expenditures	859,540	844,375	697,388	146,987
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(859,540)	(844,375)	(697,388)	146,987
Other Financing Sources (Uses):				
Transfers in (note 7)	859,540	883,740	883,740	-
Total Other Financing Sources (Uses)	859,540	883,740	883,740	-
<i>Net Change in Fund Balances</i>	-	39,365	186,352	146,987
Fund Balances, Beginning of Year	752,713	752,713	752,713	-
Fund Balances, End of Year	\$ 752,713	\$ 792,078	\$ 939,065	\$ 146,987

City of Moreno Valley
Auto Mall Special Tax Bonds Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Sales taxes	\$ 1,000,000	\$ 1,000,000	\$ 759,946	\$ (240,054)
Other taxes	1,217,525	1,217,525	1,173,443	(44,082)
Use of money and property	11,000	11,000	147	(10,853)
Total Revenues	2,228,525	2,228,525	1,933,536	(294,989)
Expenditures:				
Debt service:				
Principal retirement	950,000	950,000	950,000	-
Interest and fiscal charges	1,423,300	1,423,300	898,520	524,780
Total Expenditures	2,373,300	2,373,300	1,848,520	524,780
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(144,775)	(144,775)	85,016	229,791
Other Financing Sources (Uses):				
Transfers in (note 7)	219,964	219,964	185,125	(34,839)
Transfers out (note 7)	(148,940)	(148,940)	(76,000)	72,940
Total Other Financing Sources (Uses)	71,024	71,024	109,125	38,101
<i>Net Change in Fund Balances</i>	(73,751)	(73,751)	194,141	267,892
Fund Balances, Beginning of Year	2,173,032	2,173,032	2,173,032	-
Fund Balances, End of Year	\$ 2,099,281	\$ 2,099,281	\$ 2,367,173	\$ 267,892

City of Moreno Valley
Certificate of Participation Series 1993 Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Debt service:				
Interest and fiscal charges	\$ 3,250	\$ 2,400	\$ 2,000	\$ 400
Total Expenditures	3,250	2,400	2,000	400
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(3,250)	(2,400)	(2,000)	400
Other Financing Sources (Uses):				
Transfers out (note 7)	-	-	(421,959)	(421,959)
Total Other Financing Sources (Uses)	-	-	(421,959)	(421,959)
<i>Net Change in Fund Balances</i>	(3,250)	(2,400)	(423,959)	(421,559)
Fund Balances, Beginning of Year	423,959	423,959	423,959	-
Fund Balances, End of Year	\$ 420,709	\$ 421,559	\$ -	\$ (421,559)

City of Moreno Valley
Public Safety Lease Revenue Bonds 1997 Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 44	\$ 44
Total Revenues	-	-	44	44
Expenditures:				
Debt service:				
Principal retirement	195,000	195,000	195,000	-
Interest and fiscal charges	209,169	209,169	206,918	2,251
Total Expenditures	404,169	404,169	401,918	2,251
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(404,169)	(404,169)	(401,874)	2,295
Other Financing Sources (Uses):				
Transfers in (note 7)	404,169	404,169	404,169	-
Total Other Financing Sources (Uses)	404,169	404,169	404,169	-
<i>Net Change in Fund Balances</i>	-	-	2,295	2,295
Fund Balances, Beginning of Year	761,469	761,469	761,469	-
Fund Balances, End of Year	\$ 761,469	\$ 761,469	\$ 763,764	\$ 2,295

City of Moreno Valley
Lease Revenue Bonds 2005 Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

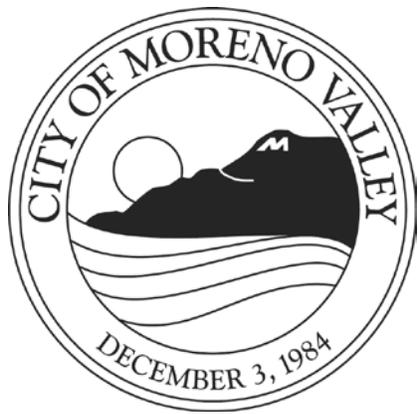
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 35,000	\$ 35,000	\$ 310	\$ (34,690)
Total Revenues	35,000	35,000	310	(34,690)
Expenditures:				
Debt service:				
Principal retirement	805,000	805,000	805,000	-
Interest and fiscal charges	1,842,499	1,843,515	1,843,017	498
Total Expenditures	2,647,499	2,648,515	2,648,017	498
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<i>(2,612,499)</i>	<i>(2,613,515)</i>	<i>(2,647,707)</i>	<i>(34,192)</i>
Other Financing Sources (Uses):				
Transfers in (note 7)	2,643,517	2,643,517	2,644,259	742
Total Other Financing Sources (Uses)	2,643,517	2,643,517	2,644,259	742
<i>Net Change in Fund Balances</i>	<i>31,018</i>	<i>30,002</i>	<i>(3,448)</i>	<i>(33,450)</i>
Fund Balances, Beginning of Year	8,791,592	8,791,592	8,791,592	-
Fund Balances, End of Year	\$ 8,822,610	\$ 8,821,594	\$ 8,788,144	\$ (33,450)

City of Moreno Valley
2007 Towngate Improvement Refunding Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Other taxes	\$ 114,369	\$ 114,369	\$ 78,519	\$ (35,850)
Use of money and property	10,800	10,800	57	(10,743)
Total Revenues	125,169	125,169	78,576	(46,593)
Expenditures:				
Debt service:				
Principal retirement	190,000	190,000	190,000	-
Interest and fiscal charges	168,029	168,029	168,029	-
Total Expenditures	358,029	358,029	358,029	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(232,860)	(232,860)	(279,453)	(46,593)
Other Financing Sources (Uses):				
Transfers in (note 7)	279,459	279,459	274,598	(4,861)
Transfers out (note 7)	(38,250)	(38,250)	(15,700)	22,550
Total Other Financing Sources (Uses)	241,209	241,209	258,898	17,689
<i>Net Change in Fund Balances</i>	8,349	8,349	(20,555)	(28,904)
Fund Balances, Beginning of Year	841,530	841,530	841,530	-
Fund Balances, End of Year	\$ 849,879	\$ 849,879	\$ 820,975	\$ (28,904)

City of Moreno Valley
2007 Towngate Refunding Debt Service Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 85,595	\$ 85,595	\$ 277	\$ (85,318)
Total Revenues	85,595	85,595	277	(85,318)
Expenditures:				
Debt service:				
Principal retirement	600,000	600,000	600,000	-
Interest and fiscal charges	409,381	409,381	409,383	(2)
Total Expenditures	1,009,381	1,009,381	1,009,383	(2)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(923,786)	(923,786)	(1,009,106)	(85,320)
Other Financing Sources (Uses):				
Transfers in (note 7)	404,131	404,131	373,011	(31,120)
Transfers out (note 7)	(139,750)	(139,750)	(139,750)	-
Total Other Financing Sources (Uses)	264,381	264,381	233,261	(31,120)
<i>Net Change in Fund Balances</i>	(659,405)	(659,405)	(775,845)	(116,440)
Fund Balances, Beginning of Year	2,914,796	2,914,796	2,914,796	-
Fund Balances, End of Year	\$ 2,255,391	\$ 2,255,391	\$ 2,138,951	\$ (116,440)





Internal Service Funds

INTERNAL SERVICE FUNDS

General Liability Insurance Fund

This fund is used to account for the costs of maintaining the City's general liability insurance program, on a reimbursement basis through charges to benefiting funds; and maintaining responsible reserves based on current actuarial assumptions.

Worker's Compensation Insurance Fund

This fund is used to account for the costs of maintaining the City worker's compensation insurance program, on a reimbursement basis through charges to benefiting funds; and maintaining responsible reserves based on current actuarial assumptions.

Technology Service Fund

This fund is used to account for the costs of maintaining and replacing the City's information systems including major software, hardware, radios, telephones, and the City's backbone telecommunications infrastructure. The fund recovers costs through charges to benefiting funds.

Facilities Maintenance Fund

This fund is used to account for the costs of maintaining all City-owned and leased buildings. Its user charges include the recovery of both depreciation on the City Hall building and debt service on the 1997 variable rate Certificates of Participation originally issued in 1995 to finance the acquisition of the building.

Equipment Maintenance Fund

This fund is used to account for the maintenance costs of the City's inventory of vehicles and equipment, on a cost reimbursement basis through user charges to benefiting funds.

Equipment Replacement Reserve Fund

This fund is used to account for the accumulation of cash reserves to replace City vehicles and capital equipment, based on replacement cost and useful life. The reserve receives cash through user charges for each fund's share of annual depreciation; and provides cash as a funding source to participating funds for capital replacement.

**City of Moreno Valley
Internal Service Funds
Combining Statement of Net Assets
June 30, 2010**

	<u>General Liability Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Technology Services</u>	<u>Facilities Maintenance</u>
Assets:				
Current:				
Pooled cash and investments	\$ 2,256,197	\$ 4,266,690	\$ 7,946,138	\$ 5,265,324
Receivables:				
Accounts	1,098	-	-	173
Prepaid costs	-	-	376	7,935
Noncurrent:				
Capital assets, not being depreciated	-	-	244,334	19,001
Capital assets, net of accumulated depreciation	-	-	635,086	7,191,826
Total Assets	<u>2,257,295</u>	<u>4,266,690</u>	<u>8,825,934</u>	<u>12,484,259</u>
Liabilities:				
Current:				
Accounts payable	\$ 56,751	\$ 278	\$ 11,354	\$ 66,846
Accrued payroll liabilities	4,501	1,991	96,220	42,063
Compensated absences	15,755	1,788	126,601	47,183
Noncurrent:				
Self-insurance payable	1,432,000	2,188,000	-	-
Compensated absences	2,561	2,926	243,853	92,756
Total Liabilities	<u>1,511,568</u>	<u>2,194,983</u>	<u>478,028</u>	<u>248,848</u>
Net Assets				
Invested in capital assets	-	-	879,420	7,210,827
Unrestricted	745,727	2,071,707	7,468,486	5,024,584
Total Net Assets	<u><u>\$ 745,727</u></u>	<u><u>\$ 2,071,707</u></u>	<u><u>\$ 8,347,906</u></u>	<u><u>\$ 12,235,411</u></u>

Equipment Maintenance	Equipment Replacement Reserve	Total
\$ 271,768	\$ 13,812,501	\$ 33,818,618
-	-	1,271
-	-	8,311
-	-	263,335
63,876	592,427	8,483,215
335,644	14,404,928	42,574,750
\$ 22,017	\$ -	\$ 157,246
12,164	-	156,939
15,143	-	206,470
-	-	3,620,000
-	-	342,096
49,324	-	4,482,751
63,876	592,427	8,746,550
222,444	13,812,501	29,345,449
\$ 286,320	\$ 14,404,928	\$ 38,091,999

Assets:

Current:

Pooled cash and investments
Receivables:
Accounts
Prepaid costs

Noncurrent:

Capital assets, not being depreciated
Capital assets, net of accumulated depreciation

Total Assets

Liabilities:

Current:

Accounts payable
Accrued payroll liabilities
Compensated absences

Noncurrent:

Self-insurance payable
Compensated absences

Total Liabilities

Net Assets

Invested in capital assets
Unrestricted

Total Net Assets

**City of Moreno Valley
Internal Service Funds
Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Year ended June 30, 2010**

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Operating Revenues:				
Sales and service charges	\$ 1,031,201	\$ 870,700	\$ 4,282,432	\$ 4,106,509
Miscellaneous	1,391	-	515	4,069
Total Operating Revenues	1,032,592	870,700	4,282,947	4,110,578
Operating Expenses:				
Cost of services	309,632	98,903	3,425,944	2,664,958
Self-insurance claims and charges	1,398,924	564,836	-	-
Depreciation	-	-	296,372	288,622
Total Operating Expenses	1,708,556	663,739	3,722,316	2,953,580
Income (loss) before transfers	(675,964)	206,961	560,631	1,156,998
Transfers:				
Transfers in	-	-	-	100,000
Transfers out	-	-	(5,000)	(883,740)
Net Transfers	-	-	(5,000)	(783,740)
Net Change in Assets	(675,964)	206,961	555,631	373,258
Net Assets:				
Beginning of Year, as restated	1,421,691	1,864,746	7,792,275	11,862,153
Net Assets, End of Year	\$ 745,727	\$ 2,071,707	\$ 8,347,906	\$ 12,235,411

<u>Equipment Maintenance</u>	<u>Equipment Replacement Reserve</u>	<u>Total</u>	
\$ 643,370	\$ 2,306,405	\$ 13,240,617	Operating Revenues:
3,464	30,611	40,050	Sales and service charges
646,834	2,337,016	13,280,667	Miscellaneous
			Total Operating Revenues
			Operating Expenses:
610,311	-	7,109,748	Cost of services
-	-	1,963,760	Self-insurance claims and charges
29,811	247,375	862,180	Depreciation
640,122	247,375	9,935,688	Total Operating Expenses
6,712	2,089,641	3,344,979	<i>Income (loss) before transfers</i>
			Transfers:
-	-	100,000	Transfers in
-	(2,202,040)	(3,090,780)	Transfers out
-	(2,202,040)	(2,990,780)	Net Transfers
6,712	(112,399)	354,199	<i>Net Change in Assets</i>
279,608	14,517,327	37,737,800	Net Assets:
\$ 286,320	\$ 14,404,928	\$ 38,091,999	Beginning of Year, as restated
			Net Assets, End of Year

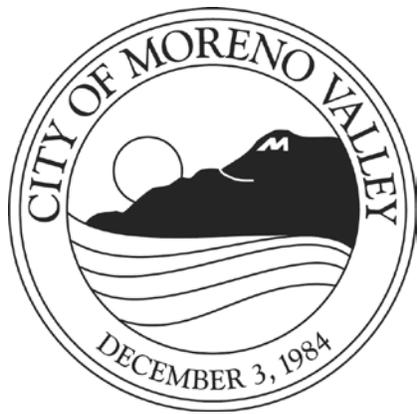
**City of Moreno Valley
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2010**

	<u>General Liability Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Technology Services</u>	<u>Facilities Maintenance</u>
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,031,201	\$ 870,886	\$ 4,282,432	\$ 4,106,516
Cash payments to suppliers for goods and services	(166,889)	(57,296)	(1,502,148)	(1,719,174)
Cash payments for claims	(1,184,924)	(691,836)	-	-
Cash payments to employees for services	(114,835)	(49,047)	(2,015,246)	(942,441)
Other operating revenues (expenses)	1,391	-	515	4,069
Net Cash Provided (Used) by Operating Activities	<u>(434,056)</u>	<u>72,707</u>	<u>765,553</u>	<u>1,448,970</u>
Cash Flows from Noncapital Financing Activities:				
Cash transfers from other funds	-	-	-	100,000
Cash transfers to other funds	-	-	(5,000)	(883,740)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(783,740)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	(350,991)	(81,205)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(350,991)</u>	<u>(81,205)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(434,056)	72,707	409,562	584,025
Cash and Cash Equivalents at Beginning of Year	2,690,253	4,193,983	7,536,576	4,681,299
Cash and Cash Equivalents at End of Year	<u>\$ 2,256,197</u>	<u>\$ 4,266,690</u>	<u>\$ 7,946,138</u>	<u>\$ 5,265,324</u>
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (675,964)	\$ 206,961	\$ 560,631	\$ 1,156,998
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	-	296,372	288,622
(Increase) decrease in accounts receivable	-	186	-	7
(Increase) decrease in prepaids	-	-	(376)	473
(Increase) decrease in inventories	-	-	-	-
Increase (decrease) in accounts payable	23,633	(5,775)	(128,255)	(25,974)
Increase (decrease) in accrued payroll liabilities	(39)	243	(4,902)	1,097
Increase (decrease) in due to Moreno Valley	-	-	-	-
Increase (decrease) in compensated absences	4,314	(1,908)	42,083	27,747
Increase (decrease) in self-insurance payable	214,000	(127,000)	-	-
Total Adjustments	<u>241,908</u>	<u>(134,254)</u>	<u>204,922</u>	<u>291,972</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (434,056)</u>	<u>\$ 72,707</u>	<u>\$ 765,553</u>	<u>\$ 1,448,970</u>

Schedule of Noncash Investing, Capital and Noncapital Financing Activities:

There were no significant noncash investing, capital and noncapital financing activities for the year ended June 30, 2010.

<u>Equipment Maintenance</u>	<u>Equipment Replacement Reserve</u>	<u>Totals</u>	
\$ 643,370	\$ 2,306,405	\$ 13,240,810	Cash Flows from Operating Activities:
(338,274)	-	(3,783,781)	Cash received from customers
-	-	(1,876,760)	Cash payments to suppliers for goods and services
(266,084)	-	(3,387,653)	Cash payments for claims
3,464	30,611	40,050	Cash payments to employees for services
<u>42,476</u>	<u>2,337,016</u>	<u>4,232,666</u>	Other operating revenues (expenses)
			Net Cash Provided (Used) by Operating Activities
			Cash Flows from Noncapital Financing Activities:
-	-	100,000	Cash transfers from other funds
<u>-</u>	<u>(2,202,040)</u>	<u>(3,090,780)</u>	Cash transfers to other funds
			Net Cash Provided (Used) by Noncapital Financing Activities
			Cash Flows from Capital and Related Financing Activities:
<u>-</u>	<u>-</u>	<u>(432,196)</u>	Acquisition and construction of capital assets
			Net Cash Provided (Used) by Capital and Related Financing Activities
<u>-</u>	<u>-</u>	<u>(432,196)</u>	
42,476	134,976	809,690	Net Increase (Decrease) in Cash and Cash Equivalents
229,292	13,677,525	33,008,928	Cash and Cash Equivalents at Beginning of Year
<u>\$ 271,768</u>	<u>\$ 13,812,501</u>	<u>\$ 33,818,618</u>	Cash and Cash Equivalents at End of Year
			Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:
\$ 6,712	\$ 2,089,641	\$ 3,344,979	Operating income (loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
29,811	247,375	862,180	Depreciation
-	-	193	(Increase) decrease in accounts receivable
-	-	97	(Increase) decrease in prepaids
6,796	-	6,796	(Increase) decrease in inventories
75	-	(136,296)	Increase (decrease) in accounts payable
(2,501)	-	(6,102)	Increase (decrease) in accrued payroll liabilities
-	-	-	Increase (decrease) in due to Moreno Valley
1,583	-	73,819	Increase (decrease) in compensated absences
<u>-</u>	<u>-</u>	<u>87,000</u>	Increase (decrease) in self-insurance payable
<u>35,764</u>	<u>247,375</u>	<u>887,687</u>	Total Adjustments
<u>\$ 42,476</u>	<u>\$ 2,337,016</u>	<u>\$ 4,232,666</u>	Net Cash Provided (Used) by Operating Activities





Agency Funds

AGENCY FUNDS

Deposit Liability Fund

This fund is used to account for miscellaneous deposits collected by the City.

Assessment District 87-4 Fund

This fund is used to account for the receipt and remittance of special assessments for the Assessment District 87-4 Limited Obligation Improvement Bonds. The bonds are not secured by the general taxing power of the City, the State of California or any other political subdivision thereof, and neither the City nor the State, nor any potential subdivision thereof, has pledged its full faith and credit for the payment thereof.

Assessment District 98-1 Fund

This fund is used to account for the receipt and remittance of special assessments for the Assessment District 98-1 Limited Obligation Improvement Bonds. All property owners except one paid their fees upfront.

CFD #5 Stoneridge Fund

This fund is used to account for the receipt and remittance of special taxes for the CFD #5 Stoneridge Special Tax Bonds. The bonds are not secured by the general taxing power of the City, the State of California or any other political subdivision thereof, and neither the City nor the State, nor any potential subdivision thereof, has pledged its full faith and credit for the payment thereof.

TUMF Trust Fund

This fund is used to account for the receipt of the Transportation Uniform Mitigation Fees (TUMF) and their remittance to the Western Riverside Council of Governments (WRCOG).

MSHCP Trust Fund

This fund is used to account for the receipt of the Multi-Species Habitat Conservation Plan (MSHCP) fees and their remittance to the Western Riverside County Regional Conservation Agency (WRCRCA).

Moreno Valley Employees Assistance Fund

This fund is used to account for employee donations to assist fellow employees who are in need of financial assistance.

Moreno Valley Foundation Donations Fund

This fund is being used on a temporary basis to account for the receipts and disbursements of the Moreno Valley Community Foundation until such time that the Foundation is officially cleared by the Internal Revenue Service to become operational as a tax-exempt 501 (c) 3 organization.

Arts Commission Fund

This fund is used to account for funds received to encourage, stimulate, promote and foster programs for the cultural enrichment of the City, thereby contributing to the quality of life of its residents. This fund also accounts for funding received to develop an awareness of the value of arts in Moreno Valley's business community, local government and the general public.

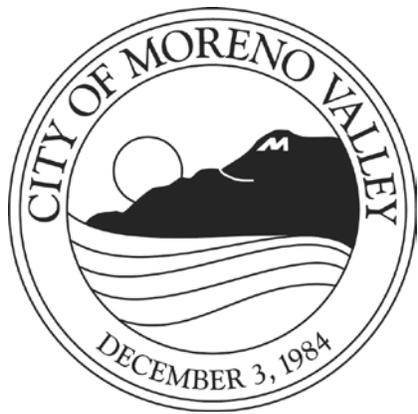
**City of Moreno Valley
Agency Funds
Combining Balance Sheet
June 30, 2010**

	<u>Deposit Liability</u>	<u>Assessment District 87-4</u>	<u>Assessment District 98-1</u>
Assets:			
Pooled cash and investments	\$ 6,539,875	\$ 107,936	\$ 954
Receivables:			
Accounts	1,395	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 6,541,270</u>	<u>\$ 107,936</u>	<u>\$ 954</u>
Liabilities:			
Accounts payable	\$ 105,636	\$ -	\$ -
Deposits payable	6,435,634	-	-
Payable to trustee	-	107,936	954
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 6,541,270</u>	<u>\$ 107,936</u>	<u>\$ 954</u>

CFD #5				
Stoneridge Fund	TUMF Trust	MCHCP Trust		
\$ 742,873	\$ 4,437	\$ 6,530	Assets:	
-	-	-	Pooled cash and investments	
-	-	26,416	Receivables:	
			Accounts	
			Due from other governments	
\$ 742,873	\$ 4,437	\$ 32,946	Total Assets	
			Liabilities:	
\$ -	\$ 4,437	\$ 32,946	Accounts payable	
-	-	-	Deposits payable	
742,873	-	-	Payable to trustee	
\$ 742,873	\$ 4,437	\$ 32,946	Total Liabilities	

City of Moreno Valley
Agency Funds
Combining Balance Sheet
June 30, 2010

	Moreno Valley Employees Assistance	Moreno Valley Foundation Donations	Arts Commission	Total
Assets:				
Pooled cash and investments	\$ -	\$ 221,650	\$ 802	\$ 7,625,057
Receivables:				
Accounts	-	-	-	1,395
Due from other governments	-	-	-	26,416
Total Assets	-	221,650	802	7,652,868
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 143,019
Deposits payable	-	-	-	6,435,634
Payable to trustee	-	221,650	802	1,074,215
Total Liabilities	-	221,650	802	7,652,868



City of Moreno Valley
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
Year ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Deposit Liability</u>				
Assets:				
Pooled cash and investments	\$ 7,474,418	\$ 577,882	\$ 1,512,425	\$ 6,539,875
Accounts receivable	1,540	-	145	1,395
Total Assets	\$ 7,475,958	\$ 577,882	\$ 1,512,570	\$ 6,541,270

Liabilities:				
Accounts payable	\$ 113,909	\$ 1,093,205	\$ 1,101,478	\$ 105,636
Other accrued liabilities	1,919	-	1,919	-
Due to Moreno Valley	-	-	-	-
Deposits payable	7,360,130	579,801	1,504,297	6,435,634
Total Liabilities	\$ 7,475,958	\$ 1,673,006	\$ 2,607,694	\$ 6,541,270

Assessment District 87-4

Assets:				
Pooled cash and investments	\$ 419,968	\$ 59,459	\$ 371,491	\$ 107,936
Interest receivable	3	-	3	-
Due from other governments	2,383	-	2,383	-
Total Assets	\$ 422,354	\$ 59,459	\$ 373,877	\$ 107,936

Liabilities:				
Accounts payable	\$ -	\$ 4,712	\$ 4,712	\$ -
Payable to trustee	422,354	1,994	316,412	107,936
Total Liabilities	\$ 422,354	\$ 6,706	\$ 321,124	\$ 107,936

Assessment District 98-1

Assets:				
Pooled cash and investments	\$ 3,817	-	\$ 2,863	\$ 954
Total Assets	\$ 3,817	\$ -	\$ 2,863	\$ 954

Liabilities:				
Accounts payable	\$ 2,813	-	\$ 2,813	\$ -
Payable to trustee	1,004	-	50	954
Total Liabilities	\$ 3,817	\$ -	\$ 2,863	\$ 954

City of Moreno Valley
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
Year ended June 30, 2010
(Continued)

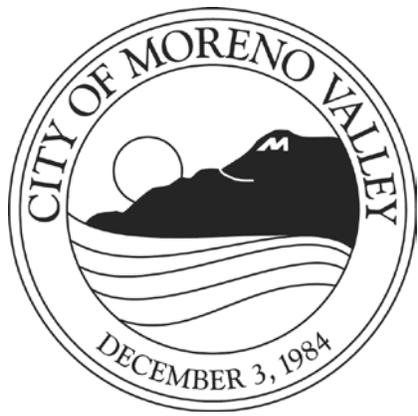
	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>CFD #5 Stoneridge</u>				
Assets:				
Pooled cash and investments	\$ 1,168,851	\$ 369,042	\$ 795,020	\$ 742,873
Accounts receivable	1,062	-	1,062	-
Interest receivable	10	-	10	-
Due from other governments	2,875	-	2,875	-
Total Assets	\$ 1,172,798	\$ 369,042	\$ 798,967	\$ 742,873
Liabilities:				
Accounts payable	\$ 1,062	\$ 457,706	\$ 458,768	\$ -
Payable to trustee	1,171,736	365,095	793,958	742,873
Total Liabilities	\$ 1,172,798	\$ 822,801	\$ 1,252,726	\$ 742,873
<u>TUMF Trust</u>				
Assets:				
Pooled cash and investments	\$ 225,659	\$ 910,043	\$ 1,131,265	\$ 4,437
Total Assets	\$ 225,659	\$ 910,043	\$ 1,131,265	\$ 4,437
Liabilities:				
Accounts payable	\$ -	\$ 1,111,855	\$ 1,107,418	\$ 4,437
Deposits payable	225,659	910,043	1,135,702	-
Total Liabilities	\$ 225,659	\$ 2,021,898	\$ 2,243,120	\$ 4,437
<u>MSHCP Trust</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 230,446	\$ 223,916	\$ 6,530
Due from other governments	26,416	-	-	26,416
Total Assets	\$ 26,416	\$ 230,446	\$ 223,916	\$ 32,946
Liabilities:				
Accounts payable	\$ 1,722	\$ 230,446	\$ 199,222	\$ 32,946
Due to Moreno Valley	24,694	-	24,694	-
Deposits payable	-	230,446	230,446	-
Total Liabilities	\$ 26,416	\$ 460,892	\$ 454,362	\$ 32,946

City of Moreno Valley
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
Year ended June 30, 2010
(Continued)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Moreno Valley Employees Assistance</u>				
Assets:				
Pooled cash and investments	\$ 323	\$ -	\$ 323	\$ -
Total Assets	\$ 323	\$ -	\$ 323	\$ -
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	\$ 323	\$ -	\$ 323	\$ -
Total Liabilities	\$ 323	\$ -	\$ 323	\$ -
 <u>Moreno Valley Foundation Donations</u>				
Assets:				
Pooled cash and investments	\$ 221,650	\$ -	\$ -	\$ 221,650
Total Assets	\$ 221,650	\$ -	\$ -	\$ 221,650
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payable to trustee	221,650	-	-	221,650
Total Liabilities	\$ 221,650	\$ -	\$ -	\$ 221,650
 <u>Arts Commission</u>				
Assets:				
Pooled cash and investments	\$ 92	\$ 1,387	\$ 677	\$ 802
Total Assets	\$ 92	\$ 1,387	\$ 677	\$ 802
Liabilities:				
Accounts payable	\$ -	\$ 677	\$ 677	\$ -
Payable to trustee	92	1,387	677	802
Total Liabilities	\$ -	\$ 2,064	\$ 1,354	\$ 802

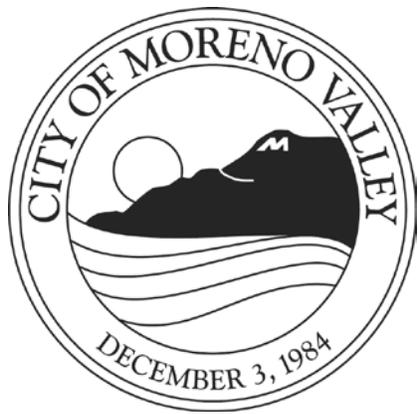
City of Moreno Valley
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
Year ended June 30, 2010
(Continued)

	Balance				Balance
	July 1, 2009	Additions	Deletions		June 30, 2010
<u>Totals - All Agency Funds</u>					
Assets:					
Pooled cash and investments	\$ 9,514,778	\$ 2,148,259	\$ 4,037,980	\$	7,625,057
Accounts receivable	2,602	-	1,207		1,395
Interest receivable	13	-	13		-
Due from other governments	31,674	-	5,258		26,416
	<u>9,549,067</u>	<u>2,148,259</u>	<u>4,044,458</u>		<u>7,652,868</u>
Total Assets	\$ 9,549,067	\$ 2,148,259	\$ 4,044,458	\$	7,652,868
Liabilities:					
Accounts payable	\$ 119,506	\$ 2,898,601	\$ 2,875,088	\$	143,019
Other accrued liabilities	1,919	-	1,919		-
Due to Moreno Valley	24,694	-	24,694		-
Deposits payable	7,586,112	1,720,290	2,870,768		6,435,634
Payable to trustee	1,816,836	368,476	1,111,097		1,074,215
	<u>9,549,067</u>	<u>4,987,367</u>	<u>6,883,566</u>		<u>7,652,868</u>
Total Liabilities	\$ 9,549,067	\$ 4,987,367	\$ 6,883,566	\$	7,652,868





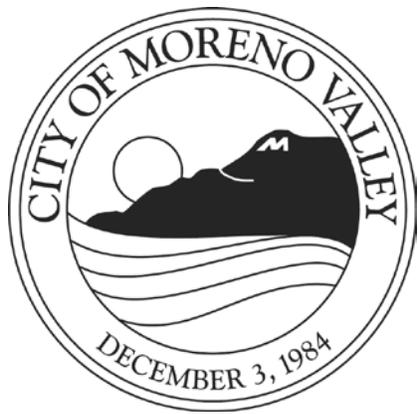
Capital Assets



**City of Moreno Valley
Schedule of General Capital Assets
By Function and Activity
June 30, 2010**

Function and Activity:	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>
General government:			
City manager	\$ -	\$ -	\$ -
City attorney	-	-	-
City clerk	-	-	-
Human resources	-	-	-
Finance	-	-	-
Other - unclassified	45,642,917	36,900	1,542,510
	<hr/>	<hr/>	<hr/>
Total General Government	45,642,917	36,900	1,542,510
	<hr/>	<hr/>	<hr/>
Public safety:			
Police	137,173	1,272,990	9,751,733
Fire	893,270	92,482	17,407,539
Animal control	590,127	-	3,040,333
Volunteer services	-	4,631,820	15,937
	<hr/>	<hr/>	<hr/>
Total Public Safety	1,620,570	5,997,292	30,215,542
	<hr/>	<hr/>	<hr/>
Public works	251,134,384	42,991,205	-
Community development	-	-	5,965,154
Community services district	450,000	-	49,973,475
Redevelopment agency	9,561,919	-	12,191,837
Internal service funds	-	263,335	10,314,761
	<hr/>	<hr/>	<hr/>
Grand Total	\$ 308,409,790	\$ 49,288,732	\$ 110,203,279

Furniture and Equipment	Vehicles	Infrastructure	Total	Function and Activity:
\$ 203,255	\$ 84,428	\$ -	\$ 287,683	General government:
12,068	-	-	12,068	City manager
313,048	-	-	313,048	City attorney
16,467	-	-	16,467	City clerk
23,534	62,805	-	86,339	Human resources
21,832	-	-	47,244,159	Finance
				Other - unclassified
590,204	147,233	-	47,959,764	Total General Government
				Public safety:
1,273,090	1,074,855	-	13,509,841	Police
853,925	2,100,719	-	21,347,935	Fire
93,064	314,556	-	4,038,080	Animal control
47,901	170,667	-	4,866,325	Volunteer services
2,267,980	3,660,797	-	43,762,181	Total Public Safety
899,713	2,504,185	593,262,173	890,791,660	Public works
364,889	388,770	-	6,718,813	Community development
1,250,323	529,504	101,457	52,304,759	Community services district
352,837	-	1,152,231	23,258,824	Redevelopment agency
6,227,205	2,580,421	198,868	19,584,590	Internal service funds
\$ 11,953,151	\$ 9,810,910	\$ 594,714,729	\$ 1,084,380,591	Grand Total





Statistical Section

This part of the City of Moreno Valley'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.

<u>Contents</u>	<u>Page #</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</p>	199
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its key revenues</p>	204
<p>Debt Capacity</p> <p>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</p>	210
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and help make comparisons over time and with other governments.</p>	215
<p>Operating Information</p> <p>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</p>	218

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

City of Moreno Valley
Net Assets by Component,
Last seven fiscal years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
<u>Governmental activities</u>							
Invested in capital assets, net of related debt	\$ 465,542,271	\$ 475,642,146	\$ 523,083,597	\$ 594,870,636	\$ 622,102,140	\$ 704,987,685	\$ 768,345,954
Restricted for:							
Community development projects	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752	36,341,964
Community and cultural	-	-	-	-	8,259,181	-	8,368,534
Public safety	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107	2,103,241
Capital projects	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816	61,365,635
Debt service	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369	15,818,072
Other Programs	-	-	-	14,863,573	3,598,110	11,731,764	2,545,781
Permanent funds-nonexpendable	-	-	59,359	62,537	64,692	66,436	169,287
Unrestricted	32,744,174	46,215,255	73,846,697	101,941,651	104,545,617	69,630,581	46,594,052
Total Governmental activities net assets	\$ 572,070,846	\$ 600,026,259	\$ 682,395,386	\$ 791,744,201	\$ 868,179,021	\$ 895,366,510	\$ 941,652,520
<u>Business-type activities</u>							
Invested in capital assets, net of related debt	\$ 709,310	\$ 1,815,311	\$ 18,151,135	\$ 14,130,659	\$ 14,110,399	\$ 10,083,679	\$ 12,201,754
Restricted							
Regulatory contingencies	-	-	-	1,604,444	948,207	1,767,402	1,158,200
Unrestricted	(575,790)	(799,941)	(3,713,053)	(634,406)	(2,252,565)	(4,023,374)	(4,520,034)
Total Business-type activities net assets	\$ 133,520	\$ 1,015,370	\$ 14,438,082	\$ 15,100,697	\$ 12,806,041	\$ 7,827,707	\$ 8,839,920
<u>Primary government</u>							
Invested in capital assets, net of related debt	\$ 466,251,581	\$ 477,457,457	\$ 541,234,732	\$ 609,001,295	\$ 636,212,539	\$ 715,071,364	\$ 780,547,708
Restricted for:							
Community development projects	-	-	-	-	-	-	-
Community and cultural	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752	36,341,964
Public safety	-	-	-	-	8,259,181	-	8,368,534
Capital projects	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107	2,103,241
Debt service	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816	61,365,635
Other Programs	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369	15,818,072
Permanent funds-nonexpendable	-	-	-	14,863,573	3,598,110	11,731,764	2,545,781
Regulatory contingencies	-	-	59,359	62,537	64,692	66,436	169,287
Unrestricted	32,168,384	45,415,314	70,133,644	1,604,444	948,207	1,767,402	1,158,200
Total primary government net assets	\$ 572,204,366	\$ 601,041,629	\$ 696,833,468	\$ 806,844,898	\$ 880,985,062	\$ 903,194,217	\$ 950,492,440

Note: The city implemented the GASB 34 reporting model in Fiscal Year 2003. Information prior to the implementation of GASB 34 is not available.

City of Moreno Valley
Change in Net Assets,
Last seven fiscal years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses							
Governmental activities:							
General government	\$ 10,902,771	\$ 18,583,987	\$ 12,817,483	\$ 10,796,963	\$ 14,416,941	\$ 14,948,628	\$ 12,093,157
Public safety	39,563,567	42,797,971	47,282,305	43,415,662	54,412,284	50,856,439	58,165,412
Community development	8,198,449	10,041,715	13,666,378	9,643,084	10,964,507	12,036,237	29,663,451
Community and cultural	13,789,758	14,132,146	15,999,800	21,181,096	33,717,135	27,904,884	22,700,681
Public works	10,287,806	11,352,870	10,273,707	30,750,411	29,247,892	36,095,949	14,990,867
Interest on long-term debt	5,869,952	5,514,358	8,079,935	8,724,134	12,081,884	10,334,932	9,126,054
Total Governmental activities expenses	88,612,303	102,423,047	108,119,608	124,511,350	154,840,643	152,177,069	146,739,622
Business-type activities:							
Electric	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086	13,812,966
Total business-type activities expenses	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086	13,812,966
Total primary government expenses	\$ 88,688,409	\$ 103,503,636	\$ 111,793,117	\$ 132,810,305	\$ 167,122,804	\$ 166,244,155	\$ 160,552,588
Program revenues							
Governmental activities:							
Charges for services:							
General government	\$ 1,699,588	\$ 1,855,342	\$ 2,447,730	\$ 2,994,550	\$ 1,329,861	\$ 1,144,983	\$ 3,148,712
Public safety	922,986	1,158,745	2,040,725	1,212,229	4,948,923	6,559,817	4,371,535
Community development	7,964,124	10,814,238	12,576,280	12,947,546	6,962,389	7,607,316	4,071,460
Community and cultural	8,397,842	9,012,514	10,067,509	10,963,716	12,163,575	14,982,931	11,254,752
Public works	16,113,736	14,639,669	20,523,959	10,612,170	19,134,172	7,840,754	2,264,619
Operating contributions and grants:							
General government	2,315,147	2,121,229	422,310	622,513	-	92,319	66,861
Public safety	973,642	773,875	838,921	931,062	704,324	385,195	1,016,552
Community development	866,940	1,586,824	3,252,611	4,023,295	2,873,752	2,541,925	8,909,018
Community and cultural	1,216	68,396	133,325	100,777	6,911,186	5,936,040	5,174,090
Public works	626,074	887,750	2,985,031	460,787	631,830	3,901,583	6,345,620
Capital contributions and grants							
General government	-	-	-	-	-	-	31,307
Public safety	221,729	-	-	-	-	-	146,606
Community development	-	-	-	-	-	-	918,785
Community and cultural	-	-	-	-	-	239,746	-
Public works	1,157,085	2,160,498	24,442,306	74,752,980	74,004,139	31,573,778	70,826,175
Total governmental activities program revenues	41,260,109	45,079,080	79,730,707	119,621,625	129,664,151	82,806,387	118,546,092
Business-type activities:							
Charges for services							
Electric	319,135	1,356,555	11,445,287	8,712,097	10,311,654	12,430,482	13,326,364
Capital contributions and grants	-	-	-	1,604,577	-	-	-
Total business-type activities program revenues	319,135	1,356,555	11,445,287	10,316,674	10,311,654	12,430,482	13,326,364
Total primary government program revenues	41,579,244	46,435,635	91,175,994	129,938,299	139,975,805	95,236,869	131,872,456

(Continued)

City of Moreno Valley
Change in Net Assets,
Last seven fiscal years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue							
Governmental activities	(47,352,194)	(57,343,967)	(28,388,901)	(4,889,725)	(25,176,492)	(69,370,682)	(28,193,530)
Business-type activities	243,029	275,966	7,771,778	2,017,719	(1,970,507)	(1,636,604)	(486,602)
Total primary government net (expense)/revenue	\$ (47,109,165)	\$ (57,068,001)	\$ (20,617,123)	\$ (2,872,006)	\$ (27,146,999)	\$ (71,007,286)	\$ (28,680,132)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 12,897,208	\$ 19,678,253	\$ 18,001,808	\$ 23,379,735	\$ 30,351,211	\$ 28,316,208	\$ 16,836,699
Property taxes in lieu	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197
Transient occupancy tax	455,009	519,193	582,307	586,383	593,009	497,936	535,775
Sales tax	15,469,300	18,054,078	12,275,626	15,701,460	13,623,654	12,163,719	10,982,811
Franchise taxes	3,599,486	3,791,547	4,099,859	4,349,870	4,381,882	4,876,055	4,607,594
Business license taxes	1,289,434	1,457,521	1,240,764	1,315,039	1,111,021	1,051,702	961,303
Utility users tax	10,980,848	12,527,514	13,811,740	15,463,291	15,186,616	15,081,286	15,358,341
Other taxes	7,963,160	4,497,323	5,448,829	6,320,978	2,620,059	2,683,193	2,278,529
Franchise in lieu taxes	-	9,699	42,788	78,573	96,816	120,969	132,548
Documentary transfer tax	1,055,205	1,391,199	1,548,205	972,995	575,003	598,084	479,208
Intergovernmental-motor vehicle in lieu, unrestricted	7,288,137	3,484,623	11,899,563	16,054,145	800,667	865,718	547,188
Use of property and money	1,608,126	5,295,415	6,959,412	13,467,580	16,380,462	9,381,199	10,850,116
Gain on sale of capital assets	-	-	-	-	2,575	-	-
Miscellaneous	14,427,133	5,435,103	1,820,976	405,679	885,602	1,787,772	1,238,641
Transfers	193,000	(16,857)	(1,257,370)	(75,851)	61,817	653,554	225,192
Total governmental activities	77,226,046	84,769,445	88,542,577	112,169,877	103,398,994	94,868,473	78,737,142
Business-type activities							
Use of property and money	-	-	-	-	-	-	61,428
Other	83,491	589,027	-	-	-	131,033	1,250,000
Transfers	(193,000)	16,857	1,257,370	75,851	(61,817)	(653,554)	(225,192)
Total business-type activities	(109,509)	605,884	1,257,370	75,851	(61,817)	(522,521)	1,086,236
Total primary government	\$ 77,116,537	\$ 85,375,329	\$ 89,799,947	\$ 112,245,728	\$ 103,337,177	\$ 94,345,952	\$ 79,823,378
Change in Net Assets							
Government activities	29,873,852	27,425,478	60,153,676	107,280,152	78,222,502	25,497,791	50,543,612
Business-type activities	133,520	881,850	9,029,148	2,093,570	(2,032,324)	(2,159,125)	599,634
Total primary government	\$ 30,007,372	\$ 28,307,328	\$ 69,182,824	\$ 109,373,722	\$ 76,190,178	\$ 23,338,666	\$ 51,143,246

Note: The city implemented the GASB 34 reporting model in Fiscal Year 2003. Information prior to the implementation of GASB 34 is not available.

City of Moreno Valley
Fund Balances, Governmental Funds
Last seven fiscal years
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund							
Reserved	6,654,472	6,052,320	11,808,994	13,580,492	35,752,164	34,787,698	33,788,960
Unreserved	11,943,948	24,992,976	25,920,111	39,494,188	21,937,845	17,066,883	17,500,579
Total General Fund	18,598,420	31,045,296	37,729,105	53,074,680	57,690,009	51,854,581	51,289,539
All Other Funds							
Reserved	26,685,317	21,994,729	49,040,215	49,559,718	90,143,820	86,530,127	79,688,486
Unreserved reported in:							
Special revenue funds	37,493,168	44,049,195	47,464,569	48,534,518	50,516,963	42,222,678	30,378,947
Capital projects funds	(6,891,945)	(2,959,368)	27,383,018	36,453,807	29,300,262	27,359,094	27,373,151
Debt service funds	4,304,047	917,262	949,518	-	-	-	-
Permanent funds	-	-	59,359	-	-	66,436	169,287
Total all other funds	61,590,587	64,001,818	124,896,679	134,548,043	169,961,045	156,178,335	137,609,871

Note: The city implemented the GASB 34 reporting model in Fiscal Year 2003. Information prior to the implementation of GASB 34 is not available.

City of Moreno Valley
Changes in Fund Balances, Governmental Funds
Last seven fiscal years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Revenue							
Taxes	\$ 46,216,887	\$ 54,463,821	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax	-	-	14,342,099	26,854,009	30,351,211	28,316,208	16,836,699
Property taxes in lieu	-	-	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197
Utility taxes	-	-	13,811,740	15,463,291	15,186,616	15,081,286	15,358,341
Sales taxes	-	-	12,275,627	15,701,460	13,623,654	12,163,719	10,982,811
Other taxes	-	-	16,622,460	9,637,850	9,377,790	9,827,939	8,994,957
Assessments	41,683	-	-	-	-	-	-
Licenses, fees and permits	8,868,460	12,159,692	13,041,187	13,552,983	2,650,530	1,930,905	1,354,188
Charges for services	26,874,096	25,755,085	18,574,210	25,046,576	24,745,073	21,876,389	20,182,147
Intergovernmental	20,164,244	27,037,053	33,213,048	16,703,254	31,497,898	32,642,154	39,049,424
Use of property and money	1,571,485	4,438,468	7,199,105	13,466,716	16,380,462	9,381,199	10,850,116
Fines and forfeitures	929,813	1,097,508	1,205,173	1,159,350	1,293,056	1,262,712	1,176,403
Miscellaneous	1,393,391	4,078,406	2,652,320	1,089,949	885,602	1,787,772	1,238,641
Total revenues	106,060,059	129,030,033	145,005,039	152,825,438	162,720,492	151,061,361	139,726,924
Expenditures							
General government	8,937,124	14,983,932	10,723,374	12,060,789	14,681,999	14,825,012	12,607,630
Public Safety	32,300,542	36,806,865	43,478,949	50,276,192	56,361,973	57,866,348	58,311,716
Community development	6,790,803	8,711,599	24,608,096	10,116,658	18,144,115	13,895,163	15,003,855
Community and cultural	11,492,361	12,331,683	14,889,677	19,286,807	32,683,219	27,331,726	21,982,074
Public works	8,724,368	9,999,497	21,262,923	31,391,248	34,616,617	45,328,685	13,796,314
Capital outlay	14,647,639	19,885,754	-	-	-	-	26,269,751
Debt service							
Principal retirement	20,472,246	2,723,847	2,896,585	3,095,000	18,538,387	4,154,660	3,690,094
Interest and fiscal charges	5,897,812	5,381,740	7,334,361	8,476,750	9,213,625	10,382,080	9,198,762
Bond issuance costs	-	-	664,638	326,385	2,413,464	-	-
Total expenditures	109,262,895	110,824,917	125,858,603	135,029,829	186,653,399	173,783,674	160,860,196
Excess of revenues over/ (under) expenditures	(3,202,836)	18,205,116	19,146,436	17,795,609	(23,932,907)	(22,722,313)	(21,133,272)
Other Financing Sources (Uses)							
Issuance of debt	-	-	48,205,000	5,870,000	58,412,429	-	-
Transfers in	13,058,959	24,871,852	37,201,043	33,422,242	38,016,856	27,284,397	29,322,934
Transfers out	(12,125,059)	(24,165,709)	(38,480,919)	(30,526,931)	(36,688,115)	(24,926,511)	(26,106,962)
Sale of capital assets	-	-	-	-	442,085	-	-
Premium on debt issued	-	-	570,840	-	-	-	-
Discount on debt issued	-	-	(385,640)	-	-	-	-
Payment to refunded bond escrow agents	-	(5,006,586)	-	-	-	-	-
Other debts issued	1,199,343	250,767	-	-	-	-	-
Total other financing sources (uses)	2,133,243	(4,049,676)	47,110,324	8,765,311	60,183,255	2,357,886	3,215,972
Net change in fund balances	(1,069,593)	14,155,440	66,256,760	26,560,920	36,250,348	(20,364,427)	(17,917,300)
Debt service as a percentage of noncapital expenditures	27.87%	8.91%	10.54%	10.56%	19.40%	10.65%	9.58%

Note: The city implemented the GASB 34 reporting model in Fiscal Year 2003. Information prior to the implementation of GASB 34 is not available.

City of Moreno Valley
 Tax Revenues by Source, General and Fire Services Funds
 (modified accrual basis of accounting)

Fiscal Year	Property Tax In-Lieu of Vehicle License Fees		Utility Users	Sales & Use	Transient Occupancy	Franchise	Motor Vehicle In-Lieu		Business License Receipt		Documentary Transfer	Total
	Property	License Fees (2)					In-Lieu	Receipt	Transfer			
2003	\$ 5,710,105	\$ -	\$ 9,718,667	\$ 8,171,861	\$ 358,530	\$ 3,253,708	\$ 9,239,894	\$ 806,462	\$ 599,128	\$ 37,858,355		
2004	6,354,247	-	10,980,848	9,100,608	455,009	3,599,485	7,283,124 (1)	920,928	1,055,205	39,749,454		
2005	7,230,082	8,644,834 (2)	12,527,514	11,753,794	519,193	3,791,546	3,478,877 (2)	1,059,009	1,391,200	50,396,049		
2006	11,930,618	12,068,070	13,811,740	11,317,841 (4)	582,307	4,142,646	1,275,342	1,240,764	1,548,205	57,917,533		
2007	14,022,135	14,150,000	15,463,291	13,116,271	586,383	4,349,870	943,313	1,315,039	972,995 (5)	64,919,297		
2008	14,361,253	16,728,600	15,186,616	11,694,525	593,009	4,478,698	800,667	1,111,021	575,003	65,529,392		
2009	12,790,196	16,791,078	15,081,286	10,202,384	497,936	4,997,024	865,718	1,051,701	598,084	62,875,407		
2010	9,917,734	13,703,197	15,358,341	9,298,296	535,775	4,757,920	547,188	961,303	479,208	55,558,962		
Change 2003 to 2010	74.00% (3)	100.00% (3)	58.00% (3)	14.00% (3)	49.00% (3)	46.00%	-94.00%	19.00%	-20.00%	47.00%		

(1) In 2004 the State of California discontinued the back-fill of the Vehicle License Fee In-Lieu. At the same time the basis of the revenue stream was changed from a per capita calculation to the change in assessed valuations of property.

(2) In 2005 the governor instituted the "triple-flip" which changed the funding source for Vehicle License Fees to the ERAF fund and changed the allocation of funds to cities from a per capita computation to the change in the assessed valuation of property. The foundation of the fee is not based on the tax rates established by the city and as such is not considered to be property tax. Because this revenue is under the control of the state it would be considered a "shared" revenue rather than an "own-source" revenue.

(3) Property Tax, Property Tax In-Lieu of VLF, Utility Users Tax and Sales Tax revenues have experienced significant levels of growth due to the high level of development of both residential and commercial being experienced within the city.

(4) The decline in sales tax reported in FY 2006 is related to the implementation of the "Triple-Flip" and a take-back of revenues related to a change in the formula that was used to allocate funds to the cities. The amount of the take-back was \$720,000.

(5) Documentary Transfer Tax has declined since FY 2006. This decline is due to the combination of a decrease in the number of properties that transferred ownership and the decline in the value of properties being transferred.

Source: City of Moreno Valley Finance Department

City of Moreno Valley
 Key Revenues, General and Fire Services Funds
 Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Utility Users Tax	\$ 8,755,772	\$ 9,078,814	\$ 9,718,667	\$10,980,848	\$12,527,514	\$13,811,740	\$15,463,291	\$15,186,616	\$15,081,286	\$15,358,341
Property Tax	5,098,438	5,192,833	5,710,105	6,354,247	7,230,082	11,930,618	14,022,135	14,361,253	12,790,196	9,917,734
Property Tax In-Lieu of VLF	-	-	-	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197
Vehicle License In-Lieu Fees	7,879,602	8,459,660	9,239,894	7,283,124	3,478,877	1,275,342	943,313	800,667	865,718	547,188
Sales Tax	6,929,184	7,194,055	8,171,861	9,100,608	8,696,776	8,623,390	9,472,304	7,942,982	7,135,246	6,952,123
Property Tax In-Lieu of Sales Tax	-	-	-	-	3,057,018	2,694,451	3,643,967	3,751,543	3,067,138	2,346,173
Development Services	1,876,496	4,186,830	5,478,729	7,992,934	10,968,374	12,592,569	12,976,965	9,092,514	7,442,475	5,243,215

Notes:

In late FY 2004 due to budget constraints the State of California discontinued the back-fill of the Vehicle In-Lieu fees which accounted for approximately two-thirds of the total amount paid to local government. In 2005 this "gap" amount was repaid to local agencies which for the City of Moreno Valley amounted to \$2,547,036.

The FY 03/04 State of California budget withheld a portion of the Vehicle License Fee backfill owed to cities. Under the terms of the borrowing the Vehicle License Fee gap loan, as it was known, was to be repaid in FY 06/07. The City of Moreno Valley, along with a number of other cities, sold the rights to the receivable to a third party, California Communities, in order to receive the cash on a more timely basis. The agreement resulted in the city receiving a discounted amount or \$2,347,317 of the original receivable amount of \$2,547,036 in FY 04/05

In FY 2005 in order to provide collateral for the Budget Deficit Bonds the State of California began withholding twenty five percent of the city's sales tax and replaced it with a like amount from the ERAF fund. This switch was one of the components of the "Triple-flip" and unlike the switch of vehicle license fees, which is permanent, only lasts until the bonds

Source: City of Moreno Valley Finance Department

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

Fiscal Year Ended June 30,	Redevelopment Agency											Total Direct Tax Rate	
	City	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions		Taxable Assessed Value
2001	4,792,266	133,185	4,925,451	(69,801)	4,855,650	(1)	1,073,616	91,783	1,165,399	(23,802)	1,141,597	(1)	(1)
2002	5,652,986	147,086	5,800,072	(96,346)	5,703,726	0.00133	1,205,730	81,997	1,287,727	(28,489)	1,259,238	0.00483	0.00189
2003	6,303,862	146,028	6,449,890	(102,466)	6,347,424	0.00131	1,382,232	86,290	1,468,522	(28,117)	1,440,405	0.00517	0.00188
2004	7,323,326	144,893	7,468,219	(94,858)	7,373,361	0.00124	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	0.00187
2005	9,182,553	154,604	9,337,157	(109,759)	9,227,398	0.00116	2,028,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	0.00210
2006	11,327,235	165,133	11,492,368	(118,051)	11,374,317	0.00131	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	0.00226
2007	13,419,168	198,776	13,617,944	(147,891)	13,470,053	0.00140	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	0.00264
2008	13,491,161	232,774	13,723,935	(194,693)	13,529,242	0.00143	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	0.00265
2009	13,132,444	243,521	13,375,965	(154,973)	13,220,992	0.00131	1,954,940	130,101	2,085,041	(81,595)	2,003,446	0.00830	0.00828
2010	2,083,760	136,807	2,220,567	(154,289)	2,066,278	0.00827							

Source: Riverside County Auditor/Controller

(1) The tax rate detail prior to FY 2001-02 is not readily available

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed 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.

Source: City of Moreno Valley Finance Department
 County of Riverside Auditor-Controller

City of Moreno Valley
Property Tax Rates
Direct and Overlapping Governments
Last Six Fiscal Years
(per \$100 of assessed value)

Fiscal Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
City Direct Rates:	\$0.00116	\$0.00131	\$0.00140	\$0.00143	\$0.00131	\$0.00827
Redevelopment Agency Direct Rate:	0.00572	0.00643	0.00672	0.00838	0.01045	0.00830
Total City Direct Rate:	0.00187	0.00210	0.00226	0.00264	0.00265	0.00828
Eastern Municipal Water Imp Dist U-13	0.03000	0.01400	0.00900	0.00800	0.00000	0.03000
Metro Water Dist East-1301999	0.05780	0.00520	0.00470	0.00450	0.00430	0.00430
Moreno Valley Unified School District	0.03395	0.00000	0.02271	0.03066	0.03081	0.02660
Riverside Community College	0.00000	0.01800	0.01800	0.01259	0.01254	0.01242
Total Tax Rate	<u>\$0.16389</u>	<u>\$0.16684</u>	<u>\$0.17761</u>	<u>\$0.19523</u>	<u>\$0.21154</u>	<u>\$0.22471</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the Metropolitan Water District bonds, the Eastern Municipal Water District bonds and the Riverside Community College bonds.

Source: City of Moreno Valley Finance Department
County of Riverside Auditor-Controller

City of Moreno Valley
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2009/10			Fiscal Year 2000/2001		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Walgreen Company	\$ 137,062,594	1	1.24%	\$ -		0.00%
Stonegate 552, LLC	114,015,600	2	1.04%	-		0.00%
Ridge Moreno Valley	101,827,166	3	0.92%	-		0.00%
Ross Dress for Less, Inc.	97,084,134	4	0.88%	-		0.00%
Moreno Valley Day St. Apartment	72,131,078	5	0.66%	-		0.00%
WNRA Moreno Valley	57,723,068	6	0.52%			0.00%
Kaiser Foundation Hospitals	56,001,945	7	0.51%	-		0.00%
Knickerbocker Properties, Inc	49,418,999	8	0.45%	-		0.00%
Realty Associates Fund IX LP	47,154,744	9	0.43%	-		0.00%
BRE Properties, Inc	43,499,470	10	0.40%	-		0.00%
Homart Newco Two, Inc				44,300,000	1	0.91%
Secretary of Housing & Urban Development	-		0.00%	27,917,324	2	0.57%
TSC	-		0.00%	23,689,315	3	0.49%
Moreno Valley Associates	-		0.00%	19,999,993	4	0.41%
Sienna Pointe Apartments	-		0.00%	18,023,140	5	0.37%
Macy's	-		0.00%	17,780,313	6	0.37%
Atsugi Kokusai Kanko USA	-		0.00%	15,841,935	7	0.33%
Dayton Hudson Corporation	-		0.00%	15,630,104	8	0.32%
Felicita Associates	-		0.00%	14,542,494	9	0.30%
Hemlock Properties	-		0.00%	13,917,436	10	0.29%
	<u>\$ 775,918,798</u>		<u>7.05%</u>	<u>\$ 211,642,054</u>		<u>4.36%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency

Source: Hdl Coren & Cone

City of Moreno Valley
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal		Collections in Subsequent years	Total Collections to Date	
		Year of Levy	Percent of Levy		Amount	Percent of Levy
2001	19,628,161	19,816,928	100.96%	-	19,816,928	100.96%
2002	21,302,107	19,936,925	93.59%	11,514	19,948,439	93.65%
2003	22,594,477	22,876,331	101.25%	-	22,876,331	101.25%
2004	26,353,337	24,884,530	94.43%	11,609	24,896,139	94.47%
2005	28,865,321	26,775,299	92.76%	7,922	26,783,221	92.79%
2006	30,426,678	32,347,436	106.31%	37,812	32,385,248	106.44%
2007	35,606,935	39,141,295	109.93%	64,980	39,206,275	110.11%
2008	41,349,349	43,457,010	105.10%	104,898	43,561,908	105.35%
2009	51,812,334	41,165,168	79.45%	119,943	41,285,111	79.68%
2010	45,299,393	35,492,693	78.35%	80,963	35,573,656	78.53%

The City began participating in the "Teeter Plan" in FY 1993-94 which resulted in a lower amount of subsequent delinquent tax collections.

Source: County of Riverside Auditor-Controller
City of Moreno Valley Finance Department

City of Moreno Valley
Direct and Overlapping Debt

Fiscal Year 2009/10 Assessed Valuation	\$ 11,017,102,894
Redevelopment Incremental Valuation	<u>2,131,967,573</u>
Adjusted Assessed Valuation	\$ 8,885,135,321

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/2010	%	City's Share of Debt 6/30/10
		Applicable(1)	
Metropolitan Water District	\$ 264,220,000	0.491%	\$ 1,297,320
Eastern Municipal Water District I.D. No U-22	4,967,000	100.	4,967,000
Riverside Community College District	134,696,109	15.082	20,314,867
Moreno Valley Unified School District	46,088,521	92.332	42,554,453
San Jacinto Unified School District	44,450,764	0.563	250,258
Val Verde Unified School District	43,206,948	42.214	18,239,381
Moreno Valley Unified School District Community Facilities District No. 88-1	11,045,000	100.	11,045,000
Moreno Valley Unified School District Community Facilities District No. 2002-1	8,120,000	100.	8,120,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	10,885,000	100.	10,885,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	3,110,000	100.	3,110,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,505,000	100.	5,505,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,965,000	100.	3,965,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	4,965,000	100.	4,965,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	27,630,000	100.	27,630,000
Moreno Valley Unified School District Community Facilities District No. 2005 2&3	15,375,000	100.	15,375,000
Val Verde Unified School District Community Facilities District No. 98-1	27,155,000	100.	27,155,000
Val Verde Unified School District Community Facilities District No. 2003-1	2,720,000	100.	2,720,000
Eastern Municipal Water District Community Facilities District	12,510,000	100.	12,510,000
City of Moreno Valley Community Facilities District No. 3	2,370,000	100.	2,370,000
City of Moreno Valley Community Facilities District No. 5	5,855,000	100.	5,855,000
City of Moreno Valley Community Facilities District No. 87-1	9,490,000	100.	9,490,000
City of Moreno Valley Community Facilities District No. 87-1 and I.A. No. 1	3,665,000	100.	3,665,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 241,988,279</u>
Less: Moreno Valley Community Facilities District No. 3 & 87-1 (100% self-supporting from tax increment revenues)			11,860,000
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 230,128,279</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$ 736,427,761	5.853%	\$ 43,103,117
Riverside County Pension Obligations	375,100,000	5.853	21,954,603
Riverside County Board of Education Certificates of Participation	7,240,000	5.853	423,757
Mt. San Jacinto Community College District General Fund Obligations	12,470,000	0.019	2,369
Moreno Valley Unified School District Certificates of Participation	21,355,000	92.332	19,717,499
San Jacinto Unified School District Certificates of Participation	43,380,000	0.563	244,229
Val Verde Unified School District Certificates of Participation	85,995,000	42.214	36,301,929
City of Moreno Valley General Fund Obligations	79,365,000	100.	79,365,000 (1)
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 201,112,504</u>
Less: Riverside County self-supporting obligations			885,119
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 200,227,385</u>
GROSS COMBINED TOTAL DEBT			\$ 443,100,783 (2)
NET COMBINED DEBT			\$ 430,355,664

Notes:

- (1) Percentage of each overlapping agencies assessed valuation located within the boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations

Ratios to FY 2009-10 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	2.20%
Total Net Overlapping Tax and Assessment Debt	2.09%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$79,365,000)	0.89%
Gross Combined Total Debt	4.99%
Net Combined Total Debt	4.84%

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

AB: (\$425)	\$ -
-------------	------

Source: California Municipal Statistics

City of Moreno Valley
 Legal Debt Margin
 Last Five Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$10,862,814
Debt Limit (15% of assessed value)	1,629,422
Debt applicable to limit:	-
	-
Total net debt applicable to limit	\$ -

	Fiscal Year (1)			
	2006	2007	2008	2009
Assessed Valuation (in thousands)	\$ 9,075,495	\$11,220,188	\$13,374,229	\$13,375,965
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	\$ 2,268,874	\$ 2,805,047	\$ 3,343,557	\$ 3,343,991
Debt limit percentage	15%	15%	15%	15%
Debt Limit (in thousands)	\$ 340,331	\$ 420,757	\$ 501,534	\$ 501,599
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -
Legal debt margin (in thousands)	\$ 340,331	\$ 420,757	\$ 501,534	\$ 501,599
Total net debt applicable to the limit as a percentage of the debt limit	\$ -	\$ -	\$ -	\$ -

1) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

City of Moreno Valley
Ratios of Outstanding Debt by Type
Last Five Fiscal Years

Fiscal Year Ended June 30 (2)	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita
	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	Notes and Other	Governmental Activities				
2006	23,345,000	7,115,000	47,988,000	4,866,378	83,314,378	4,647,000	87,961,378	2.77%	504
2007	21,415,000	6,590,000	47,393,000	4,696,689	80,094,689	30,367,000	110,461,689	3.38%	612
2008	18,925,000	6,040,000	42,157,472	36,300,136	103,422,608	29,767,528	133,190,136	3.89%	724
2009	17,265,000	5,470,001	41,297,426	28,615,688	92,648,115	29,672,574	122,320,689	3.30%	657
2010	15,525,000	4,875,000	40,378,402	6,667,850	67,446,252	29,201,598	96,647,850	2.67%	513

Notes:

1) These ratios are calculated using personal income and population for the prior year.

2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Source: City of Moreno Valley Finance Department
City of Moreno Valley Economic Development Department
Riverside County Economic Development Agency

City of Moreno Valley
Ratio of Bonded Debt
Last Five Fiscal Years

Fiscal Year Ended June 30, ⁽²⁾	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	Total Governmental Activities	Percent of Assessed Value (1)	Per Capita
2006	23,345,000	7,115,000	47,988,000	78,448,000	0.86%	449
2007	21,415,000	6,590,000	47,393,000	75,398,000	0.67%	418
2008	18,925,000	6,040,000	42,157,472	67,122,472	0.50%	365
2009	17,265,000	5,470,001	41,297,426	64,032,427	0.48%	344
2010	15,525,000	4,875,000	40,378,402	60,778,402	0.56%	322

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the City has none).

1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California

2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Data Source: City of Moreno Valley Finance Department

City of Moreno Valley
Pledged Revenue Coverage
Last Ten Years

Fiscal Year Ended June 30,	Community Facilities District No. 3, AutoMall Refinancing					Community Facilities District No. 5 of the City of Moreno Valley (Stoneridge)					Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds					Towngate Community Facilities District No. 87-1, Improvement No. 1 Special Tax Refunding Bonds				
	Special Tax Levy	Property Tax	Debt Service Principal	Debt Service Interest	Coverage	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2000	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-
2001	751,542	129,858	200,000	561,400	1.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2002	1,029,290	135,550	465,000	550,900	1.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003	1,074,499	114,766	515,000	525,325	1.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2004	1,067,950	145,265	575,000	489,275	1.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2005	1,121,094	116,871	640,000	449,025	1.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2006	1,189,465	73,700	710,000	404,225	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	1,179,479	108,986	785,000	354,525	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	1,088,427	190,425	865,000	299,575	1.10	198,306	-	217,261	0.91	-	-	-	-	-	-	-	-	-	-	-
2009	1,212,713	103,026	865,000	269,300	1.16	-	-	288,613	0.00	2,072,568	575,000	435,881	220,000	175,859	281,153	2,072,568	575,000	435,881	2.05	0.71

Community Redevelopment Agency 2007 Tax

Fiscal Year Ended June 30,	Allocation Bonds		
	Property Tax Increment	Debt Service Principal	Debt Service Interest
2008	\$23,890,555	\$ -	\$ 359,683
2009	\$23,775,956	\$ 770,000	\$ 2,073,084
			Coverage
			66.42
			8.36

1) The interest payment related to the CFD 5 - Stoneridge was paid from the capitalized interest account but in future years this will be paid from the special tax

Data Source: City of Moreno Valley Finance Department
City of Moreno Valley Community Redevelopment Agency
City of Moreno Valley Special Districts

City of Moreno Valley
Demographic and Economic Statistics
Last five years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3), (A)
2006	174,565	3,176,449	18,196	5.9%
2007	180,466	3,264,593	17,257	7.0%
2008	183,860	3,423,011	17,997	9.9%
2009	186,301	3,702,458	18,898	15.7%
2010	188,537	3,836,808	19,230	17.6%

Source: 1- California Department of Finance

2-City of Moreno Valley Economic Development Department

3-California Employment Development Department

A- This data is for the Moreno Valley area.

City of Moreno Valley
Principal Employers
Current Year and Two Years Ago

Employer	Sector	Business Type	2010		2008	
			Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	9,300	37.31%	9,000	25.54%
Moreno Valley Unified School District	Public Sector	Public Schools	3,465	13.90%	3,752	10.65%
Riverside County Regional Medical Center	Medical Facilities	County Hospital	2,284	9.16%	2,215	6.29%
Moreno Valley Mall/General Growth	Retail	Retail Mall	1,850	7.42%	1,669	4.74%
Ross Stores	Distribution	Retail Distribution	1,200	4.81%	0	0.00%
City of Moreno Valley/Police/Fire Depts	Public Sector	Municipal Government	1,128	4.52%	746	2.12%
Riverside Community College/Moreno Valley Campus	Public Sector	Higher Education	1,038	4.16%	1,038	2.95%
Val Verde Unified School District (MV only)	Public Sector	Public Schools	959	3.85%	734	2.08%
Kaiser Permanente Community Hospital/Office	Medical Facility	Hospital/Medical Services	651	2.61%	430	1.22%
Walgreens Co.	Distribution	Retail Distribution	650	2.61%	650	1.84%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Moreno Valley Economic Development Department

City of Moreno Valley
 Full-time and Part-time City Employees by Function
 Past Five Years

<u>Function</u>	Fiscal Year ⁽²⁾				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government	143	153	150	142	150
Public Works	126	134	141	151	141
Community Development	71	74	74	72	68
Parks and Community Services	123	184 ⁽³⁾	240	238	453
Animal Services	24	26	27	29	27
Redevelopment Agency	17	17	18	16	14
Public Safety ⁽¹⁾	329	356	383	393	415
Total	<u>833</u>	<u>944</u>	<u>1,033</u>	<u>1,041</u>	<u>1,268</u>

This data represents a count of people employed by the City not the number of approved full time equivalents.

(1) The City contracts with the County of Riverside for Police and Fire services

(2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

(3) In 2007 the Parks and Community Services Department received a grant from the State of California related to the After School Education and Safety Grant. This grant resulted in an increase in staffing to achieve the grant growth objectives.

Source: City of Moreno Valley Finance Department

City of Moreno Valley
 Capital Asset Statistics
 Last Five Fiscal Years

	2006	2007	2008	2009	2010
Lane miles of streets	1,081	1,127	1,076	1,076	1,076
Number of street lights	10,041	10,710	11,027	11,037	11,046
Number of traffic signals	138	148	162	167	170
Fire protection:					
Number of stations	6	6	6	6	6
Police protection:					
Number of policing stations	3	3	5	5	5
Recreation and culture:					
Parks	32	36	38	39	37
Maintained acreage of parks	377	519.94	529.55	531.48	531.48
Parks under construction	1	6	7	6	6
Acreage of parks under construction	1.3	19.97	27.07	25.14	25.14
Multi-use athletic fields	21	21	21	21	21
Conference/Recreation centers	1	1	1	1	1
Square footage of recreation centers	42,413	42,413	42,413	42,413	42,413
Senior Centers	1	1	1	1	1
Square footage of senior centers	14,700	14,700	14,700	14,700	14,700
Equestrian centers	1	1	1	1	1
Maintained acreage of equestrian centers	45	45	45	45	45
Multi-use equestrian trails maintained	8 Miles	10 Miles	10 Miles	10 Miles	10 Miles
Community centers	4	4	4	4	4
Square footage of community centers	38,758	38,758	38,758	38,758	38,758
Sports courts	44	44	44	44	44
Skate parks/Roller hockey rinks	1	1	1	1	1
Square footage of skate parks	850	850	850	850	850
Nine-hole golf courses	1	1	1	1	1
Play apparatus	23	23	23	24	26
Water play features	2	2	2	2	2
Utilities:					
Residential utility meters	3,327	4,229	4,702	4,802	4,904
Commercial utility meters	279	383	499	565	545

1) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

City of Moreno Valley
 Operating Indicators by Function
 Last Five Fiscal Years

	2006	2007	2008	2009	2010
Square mileage of area	50	51	52	52	52
Fire protection:					
Provided by the County of Riverside in cooperation with the State Department of Forestry and Fire:					
Sworn personnel	71	72	85	81	80
Volunteers	30	30	25	25	25
Non-sworn personnel	6	13	10	8	8
Responses to emergency calls	12,155	12,525	13,011	12,971	13,530
Inspections and Permits	5,257	4,834	4,269	3,522	2,369
Plan checks	1,442	1,445	1,482	664	424
Counter/Public inquires	5,172	8,264	7,932	7,249	2,734
Police protection:					
Provided through contract with the County of Riverside Sheriff's Department:					
Sworn officers	162	174	188	186	184
Classified personnel	47.5	49.5	56	55	54
City support personnel	3.5	3.5	4	3	3
Volunteers	30	25	39	56	62
Responses to Calls:					
Priority 1	579	891	429	572	519
Priority 1A	1,095	1,210	1,271	1,110	1,181
Priority 2	24,774	25,046	24,819	24,967	24,938
Priority 3	23,613	25,295	24,859	26,466	24,800
Priority 4	16,869	17,304	16,932	17,592	16,630
Priority 5	38	276	2	91	1
Priority 6	0	0	0	0	0
Priority 7	0	0	0	0	0
Priority 8	0	0	0	0	0
Priority 9	10	76	174	248	279
Cancelled	5,628	6,826	5,983	5,359	5,222
Disp/ Arr Time Missing	7,836	9,841	9,437	8,540	7,638
Same Disp/ Arr Time	39,857	49,490	50,516	60,510	54,645
T. R. U. Calls	22	54	32	43	32
Building and Safety:					
Building permits issued	4,608	3,363	2,413	2,058	1,645
Counter requests for service	14,289	12,276	11,249	8,922	6,611
Planning:					
Planning applications processed	1,440	1,261	1,100	894	682
Counter requests for service	10,191	8,639	6,550	4,669	3,875
Recreation and culture:					
Rounds of golf played	17,453	14,008	12,000	6,123	6,638
Facility rentals	2,148	1,302	971	893	1,026
Participants in recreation programs	48,027	64,006	57,139	46,075	46,561
Utilities:					
Average residential daily consumption (kilowatt hours)	14.4	19.2	18	19.8	18.5
Average commercial daily consumption (kilowatt hours)	219.1	396.0	171	254.8	284.4
New residential connections	1,620	1,033	473	123	93
New commercial connections	215	78	118	65	5
Employees:					
Members of City Council	5	5	5	5	5
Members of the Planning Commission	7	7	7	7	7
Full-time career status (FTE)	360	388	406	324	312
Part-time career status (FTE)	16	15	18	14	29

3) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.



**Community
Redevelopment
Agency**

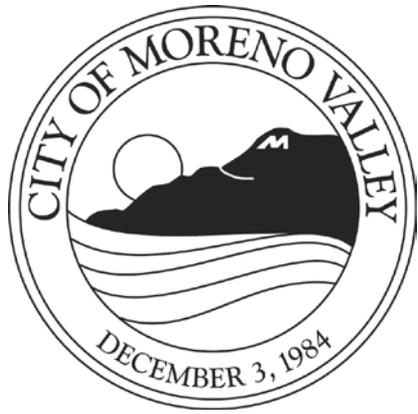
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY, CALIFORNIA



FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(WITH INDEPENDENT AUDITORS' REPORT THEREON)





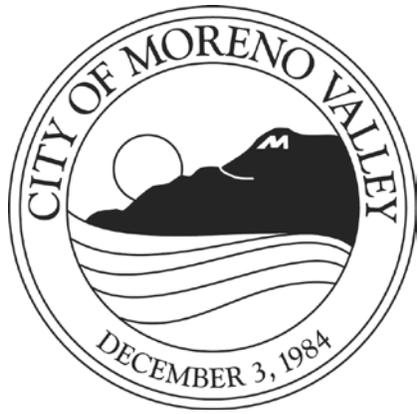
**Community Redevelopment Agency
of the City of Moreno Valley**

Financial Statements

Year Ended June 30, 2010

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Board of Directors
Community Redevelopment Agency of the City of Moreno Valley
Moreno Valley, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Community Redevelopment Agency of the City of Moreno Valley ("Agency"), a component unit of the City of Moreno Valley, California, as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the Community Redevelopment Agency of the City of Moreno Valley. Our responsibility is to express opinions on these component unit 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit 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 governmental activities and each major fund of the Community Redevelopment Agency of the City of Moreno Valley at June 30, 2010, and the respective changes in financial position of the Agency for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Agency has not presented *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Community Redevelopment Agency of the City of Moreno Valley's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Directors
Community Redevelopment Agency of the City of Moreno Valley
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2010 on our consideration of the Community Redevelopment Agency of the City of Moreno Valley's internal control over financial reporting and our tests of its compliance with certain provisions of 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 21, 2010

**Community Redevelopment Agency
of the City of Moreno Valley**

**Statement of Net Assets
June 30, 2010**

	<u>Governmental Activities</u>
Assets:	
Pooled cash and investments (note 3)	\$ 81,080,237
Receivables:	
Accounts	22,578
Notes and loans (note 4)	17,567,422
Interest	231,023
Due from the City of Moreno Valley	4,500
Due from other governments	73,572
Land held for redevelopment	3,916,126
Advances to the City of Moreno Valley	220,500
Capital assets not being depreciated (note 5)	9,561,919
Depreciable capital assets, net of accumulated depreciation (note 5)	11,082,108
	123,759,985
Total Assets	
Liabilities:	
Accounts payable	191,611
Accrued liabilities	77,214
Accrued interest payable on long-term debt	855,368
Due to the City of Moreno Valley	1,932,005
Due to other governments (note 9)	4,846,739
Long-term liabilities (note 6):	
Due within one year	428,513
Due in more than one year	102,053,126
	110,384,576
Total Liabilities	
Net Assets:	
Invested in capital assets, net of related debt	3,651,413
Restricted for low and moderate housing	29,461,460
Unrestricted (deficit)	(19,737,464)
	\$ 13,375,409

See Notes to Financial Statements

**Community Redevelopment Agency
of the City of Moreno Valley**

**Statement of Activities
Year ended June 30, 2010**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total
Functions/Programs				
Governmental Activities:				
General government	\$ 1,845,563	\$ -	\$ -	\$ (1,845,563)
Community development	7,749,655	-	-	(7,749,655)
Interest on long-term debt	5,177,345	-	-	(5,177,345)
Total Governmental Activities	\$ 14,772,563	\$ -	\$ -	(14,772,563)
 General Revenues:				
Taxes:				
Tax increment (net of pass through payments)				4,377,602
Sales taxes				924,570
Use of money and property				3,110,838
Miscellaneous				9,136
Transfers to the City of Moreno Valley				(1,564,143)
Total General Revenues and Transfers				6,858,003
Change in Net Assets				(7,914,560)
Net Assets, Beginning of Year, as Restated				21,289,969
Net Assets, End of Year				\$ 13,375,409

See Notes to Financial Statements

**Community Redevelopment Agency
of the City of Moreno Valley
Governmental Funds
Balance Sheet
June 30, 2010**

	Moreno Valley Redevelopment Project			
	Capital Projects Funds		Debt Service Funds	
	Projects and Administration	Low and Moderate Housing	Debt Service	Totals
Assets:				
Pooled cash and investments (note 3)	\$ 40,492,646	\$ 7,935,482	\$ 32,652,109	\$ 81,080,237
Receivables:				
Accounts	22,578	-	-	22,578
Notes and loans (note 4)	-	17,567,422	-	17,567,422
Interest	-	231,023	-	231,023
Due from other governments	-	-	73,572	73,572
Due from the City of Moreno Valley	4,500	-	-	4,500
Land held for redevelopment	3,718,466	197,660	-	3,916,126
Advances to other funds (note 7)	-	3,564,945	-	3,564,945
Advances to the City of Moreno Valley	-	-	220,500	220,500
Total Assets	\$ 44,238,190	\$ 29,496,532	\$ 32,946,181	\$ 106,680,903
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 186,234	\$ 5,377	\$ -	\$ 191,611
Accrued liabilities	47,519	29,695	-	77,214
Due to other governments (note 9)	-	-	4,846,739	4,846,739
Due to the City of Moreno Valley	1,927,292	-	4,713	1,932,005
Deferred revenue	-	231,023	12,000	243,023
Advances from other funds (note 7)	-	-	3,564,945	3,564,945
Total Liabilities	\$ 2,161,045	\$ 266,095	\$ 8,428,397	\$ 10,855,537
Fund Balances:				
Reserved:				
Reserved for encumbrances	\$ 1,234,082	\$ 4,004,250	\$ -	\$ 5,238,332
Reserved for debt service	-	-	22,500,000	22,500,000
Reserved for long-term receivables	-	17,567,422	-	17,567,422
Reserved for land held for redevelopment	3,718,466	197,660	-	3,916,126
Reserved for advances to other funds	-	3,564,945	-	3,564,945
Reserved for advances to the City of Moreno Valley	-	-	220,500	220,500
Unreserved:				
Unreserved, reported in nonmajor:				
Designated:				
Designated for continuing appropriations	33,691,617	3,896,160	-	37,587,777
Undesignated	3,432,980	-	1,797,284	5,230,264
Total Fund Balances	\$ 42,077,145	\$ 29,230,437	\$ 24,517,784	\$ 95,825,366
Total Liabilities & Fund Balances	\$ 44,238,190	\$ 29,496,532	\$ 32,946,181	\$ 106,680,903

See Notes to Financial Statements

**Community Redevelopment Agency
of the City of Moreno Valley**

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010**

Fund balances of governmental funds \$ 95,825,366

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets not being depreciated	9,561,919
Depreciable capital assets, net of accumulated depreciation	11,082,108

Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the statement of revenues, expenditures, and changes in fund balances. These revenues are reported as deferred revenue in the balance sheet of governmental funds.

243,023

Accrued interest payable for the current portion of interest due on long-term liabilities are not reported in the funds.

(855,368)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(102,481,639)

Net assets of governmental activities

\$ 13,375,409

See Notes to Financial Statements

**Community Redevelopment Agency
of the City of Moreno Valley
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year ended June 30, 2010**

	Moreno Valley Redevelopment Project		Debt Service Funds	Totals
	Capital Projects Funds			
	Projects and Administration	Low and Moderate Housing		
Revenues:				
Taxes and assessments:				
Tax increment	-	3,782,660	16,628,548	20,411,208
Sales taxes	-	-	924,570	924,570
Use of money and property	1,527,525	443,877	1,078,549	3,049,951
Miscellaneous	5,206	3,930	-	9,136
Total Revenues	\$ 1,532,731	\$ 4,230,467	\$ 18,631,667	\$ 24,394,865
Expenditures:				
Current:				
General government	\$ 704,381	\$ 897,418	\$ 243,764	\$ 1,845,563
Community development	2,528,084	3,250	-	2,531,334
Debt Service:				
Principal retirement	-	-	330,436	330,436
Interest and fiscal charges	-	-	3,606,824	3,606,824
Pass-through agreement payments	-	-	10,775,369	10,775,369
SERAF payment	-	-	5,258,237	5,258,237
Total Expenditures	\$ 3,232,465	\$ 900,668	\$ 20,214,630	\$ 24,347,763
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1,699,734)	3,329,799	(1,582,963)	47,102
Other Financing Sources (Uses)				
Transfers in (note 7)	\$ 2,018,689	\$ -	\$ -	\$ 2,018,689
Transfers out (note 7)	-	-	(2,018,689)	(2,018,689)
Transfers from the City of Moreno Valley	-	7,000	4,237	11,237
Transfers to the City of Moreno Valley	-	-	(1,575,380)	(1,575,380)
Total Other Financing Sources (Uses)	2,018,689	7,000	(3,589,832)	(1,564,143)
Net Change in Fund Balances	318,955	3,336,799	(5,172,795)	(1,517,041)
Fund Balances, Beginning of Year, as restated (note 8)	41,758,190	25,893,638	29,690,579	97,342,407
Fund Balances, End of Year	\$ 42,077,145	\$ 29,230,437	\$ 24,517,784	\$ 95,825,366

See Notes to Financial Statements

**Community Redevelopment Agency
of the City of Moreno Valley**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2010**

Net change in fund balances of governmental funds	\$ (1,517,041)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(581,285)
----------------------	-----------

Redevelopment projects that develop capital assets for the City of Moreno Valley are not recognized as assets of the Agency (construction in progress), but are reported as community development expenditures.

	(4,637,036)
--	-------------

Repayment of principal on long-term debt consumes current financial resources of governmental funds, but does not have any effect of net assets in the statement of activities.

	330,436
--	---------

Accrued interest payable on long-term debt reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.

	(1,570,521)
--	-------------

Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the statement of revenues, expenditures, and changes in fund balances. These revenues are reported as deferred revenue in the balance sheet of governmental funds.

	60,887
--	--------

Net assets of governmental activities	\$ (7,914,560)
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See Notes to Financial Statements

**Community Redevelopment Agency
of the City of Moreno Valley**

**Notes to Financial Statements
Year Ended June 30, 2010**

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Community Redevelopment Agency of the City of Moreno Valley, California, is a component unit of a reporting entity that consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of Moreno Valley

Component Units:

Community Redevelopment Agency of the City of Moreno Valley
Community Services District of the City of Moreno Valley
Community Facilities Districts No. 2 and No. 3
Towngate Community Facilities District No. 87-1
Moreno Valley Public Facilities Financing Corporation
Moreno Valley Public Financing Authority
Industrial Development Authority

The attached basic financial statements contain information relative only to the Community Redevelopment Agency of the City of Moreno Valley as one component unit, which is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Community Redevelopment Agency of the City of Moreno Valley (the Agency) was created by a City Council ordinance adopted on February 18, 1986. The Agency was established pursuant to the State of California Health and Safety Code, Section 33000, entitled Community Redevelopment Law. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City of Moreno Valley (the City).

Governmental Accounting Standards define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the primary government has the ability to impose its will, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Since the City Council of the City of Moreno Valley also serves as the Governing Board of the Agency, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the Agency. Accordingly, in applying the criteria of Governmental Accounting Standards, the financial statements of the Agency are included in the City's Comprehensive Annual Financial Report. There are no other entities that are considered to be component units of the Agency. The Agency has the same fiscal year end as the City and its financial statements can be obtained from the City Clerk.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

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

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary 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 primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

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

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Agency reports the following major governmental funds:

The Projects & Administration Capital Projects Fund accounts for the financing, construction and administrative activities of the Agency.

The Low and Moderate Housing Capital Projects Fund accounts for 20% of tax increment set aside for low and moderate housing activities.

The Debt Service Fund accounts for the accumulation of resources for the payment of interest and principal on long-term debt of the Agency.

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

d. Assets, Liabilities and Net Assets or Equity

1. Investments

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

2. Receivables and Payables

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

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

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

Property tax revenue attach as an enforceable lien on property as of January 1. 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. The County of Riverside bills and collects the property taxes, and remits them to the Agency in installments during the year. Property taxes received within 60 days after the Agency's fiscal year end are considered "measurable" and "available" and are accrued in the Agency's financial statements.

3. Prepaid Items

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

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

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

d. Assets, Liabilities and Net Assets or Equity (Continued)

4. Capital Assets

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

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

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

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 – 50
Furniture and Equipment	3 – 15
Vehicles	3 – 10
Infrastructure	25 – 50

In accordance with GASB Statement No. 34, the Agency is required to report general infrastructure assets.

Buildings are depreciated using the straight-line method over the estimated useful life of 50 years.

5. Deferred Revenue

The government reports unearned revenue on its combined balance sheet. Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

7. Salary Expenditures

The Agency does not employ any personnel and relies on the City of Moreno Valley (City) for administrative services. The financial statements include expenditures for salary and other benefits, which were allocated to the Agency by the City.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

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

d. Assets, Liabilities and Net Assets or Equity (Continued)

8. Land Held for Redevelopment

Land purchased for the purposes of resale (or contribution to a redevelopment project) is recorded at the Agency's cost to purchase the property or, upon entering into a contract for sale, the estimated net realizable value, if lower.

9. 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.

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all Governmental Fund types. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various Agency departments.

Reported budget amounts represent the original legally adopted budget as amended. The City Council, acting as the Agency Board, may approve amendments to the budget during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriations limit as imposed by Article XIII B of the State Constitution.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund types, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control for most funds is established by the amount of expenditures budgeted for each department within the fund, but management control is exercised at budgetary line item levels within the departments. Management can transfer budgeted amounts between operating programs, departments, or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council, acting as the Agency Board, approval.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are a portion of the reserved fund balance and are reappropriated the following year.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Budgetary Data (Continued)

Budget Basis Accounting

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

Note 3: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City \$81,080,237

The Agency's funds are pooled with the City of Moreno Valley's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 4: Notes and Loans Receivable

Notes and Loans receivable of \$17,567,422 consisted primarily of loans and advances to developers for various projects. A summary of amounts owed to the Agency at June 30, 2010 follows:

Cottonwood Properties	\$ 3,847,806
Rancho Dorado	2,800,000
Sheila Street Rehabilitation	2,651,875
Oakwood	2,250,000
RHDC Properties	1,892,166
CVHC	1,639,450
Crippled Children	824,917
Bay Family Apartments	755,000
Perris Isle	413,000
Others	<u>493,208</u>
Total	<u>\$ 17,567,422</u>

Note 5: Capital Assets

A summary of changes in capital assets follows:

	Balances 6/30/2009	Additions	Deletions	Balances 6/30/2010
Non-Depreciable Assets:				
Land	\$ 4,445,989	\$ 5,115,930	\$ -	\$ 9,561,919
Construction in Progress	<u>9,752,966</u>	<u>-</u>	<u>(9,752,966) *</u>	<u>-</u>
Total Non-Depreciable Assets	<u>14,198,955</u>	<u>5,115,930</u>	<u>(9,752,966)</u>	<u>9,561,919</u>
Depreciable Assets:				
Buildings and Improvements	12,191,837	-	-	12,191,837
Furniture and Equipment	352,837	-	-	352,837
Infrastructure	<u>1,152,231</u>	<u>-</u>	<u>-</u>	<u>1,152,231</u>
Total Depreciable Assets	<u>13,696,905</u>	<u>-</u>	<u>-</u>	<u>13,696,905</u>

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 5: Capital Assets (Continued)

Accumulated Depreciation:				
Buildings and Improvements	(1,705,870)	(487,673)	-	(2,193,543)
Furniture and Equipment	(246,985)	(70,567)	-	(317,552)
Infrastructure	(80,657)	(23,045)	-	(103,702)
Total Accumulated Depreciation	<u>(2,033,512)</u>	<u>(581,285)</u>	-	<u>(2,614,797)</u>
Depreciable Assets, Net of Depreciation	<u>11,663,393</u>	<u>(581,285)</u>	-	<u>11,082,108</u>
Total Capital Assets, Net of Depreciation	<u>\$ 25,862,348</u>	<u>\$ 4,534,645</u>	<u>\$ (9,752,966)</u>	<u>\$ 20,644,027</u>

*Redevelopment projects in progress that develop capital assets for the City of Moreno Valley have been removed and expended as community development expenditures.

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

Governmental Activities:	
Community development	<u>\$ 581,285</u>

Note 6: Long-Term Liabilities

- a. A description of the Agency's long-term liabilities outstanding is as follows:

Note Payable, Price Company

The Agency had recorded a long-term payable in the original amount of \$2,433,744 under a development and disposition agreement and promissory note with Price Company for the reimbursement of costs of construction of a 130,000 square-foot-retail store. The note bears interest at 8% per annum and is payable solely from 50% of site-generated sales tax. Any remainder payable after September 2015 will be forgiven. The amount outstanding as of June 30, 2010 was \$2,023,648.

Long-Term Liabilities to the City of Moreno Valley:

The Towngate Regional Mall notes (Sears Note), totaling \$13,000,000, originated from a participation agreement (as amended) whereby the Agency acquired certain parcels within the mall for subsequent transfer to major tenants. The notes bear interest of 7.25% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Furthermore, the Agency had covenanted to use reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. At June 30, 2010, accrued interest amounted to \$4,489,369. During 2003-2004, the City purchased the rights to the notes from the holder. These amounts are now payable to the City and were previously reported in the Project Fund and are now reported as a long-term liability in the government-wide financial statements.

In 2005, the Agency purchased improved property from the City – the Conference and Recreation Center. The purchase price was \$14,203,946. The loan note was \$11,503,946 after the initial payment of \$2,700,000. A subsequent principal payment of \$29,124 was made in 2004-2005. The term is 20 years with 12% simple interest. The Agency will make partial interest only annual payments with a balloon payment due at the end of the term. At June 30, 2010, the outstanding principal and accrued interest balances are \$11,474,822 and \$5,517,792, respectively.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 6: Long-Term Liabilities (Continued)

The Agency owes the City a total of \$652,248 in future sales tax revenue for funds borrowed to finance redevelopment activities. \$518,520 represents monies borrowed during 2006-2007 by the Agency. \$133,728 represents monies borrowed during 2007-2008 by the Agency. The interest rate on the borrowings is 12% and repayment of the long-term payable is made when funds become available. At June 30, 2010, the outstanding accrued interest on these borrowings is \$218,760.

In November 2007, the Agency issued 2007 Series B, Subordinate Taxable Tax Allocation Bonds in the original issue amount of \$22,500,000. These bonds were purchased by the City of Moreno Valley. The proceeds of the bonds will remain unspent pending the outcome of litigation between the Agency and the County of Riverside concerning the interpretation of a pass-through agreement between the Agency and the County. The Agency will pay monthly interest only debt service payments to the City of Moreno Valley. The interest rate is variable and is expected to approximate a rate of return the Agency achieves from investing the bond proceeds. During the year, the amount of interest earned and paid to the City was \$457,378. If the Agency is successful in its litigation, it would begin receiving additional tax increment revenue to pay all or part of the debt service on the bonds. At that point, the bonds will be remarketed within five years and the proceeds used for the purpose of financing various redevelopment improvement projects. The bonds may be redeemed in total or in part at any time. At June 30, 2010, the outstanding principal balance is \$22,500,000.

A summary of amounts owed to the City at June 30, 2010 follows:

<u>Borrowing Purpose</u>	<u>Principal</u>	<u>Interest</u>
Towngate Regional Mall (Sears)	\$13,000,000	\$4,489,369
Conference and Recreation Center	11,474,822	5,517,792
2007 TABs Series B	22,500,000	-
Redevelopment	<u>652,248</u>	<u>218,760</u>
Total	<u>\$47,627,070</u>	<u>\$10,225,921</u>

2007 Tax Allocation Bonds, Series A

In November 2007, the Agency issued 2007 Tax Allocation Bonds, Series A, in the original issue amount of \$43,495,000 for the purpose of financing various redevelopment activities and other undertakings permitted under the Redevelopment Law, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial and term fashion through August 1, 2038 and bear interest ranging from 3.5% to 5.0%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on August 1, 2017. The bonds are payable solely from Tax Increment Revenues and other funds and amounts pledged therefore pursuant to the Indenture. This issue is fully insured in the event of nonpayment by the Agency.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 6: Long-Term Liabilities (Continued)

2007 Series A
Tax Allocation Bonds

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 130,000	\$ 2,050,284
2012	210,000	2,043,484
2013	220,000	2,034,884
2014	230,000	2,025,884
2015	230,000	2,017,259
2016-2020	1,255,000	9,948,956
2021-2025	4,930,000	9,456,244
2026-2030	9,595,000	7,659,804
2031-2035	12,850,000	4,923,750
2036-2039	<u>12,955,000</u>	<u>1,335,124</u>
	<u>\$ 42,605,000</u>	<u>\$ 43,495,673</u>

Annual maturities for certain balances of long-term debt have not been presented, as fixed maturities have not been established.

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

	Balances * <u>6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/2010</u>	<u>Due within One Year</u>
Price Company Note	\$ 2,234,084	\$ -	\$ (210,436)	\$ 2,023,648	\$ -
City Loans - Principal	47,627,070	-	-	47,627,070	-
City Loans - Unpaid Interest	8,653,400	2,855,126	(1,282,605)	10,225,921	298,513
2007 Tax Allocation Bonds Series A	<u>42,725,000</u>	<u>-</u>	<u>(120,000)</u>	<u>42,605,000</u>	<u>130,000</u>
Total Long-Term Liabilities	<u>\$ 101,239,554</u>	<u>\$ 2,855,126</u>	<u>\$ (1,613,041)</u>	<u>\$ 102,481,639</u>	<u>\$ 428,513</u>

Note 7: Interfund Receivables, Payables and Transfers

a. Advances to / from other funds

<u>Funds</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
Capital Projects Funds: Low and Moderate Housing	\$ 3,564,945	\$ -
Debt Service Funds: Tax Increment Fund	<u>-</u>	<u>3,564,945</u>
Totals	<u>\$ 3,564,945</u>	<u>\$ 3,564,945</u>

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivables, Payables and Transfers (Continued)

a. Advances to / from other funds (Continued)

In June 2007, the Low and Moderate Income Housing Capital Projects Fund advanced to the Tax Increment Debt Service Fund \$4,157,976 to finance the purchase of certain properties. Repayments will be made annually in an amount equal to 5% of the principal balance. Interest payments will be made annually based on the Agency's approximate average investment returns on monies. During the year, a principal payment of \$187,628 was made. The outstanding balance as of June 30, 2010 was \$3,564,945.

b. Transfers to / from other funds

Funds	Transfers In	Transfers Out	Net Transfers In (Out)
Capital Projects Fund:			
Administration	\$ 704,381	\$ -	\$ 704,381
Capital Projects	1,314,308	-	1,314,308
Total Projects and Administration	2,018,689	-	2,018,689
Debt Service Fund:			
Tax Increment	-	(4,653,848)	(4,653,848)
2007 TABSs Series A	2,177,781	-	2,177,781
2007 TABSs Series B	457,378	-	457,378
Total Debt Service	2,635,159	(4,653,848)	(2,018,689)
Total Transfers In (Out)	\$ 4,653,848	\$ (4,653,848)	\$ -

The Tax Increment Debt Service Fund transferred \$704,381 and \$1,314,308 to the Administration Capital Projects Fund and the Projects Capital Projects Fund, respectively, to cover operating expenditures for the year.

The Tax Increment Debt Service Fund transferred \$2,177,781 and \$457,378 to the 2007 TABS Series A Debt Service Fund and the 2007 TABS Series B Debt Service Fund, respectively, to cover debt service expenditures for the year.

Note 8: Prior Period Adjustments

During the year, the Agency split their Capital Projects fund into two funds: the Projects and Administration Capital Projects Fund and the Debt Service Fund. This was done to better identify debt service activity for the Agency. As such the beginning fund balance of the funds changed as follows:

Fund Financial Statements:

	<u>Capital Projects Fund</u> <u>Projects and</u> <u>Administration Fund</u>	<u>Debt Service Fund</u>
Fund balance at beginning of year, as previously reported	\$ 71,448,769	\$ 0
Fund balance split for debt service	<u>(29,690,579)</u>	<u>29,690,579</u>
Fund balance at beginning of year, as restated	<u>\$ 41,758,190</u>	<u>\$ 29,690,579</u>

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 9: Commitments and Contingencies

Riverside County Agreement

During December 1987, the City of Moreno Valley and the Agency entered into an agreement with the County of Riverside to reimburse the County for the portion of tax increment the County would have been allocated and paid had there not been a redevelopment project adopted in the City. The Agency receives these amounts up to \$7 million annually. The County will receive all annual tax increment in excess of \$7 million until the total increment reaches \$12 million and half of annual tax increment in excess of \$12 million. When total tax increment paid to the County under this agreement from increments between \$7 million and \$12 million reaches \$75 million, tax increment in excess of \$7 million annually will be split equally between the Agency and County.

During April 1988, the City of Moreno Valley and the Agency entered into an agreement with the Riverside County Flood Control and Water Conservation District (District) which specifies that the Agency shall receive 100% of the District share of the tax increment until such time the total tax increment exceeds \$12 million at which time the District shall receive at least 50% of its share.

The Agency must annually demonstrate, on a project-by-project basis, that the cumulative project costs paid by the Agency for the project improvements exceed the cumulative total of District share received by the Agency. To the extent that the cumulative project costs paid by the Agency exceed the cumulative total of District share received by the Agency, the Agency will receive the balance needed from the remaining 50% of the District share.

Beginning in 2004-2005 the Agency's tax increment exceeded \$12 million. The County deducts its proportionate share from the Agency's remittances. The amount retained by the County is included shown as a reduction in tax revenue, "pass through agreement payments" in the financial statements. An additional amount of \$4,846,739 for pass through agreements that have not yet been remitted is included in Due to Other Governments.

Community Facilities District No. 3 Agreement

In conjunction with the issuance of the Moreno Valley Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing), the Agency and the City are parties to an owner participation agreement which provides that the Agency will transmit to the District the available property tax increment it receives on parcels within the District as a credit against the special parcel taxes that otherwise would be payable by the owners. Furthermore, the City has agreed to loan the Agency available sales tax generated within the District for payment directly to the parcel owners should the increment be insufficient to offset the special parcel taxes. In addition, the Agency has agreed to pay to the parcel owners, subject to certain restrictions, certain available surplus sales tax from within the District. The obligations to remit sales tax terminate by December 1, 2010.

This agreement replaces a previous arrangement involving these parcels when they were included in Community Facilities District No. 2.

The amounts remitted during the year under the replacement and previous agreement to parcel owners totaled \$ 692,744.

Community Facilities District No. 87-1 Agreement

In connection with the issuance of the Community Facilities District No. 87-1 (CFD) Towngate 2007 Special Tax Refunding Bonds, the Agency entered into an owner participation agreement whereby the Agency has committed tax increment for the payment of debt service requirements for these Bonds.

**Community Redevelopment Agency of the City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 9: Commitments and Contingencies (Continued)

Self-Insurance

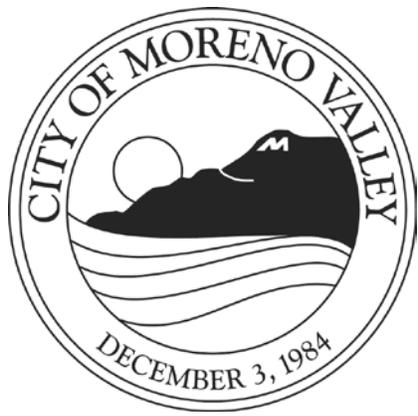
The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. The City of Moreno Valley established two self-insurance funds (internal service funds) to account for and finance its uninsured risks of loss. Under this program, the self-insurance funds provide coverage for up to a maximum of \$300,000 for each workers' compensation claim and \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the Agency participate in the program and make payments to the self-insurance funds based on actuarial estimates of the amounts needed to pay prior and current year claims.

SERAF Shift

In July of 2009, the California Legislature enacted ABX4-26 provides for a Supplemental Educational Revenue Augmentation Funds (SERAF). Redevelopment agencies are collectively mandated to place \$1.7 billion in the SERAF in fiscal year 2009-2010, and \$350 million in 2010-2011. The Agency's share of the SERAF for fiscal year 2009-2010 is \$5,258,237. The California Redevelopment Association is continuing to be actively engaged in litigation to invalidate ABX4-26.

Note 10: Subsequent Events

Subsequent events are those events and transactions that occur after the end of the fiscal period but prior to issuance of the financial statements that are important for readers of the financial statements to be aware of. The Agency does not have any subsequent events to report.



Community Redevelopment Agency
of the City of Moreno Valley
Governmental Funds
Combining Balance Sheet
June 30, 2010

Moreno Valley
Redevelopment Project

	Capital Projects Funds			
	Administration Fund	Capital Projects Fund	2007 TABS, Series A Capital Projects	Low and Moderate Housing
Assets:				
Pooled cash and investments	\$ 66,537	\$ 48,604	\$ 40,377,505	\$ 7,935,482
Receivables:				
Accounts	17	22,561	-	-
Notes and loans	-	-	-	17,567,422
Interest	-	-	-	231,023
Due from other governments	-	-	-	-
Due from the City of Moreno Valley	-	4,500	-	-
Land held for redevelopment	-	3,718,466	-	197,660
Advances to other funds	-	-	-	3,564,945
Advances to the City of Moreno Valley	-	-	-	-
Total Assets	\$ 66,554	\$ 3,794,131	\$ 40,377,505	\$ 29,496,532
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,781	\$ 75,664	\$ 108,789	\$ 5,377
Accrued liabilities	19,990	13,342	14,187	29,695
Due to other governments	-	-	-	-
Due to the City of Moreno Valley	-	-	1,927,292	-
Deferred revenue	-	-	-	231,023
Advances from other funds	-	-	-	-
Total Liabilities	\$ 21,771	\$ 89,006	\$ 2,050,268	\$ 266,095
Fund Balances:				
Reserved:				
Reserved for encumbrances	\$ -	\$ 29,228	\$ 1,204,854	\$ 4,004,250
Reserved for debt service	-	-	-	-
Reserved for long-term receivables	-	-	-	17,567,422
Reserved for land held for redevelopment	-	3,718,466	-	197,660
Reserved for advances to other funds	-	-	-	3,564,945
Reserved for advances to the City of Moreno Valley	-	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Designated:				
Designated for continuing appropriations	-	-	33,691,617	3,896,160
Undesignated	44,783	(42,569)	3,430,766	-
Total Fund Balances	\$ 44,783	\$ 3,705,125	\$ 38,327,237	\$ 29,230,437
Total Liabilities & Fund Balances	\$ 66,554	\$ 3,794,131	\$ 40,377,505	\$ 29,496,532

**Debt Service
Funds**

Tax Increment Fund	2007 TABS, Series A Debt Service	2007 TABS, Series B Debt Service	Totals
\$ 10,152,109	\$ -	\$ 22,500,000	\$ 81,080,237
-	-	-	22,578
-	-	-	17,567,422
-	-	-	231,023
73,572	-	-	73,572
-	-	-	4,500
-	-	-	3,916,126
-	-	-	3,564,945
220,500	-	-	220,500
\$ 10,446,181	\$ -	\$ 22,500,000	\$ 106,680,903
\$ -	\$ -	\$ -	\$ 191,611
-	-	-	77,214
4,846,739	-	-	4,846,739
4,713	-	-	1,932,005
12,000	-	-	243,023
3,564,945	-	-	3,564,945
\$ 8,428,397	\$ -	\$ -	\$ 10,855,537
\$ -	\$ -	\$ -	\$ 5,238,332
-	-	22,500,000	22,500,000
-	-	-	17,567,422
-	-	-	3,916,126
-	-	-	3,564,945
220,500	-	-	220,500
-	-	-	37,587,777
1,797,284	-	-	5,230,264
\$ 2,017,784	\$ -	\$ 22,500,000	\$ 95,825,366
\$ 10,446,181	\$ -	\$ 22,500,000	\$ 106,680,903

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Due from other governments
Due from the City of Moreno Valley
Land held for redevelopment
Advances to other funds
Advances to the City of Moreno Valley

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Due to other governments
Due to the City of Moreno Valley
Deferred revenue
Advances from other funds

Total Liabilities

Fund Balances:

Reserved:

Reserved for encumbrances
Reserved for debt service
Reserved for long-term receivables
Reserved for land held for redevelopment
Reserved for advances to other funds
Reserved for advances to the City of Moreno Valley

Unreserved:

Unreserved, reported in nonmajor:

Designated:

Designated for continuing appropriations

Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

**Community Redevelopment Agency
of the City of Moreno Valley
Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year ended June 30, 2010**

Moreno Valley Redevelopment Project				
Capital Projects Funds				
	Administration Fund	Capital Projects Fund	2007 TABS, Series A Capital Projects	Low and Moderate Housing
Revenues:				
Taxes and assessments:				
Tax increment	-	-	-	3,782,660
Sales taxes	-	-	-	-
Use of money and property	-	1,959	1,525,566	443,877
Miscellaneous	-	-	5,206	3,930
Total Revenues	\$ -	\$ 1,959	\$ 1,530,772	\$ 4,230,467
Expenditures:				
Current:				
General government	\$ 704,381	\$ -	\$ -	\$ 897,418
Community development	-	1,020,896	1,507,188	3,250
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
SERAF payment	-	-	-	-
Total Expenditures	\$ 704,381	\$ 1,020,896	\$ 1,507,188	\$ 900,668
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(704,381)	(1,018,937)	23,584	3,329,799
Other Financing Sources (Uses)				
Transfers in	\$ 704,381	\$ 1,314,308	\$ -	\$ -
Transfers out	-	-	-	-
Transfers from the City of Moreno Valley	-	-	-	7,000
Transfers to the City of Moreno Valley	-	-	-	-
Total Other Financing Sources (Uses)	704,381	1,314,308	-	7,000
<i>Net Change in Fund Balances</i>	-	295,371	23,584	3,336,799
Fund Balances, Beginning of Year	44,783	3,409,754	38,303,653	25,893,638
Fund Balances, End of Year	\$ 44,783	\$ 3,705,125	\$ 38,327,237	\$ 29,230,437

**Debt Service
Funds**

Tax Increment Fund	2007 TABS, Series A Debt Service	2007 Tabs, Series B Debt Service	Totals
16,628,548	-	-	20,411,208
924,570	-	-	924,570
1,078,546	3	-	3,049,951
-	-	-	9,136
\$ 18,631,664	\$ 3	\$ -	\$ 24,394,865
\$ 243,764	\$ -	\$ -	\$ 1,845,563
-	-	-	2,531,334
210,436	120,000	-	330,436
1,091,662	2,057,784	457,378	3,606,824
10,775,369	-	-	10,775,369
5,258,237	-	-	5,258,237
\$ 17,579,468	\$ 2,177,784	\$ 457,378	\$ 24,347,763
1,052,196	(2,177,781)	(457,378)	47,102
\$ -	\$ 2,177,781	\$ 457,378	\$ 4,653,848
(4,653,848)	-	-	(4,653,848)
4,237	-	-	11,237
(1,575,380)	-	-	(1,575,380)
(6,224,991)	2,177,781	457,378	(1,564,143)
(5,172,795)	-	-	(1,517,041)
7,190,579	-	22,500,000	97,342,407
\$ 2,017,784	\$ -	\$ 22,500,000	\$ 95,825,366

Revenues:

Taxes and assessments:
Tax increment
Sales taxes
Use of money and property
Miscellaneous

Total Revenues

Expenditures:

Current:
General government
Community development
Debt Service:
Principal retirement
Interest and fiscal charges
Pass-through agreement payments
SERAF payment

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in
Transfers out
Transfers from the City of Moreno Valley
Transfers to the City of Moreno Valley

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year

Fund Balances, End of Year



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Board of Directors
Community Redevelopment Agency of the City of Moreno Valley
Moreno Valley, California

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the governmental activities, each major fund, of the Community Redevelopment Agency of the City of Moreno Valley (the Agency), as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 21, 2010. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Directors
Community Redevelopment Agency of the City of Moreno Valley
Page Two

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain other matters we reported to the management of the City of Moreno Valley in a separate letter.

This report is intended solely for the information of the Board of Directors, management of the Community Redevelopment Agency of the City of Moreno Valley, State Controller, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCunn P.C.

Irvine, California
December 21, 2010



**Community
Services District**

CITY OF MORENO VALLEY, CALIFORNIA

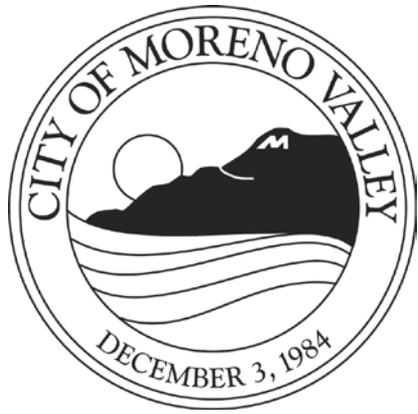
COMMUNITY
SERVICES DISTRICT



FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(WITH INDEPENDENT AUDITORS' REPORT THEREON)





City of Moreno Valley, California
Community Services District

Financial Statements

Year Ended June 30, 2010

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City of Moreno Valley, California
Community Services District

Financial Statements (Continued)

Year Ended June 30, 2010

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Board of Directors
City of Moreno Valley, California
Community Services District

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, Community Services District ("District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. 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 District as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison information for the major special revenue funds of the District for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Community Services District of the City of Moreno Valley's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Directors
City of Moreno Valley, California
Community Services District
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of 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.

Mayor Hoffman McLean P.C.

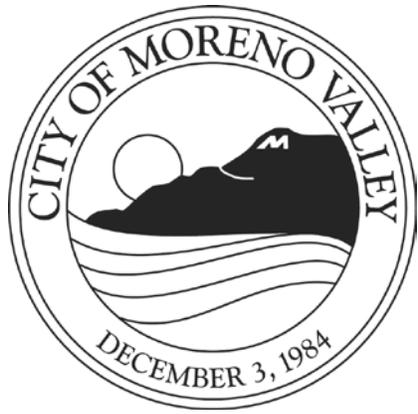
Irvine, California
December 21, 2010

**City of Moreno Valley, California
Community Services District**

**Statement of Net Assets
June 30, 2010**

	Governmental Activities
Assets:	
Pooled cash and investments (note 2)	\$ 11,266,011
Receivables:	
Accounts	235,130
Due from the City of Moreno Valley	197,320
Due from other governments	1,027,691
Capital assets not being depreciated (note 3)	450,000
Depreciable capital assets, net of accumulated depreciation (note 3)	22,329,068
	<hr/>
Total Assets	35,505,220
	<hr/>
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	646,166
Accrued liabilities	343,609
Due to the City of Moreno Valley	3,371,652
Due to other governments	5
Deposits payable	97,339
	<hr/>
Total Liabilities	4,458,771
	<hr/>
Net Assets:	
Invested in capital assets	22,779,068
Restricted for special zones	8,267,381
	<hr/>
Total Net Assets	\$ 31,046,449
	<hr/>

See Notes to Financial Statements



**City of Moreno Valley, California
Community Services District**

**Statement of Activities
Year ended June 30, 2010**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total	
Functions/Programs					
Governmental Activities:					
Community and cultural	\$ 18,618,629	\$ 11,237,461	\$ 14,495	\$ -	\$ (7,366,673)
Total Governmental Activities	<u>\$ 18,618,629</u>	<u>\$ 11,237,461</u>	<u>\$ 14,495</u>	<u>\$ -</u>	<u>(7,366,673)</u>
General Revenues:					
Taxes:					
Property taxes					3,154,342
Other taxes					1,024,603
Use of money and property					683,098
Miscellaneous					53,044
Transfers from the City of Moreno Valley					<u>57,059</u>
Total General Revenues and Transfers					<u>4,972,146</u>
Change in Net Assets					(2,394,527)
Net Assets, beginning of year as restated (note 6)					<u>33,440,976</u>
Net Assets, End of Year					<u>\$ 31,046,449</u>

See Notes to Financial Statements

City of Moreno Valley, California
Community Services District

**Governmental Funds
Balance Sheet
June 30, 2010**

	Special Revenue Funds		
	Zone A Parks and Community Services	Zone B Residential Street Lights Administration	Zone E Extensive Landscaping Administration
Assets:			
Pooled cash and investments (note 2)	\$ 4,432,732	\$ 34,616	\$ 4,156,486
Receivables:			
Accounts	224,612	-	5,654
Due from the City of Moreno Valley	197,320	-	-
Due from other governments	513,087	68,662	149,642
Total Assets	\$ 5,367,751	\$ 103,278	\$ 4,311,782
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 196,363	\$ 97,264	\$ 149,123
Accrued liabilities	203,532	6,014	28,393
Due to the City of Moreno Valley	3,281,361	90,291	-
Due to other governments	5	-	-
Deferred revenue	480,589	43,395	87,748
Deposits payable	97,339	-	-
Total Liabilities	\$ 4,259,189	\$ 236,964	\$ 265,264
Fund Balances:			
Reserved:			
Reserved for encumbrances	\$ -	\$ -	\$ -
Unreserved:			
Unreserved, reported in nonmajor:			
Designated:			
Designated for continuing appropriations	63,450	-	-
Designated for capital improvements	-	-	2,799,332
Designated for contingencies	938,157	-	-
Designated for scholarship programs	7,684	-	-
Undesignated	99,271	(133,686)	1,247,186
Total Fund Balances	\$ 1,108,562	\$ (133,686)	\$ 4,046,518
Total Liabilities & Fund Balances	\$ 5,367,751	\$ 103,278	\$ 4,311,782

See Notes to Financial Statements

Special Revenue Funds

Zone L Library Services Fund	Nonmajor Governmental Funds	Totals
\$ 239,547	\$ 2,402,630	\$ 11,266,011
1,384	3,480	235,130
-	-	197,320
143,696	152,604	1,027,691
\$ 384,627	\$ 2,558,714	\$ 12,726,152
\$ 78,167	\$ 125,249	\$ 646,166
62,946	42,724	343,609
-	-	3,371,652
-	-	5
89,503	82,569	783,804
-	-	97,339
\$ 230,616	\$ 250,542	\$ 5,242,575
\$ 31,977	\$ -	\$ 31,977
-	105,000	168,450
-	-	2,799,332
-	-	938,157
-	-	7,684
122,034	2,203,172	3,537,977
\$ 154,011	\$ 2,308,172	\$ 7,483,577
\$ 384,627	\$ 2,558,714	\$ 12,726,152

Assets:

Pooled cash and investments (note 2)
 Receivables:
 Accounts
 Due from the City of Moreno Valley
 Due from other governments

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
 Accrued liabilities
 Due to the City of Moreno Valley
 Due to other governments
 Deferred revenue
 Deposits payable

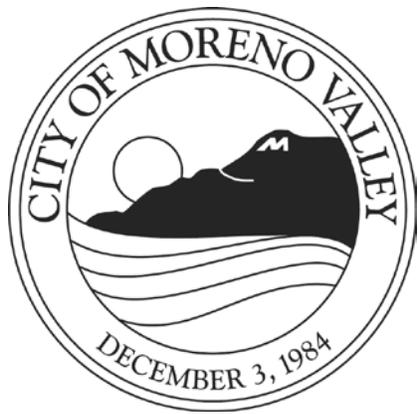
Total Liabilities

Fund Balances:

Reserved:
 Reserved for encumbrances
 Unreserved:
 Unreserved, reported in nonmajor:
 Designated:
 Designated for continuing appropriations
 Designated for capital improvements
 Designated for contingencies
 Designated for scholarship programs
 Undesignated

Total Fund Balances

Total Liabilities & Fund Balances



**City of Moreno Valley, California
Community Services District**

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010**

Fund balances of governmental funds	\$ 7,483,577
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,779,068
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Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the statement of revenues, expenditures, and changes in fund balances. These revenues are reported as deferred revenue in the balance sheet of governmental funds.	783,804
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Net assets of governmental activities	<u><u>\$ 31,046,449</u></u>
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See Notes to Financial Statements

City of Moreno Valley, California
Community Services District

Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year ended June 30, 2010

	Special Revenue Funds		
	Zone A Parks and Community Services	Zone B Residential Street Lights Administration	Zone E Extensive Landscaping Administration
Revenues:			
Taxes:			
Property taxes	\$ 1,648,165	\$ 95,101	\$ -
Other Taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	5,749,207	892,533	2,334,819
Use of money and property	484,486	3,639	121,700
Fines and forfeitures	-	-	-
Miscellaneous	25,256	-	3,934
Total Revenues	\$ 7,907,114	\$ 991,273	\$ 2,460,453
Expenditures:			
Current:			
Community and cultural	\$ 7,855,401	\$ 1,505,057	\$ 2,386,693
Capital outlay	26,105	-	-
Total Expenditures	\$ 7,881,506	\$ 1,505,057	\$ 2,386,693
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>25,608</u>	<u>(513,784)</u>	<u>73,760</u>
Other Financing Sources (Uses)			
Transfers in (note 4)	\$ -	\$ -	\$ -
Transfers out (note 4)	-	-	(26,091)
Transfers from the City of Moreno Valley	394,873	-	-
Transfers to the City of Moreno Valley	(817,414)	-	(48,715)
Total Other Financing Sources (Uses)	\$ (422,541)	\$ -	\$ (74,806)
<i>Net Change in Fund Balances</i>	(396,933)	(513,784)	(1,046)
Fund Balances, Beginning of Year as restated (note 6)	<u>1,505,495</u>	<u>380,098</u>	<u>4,047,564</u>
Fund Balances, End of Year	<u>\$ 1,108,562</u>	<u>\$ (133,686)</u>	<u>\$ 4,046,518</u>

See Notes to Financial Statements

Special Revenue Funds

Zone L Library Services Fund	Nonmajor Governmental Funds	Totals
\$ 1,311,558	\$ 99,518	\$ 3,154,342
-	1,024,603	1,024,603
14,495	-	14,495
41,582	1,619,326	10,637,467
-	73,273	683,098
45,989	-	45,989
23,716	138	53,044
\$ 1,437,340	\$ 2,816,858	\$ 15,613,038
\$ 2,093,052	\$ 2,824,741	\$ 16,664,944
-	-	26,105
\$ 2,093,052	\$ 2,824,741	\$ 16,691,049
(655,712)	(7,883)	(1,078,011)
\$ -	\$ 26,091	\$ 26,091
-	-	(26,091)
424,915	103,400	923,188
-	-	(866,129)
\$ 424,915	\$ 129,491	\$ 57,059
(230,797)	121,608	(1,020,952)
384,808	2,186,564	8,504,529
\$ 154,011	\$ 2,308,172	\$ 7,483,577

Revenues:

Taxes:
Property taxes
Other Taxes
Intergovernmental
Charges for services
Use of money and property
Fines and forfeitures
Miscellaneous

Total Revenues

Expenditures:

Current:
Community and cultural
Capital outlay

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in (note 4)
Transfers out (note 4)
Transfers from the City of Moreno Valley
Transfers to the City of Moreno Valley

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year as restated (note 6)

Fund Balances, End of Year

**City of Moreno Valley, California
Community Services District**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2010**

Net change in fund balances of governmental funds \$ (1,020,952)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	26,105
Depreciation expense	(1,953,685)

Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the statement of revenues, expenditures, and changes in fund balances. These revenues are reported as deferred revenue in the balance sheet of governmental funds.

554,005

Net assets of governmental activities

\$ (2,394,527)

See Notes to Financial Statements

**City of Moreno Valley, California
Community Services District
Zone A Parks and Community Services
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	2,209,563	2,209,563	1,648,165	(561,398)
Charges for services	5,952,339	5,952,339	5,749,207	(203,132)
Use of money and property	465,234	465,234	484,486	19,252
Miscellaneous	26,450	33,516	25,256	(8,260)
Total Revenues	\$ 8,653,586	\$ 8,660,652	\$ 7,907,114	\$ (753,538)
Expenditures:				
Current:				
Community and cultural	8,451,892	7,980,325	7,855,401	124,924
Capital outlay	126,671	126,671	26,105	100,566
Total Expenditures	\$ 8,578,563	\$ 8,106,996	\$ 7,881,506	\$ 225,490
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	75,023	553,656	25,608	(528,048)
Other Financing Sources (Uses):				
Transfers from the City of Moreno Valley	(377,459)	(377,459)	(394,873)	17,414
Transfers to the City of Moreno Valley	-	800,000	817,414	(17,414)
Total Other Financing Sources (Uses)	\$ 377,459	\$ (422,541)	\$ (422,541)	\$ -
<i>Net Change in Fund Balances</i>	452,482	131,115	(396,933)	(528,048)
Fund Balances, Beginning of Year	1,505,495	1,505,495	1,505,495	-
Fund Balances, End of Year	\$ 1,957,977	\$ 1,636,610	\$ 1,108,562	\$ (528,048)

See Notes to Financial Statements

**City of Moreno Valley, California
Community Services District**

**Zone B Residential Street Lights Administration
Budgetary Comparison Statement
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property Taxes	116,045	116,045	95,101	(20,944)
Charges for services	934,006	934,006	892,533	(41,473)
Use of money and property	7,396	7,396	3,639	(3,757)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 1,057,447</u>	<u>\$ 1,057,447</u>	<u>\$ 991,273</u>	<u>\$ (66,174)</u>
Expenditures:				
Current:				
Community and cultural	1,605,139	1,647,740	1,505,057	142,683
Capital outlay	-	51,612	-	51,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 1,605,139</u>	<u>\$ 1,699,352</u>	<u>\$ 1,505,057</u>	<u>\$ 194,295</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(547,692)</u>	<u>(641,905)</u>	<u>(513,784)</u>	<u>128,121</u>
<i>Net Change in Fund Balances</i>	<u>(547,692)</u>	<u>(641,905)</u>	<u>(513,784)</u>	<u>128,121</u>
Fund Balances, Beginning of Year	<u>380,098</u>	<u>380,098</u>	<u>380,098</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ (167,594)</u></u>	<u><u>\$ (261,807)</u></u>	<u><u>\$ (133,686)</u></u>	<u><u>\$ 128,121</u></u>

See Notes to Financial Statements

**City of Moreno Valley, California
Community Services District
Zone E Extensive Landscaping Administration
Budgetary Comparison Statement
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	2,411,465	2,411,465	2,334,819	(76,646)
Use of money and property	93,318	93,318	121,700	28,382
Miscellaneous	2,400	2,400	3,934	1,534
Total Revenues	\$ 2,507,183	\$ 2,507,183	\$ 2,460,453	\$ (46,730)
Expenditures:				
Current:				
Community and cultural	2,918,314	2,536,159	2,386,693	149,466
Capital outlay	45,000	313,137	-	313,137
Total Expenditures	\$ 2,963,314	\$ 2,849,296	\$ 2,386,693	\$ 462,603
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(456,131)	(342,113)	73,760	415,873
Other Financing Sources (Uses):				
Transfers out (note 4)	-	(25,000)	(26,091)	(1,091)
Transfers to the City of Moreno Valley	25,000	-	48,715	(48,715)
Total Other Financing Sources (Uses)	\$ (25,000)	\$ (25,000)	\$ (74,806)	\$ (49,806)
<i>Net Change in Fund Balances</i>	(481,131)	(367,113)	(1,046)	366,067
Fund Balances, Beginning of Year	4,047,564	4,047,564	4,047,564	-
Fund Balances, End of Year	\$ 3,566,433	\$ 3,680,451	\$ 4,046,518	\$ 366,067

See Notes to Financial Statements

**City of Moreno Valley, California
Community Services District**

**Zone L Library Services
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	1,609,500	1,609,500	1,311,558	(297,942)
Intergovernmental	32,000	32,000	14,495	(17,505)
Charges for services	33,000	33,000	41,582	8,582
Fines and forfeitures	56,500	56,500	45,989	(10,511)
Miscellaneous	2,000	2,000	23,716	21,716
Total Revenues	\$ 1,733,000	\$ 1,733,000	\$ 1,437,340	\$ (295,660)
Expenditures:				
Current:				
Community and cultural	2,122,219	2,126,122	2,093,052	33,070
Total Expenditures	\$ 2,122,219	\$ 2,126,122	\$ 2,093,052	\$ 33,070
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(389,219)	(393,122)	(655,712)	(262,590)
Other Financing Sources (Uses):				
Transfers from the City of Moreno Valley	(424,915)	(424,915)	(424,915)	-
Total Other Financing Sources (Uses)	\$ 424,915	\$ 424,915	\$ 424,915	\$ -
<i>Net Change in Fund Balances</i>	35,696	31,793	(230,797)	(262,590)
Fund Balances, Beginning of Year	384,808	384,808	384,808	-
Fund Balances, End of Year	\$ 420,504	\$ 416,601	\$ 154,011	\$ (262,590)

See Notes to Financial Statements

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements
Year Ended June 30, 2010**

Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies

a. Reporting Entity

The City of Moreno Valley, California Community Services District (the District), was created by a City Council ordinance adopted on December 3, 1984. Its purpose is to act as a legal entity, separate and distinct from the City of Moreno Valley (the City), even though the City Council is currently serving as the District's Governing Board. The District is broadly empowered to engage in the general maintenance and administration of the City's community programs.

Governmental Accounting Standards define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the primary government has the ability to impose its will, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary government. Since the City Council of the City of Moreno Valley also serves as the Governing Board of the District, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the District. Accordingly, in applying the criteria of Governmental Accounting Standards, the financial statements of the District are included in the City's Comprehensive Annual Financial Report. The District has the same fiscal year end as the City and its financial statements can be obtained from the City Clerk.

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 the component unit. For the most part, the effect of interfund activity has been removed from these statements.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 have been levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**City of Moreno Valley, California
Community Services District
Notes to Financial Statements (Continued)**

Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Government 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 operating revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 150 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

Zone A Parks and Community Services accounts for the administration and maintenance of the parks and community services facilities and programs.

Zone B Residential Street Lights Administration accounts for the operations necessary to process and administer the residential street lighting program.

Zone E Extensive Landscaping Administration accounts for the operations necessary to provide high-service level landscape maintenance in and around specific major residential developments.

Zone L Library Service Fund accounts for the operations necessary to process and administer the library service program.

d. Budgetary Reporting

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the governmental activities. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles (GAAP). From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various District departments.

Reported budget amounts represent the original legally adopted budget as amended. The City Council may amend the budget only by a duly adopted minute resolution during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIII B of the State Constitution.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund type, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control for most funds is established by the amount of expenditures budgeted for each department within the fund, but management control is exercised at budgetary line item levels

**City of Moreno Valley, California
Community Services District
Notes to Financial Statements (Continued)**

Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies (Continued)

d. Budgetary Reporting (Continued)

within the departments. Management can transfer budgeted amounts between line items within each department provided that they do not increase or decrease total department appropriations. Expenditures may not legally exceed budgeted appropriations at the department and fund levels.

e. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

f. Deferred Revenue

In the government-wide financial statements, deferred revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as deferred revenues in the government-wide financial statements are prepaid charges for services.

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The District records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, long-term loans receivables, and prepaid charges for services.

g. Fund Balance

Reservations of fund balance indicate those portions of fund balance unavailable for appropriation or amounts legally segregated for a specific future use. Designations of fund balance indicate tentative management plans for future uses of financial resources.

h. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. Currently, the District does not have any debt attributed to capital assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

i. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund type. Unexpended and unencumbered appropriations of the Governmental Fund automatically lapse at the end of the fiscal year. Encumbrances at year-end are a portion of the reserved fund balance and are reappropriated the following year.

**City of Moreno Valley, California
Community Services District
Notes to Financial Statements (Continued)**

Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies (Continued)

j. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two 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.

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 and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 – 50
Furniture and Equipment	3 – 15
Vehicles	3 – 10
Infrastructure	25 – 50

k. Investments

The District records all investments at fair value. The current year’s changes in fair value are recognized in the statement of revenues, expenditures and changes in fund balances as use of money and property. *Use of money and property* includes interest earnings, changes in fair value, rental income and any gains or losses.

l. Salary Expenditures

The District does not employ any personnel and relies on the City for administrative services. The financial statements include expenditures for salary and other benefits, which were allocated to the District by the City.

m. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Secured property taxes are levied on August 10 and are payable in two installments on November 1 and February 1. Unsecured personal property taxes are due in a single installment on July 1. The County of Riverside bills and collects the property taxes and remits them to the District in installments during the year. Property taxes received within 60 days after the District’s fiscal year-end are considered “measurable” and “available” and are accrued in the District’s financial statements.

n. 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 – of 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

**City of Moreno Valley, California
Community Services District
Notes to Financial Statements (Continued)**

Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies (Continued)

n. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

“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.”

o. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Note 2: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City \$11,266,011

The District has no separate bank accounts or investments other than the District’s equity in the cash and investment pool managed by the City. The District is a voluntary participant in the City’s investment pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The District has not adopted an investment policy separate from that of the City. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

Note 3: Capital Asset

	Balances 6/30/2009*	Additions	Deletions	Balances 6/30/2010
Non-depreciable Assets:				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Construction in progress	101,457	-	(101,457)	-
Total Non-depreciable Assets	<u>551,457</u>	<u>-</u>	<u>(101,457)</u>	<u>450,000</u>
Depreciable Assets:				
Buildings and Improvements	49,973,475	-	-	49,973,475
Furniture and Equipment	1,250,323	-	-	1,250,323
Vehicles	503,398	26,105	-	529,503
Infrastructure	-	101,457	-	101,457
Total Depreciable Assets	<u>51,727,196</u>	<u>127,562</u>	<u>-</u>	<u>51,854,758</u>

**City of Moreno Valley, California
Community Services District
Notes to Financial Statements (Continued)**

Note 3: Capital Assets (Continued)

	Balances 6/30/2009*	Additions	Deletions	Balances 6/30/2010
Accumulated Depreciation:				
Buildings and Improvements	(26,204,985)	(1,808,353)	-	(28,013,338)
Furniture and Equipment	(1,007,143)	(74,946)	-	(1,082,089)
Vehicles	(359,877)	(68,608)	-	(428,485)
Infrastructure	-	(1,778)	-	(1,778)
Total Accumulated Depreciation	<u>(27,572,005)</u>	<u>(1,953,685)</u>	<u>-</u>	<u>(29,525,690)</u>
Total Depreciable Assets, Net of Depreciation	<u>24,155,191</u>	<u>(1,826,123)</u>	<u>-</u>	<u>22,329,068</u>
Total Capital Assets, Net of Depreciation	<u>\$ 24,706,648</u>	<u>\$ (1,826,123)</u>	<u>\$ (101,457)</u>	<u>\$ 22,779,068</u>

* Beginning Capital Assets were restated. See explanation in Note 6.

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

Governmental Activities:
 Community and cultural \$ 1,953,685

Note 4: Interfund Transfers

Transfers in and out for the year ended June 30, 2010 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
Zone E Extensive Landscaping Administration Fund		\$26,091
Nonmajor Funds:		
CFD# 1 Fund	\$26,091	

CSD Zone E Extensive Landscaping Administration Fund transferred \$26,091 to the CFD #1 Fund for that fund's share of parcel fees collected and business unit charges.

Note 5: Commitments and Contingencies

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The City of Moreno Valley established two Self-Insurance Funds (internal service funds) to account for and finance its uninsured risks of loss. Under this program, the self-insurance funds provide coverage for up to a maximum of \$300,000 for each worker's compensation claim and \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the District participate in the program and make payments to the Self-Insurance Funds based on actuarial estimates of the amounts needed to pay prior and current year claims.

Note 6: Restatement of Beginning Net Assets

- (a) The CFD #4M Fund was improperly included in the Community Services District's financial statements previously. This fund is a City of Moreno Valley fund and not a fund of the District. Adjustments were made to remove the fund from the District's net assets and fund balances.

**City of Moreno Valley, California
Community Services District
Notes to Financial Statements (Continued)**

Note 6: Restatement of Beginning Net Assets (Continued)

(b) The District's construction in progress was overstated by \$44,768. An adjustment was made to correct beginning capital assets and the government-wide beginning net assets.

	<u>Government-wide Financial Statements</u>	<u>Fund Financial Statements</u>
	<u>Governmental Funds</u>	<u>CFD #4M Fund</u>
Net assets at beginning of year, as previously reported	\$ 33,546,526	\$ 60,782
Adjustment (a)	(60,782)	(60,782)
Adjustment (b)	<u>(44,768)</u>	<u>-</u>
Net assets at beginning of year, as restated	<u>\$ 33,440,976</u>	<u>\$ -</u>

Note 7: Subsequent Events

Subsequent events are those events and transactions that occur after the end of the fiscal period but prior to issuance of the financial statements that are important for readers of the financial statements to be aware of. The District does not have any subsequent events to report.

City of Moreno Valley, California
Community Services District

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds		
	Zone C Arterial Street Lights Administration	Zone D Standard Landscaping Administration	Zone M Median Fund
Assets:			
Pooled cash and investments	\$ 487,480	\$ 359,365	\$ 248,696
Receivables:			
Accounts	4	3,476	-
Due from other governments	40,422	63,469	13,557
Total Assets	\$ 527,906	\$ 426,310	\$ 262,253
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 42,552	\$ 37,653	\$ 9,407
Accrued liabilities	1,958	18,223	4,318
Deferred revenue	27,169	40,791	10,794
Total Liabilities	\$ 71,679	\$ 96,667	\$ 24,519
Fund Balances:			
Unreserved:			
Unreserved, reported in nonmajor:			
Designated:			
Designated for continuing appropriations	-	-	-
Undesignated	456,227	329,643	237,734
Total Fund Balances	\$ 456,227	\$ 329,643	\$ 237,734
Total Liabilities & Fund Balances	\$ 527,906	\$ 426,310	\$ 262,253

Special Revenue Funds		
CFD #1 Fund	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Funds
\$ 1,222,301	\$ 84,788	\$ 2,402,630
-	-	3,480
30,558	4,598	152,604
\$ 1,252,859	\$ 89,386	\$ 2,558,714
\$ 34,303	\$ 1,334	\$ 125,249
17,590	635	42,724
-	3,815	82,569
\$ 51,893	\$ 5,784	\$ 250,542
105,000	-	105,000
1,095,966	83,602	2,203,172
\$ 1,200,966	\$ 83,602	\$ 2,308,172
\$ 1,252,859	\$ 89,386	\$ 2,558,714

Assets:

Pooled cash and investments
Receivables:
Accounts
Due from other governments

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
Accrued liabilities
Deferred revenue

Total Liabilities

Fund Balances:

Unreserved:
Unreserved, reported in nonmajor:
Designated:
Designated for continuing appropriations
Undesignated

Total Fund Balances

Total Liabilities & Fund Balances

City of Moreno Valley, California
Community Services District

Nonmajor Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Year ended June 30, 2010

	Special Revenue Funds		
	Zone C Arterial Street Lights Administration	Zone D Standard Landscaping Administration	Zone M Median Fund
Revenues:			
Taxes:			
Property taxes	\$ 99,518	\$ -	\$ -
Other Taxes	-	-	-
Charges for services	393,476	1,043,329	133,995
Use of money and property	16,858	27,276	-
Miscellaneous	-	138	-
Total Revenues	\$ 509,852	\$ 1,070,743	\$ 133,995
Expenditures:			
Current:			
Community and cultural	\$ 715,749	\$ 1,068,948	\$ 206,809
Total Expenditures	\$ 715,749	\$ 1,068,948	\$ 206,809
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(205,897)</u>	<u>1,795</u>	<u>(72,814)</u>
Other Financing Sources (Uses)			
Transfers in (note 4)	\$ -	\$ -	\$ -
Transfers from the City of Moreno Valley	-	-	103,400
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 103,400
<i>Net Change in Fund Balances</i>	<u>(205,897)</u>	<u>1,795</u>	<u>30,586</u>
Fund Balances, Beginning of Year, as restated	<u>662,124</u>	<u>327,848</u>	<u>207,148</u>
Fund Balances, End of Year	\$ 456,227	\$ 329,643	\$ 237,734

Special Revenue Funds		
CFD #1 Fund	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Funds
\$ -	\$ -	\$ 99,518
1,024,603	-	1,024,603
-	48,526	1,619,326
26,952	2,187	73,273
-	-	138
\$ 1,051,555	\$ 50,713	\$ 2,816,858
\$ 792,047	\$ 41,188	\$ 2,824,741
\$ 792,047	\$ 41,188	\$ 2,824,741
259,508	9,525	(7,883)
\$ 26,091	\$ -	\$ 26,091
-	-	103,400
\$ 26,091	\$ -	\$ 129,491
285,599	9,525	121,608
915,367	74,077	2,186,564
\$ 1,200,966	\$ 83,602	\$ 2,308,172

Revenues:

Taxes:
Property taxes
Other Taxes
Charges for services
Use of money and property
Miscellaneous

Total Revenues

Expenditures:

Current:
Community and cultural

Total Expenditures

*Excess (Deficiency) of Revenues
Over (Under) Expenditures*

Other Financing Sources (Uses)

Transfers in (note 4)
Transfers from the City of Moreno Valley

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year, as restated

Fund Balances, End of Year

**City of Moreno Valley, California
Community Services District
Zone C Arterial Street Lights Administration
Budgetary Comparison Statement
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property Taxes	142,100	142,100	99,518	(42,582)
Charges for services	430,844	430,844	393,476	(37,368)
Use of money and property	12,033	12,033	16,858	4,825
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 584,977	\$ 584,977	\$ 509,852	\$ (75,125)
Expenditures:				
Current:				
Community and cultural	738,009	735,754	715,749	20,005
Total Expenditures	\$ 738,009	\$ 735,754	\$ 715,749	\$ 20,005
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(153,032)</u>	<u>(150,777)</u>	<u>(205,897)</u>	<u>(55,120)</u>
<i>Net Change in Fund Balances</i>	(153,032)	(150,777)	(205,897)	(55,120)
Fund Balances, Beginning of Year	<u>662,124</u>	<u>662,124</u>	<u>662,124</u>	<u>-</u>
Fund Balances, End of Year	\$ 509,092	\$ 511,347	\$ 456,227	\$ (55,120)

City of Moreno Valley, California
Community Services District

**Zone D Standard Landscaping Administration
Budgetary Comparison Statement
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Charges for services	1,133,944	1,133,944	1,043,329	(90,615)
Use of money and property	6,655	6,655	27,276	20,621
Miscellaneous	-	-	138	138
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 1,140,599	\$ 1,140,599	\$ 1,070,743	\$ (69,856)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
Current:				
Community and cultural	1,341,067	1,222,314	1,068,948	153,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 1,341,067	\$ 1,222,314	\$ 1,068,948	\$ 153,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(200,468)</u>	<u>(81,715)</u>	<u>1,795</u>	<u>83,510</u>
<i>Net Change in Fund Balances</i>	(200,468)	(81,715)	1,795	83,510
Fund Balances, Beginning of Year	<u>327,848</u>	<u>327,848</u>	<u>327,848</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 127,380</u>	<u>\$ 246,133</u>	<u>\$ 329,643</u>	<u>\$ 83,510</u>

**City of Moreno Valley, California
Community Services District**

**Zone M Median Fund
Budgetary Comparison Statement
Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	163,554	163,554	133,995	(29,559)
Use of money and property	4,013	4,013	-	(4,013)
Total Revenues	\$ 167,567	\$ 167,567	\$ 133,995	\$ (33,572)
Expenditures:				
Current:				
Community and cultural	304,251	253,568	206,809	46,759
Total Expenditures	\$ 304,251	\$ 253,568	\$ 206,809	\$ 46,759
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(136,684)	(86,001)	(72,814)	13,187
Other Financing Sources (Uses):				
Transfers from the City of Moreno Valley	(103,400)	(103,400)	(103,400)	-
Total Other Financing Sources (Uses)	\$ 103,400	\$ 103,400	\$ 103,400	\$ -
<i>Net Change in Fund Balances</i>	(33,284)	17,399	30,586	13,187
Fund Balances, Beginning of Year	207,148	207,148	207,148	-
Fund Balances, End of Year	\$ 173,864	\$ 224,547	\$ 237,734	\$ 13,187

City of Moreno Valley, California
Community Services District

CFD #1 Fund
Budgetary Comparison Statement
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Other taxes	959,760	959,760	1,024,603	64,843
Use of money and property	13,000	13,000	26,952	13,952
Total Revenues	\$ 972,760	\$ 972,760	\$ 1,051,555	\$ 78,795
Expenditures:				
Current:				
Community and cultural	969,805	809,400	792,047	17,353
Capital outlay	120,000	120,000	-	120,000
Total Expenditures	\$ 1,089,805	\$ 929,400	\$ 792,047	\$ 137,353
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(117,045)	43,360	259,508	216,148
Other Financing Sources (Uses):				
Transfers in	-	25,000	26,091	1,091
Transfers from the City of Moreno Valley	(25,000)	-	-	-
Total Other Financing Sources (Uses)	\$ 25,000	\$ 25,000	\$ 26,091	\$ 1,091
<i>Net Change in Fund Balances</i>	(92,045)	68,360	285,599	217,239
Fund Balances, Beginning of Year	915,367	915,367	915,367	-
Fund Balances, End of Year	\$ 823,322	\$ 983,727	\$ 1,200,966	\$ 217,239

City of Moreno Valley, California
Community Services District
Zone S Sunnymead Boulevard Maintenance
Budgetary Comparison Statement
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	52,342	52,342	48,526	(3,816)
Use of money and property	1,644	1,644	2,187	543
Total Revenues	\$ 53,986	\$ 53,986	\$ 50,713	\$ (3,273)
Expenditures:				
Current:				
Community and cultural	92,219	58,634	41,188	17,446
Total Expenditures	\$ 92,219	\$ 58,634	\$ 41,188	\$ 17,446
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(38,233)	(4,648)	9,525	14,173
<i>Net Change in Fund Balances</i>	(38,233)	(4,648)	9,525	14,173
Fund Balances, Beginning of Year	74,077	74,077	74,077	-
Fund Balances, End of Year	\$ 35,844	\$ 69,429	\$ 83,602	\$ 14,173



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Board of Directors
City of Moreno Valley, California
Community Services District

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, Community Services District ("District") as of and for the year ended June 30, 2010, which collectively comprise the District's financial statements and have issued our report thereon dated December 21, 2010. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Board of Directors
City of Moreno Valley, California
Community Services District
Page Two

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted other matters that were reported to the management of the City of Moreno Valley in a separate letter.

This report is intended solely for the information and use of the Board of Directors and District's management and is not intended to be and should not be used by anyone other than these specified parties.

Mayor Hoffman McClain P.L.

Irvine, California
December 21, 2010