

Comprehensive Annual FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011



CITY OF MORENO VALLEY

CITY OF MORENO VALLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

City of Moreno Valley
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

Table of Contents

Page
Number

INTRODUCTORY SECTION

Letter of Transmittal.....	i
Municipal Officials.....	iv
Organization Chart	v
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	vi

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
------------------------------------	---

MANAGEMENT'S DISCUSSION AND ANALYSIS	3
--	---

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Assets	15

Statement of Activities	16
-------------------------------	----

Fund Financial Statements:	
Balance Sheet – Governmental Funds	20

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	23
---	----

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	24
---	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
---	----

Budgetary Comparison Statement – General Fund.....	27
--	----

Budgetary Comparison Statement – CSD Zones Special Revenue Fund	28
---	----

Budgetary Comparison Statement – Development Impact Fees Special Revenue Fund.....	29
---	----

Proprietary Funds:	
Statement of Fund Net Assets – Proprietary Funds	32

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	33
--	----

Statement of Cash Flows – Proprietary Funds	34
---	----

City of Moreno Valley
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

Table of Contents (Continued)

Page
Number

FINANCIAL SECTION (CONTINUED)

Fiduciary Funds:	
Statement of Fiduciary Net Assets – Fiduciary Funds.....	36
Notes to Financial Statements.....	37

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	98

Budgetary Comparison Schedules – Special Revenue Funds:	
State Gasoline Tax.....	116
Measure A.....	117
Law Enforcement.....	118
Other Grants.....	119
Air Quality Management.....	120
Community Development Block Grant.....	121
Special Districts Administration.....	122
Storm Water Management.....	123
HOME.....	124
Child Care Grant.....	125
Used Oil Recycling.....	126
Traffic Congestion Relief.....	127
Storm Water Maintenance.....	128
H.E.A.L.....	129
ASES Program Grants.....	130
CFD # 4M.....	131
Neighborhood Stabilization Grant.....	132
Homelessness Prevention Program.....	133
CDBG Recovery Act of 2009.....	134
Prop 1B.....	135
FHWA TRANSIMS.....	136
TRI16-06-1 Target Rubberized.....	137
Civil Penalties.....	138
Emergency Services Agency Fines.....	139
Disaster.....	140

Budgetary Comparison Schedules – Capital Projects Funds:	
Community Redevelopment Agency Capital Projects.....	141
City Hall Capital / Administration.....	142
Public Works Capital Projects.....	143
Fire Services Capital Projects.....	144

City of Moreno Valley
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

Table of Contents (Continued)

Page
Number

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)

Budgetary Comparison Schedules – Capital Projects Funds (Continued):	
Towngate Capital / Administration	145
Warner Ranch Capital / Development	146
Auto Mall Capital / Administration	147
Parks and Community Services Capital Projects	148
TUMF Capital Projects	149
DIF Capital Projects	150
Lease Revenue Bonds 2005 Capital Projects	151
Budgetary Comparison Schedules – Debt Service Funds:	
Community Redevelopment Agency Debt Service	152
OPA Sales Tax Agreements	153
City Hall COPs Series 1997	154
Auto Mall Special Tax Bonds	155
Public Safety Lease Revenue Bonds 1997	156
Lease Revenue Bonds 2005 Debt Service	157
2007 Towngate Improvement Refunding	158
2007 Towngate Refunding	159
Budgetary Comparison Schedule – Permanent Funds:	
Celebration Park Endowment	160
Internal Service:	
Combining Statement of Net Assets – Internal Service Funds	162
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	164
Combining Statement of Cash Flows – Internal Service Funds	166
Agency Funds:	
Combining Balance Sheet – All Agency Funds	170
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	172
Schedule of General Capital Assets by Function and Activity	176

**City of Moreno Valley
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011**

Table of Contents (Continued)

Page
Number

STATISTICAL SECTION

Statistical Section Table of Contents.....	179
Net Assets by Component.....	180
Change in Net Assets.....	181
Fund Balances - Governmental Funds.....	184
Changes in Fund Balances - Governmental Funds	185
Tax Revenues by Source – Governmental Funds	187
Key Revenues	188
Assessed Value and Estimated Actual Value of Taxable Property.....	189
Property Tax Rates.....	190
Principal Property Tax Payers	191
Property Tax Levies and Collections	192
Direct and Overlapping Debt	193
Legal Debt Margin	194
Ratios of Outstanding Debt by Type.....	195
Ratio of Bonded Debt	196
Pledged Revenue Coverage	197
Demographic and Economic Statistics	198
Principal Employers	199
Full-time and Part-time City Employees by Function	200
Capital Asset Statistics	201
Operating Indicators by Function.....	202

Introductory Section

June 30, 2011

June 30, 2011

June 30, 2011

February 20, 2012

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, 2011.

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 Lance, Soll & Lunghard, LLP, 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, 2011. 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 195,216, 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, the Moreno Valley Public Facilities Financing Corporation, the Housing Authority, and several Community Facilities Districts. 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 have continued to 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. In past years, as part of the budget process, the City prepared a five-year financial plan for the general fund. In April 2011, the City Council approved a Three-Year Deficit Elimination Plan that establishes the framework to reduce the General Fund expenses to match the expected revenue stream. This adopted Plan became the framework for the two-year budget adopted in May 2011 for fiscal years 2011-12 and 2012-13. City staff is currently preparing a Long Range Business Plan that will include the adopted two-year budget plus projected revenues and expenditures through June 2020. This will provide the City Council with expected results of operations based on their budget and other policy decisions within the scope of projected revenues and expenditures. The City annually prepares and updates the five-year capital improvement plan (CIP) which 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, 2010. This was the thirteenth 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, Lance, Soll & Lunghard, LLP, 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, 2011

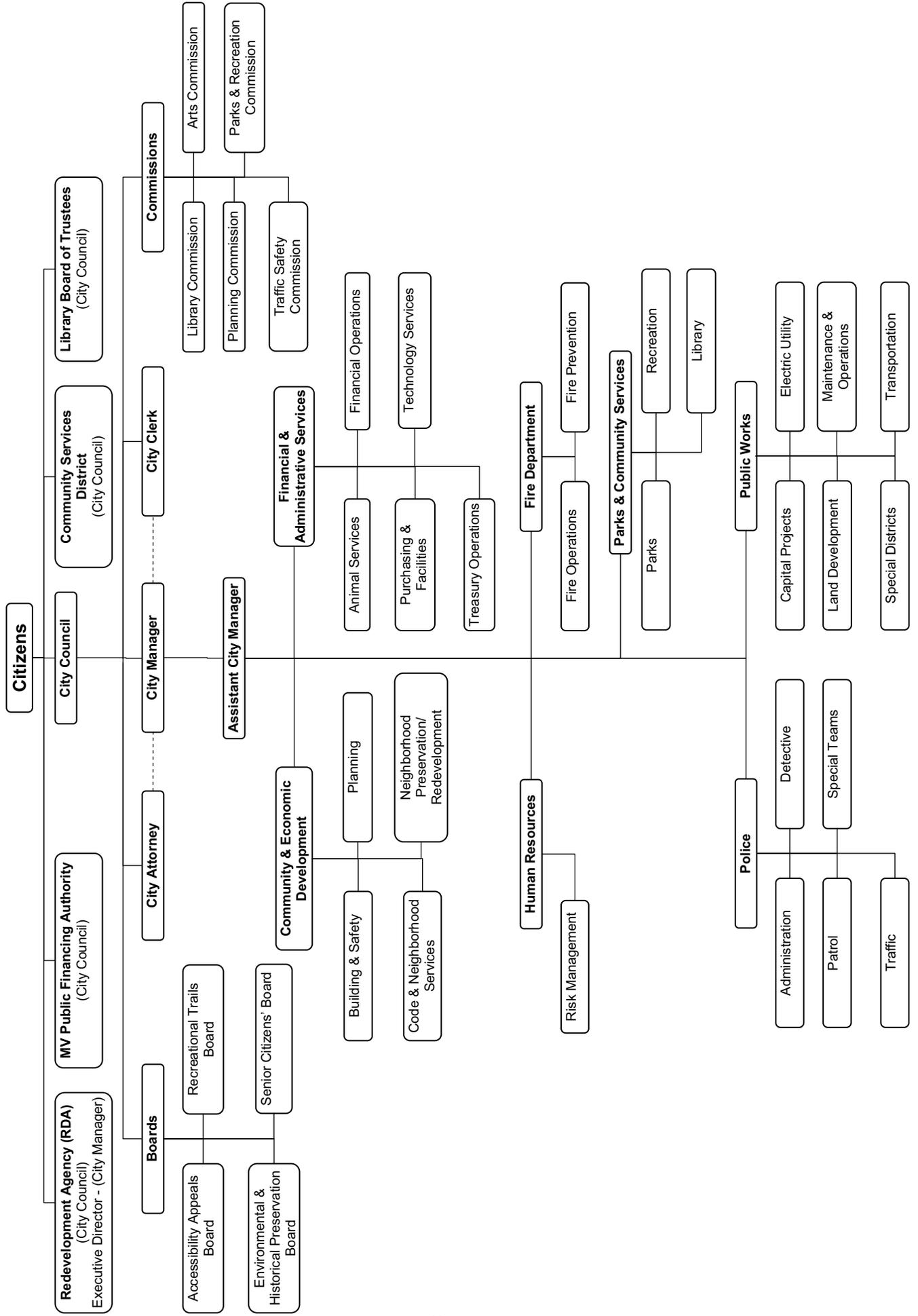
CITY COUNCIL

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

EXECUTIVE OFFICERS

Henry Garcia, City Manager
Michelle Dawson, Assistant City Manager
Robert L. Hansen, City Attorney
Jane Halstead, City Clerk
Barry Foster, Community & Economic Development Director
Richard Teichert, Financial & Administrative Services Director
Steve Curley, Fire Chief
Sonny Morkus, Human Resources Director
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, 2010

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



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

Financial Section



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Moreno Valley, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, CSD Zones Special Revenue Fund and the Development Impact Fees Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 14 – "California Redevelopment Agency Dissolution." The note provides information on two bills passed, AB X1 26 and AB X1 27 which dissolve redevelopment agencies and provide an option to avoid dissolution by making certain defined payments. The Note also provides further information on the California Supreme Court ruling dated December 29, 2011 in regards to these two bills.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2012, on our consideration of the City of Moreno Valley, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Lance, Soll & Lughard, LLP

Brea, California
January 12, 2012

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, 2011. 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, 2011 by \$958.5 million (*net assets*). Of this amount, \$51.2 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 \$6.8 million, which is largely attributable to an increase in capital assets.
- 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 \$8.2 million more than the \$165.3 million expenses recorded by the City in its governmental and business-type activities.
- The total debt of the City showed a net decrease of \$0.6 million (0.5%) 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 \$46.4 million. This was a decrease of \$4.9 million and a decrease of 9.6% over FY 2009-10.

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, 2011.

Table 1
Net Assets
(in \$000’s)

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 275,079	\$ 265,029	\$ 9,566	\$ 8,535	\$ 284,645	\$ 273,564
Capital assets	806,020	829,740	33,529	35,734	839,549	865,474
Total assets	1,081,099	1,094,769	43,095	44,269	1,124,194	1,139,038
Current Liabilities	25,568	32,515	4,196	3,253	29,764	35,768
Long-term liabilities	113,878	113,783	30,095	30,995	143,937	144,778
Total liabilities	139,446	146,298	34,291	34,248	173,701	180,546
Net assets:						
Invested in capital assets, net of related debt	768,346	784,881	12,202	13,943	780,548	798,824
Restricted for						
Community development projects	36,342	7,080	-	-	36,342	3,102
Community & cultural	8,369	8,968	-	-	8,369	8,968
Public safety	2,103	645	-	-	2,103	645
Public works	61,366	109,096	-	-	61,366	80,680
Debt service	15,818	12,868	-	-	15,818	12,868
Other programs	2,546	302	-	-	2,546	302
Permanent funds - nonexpendable	169	170	-	-	169	170
Regulatory contingencies	-	-	1,158	1,702	1,158	1,702
Unrestricted	46,594	24,461	(4,520)	(5,624)	42,074	51,231
Total net assets	\$ 941,653	\$ 948,471	\$ 8,840	\$ 10,021	\$ 950,493	\$ 958,492

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 \$958.5 million at June 30, 2011.

By far the largest portion of the City’s net assets (83%) 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, 2011.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 25,111	\$ 27,310	\$ 13,326	\$ 15,672	\$ 38,437	\$ 42,982
Operating contributions and grants	21,512	20,708	-	-	21,512	20,708
Capital contributions and grants	71,923	29,764	-	-	71,923	29,764
General Revenues:						
Property tax	16,837	22,700	-	-	16,837	22,700
Property tax in lieu	13,703	13,056	-	-	13,703	13,056
Transient occupancy tax	536	693	-	-	536	693
Sales tax	10,983	12,277	-	-	10,983	12,277
Franchise tax	4,608	4,888	-	-	4,608	4,888
Business license tax	961	1,053	-	-	961	1,053
Utility user's tax	15,358	15,317	-	-	15,358	15,317
Franchise in lieu tax	133	150	-	-	133	150
Documentary transfer tax	479	425	-	-	479	425
Other taxes	2,279	1,204	-	-	2,279	1,204
Intergovernmental	547	-	-	-	547	-
Use of money and property	10,850	5,298	61	29	10,911	5,327
Other	1,239	2,785	1,250	180	2,489	2,965
Total Revenues	<u>197,059</u>	<u>157,628</u>	<u>14,637</u>	<u>15,881</u>	<u>211,696</u>	<u>173,509</u>
Expenses:						
General government	12,093	13,001	-	-	12,093	13,001
Public safety	58,165	59,640	-	-	58,165	59,640
Community development	29,664	10,004	-	-	29,664	10,004
Community and cultural	22,701	25,047	-	-	22,701	25,047
Public works	14,991	34,433	-	-	14,991	34,433
Interest on long-term debt	9,126	8,334	-	-	9,126	8,334
Electric	-	-	13,812	14,808	13,812	14,808
Total Expenses	<u>146,740</u>	<u>150,459</u>	<u>13,812</u>	<u>14,808</u>	<u>160,552</u>	<u>165,267</u>
Change in net assets before transfers	50,319	7,169	825	1,073	51,144	8,242
Transfers	225	(108)	(225)	108	-	-
Change in Net Assets	50,544	7,061	600	1,181	51,144	8,242
Restatement of Net Assets	(4,258)	(243)	412		(3,846)	(243)
Net Assets Beginning	895,367	941,653	7,828	8,840	903,195	950,493
Net Assets Ending	<u>\$ 941,653</u>	<u>\$ 948,471</u>	<u>\$ 8,840</u>	<u>\$ 10,021</u>	<u>\$ 950,493</u>	<u>\$ 958,492</u>

Charges for services increased \$4.5 million, 11.8%, over FY 2009-10. This increase represents slightly improved activity within the development services related fees. Development Impact Fees (DIF) nearly doubled to \$1.1 million, in addition to smaller increases in many fees supported by development. The Community Services District Zone B was infused with a \$714,000 contribution to maintain streetlight services. User fees related to the Cities electric utility increased by over \$2 million as a result of fee increases and a growing customer base.

Capital contributions and grants decreased \$42.2 million, 58.7% under FY 2009-10. This category fluctuates dramatically each year depending upon the number and value of dedications of developer constructed infrastructure projects, such as streets, curbs, gutters, street lights, etc. Fiscal Year 2009-10 reflected project dedications that were completed before the economy slowed considerably, reflecting total project values of \$71.9 million. As the economy began declining, the number of active projects dropped sharply, resulting in fewer developer supported and grant funded infrastructure projects being completed and dedicated, totaling only \$29.7 million in FY 2010-11.

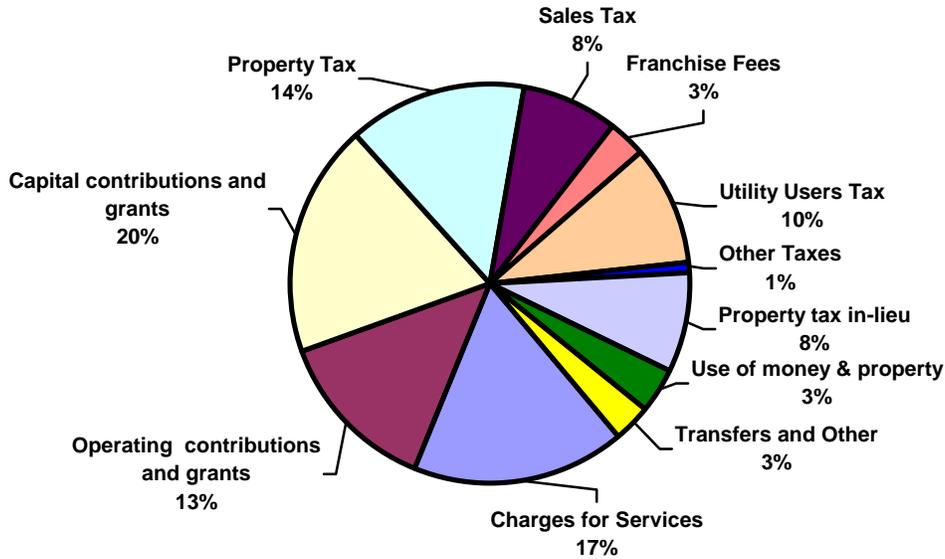
Property tax revenue increased \$5.9 million, 35.1% over FY 2009-10. The Property Tax collections in FY 2009-10 were reduced by the Educational Revenue Augmentation Fund (ERAF) payment of \$5.3 million required by the State of California to be reduced from Property Tax Increment of the Redevelopment Agency, accounting for the majority of the fluctuation.

Use of money and property decreased \$5.6 million, 51.4% under FY 2009-10. The primary perceived reduction in this category is created by an accounting requirement dictated by Government Accounting Standards Board Statement (GASB) 31 which required the recording of an unrealized investment gain in the FY 2009-10 totals of \$3.7 million. The GASB 31 adjustment in FY 2010-11 was a small increase in investment income. The balance of the reduction is a result of lower cash balances invested and lower rates of return on investments due to current market conditions.

Governmental Activities

The government's net assets increased by \$6.8 million, with total revenues of \$157.6 million, total expenses of \$150.4 million, transfers out of \$0.1 million, and a restatement of previously over-reported net assets of \$0.2 million. Program revenues were \$77.8 million and general revenues were \$79.8 million, funding the net difference between program revenues and expenses. The largest single category of revenue was capital contributions and grants at \$29.8 million and is also program revenue. This revenue goes directly against expenses in recovering the costs of providing those services. This revenue category decreased by \$42.2 million over FY 2009-10 primarily due to reduced development activity, resulting in fewer dedications of infrastructure to the City, as noted above. The second largest single revenue category was charges for services, at \$27.3 million. This is program revenue and goes directly against expenses in recovering the costs of providing those services. This revenue category increased by \$2.2 million from FY 2009-10. The third largest single revenue category was property taxes at \$22.7 million. Operating contributions and grants was the fourth largest single revenue source at \$20.7 million, and utility user's tax was the fifth largest revenue source at \$15.3 million. Graph 1 presents the revenues by source for governmental activities for the fiscal year ended June 30, 2011.

Graph 1
Revenues by Source – Governmental Activities



The single largest expense category was public safety at \$59.6 million, accounting for 39.6% of total expenses. Public works was the second largest expense category at \$34.4 million and 22.9% of total expenses. Community and cultural was the third largest expense category at \$25.0 million. General government was the fourth largest expense category at \$13.0 million, followed by community development at \$10.0 million, the fifth largest expense category, and interest on long-term debt at \$8.3 million, the sixth largest expense category.

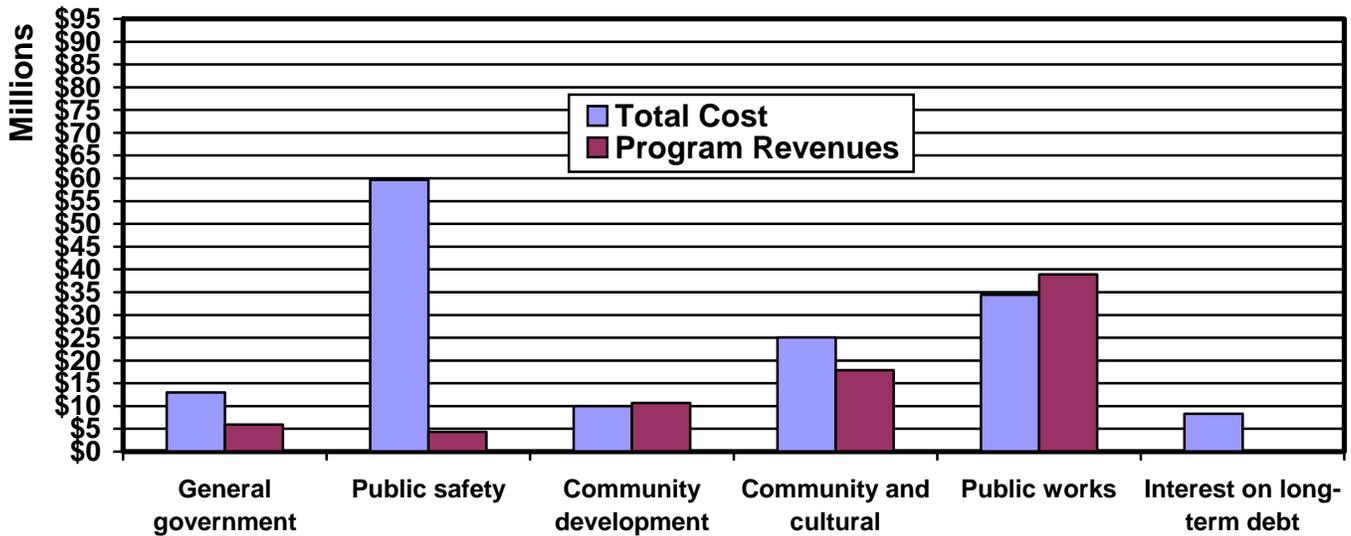
Table 3 presents the cost of each of the six major program categories, and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the financial burden that was placed on the City's taxpayers by each of the activities.

Table 3
Governmental Activities - Net Cost of Services
For the year ended June 30, 2011

	Total Cost of Services	Net Cost of Services
General government	\$ 13,001,340	\$ (7,052,100)
Public safety	59,640,431	(55,308,408)
Community development	10,003,780	697,549
Community and cultural	25,046,848	(7,174,528)
Public works	34,432,579	4,494,100
Interest on long-term debt	8,333,540	(8,333,540)
TOTAL	\$ 150,458,518	\$ (72,676,927)

As illustrated in the Table 3, program revenues recovered \$77.8 million of the cost of providing these services. The City paid for the remaining public benefit portion of these governmental activities with \$72.7 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, 2011



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 \$1.2 million primarily due to the completion of cable and conduit installation on four street segments. The Electric Utility had total revenues of \$15.9 million, total expenses of \$14.8 million, and transfers in of \$107,841.

THE CITY’S FUNDS

Total fund balances presented in the governmental funds balance sheet are \$166.9 million, with the General Fund representing \$46.4 million, or 27.8% of the total. The City’s General Fund fund balance has unassigned fund balance of \$36.6 million.

General Fund Financial Results

The General Fund fund balance decreased by \$4.9 million over FY 2009-10. The original budget anticipated a decrease of \$12.6 million. The reduced use of fund balance was the result of revenues increasing by \$2.9 million over budget, primarily due to increases in property and sales taxes. Expenses were under budget in Police Services (\$2.7 million) and Fire Services (\$0.7 million) primarily as a result of reduced contract service rates.

At fiscal year end, eight General Fund revenues met or exceeded the amended budget, exceeding budget by \$5.6 million. Total revenues exceeded budget by \$3.5 million. The economic recovery has had a positive effect on revenue performance to budget. Property taxes were budgeted to decline by 14% and only declined by 4%,

resulting in a \$2 million positive variance to budget. Similarly, sales taxes were budgeted to be flat compared to the prior year, while actual revenue growth delivered a \$1.5 million increase compared to budget. Other primary revenue sources also increased, such as Utility Tax, Business License Taxes, Transient Occupancy Taxes and Franchise fees.

General Fund actual expenditures were \$5.6 million less than the final amended budget. Major contributors to this result were in large part due to Police Services (\$2.7 million) and Fire Services (\$0.7 million) coming in under budget primarily as a result of contract service rates coming in below budgeted rates. Fire Services also reflected an additional \$0.5 million savings from the delay in purchasing a fire engine.

The City implemented GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions in the Fiscal Year 2010-11. Comparative data for previous years is not retroactively presented in this analysis.

Other Major Fund Financial Results

The fund balance of the Community Service District Zones Special Revenue Fund increased by \$1.5 million over FY 2009-10. 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 increase in fund balance is primarily the result of \$775,000 in transfers from the General Fund to support Library Services (\$450,000) and projects in Parks and Community Services (\$325,000). Parks and Community Services also experienced an increase in fees collected of \$300,000 while managing expenditure decreases of \$250,000 from the prior year.

The fund balance of the Development Impact Fees Special Revenue Fund decreased by \$2.6 million under FY 2009-10. This fund accounts for the developer impact fees, which are one-time charges, used to offset the additional public-service costs of new development. The decrease in fund balance is due to fewer fee collections as a result of the recessionary impact on new development projects. The completion of the Nason Street Interchange project totaled \$1.7 million in expenditures, while remaining project completions totaled \$900,000.

The fund balance of the Community Redevelopment Agency Capital Projects Fund decreased by \$4.2 million under FY 2009-10. This fund accounts 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 decrease in fund balance is a result of the completion of two large projects: Day Street improvements totaled \$2 million and Indian Street Detention Basin totaled \$2.2 million.

The fund balance of the Community Redevelopment Agency Debt Service Fund increased by \$0.3 million over FY 2009-10. This fund accounts for the tax increment revenues and other resources collected by the Community Redevelopment Agency for the payment of Agency debt service. The increase in fund balance is the result of an increase in property tax collections of \$160,000 and sales taxes collected of \$70,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City's governmental activities had \$1.095 billion (\$830 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 \$13.7 million over FY 2009-10 is primarily attributed to the increase in infrastructure.

At June 30, 2011, the City’s business-type activities had \$39.5 million (\$35.7 million net of depreciation) invested in capital assets, primarily utility infrastructure. The increase of \$2.9 million over FY 2009-10 is primarily attributed to the increase in infrastructure. 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, 2011

	Governmental Activities	Business-type Activities
Land	\$ 308,409,790	\$ 1,237,459
Buildings and improvements	74,917,485	-
Machinery and equipment	1,890,494	-
Vehicles	2,263,849	-
Construction in progress	50,309,666	283,653
Infrastructure	391,948,877	34,213,160
Total	<u>\$ 829,740,161</u>	<u>\$ 35,734,272</u>

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 \$110.4 million in bonds, certificates of participation, notes and accrued interest, leases and compensated absences, versus \$113.9 million last year, a decrease of \$3.5 million, or 3.1%. The decrease was the result of normal maturity on existing debt.

At June 30, 2011, the City’s business-type activities had \$29.5 million in bonds, capital leases and compensated absences versus \$30.1 million last year, a decrease of \$0.6 million. 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, 2011

	Governmental Activities	Business-type Activities
Special tax bonds	\$ 13,655,000	\$ -
Certificates of participation	7,615,500	-
Lease revenue bonds	39,660,000	29,495,429
Tax allocation bonds	42,475,000	-
Notes (plus accrued interest)	1,736,067	-
Capital leases	-	2,482
Compensated absences	5,214,212	14,284
Total	<u>\$ 110,355,779</u>	<u>\$ 29,512,195</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, 2011, it is important for the City's financial management to report on current issues affecting the City and their economic impact on FY 2010-11 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 are experiencing a delayed and slow economic recovery period.

With a population of 195,216, 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 development will remain dormant for the foreseeable future based on current market conditions. Once the City's main economic engine, the current state of foreclosures that will continue to be absorbed during the next several years, and the general sluggishness of the real estate market will deter new housing growth for the next several years. 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 2010-11, Buffalo Wild Wings, Panera Bread, Baja Fresh, The Village Restaurant, Moss Bros. Volkswagen dealership and other retail centers opened during FY 2010-11. Construction is completed and the facility began operation in the Highland Fairview Business Park beginning with a 1.8 million square foot logistics center to house Sketchers U.S.A. Inc. in May 2011.

Current economic activity is in the commercial sector, with a specific focus on logistics/distribution centers and medical support businesses. The City Council approved an Economic Action Plan during FY 2010-11 that specifically focuses on these market sectors to rebuild the City's tax revenue base and promote job creation. 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 2010-11 through several major projects including: Harbor Freight Tools Logistics Center, Skechers Regional Logistics Center, and many other projects. As the economy continues to recover, 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 as a community and to the development of the City's tax revenue base in the future.

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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled cash and investments (note 3)	\$ 210,771,403	\$ -	\$ 210,771,403
Receivables:			
Accounts	6,791,658	1,892,034	8,683,692
Notes and loans (note 4)	24,497,512	-	24,497,512
Accrued interest	1,907,685	-	1,907,685
Internal balances	1,063,759	(1,063,759)	-
Prepaid costs	45,624	-	45,624
Due from other governments	7,430,256	-	7,430,256
Inventories	8,575	-	8,575
Deferred charges	139,972	-	139,972
Land held for resale	3,916,126	-	3,916,126
Restricted assets:			
Cash with fiscal agent (note 3)	8,456,291	7,706,620	16,162,911
Capital assets not being depreciated (note 5)	358,719,456	1,521,112	360,240,568
Capital assets, net of depreciation (note 5)	471,020,705	34,213,160	505,233,865
Total Assets	1,094,769,022	44,269,167	1,139,038,189
Liabilities:			
Accounts payable	23,637,798	2,123,953	25,761,751
Accrued liabilities	1,132,158	10,791	1,142,949
Accrued interest	1,275,589	269,580	1,545,169
Unearned revenue	705,940	-	705,940
Deposits payable	105,762	848,200	953,962
Due to other governments	5,657,798	-	5,657,798
Noncurrent liabilities:			
Advances from operator	-	1,483,104	1,483,104
Long-term debt, due within one year (note 6)	4,437,718	551,766	4,989,484
Long-term debt, due in more than one year (note 6)	109,345,061	28,960,429	138,305,490
Total Liabilities	146,297,824	34,247,823	180,545,647
Net Assets:			
Invested in capital assets, net of related debt	784,881,452	13,942,981	798,824,433
Restricted for:			
Community development projects	7,079,640	-	7,079,640
Public safety	644,786	-	644,786
Community and cultural	8,968,479	-	8,968,479
Public works	109,095,517	-	109,095,517
Debt service	12,867,643	-	12,867,643
Permanent funds - nonexpendable	170,162	-	170,162
Water quality	301,868	-	301,868
Public purpose programs	-	1,702,037	1,702,037
Unrestricted	24,461,651	(5,623,674)	18,837,977
Total Net Assets	\$ 948,471,198	\$ 10,021,344	\$ 958,492,542

City of Moreno Valley

**Statement of Activities
Year Ended June 30, 2011**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 13,001,340	\$ 5,008,441	\$ 940,799	\$ -
Public safety	59,640,431	2,787,962	1,009,290	534,771
Community development	10,003,780	4,911,984	5,769,165	20,180
Community and cultural	25,046,848	11,237,049	6,635,271	-
Public works	34,432,579	3,364,804	6,353,159	29,208,716
Interest on long-term debt	8,333,540	-	-	-
Total Governmental Activities	150,458,518	27,310,240	20,707,684	29,763,667
Business-Type Activities:				
Electric	14,807,788	15,671,939	-	-
Total Business-Type Activities	14,807,788	15,671,939	-	-
Total Primary Government	\$ 165,266,306	\$ 42,982,179	\$ 20,707,684	\$ 29,763,667

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
- Use of money and property
- Miscellaneous
- Gain on sale of capital asset

Transfers (note 7)

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets (note 10)

Net Assets at End of Year

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

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (7,052,100)	\$ -	\$ (7,052,100)
(55,308,408)	-	(55,308,408)
697,549	-	697,549
(7,174,528)	-	(7,174,528)
4,494,100	-	4,494,100
(8,333,540)	-	(8,333,540)
(72,676,927)	-	(72,676,927)
-	864,151	864,151
-	864,151	864,151
(72,676,927)	864,151	(71,812,776)
22,699,683	-	22,699,683
13,055,796	-	13,055,796
692,586	-	692,586
12,277,450	-	12,277,450
4,888,143	-	4,888,143
1,053,146	-	1,053,146
15,317,439	-	15,317,439
1,204,064	-	1,204,064
150,456	-	150,456
424,931	-	424,931
5,298,098	29,540	5,327,638
2,784,308	179,892	2,964,200
605	-	605
(107,841)	107,841	-
79,738,864	317,273	80,056,137
7,061,937	1,181,424	8,243,361
941,652,520	8,839,920	950,492,440
(243,259)	-	(243,259)
\$ 948,471,198	\$ 10,021,344	\$ 958,492,542



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.

Nonmajor 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

**Balance Sheet
Governmental Funds
June 30, 2011**

	Special Revenue Funds			Capital Projects Fund
	General	CSD Zones	Development Impact Fees	Community Redevelopment Agency Capital Projects
Assets:				
Pooled cash and investments (note 3)	\$ 43,017,864	\$ 12,652,018	\$ 19,432,516	\$ 40,990,782
Receivables:				
Accounts	4,309,476	235,015	-	48,685
Notes and loans (note 4)	-	-	-	20,519,937
Interest	1,207,259	-	-	471,543
Prepaid costs	12,060	-	-	-
Due from other governments	2,930,165	384,902	-	-
Due from other funds (note 7)	6,729,900	-	-	-
Advances to other funds (note 7)	34,272,786	-	-	3,386,697
Land held for resale	-	-	-	3,916,126
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 92,479,510	\$ 13,271,935	\$ 19,432,516	\$ 69,333,770
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 16,203,594	\$ 508,655	\$ -	\$ 1,777,712
Accrued liabilities	775,946	114,960	-	24,654
Deferred revenues	28,833,723	5,109	-	471,543
Unearned revenues	290,072	203,555	-	-
Deposits payable	-	105,762	-	-
Due to other governments	10,656	5	-	-
Due to other funds (note 7)	-	3,305,681	-	-
Advances from other funds (note 7)	-	51,700	-	-
Total Liabilities	46,113,991	4,295,427	-	2,273,909
Fund Balances:				
Nonspendable:				
Prepaid costs	12,060	-	-	-
Land held for resale	-	-	-	3,916,126
Notes and loans	-	-	-	20,519,937
Advances to other funds	5,703,948	-	-	3,386,697
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community and cultural	-	8,963,187	-	-
Public works	-	-	19,432,516	-
Capital Projects	-	-	-	39,237,101
Debt service	-	-	-	-
Water quality	-	-	-	-
Committed to:				
Revolving line of credit	2,600,000	-	-	-
Scholarship program	-	13,321	-	-
Assigned to:				
Capital Projects	-	-	-	-
Continuing appropriations	68,700	-	-	-
GASB 31	346,160	-	-	-
Future debt service	1,000,000	-	-	-
Unassigned	36,634,651	-	-	-
Total Fund Balances	46,365,519	8,976,508	19,432,516	67,059,861
Total Liabilities and Fund Balances	\$ 92,479,510	\$ 13,271,935	\$ 19,432,516	\$ 69,333,770

Debt Service Fund	Community Redevelopment Agency Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,072,317	\$ 48,407,839	\$ 174,573,336	
-	2,197,148	6,790,324	
-	3,977,575	24,497,512	
-	228,883	1,907,685	
-	12,058	24,118	
529	4,114,660	7,430,256	
-	-	6,729,900	
189,000	580,657	38,429,140	
-	-	3,916,126	
-	8,456,291	8,456,291	
\$ 10,261,846	\$ 67,975,111	\$ 272,754,688	
\$ -	\$ 4,976,931	\$ 23,466,892	
-	167,283	1,082,843	
9,000	1,428,074	30,747,449	
-	212,313	705,940	
-	-	105,762	
5,639,404	7,733	5,657,798	
9,378	3,120,739	6,435,798	
37,607,783	-	37,659,483	
43,265,565	9,913,073	105,861,965	
-	12,058	24,118	
-	-	3,916,126	
-	3,977,575	24,497,512	
189,000	580,657	9,860,302	
-	170,162	170,162	
-	3,102,065	3,102,065	
-	644,786	644,786	
-	5,292	8,968,479	
-	13,679,219	33,111,735	
-	8,331,206	47,568,307	
-	12,867,643	12,867,643	
-	301,868	301,868	
-	-	2,600,000	
-	-	13,321	
-	15,151,482	15,151,482	
-	-	68,700	
-	-	346,160	
-	-	1,000,000	
(33,192,719)	(761,975)	2,679,957	
(33,003,719)	58,062,038	166,892,723	
\$ 10,261,846	\$ 67,975,111	\$ 272,754,688	

Assets:

Pooled cash and investments (note 3)
Receivables:
Accounts
Notes and loans (note 4)
Accrued interest
Prepaid costs
Due from other governments
Due from other funds (note 7)
Advances to other funds (note 7)
Land held for resale
Restricted assets:
Cash with fiscal agents (note 3)

Total Assets

Liabilities and Fund Balances:

Liabilities:

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

Total Liabilities

Fund Balances:

Nonspendable:

Prepaid costs
Land held for resale
Notes and loans
Advances to other funds
Permanent fund principal

Restricted for:

Community development projects
Public safety
Community and cultural
Public works
Capital Projects
Debt service
Water quality

Committed to:

Revolving line of credit
Scholarship program

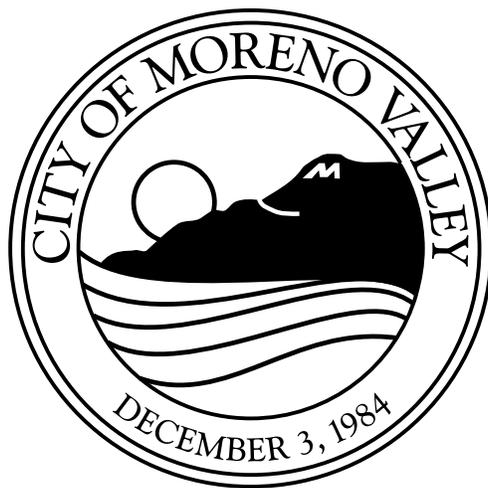
Assigned to:

Capital Projects
Continuing appropriations
GASB 31
Future debt service

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances



City of Moreno Valley

**Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2011**

Fund balances of governmental funds \$ 166,892,723

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.

Capital Assets (excludes internal service capital assets)	1,112,386,944
Accumulated depreciation (excludes internal service accumulated depreciation)	(290,848,431)

Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets. 139,972

Long-term debt and compensated absences that have not been included in the governmental fund activity:

2007 Towngate Special Tax Refunding Bonds	\$ (8,860,000)	
2007 Towngate Improvement Tax Refunding	(3,470,000)	
Auto Mall Special Tax Bonds	(1,325,000)	
2011 Private Placement Refunding, Series 1997		
Variable Rate Certificates of Participation	(4,343,500)	
Lease Revenue Bonds, 2005	(39,660,000)	
2011 Private Placement Refunding, Series 1997		
Variable Rate Certificates of Participation	(3,272,000)	
Notes Payable, Price Company	(1,736,067)	
RDA-2007 Tax Allocation Bonds Series A	<u>(42,475,000)</u>	(105,141,567)

Compensated Absences (4,686,168)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (1,275,589)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 30,747,449

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. 40,255,865

Net assets of governmental activities \$ 948,471,198

City of Moreno Valley

Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds			Capital Projects Fund
	General	CSD Zones	Development Impact Fees	Community Redevelopment Agency Capital Projects
Revenues:				
Taxes:				
Property taxes	\$ 9,430,846	\$ 3,237,015	\$ -	\$ 3,522,959
Property taxes in lieu	13,055,796	-	-	-
Utility taxes	15,317,439	-	-	-
Sales taxes	11,283,435	-	-	-
Other taxes	7,209,262	1,013,881	-	-
Licenses and permits	1,532,514	-	-	-
Intergovernmental	895,366	74,097	-	-
Charges for services	7,408,607	11,171,945	1,137,877	-
Use of money and property	3,886,420	614,940	412,081	838,385
Fines and forfeitures	791,497	42,302	-	-
Miscellaneous	682,959	63,102	-	159,106
Total Revenues	71,494,141	16,217,282	1,549,958	4,520,450
Expenditures:				
Current:				
General government	9,592,027	-	-	1,244,090
Public safety	57,288,473	-	-	-
Community development	4,235,300	-	-	8,119,944
Community and cultural	-	16,293,348	-	-
Public works	3,413,488	-	-	-
Capital outlay	56,406	18,247	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	74,585,694	16,311,595	-	9,364,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,091,553)	(94,313)	1,549,958	(4,843,584)
Other Financing Sources (Uses):				
Transfers in (note 7)	773,051	1,587,244	-	595,863
Transfers out (note 7)	(2,605,518)	-	(4,084,493)	-
Refunding bonds issued	-	-	-	-
Refunding bonds issuance cost	-	-	-	-
Total Other Financing Sources (Uses)	(1,832,467)	1,587,244	(4,084,493)	595,863
Net Change in Fund Balances	(4,924,020)	1,492,931	(2,534,535)	(4,247,721)
Fund Balances, Beginning of Year, as previously reported	51,289,539	7,483,577	21,967,051	71,307,582
Restatements (note 10)	-	-	-	-
Fund Balances, Beginning of Year, as restated	51,289,539	7,483,577	21,967,051	71,307,582
Fund Balances, End of Year	\$ 46,365,519	\$ 8,976,508	\$ 19,432,516	\$ 67,059,861

Debt Service Fund		
Community Redevelopment Agency Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,500,538	\$ 8,325	\$ 22,699,683
-	-	13,055,796
-	-	15,317,439
994,015	-	12,277,450
-	190,183	8,413,326
-	-	1,532,514
1,090,264	25,531,615	27,591,342
-	1,779,260	21,497,689
511,926	763,445	7,027,197
-	-	833,799
2,686,000	660,410	4,251,577
11,782,743	28,933,238	134,497,812
3,163,638	505,026	14,504,781
-	863,652	58,152,125
-	4,825,884	17,181,128
-	6,712,713	23,006,061
-	11,604,583	15,018,071
-	15,685,059	15,759,712
417,581	11,306,440	11,724,021
4,988,816	3,356,268	8,345,084
8,570,035	54,859,625	163,690,983
3,212,708	(25,926,387)	(29,193,171)
-	16,038,077	18,994,235
(2,881,220)	(9,441,025)	(19,012,256)
-	7,615,500	7,615,500
-	(167,736)	(167,736)
(2,881,220)	14,044,816	7,429,743
331,488	(11,881,571)	(21,763,428)
(33,335,207)	70,186,868	188,899,410
-	(243,259)	(243,259)
(33,335,207)	69,943,609	188,656,151
\$ (33,003,719)	\$ 58,062,038	\$ 166,892,723

Revenues:

Taxes:

Property taxes
Property taxes in lieu
Utility taxes
Sales taxes
Other taxes
Licenses and permits
Intergovernmental
Charges for services
Use of money and property
Fines and forfeitures
Miscellaneous

Total Revenues

Expenditures:

Current:

General government
Public safety
Community development
Community and cultural
Public works
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 (note 7)
Transfers out (note 7)
Refunding bonds issued
Refunding bonds issuance cost

**Total Other Financing Sources
(Uses)**

Net Change in Fund Balances

Fund Balances, Beginning of Year, as
previously reported

Restatements (note 10)

Fund Balances, Beginning of Year, as restated

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, 2011**

Net change in fund balances - total governmental funds \$ (21,763,428)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay (excludes internal service capital outlay)	23,176,969
Depreciation Expense (excludes internal service depreciation)	(23,326,178)

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. 24,414,000

The issuance of long-term debt provides current financial resources in the governmental funds, but issuing debt increases the long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bonds issued	(7,615,500)
Principal payments	11,724,021

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets.

Issuance costs on refunding bonds issued	167,736
Amortization of refunding bond issuance costs	(27,764)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 39,308

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. (606,972)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. (1,284,121)

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. 2,163,866

Change in net assets of governmental activities \$ 7,061,937

City of Moreno Valley

Budgetary Comparison Statement
General Fund
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 8,596,100	\$ 8,596,100	\$ 9,430,846	\$ 834,746
Property taxes in-lieu	11,773,400	11,773,400	13,055,796	1,282,396
Sales taxes	9,735,100	9,735,100	11,283,435	1,548,335
Utility user's tax	15,200,000	15,200,000	15,317,439	117,439
Other taxes	6,556,500	6,556,500	7,209,262	652,762
Licenses and permits	1,500,600	1,500,600	1,532,514	31,914
Intergovernmental	360,000	360,000	895,366	535,366
Charges for services	8,439,000	8,442,656	7,408,607	(1,034,049)
Use of money and property	4,527,900	4,532,300	3,886,420	(645,880)
Fines and forfeitures	1,176,500	1,176,500	791,497	(385,003)
Miscellaneous	105,300	105,300	682,959	577,659
Total Revenues:	67,970,400	67,978,456	71,494,141	3,515,685
Expenditures:				
Current:				
General government				
City council	579,922	581,564	513,868	67,696
City manager	850,396	896,175	726,440	169,735
City clerk	521,486	521,486	507,398	14,088
City attorney	1,015,407	1,090,407	1,034,442	55,965
Economic development	436,287	482,774	391,451	91,323
Financial and administrative services	2,676,900	2,696,813	2,694,398	2,415
Human resources	958,505	958,505	923,964	34,541
Non-departmental	3,640,525	3,517,071	2,800,066	717,005
Public safety				
Police	41,291,771	41,870,739	39,104,174	2,766,565
Fire	15,666,535	15,466,535	14,793,909	672,626
Animal services	2,269,940	2,280,118	2,214,243	65,875
Emergency operations/volunteer services	605,166	609,566	610,084	(518)
Crossing guards	583,439	583,439	566,063	17,376
Community development	4,544,070	4,545,270	4,235,300	309,970
Public works	3,528,195	3,528,195	3,413,488	114,707
Capital outlay	130,100	555,556	56,406	499,150
Total Expenditures	79,298,644	80,184,213	74,585,694	5,598,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,328,244)	(12,205,757)	(3,091,553)	9,114,204
Other Financing Sources (Uses):				
Transfers in (note 7)	263,000	263,000	773,051	510,051
Transfers out (note 7)	(1,582,740)	(2,513,040)	(2,605,518)	(92,478)
Total Other Financing Sources (Uses)	(1,319,740)	(2,250,040)	(1,832,467)	417,573
Net Change in Fund Balances	(12,647,984)	(14,455,797)	(4,924,020)	9,531,777
Fund Balance, Beginning of Year	51,289,539	51,289,539	51,289,539	-
Fund Balance, End of Year	\$ 38,641,555	\$ 36,833,742	\$ 46,365,519	\$ 9,531,777

City of Moreno Valley

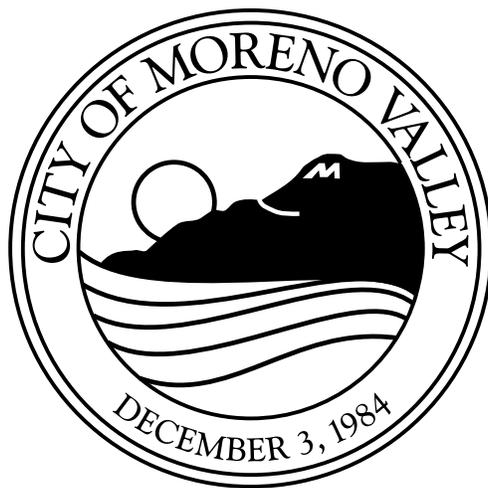
Budgetary Comparison Statement
CSD Zones
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 3,043,389	\$ 3,103,389	\$ 3,237,015	\$ 133,626
Other taxes	967,800	967,800	1,013,881	46,081
Intergovernmental	27,000	27,000	74,097	47,097
Charges for services	10,784,300	10,762,805	11,171,945	409,140
Use of money and property	552,200	553,200	614,940	61,740
Fines and forfeitures	56,500	56,500	42,302	(14,198)
Miscellaneous	80,300	101,353	63,102	(38,251)
Total Revenues	15,511,489	15,572,047	16,217,282	645,235
Expenditures:				
Current:				
Community and cultural	17,652,076	17,705,106	16,293,348	1,411,758
Capital outlay	123,400	189,850	18,247	171,603
Total Expenditures	17,775,476	17,894,956	16,311,595	1,583,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,263,987)	(2,322,909)	(94,313)	2,228,596
Other Financing Sources (Uses):				
Transfers in (note 7)	865,245	1,463,240	1,587,244	124,004
Transfers out (note 7)	(51,800)	-	-	-
Total Other Financing Sources (Uses)	813,445	1,463,240	1,587,244	124,004
Net Change in Fund Balances	(1,450,542)	(859,669)	1,492,931	2,352,600
Fund Balance, Beginning of Year	7,483,577	7,483,577	7,483,577	-
Fund Balance, End of Year	\$ 6,033,035	\$ 6,623,908	\$ 8,976,508	\$ 2,352,600

City of Moreno Valley

Budgetary Comparison Statement
Development Impact Fees
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 412,800	\$ 412,800	\$ 1,137,877	\$ 725,077
Use of money and property	197,800	197,800	412,081	214,281
Total Revenues	610,600	610,600	1,549,958	939,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	610,600	610,600	1,549,958	939,358
Other Financing Sources (Uses):				
Transfers out (note 7)	(4,084,493)	(4,084,493)	(4,084,493)	-
Total Other Financing Sources (Uses)	(4,084,493)	(4,084,493)	(4,084,493)	-
Net Change in Fund Balances	(3,473,893)	(3,473,893)	(2,534,535)	939,358
Fund Balance, Beginning of Year	21,967,051	21,967,051	21,967,051	-
Fund Balance, End of Year	\$ 18,493,158	\$ 18,493,158	\$ 19,432,516	\$ 939,358



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

Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Enterprise Fund - Electric</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets:		
Current:		
Pooled cash and investments (note 3)	\$ -	\$ 36,198,067
Receivables:		
Accounts	1,892,034	1,334
Prepaid costs	-	21,506
Inventories	-	8,575
Restricted:		
Cash with fiscal agent (note 3)	7,706,620	-
Total Current Assets	<u>9,598,654</u>	<u>36,229,482</u>
Noncurrent:		
Capital assets - net of accumulated depreciation (note 5)	35,734,272	8,201,648
Total Noncurrent Assets	<u>35,734,272</u>	<u>8,201,648</u>
Total Assets	<u>\$ 45,332,926</u>	<u>\$ 44,431,130</u>
Liabilities and Net Assets:		
Liabilities:		
Current:		
Accounts payable	\$ 2,123,953	\$ 170,906
Accrued liabilities	10,791	49,315
Accrued interest	269,580	-
Deposits payable	848,200	-
Due to other funds (note 7)	294,102	-
Compensated absences (note 6)	14,284	316,826
Self-insurance payable (note 13)	-	910,000
Bonds, notes, and loans payable (note 6)	537,482	-
Total Current Liabilities	<u>4,098,392</u>	<u>1,447,047</u>
Noncurrent:		
Advances from other funds (note 7)	769,657	-
Advances from operator	1,483,104	-
Compensated absences (note 6)	-	211,218
Self-insurance payable (note 13)	-	2,517,000
Bonds, notes, and loans payable (note 6)	28,960,429	-
Total Noncurrent Liabilities	<u>31,213,190</u>	<u>2,728,218</u>
Total Liabilities	<u>35,311,582</u>	<u>4,175,265</u>
Net Assets:		
Invested in capital assets, net of related debt	13,942,981	8,201,648
Restricted for public purpose programs	1,702,037	-
Unrestricted	(5,623,674)	32,054,217
Total Net Assets	<u>10,021,344</u>	<u>40,255,865</u>
Total Liabilities and Net Assets	<u>\$ 45,332,926</u>	<u>\$ 44,431,130</u>

City of Moreno Valley

Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Enterprise Fund - Electric	Governmental Activities- Internal Service Funds
Operating Revenues:		
Sales and service charges	\$ 15,463,221	\$ 10,928,511
Miscellaneous	209,459	22,233
Total Operating Revenues	15,672,680	10,950,744
Operating Expenses:		
Cost of services	-	6,950,722
Depreciation expense	690,851	764,645
Electricity purchased	7,733,304	-
Services and supplies	2,663,528	-
Distribution share	2,061,010	-
Self-insurance claims and charges	-	982,296
Total Operating Expenses	13,148,693	8,697,663
Operating Income (Loss)	2,523,987	2,253,081
Nonoperating Revenues (Expenses):		
Interest revenue	29,540	-
Interest expense	(1,659,095)	-
Litigation settlement	42,710	-
Engineering plan check fees	136,441	-
Gain (loss) on disposal of capital assets	-	605
Total Nonoperating Revenues (Expenses)	(1,450,404)	605
Income (Loss) Before Transfers	1,073,583	2,253,686
Transfers in (note 7)	107,841	1,174,505
Transfers out (note 7)	-	(1,264,325)
Changes in Net Assets	1,181,424	2,163,866
Net Assets:		
Beginning of Year	8,839,920	38,091,999
End of Fiscal Year	\$ 10,021,344	\$ 40,255,865

City of Moreno Valley

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

	Enterprise Fund - Electric	Governmental Activities-Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	\$ 14,731,908	\$ 10,928,487
Cash paid to suppliers for goods and services	(9,467,185)	(4,499,739)
Cash paid for claims	-	(1,175,296)
Cash paid to employees for services	(2,786,558)	(2,587,239)
Proceeds for litigation settlement	42,710	-
Other operating revenues (expenses)	209,459	22,194
Net Cash Provided (Used) by Operating Activities	2,730,334	2,688,407
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	-	(1,264,325)
Cash transfers in	107,841	1,174,505
Repayment made to other funds	294,102	-
Advances received from operator	344,110	-
Net Cash Provided (Used) by Non-Capital Financing Activities	746,053	(89,820)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(2,896,253)	(219,138)
Engineering plan check fees	136,441	-
Principal paid on capital debt	(527,977)	-
Interest paid on capital debt	(1,663,235)	-
Advance from other funds	(31,500)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,982,524)	(219,138)
Cash Flows from Investing Activities:		
Interest received	29,540	-
Net Cash Provided (Used) by Investing Activities	29,540	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,476,597)	2,379,449
Cash and Cash Equivalents at Beginning of Year	9,183,217	33,818,618
Cash and Cash Equivalents at End of Year	\$ 7,706,620	\$ 36,198,067
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 2,523,987	\$ 2,253,081
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	690,851	764,645
Proceeds for litigation settlement	42,710	-
(Increase) decrease in accounts receivable	(711,570)	(63)
(Increase) decrease in prepaid expense	3,313	(13,195)
(Increase) decrease in inventories	-	(8,575)
Increase (decrease) in accounts payable	231,976	13,660
Increase (decrease) in accrued liabilities	(12,685)	(107,624)
Increase (decrease) in unearned revenue	(13,794)	-
Increase (decrease) in deposits payable	(5,949)	-
Increase (decrease) in self-insurance payable	-	(193,000)
Increase (decrease) in compensated absences	(18,505)	(20,522)
Total Adjustments	206,347	435,326
Net Cash Provided (Used) by Operating Activities	\$ 2,730,334	\$ 2,688,407

Non-Cash Investing, Capital, and Financing Activities:

There were no significant noncash investing, capital and noncapital financing activities for the year ended June 30, 2011.

See Notes to 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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Total</u>
Assets:	
Pooled cash and investments (note 3)	\$ 7,311,793
Receivables:	
Accounts	52,033
Due from other governments	42,851
Restricted assets:	
Cash with fiscal agents (note 3)	<u>665,165</u>
Total Assets	<u>\$ 8,071,842</u>
Liabilities:	
Accounts payable	\$ 298,119
Deposits payable	6,707,676
Payable to trustee	<u>1,066,047</u>
Total Liabilities	<u>\$ 8,071,842</u>

**Notes to Basic
Financial Statements**

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011**

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, IA#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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

- 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.
- Housing Authority (the Housing Authority) was established pursuant to State law section 34240 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe, sanitary and affordable housing accommodations to persons of low income. The City of Moreno Valley City Council serves as the Housing Authority's Commissioners.

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.

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 Statements 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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

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 and sales tax 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.

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

- 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 reports the following major business-type fund:

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

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

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 fair 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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

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 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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

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

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.

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

Land Held for Resale

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

The City issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" during fiscal year 2010-2011. In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a minute action or a resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Financial and Administrative Services Director is authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted, committed, assigned, or unassigned or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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 XIIB of the State Constitution.

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.

For fiscal year 2010-2011, the following funds had no adopted annual budgets:

- Article 3 Transportation
- Prop 42 Replacement Funds
- Capital Improvements
- Traffic Signal Mitigation
- 2011 Priv Placement Ref 97 Lease Rev Bonds
- 2011 Priv Placement Ref 97 COPs
- Equestrian Trail Endowment
- Rockridge Park Endowment

These funds had no adopted budget due to the timing of the usage of the funds. Money will be budgeted as needed based on specific projects to be completed with these funds.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 3: Cash and Investments

As of June 30, 2011, cash and investments were reported in the accompanying financial statements as follows:

Government Activities:	
Governmental Funds	\$ 183,029,627
Internal Service Funds	36,198,067
Business-Type Activities	7,706,620
Fiduciary Funds	<u>7,976,958</u>
Total Cash and Investments	<u>\$ 234,911,272</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash and Cash Equivalents	
Petty cash and change boxes	\$ 14,837
Demand deposit	(2,394,341)
Investments	220,462,700
Cash and Investments with fiscal agents	<u>16,828,076</u>
Total Cash and Investments	<u>\$ 234,911,272</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 HomeLoan 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 Financial Statements
Year Ended June 30, 2011 (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.

City of Moreno Valley

Notes to Financial Statements Year Ended June 30, 2011 (Continued)

Note 3: Cash and Investments (Continued)

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, 2011, 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, 2011, 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, 2011, the City's investments in external investment pools and investment agreements are unrated.

On August 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on August 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. The City invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change.

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 \$(2,394,341) at June 30, 2011. Bank balances before reconciling items were \$3,302,347 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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 3: Cash and Investments (Continued)

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 Calif	5 years	None	None
Bonds, notes or other indebtedness of local agencies in	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, 2011, 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:

Medium Term Notes	18.5%
U.S. Treasury Notes	21.1%
Federal Farm Credit Banks	9.9%
Federal Farm Loan Bank	5.6%
Federal Home Loan Mortgage Corp	9.4%
Federal National Mortgage Assn	7.1%

As of June 30, 2011, the City had the following investments and original maturities:

<u>Investment Type</u>	<u>6 months or less</u>	<u>6 months to 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>Fair Value</u>
Local Agency Investment Fund	\$ 42,568,573	\$ -	\$ -	\$ -	\$ 42,568,573
Money Market Fund	209,027	-	-	-	209,027
Medium Term Notes	-	261,250	22,758,209	20,977,728	43,997,187
US Treasury Notes	3,087,997	15,707,226	14,567,681	16,582,267	49,945,171
Federal Farm Credit Banks	-	1,049,683	16,111,197	6,284,376	23,445,256
Federal Farm Loan Banks	3,024,334	1,011,940	9,147,721	-	13,183,995
Federal Home Loan Mortgage Corp	3,940,704	-	10,472,858	7,797,136	22,210,698
Federal National Mortgage Assn.	4,537,427	2,033,554	2,306,488	7,898,482	16,775,951
Tennessee Valley Authority	-	-	8,126,842	-	8,126,842
Held by Bond Trustee:					
Money Market Funds	16,828,076	-	-	-	16,828,076
Totals	\$ 74,196,138	\$ 20,063,653	\$ 83,490,996	\$ 59,539,989	\$ 237,290,776

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 4: Notes and Loan Receivables

Notes and loans receivables of \$24,497,512 consist primarily of revolving home improvement loans and are due beyond one year.

A summary of amounts owed at June 30, 2011 follows:

	Community Redevelopment Agency Capital Projects Fund	Nonmajor Governmental Funds
Cottonwood Properties	\$ 3,862,034	\$ 2,050,000
Sheila Street Rehabilitation	2,651,875	-
RHDC Properties	1,866,557	773,616
CVHC	1,639,450	-
Ability First	824,917	-
Bay Family Apartments	755,000	-
Perris Isle	413,000	687,000
Oakwood	2,250,000	-
Rancho Dorado	5,550,000	-
Others	707,104	466,959
Totals	\$ 20,519,937	\$ 3,977,575

Note 5: Capital Assets

General government capital asset activity for the year ended June 30, 2011 follows:

	Balance July 1, 2010	Transfers	Additions	Deletions	Balance June 30, 2011
Non-Depreciable Assets:					
Land	\$ 308,409,790	\$ -	\$ -	\$ -	\$ 308,409,790
Construction	49,288,732	(21,667,306)	22,688,240	-	50,309,666
Subtotal: Non-Depreciable Assets	357,698,522	(21,667,306)	22,688,240	-	358,719,456
Depreciable Assets:					
Buildings & Improvements	110,203,280	5,928,365	87,783	-	116,219,428
Machinery & Equipment	11,953,150	-	620,688	-	12,573,838
Vehicles	9,810,910	-	-	-	9,810,910
Infrastructure	594,714,729	15,738,941	24,414,000	-	634,867,670
Subtotal: Depreciable Assets	726,682,069	21,667,306	25,122,471	-	773,471,846
Total Capital Assets	1,084,380,591	-	47,810,711	-	1,132,191,302
Less Accumulated Depreciation for:					
Buildings & Improvements	(37,968,341)	-	(3,333,602)	-	(41,301,943)
Machinery & Equipment	(9,825,372)	-	(857,972)	-	(10,683,344)
Vehicles	(6,690,128)	-	(856,933)	-	(7,547,061)
Infrastructure	(223,876,477)	-	(19,042,316)	-	(242,918,793)
Total Accumulated Depreciation	(278,360,318)	-	(24,090,823)	-	(302,451,141)
Total Net Capital Assets	\$ 806,020,273	\$ -	\$ 23,719,888	\$ -	\$ 829,740,161

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 5: Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 132,861
Public safety	1,238,516
Community development	833,341
Community and cultural	1,931,532
Public works	19,189,928
Internal service funds	764,645
Total	<u>\$ 24,090,823</u>

Business-type capital asset activity for the year ended June 30, 2011 follows:

	Balance July 1, 2010	Transfers	Additions	Deletions	Balance June 30, 2011
Non-Depreciable Assets:					
Land	\$ 1,237,459	\$ -	\$ -	\$ -	\$ 1,237,459
Construction In Progress	1,963,713	(4,381,933)	2,701,873	-	283,653
Subtotal: Non-Depreciable Assets	<u>3,201,172</u>	<u>(4,381,933)</u>	<u>2,701,873</u>	<u>-</u>	<u>1,521,112</u>
Depreciable Assets:					
Infrastructure	33,376,974	4,381,933	194,380	-	37,953,287
Subtotal: Depreciable Assets	<u>33,376,974</u>	<u>4,381,933</u>	<u>194,380</u>	<u>-</u>	<u>37,953,287</u>
Total Capital Assets	36,578,146	-	2,896,253	-	39,474,399
Less Accumulated Depreciation for:					
Infrastructure	(3,049,276)	-	(690,851)	-	(3,740,127)
Total Accumulated Depreciation	<u>(3,049,276)</u>	<u>-</u>	<u>(690,851)</u>	<u>-</u>	<u>(3,740,127)</u>
Total Net Capital Assets	<u>\$ 33,528,870</u>	<u>\$ -</u>	<u>\$ 2,205,402</u>	<u>\$ -</u>	<u>\$ 35,734,272</u>

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

Electric Utility	<u>\$ 690,851</u>
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City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Towngate Community Facilities District No. 87-7:					
2007 Towngate Special Tax Refunding Bonds	\$ 9,490,000	\$ -	\$ (630,000)	\$ 8,860,000	\$ 655,000
2007 Towngate Improvement Tax Refunding	3,665,000	-	(195,000)	3,470,000	205,000
Community Facilities District No. 3:					
Auto Mall Special Tax Bonds	2,370,000	-	(1,045,000)	1,325,000	15,000
Moreno Valley Public Facilities Financing					
Refunding Certificates of Participation, Series 1997	4,875,000	-	(4,875,000)	-	-
2011 Private Placement Refunding, Series 1997					
Variable Rate Certificates of Participation	-	4,343,500	-	4,343,500	681,000
Moreno Valley Public Financing Authority:					
Lease Revenue Bonds, 1997	3,705,000	-	(3,705,000)	-	-
Lease Revenue Bonds, 2005	40,500,000	-	(840,000)	39,660,000	885,000
2011 Private Placement Refunding, Series 1997					
Variable Rate Certificates of Participation	-	3,272,000	-	3,272,000	261,000
City:					
Accrued Self-Insurance Claims and Judgments	3,620,000	1,022,687	(1,215,687)	3,427,000	910,000
Compensated Absences:					
Governmental Funds	4,079,196	867,150	(260,178)	4,686,168	298,892
Internal Service Funds	548,566	140,895	(161,417)	528,044	316,826
Child Development Portable Classrooms	16,440	-	(16,440)	-	-
Community Redevelopment Agency					
Notes Payable, Price Company	2,023,648	-	(287,581)	1,736,067	-
RDA - 2007 Tax Allocation Bonds Series A	42,605,000	-	(130,000)	42,475,000	210,000
Totals	<u>\$ 117,497,850</u>	<u>\$ 9,646,232</u>	<u>\$ (13,361,303)</u>	<u>\$ 113,782,779</u>	<u>\$ 4,437,718</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 Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

The annual debt service requirements for the 2007 Towngate Special Tax Refunding Bonds payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	2007 Towngate Special Tax Refunding Bonds	
	Principal	Interest
2011-2012	\$ 655,000	\$ 359,294
2012-2013	680,000	335,931
2013-2014	700,000	310,906
2014-2015	730,000	283,181
2015-2016	760,000	253,381
2017-2021	4,350,000	688,931
2022-2026	985,000	20,316
Totals	<u>\$ 8,860,000</u>	<u>\$ 2,251,940</u>

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.

The annual debt service requirements for the 2007 Towngate Improvement Tax Refunding Bonds payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	2007 Towngate Improvement Tax Refunding Bonds	
	Principal	Interest
2011-2012	\$ 205,000	\$ 152,173
2012-2013	210,000	143,719
2013-2014	220,000	135,009
2014-2015	230,000	125,669
2015-2016	240,000	115,739
2017-2021	1,375,000	403,905
2022-2026	990,000	73,288
Totals	<u>\$ 3,470,000</u>	<u>\$ 1,149,502</u>

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

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.

The annual debt service requirements for the Auto Mall Special Tax Bonds payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	Auto Mall Special Tax Bonds	
	Principal	Interest
2011-2012	\$ 15,000	\$ 98,813
2012-2013	15,000	97,688
2013-2014	20,000	96,375
2014-2015	25,000	94,688
2015-2016	30,000	92,625
2017-2021	205,000	423,563
2022-2026	380,000	316,125
2027-2031	635,000	127,688
Totals	<u>\$ 1,325,000</u>	<u>\$ 1,347,565</u>

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

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

the scheduled lease payments of the City. In June 2011, the Moreno Valley Public Facilities Financing Authority refunded, on a current basis, the 1997 Certificates of Participation in a Private Placement refunding.

2011 Private Placement Refunding, 1997 Certificates of Participation

The 2011 Private Placement Refunding of the 1997 Certificates of Participation mature in serial fashion through November 1, 2016 and bear interest of 2.92%. The original amount of the issue was \$4,343,500. The bonds are payable from lease payments made by the City under a project lease dated November 1, 1997 between the City and the Moreno Valley Public Facilities Financing Corporation. 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 Certificates of Participations issue. This issue is fully insured in the event of nonpayment by the City. These refinancing decreased aggregate debt service payments that were required by approximately \$65,630. This refunding resulted in an economic gain of approximately \$25,174. The outstanding balance at June 30, 2011 is \$4,343,500.

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Certificates of Participation payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	2011 Private Placement Refunding, 1997 Certificates of Participation	
	Principal	Interest
2011-2012	\$ 681,000	\$ 106,318
2012-2013	690,500	96,864
2013-2014	710,500	76,409
2014-2015	732,000	55,349
2015-2016	753,500	33,660
2017-2021	776,000	11,330
Totals	\$ 4,343,500	\$ 379,930

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. In February 2011, the Moreno Valley Public Financing Authority refunded, on a current basis, the 1997 Lease Revenue Bonds in a Private Placement refunding.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

2011 Private Placement Refunding, 1997 Lease Revenue Bonds

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 original amount of the issue was \$3,272,000. 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. These refinancing decreased aggregate debt service payments that were required by approximately \$731,963. This refunding resulted in an economic gain of approximately \$171,743. The outstanding balance at June 30, 2011 is \$3,272,000.

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Lease Revenue Bonds payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	2011 Private Placement Refunding, 1997 Lease Revenue Bonds	
	Principal	Interest
2011-2012	\$ 261,000	\$ 125,032
2012-2013	222,000	115,420
2013-2014	234,000	106,346
2014-2015	241,000	96,893
2015-2016	252,000	87,082
2017-2021	1,413,000	273,884
2022-2026	649,000	26,089
Totals	\$ 3,272,000	\$ 830,746

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

The annual debt service requirements for the Lease Revenue Bonds, 2005 payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	2005 Lease Revenue Bonds	
	Principal	Interest
2011-2012	\$ 885,000	\$ 1,758,466
2012-2013	920,000	1,715,641
2013-2014	970,000	1,670,691
2014-2015	1,020,000	1,626,041
2015-2016	1,050,000	1,579,390
2017-2021	6,050,000	7,134,100
2022-2026	7,585,000	5,561,355
2027-2031	9,440,000	3,666,562
2032-2036	11,740,000	1,327,813
Totals	<u>\$ 39,660,000</u>	<u>\$ 26,040,059</u>

Compensated Absences

At June 30, 2011, the amount of compensated absences liability was \$5,214,212. This amount consists of \$4,686,168 for governmental funds, principally paid by the general fund, and \$528,044 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. These loans were fully repaid as of June 30, 2011.

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, 2011 was \$1,736,067.

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

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

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.

The annual debt service requirements for the RDA 2007 Tax Allocation Bonds Series A payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	RDA 2007 Tax Allocation Bonds Series A	
	Principal	Interest
2011-2012	\$ 210,000	\$ 2,043,484
2012-2013	220,000	2,034,884
2013-2014	230,000	2,025,884
2014-2015	230,000	2,017,259
2015-2016	235,000	2,009,121
2017-2021	1,290,000	9,898,475
2022-2026	6,415,000	9,204,840
2027-2031	10,040,000	7,187,818
2032-2036	13,655,000	4,261,125
2037-2041	9,950,000	762,500
Totals	\$ 42,475,000	\$ 41,445,390

Debt Service Requirements

The Redevelopment Agency has pledged as security for tax allocation bonds it has issued a portion of the tax increment revenue that it receives. These bonds were to provide financing for various capital projects. The Agency has committed to appropriate each year from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$83,920,390 with annual debt service requirements indicated above. For the current year, the total tax increment revenue recognized by the Redevelopment Agency was \$17,614,795 and the debt service obligation on the bonds was \$2,180,284.

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, 2011 was \$5,248,000.

No-Commitment Debt

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

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

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, 2011 was \$5,805,000.

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, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Electrical Cabinet Capital Leases	\$ 36,404	\$ -	\$ 33,922	\$ 2,482	\$ 2,482
Lease Revenue Bonds, 2005	4,910,000	-	100,000	4,810,000	105,000
Lease Revenue Bonds, 2007	25,375,000	-	405,000	24,970,000	430,000
Less Deferred Issuance	(295,516)	-	(10,945)	(284,571)	-
Compensated Absences	32,789	-	18,505	14,284	14,284
Totals	<u>\$ 30,058,677</u>	<u>\$ -</u>	<u>\$ 546,482</u>	<u>\$ 29,512,195</u>	<u>\$ 551,766</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, 2011 was \$2,482.

The annual debt service requirements for the Electrical Cabinets Capital Lease payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	Electrical Cabinets Capital Lease	
	Principal	Interest
2011-2012	<u>\$ 2,482</u>	<u>\$ 18</u>

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (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 (\$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 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.

The annual debt service requirements for the Lease Revenue Bonds, 2005 payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	Lease Revenue Bonds, 2005	
	Principal	Interest
2011-2012	\$ 105,000	\$ 213,337
2012-2013	110,000	208,237
2013-2014	120,000	202,762
2014-2015	125,000	197,262
2015-2016	130,000	191,513
2017-2021	735,000	864,713
2022-2026	915,000	674,273
2027-2031	1,150,000	433,094
2032-2036	1,420,000	160,781
Totals	\$ 4,810,000	\$ 3,145,972

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, an 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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 6: Long Term Debt (Continued)

The annual debt service requirements for the Lease Revenue Bonds, 2007 payable outstanding at June 30, 2011, are as follows:

Year Ending June 30,	Lease Revenue Bonds, 2007	
	Principal	Interest
2011-2012	\$ 430,000	\$ 1,401,383
2012-2013	450,000	1,379,522
2013-2014	475,000	1,356,644
2014-2015	495,000	1,332,495
2015-2016	520,000	1,307,329
2017-2021	3,055,000	6,093,384
2022-2026	3,995,000	5,150,414
2027-2031	5,245,000	3,899,208
2032-2036	6,940,000	2,209,150
2037-2041	3,365,000	292,963
Totals	<u>\$ 24,970,000</u>	<u>\$ 24,422,492</u>

Compensated Absences

At June 30, 2011, the amount of compensated absences liability totaled \$14,284. Based on the current trend of usage, this entire amount is expected to be paid within one year.

Note 7: Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds

Due From Other Funds	Due To Other Funds				Total
	CSD Zones	Community Redevelopment Agency Debt Service Fund	Nonmajor Governmental Funds	Electric Enterprise Fund	
General Fund	<u>\$ 3,305,681</u>	<u>\$ 9,378</u>	<u>\$ 3,120,739</u>	<u>\$ 294,102</u>	<u>\$ 6,729,900</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 the CSD Zones Fund. The amounts of the loans outstanding at June 30, 2011 were \$3,305,681.

The General Fund made a short-term loan of \$9,378 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 Financial Statements
Year Ended June 30, 2011 (Continued)**

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

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

Nonmajor Governmental Funds	
Law Enforcement Fund	\$ 144,494
Community Development Block Grant Fund	506,963
Used Oil Recycling Fund	25,413
Storm Water Maintenance Fund	76,936
Neighborhood Stabilization Grant Fund	365,929
Automall Capital Administration	3,364
ASES Program Grant	394,048
CDBG Recovery Act of 2009	113,966
Other Grants Fund	114,419
TUMF Capital Projects	723,398
Auto Mall Special Tax Bonds	216,764
2007 Towngate Refunding	435,045
	<hr/>
Total Nonmajor Governmental Funds	\$ 3,120,739
	<hr/>
Electric Enterprise Fund	\$ 294,102
	<hr/>

b. Advances To/From Other Funds

Advances To Other Funds	CSD Zones	Advances From Other Funds		Total
		Community Redevelopment Agency Debt Service Fund	Electric Enterprise Fund	
General Fund	\$ 51,700	\$ 34,221,086	\$ -	\$ 34,272,786
Community Redevelopment Agency Capital Project Fund	-	3,386,697	-	3,386,697
Community Redevelopment Agency Debt Service Fund	-	-	189,000	189,000
Nonmajor Governmental	-	-	580,657	580,657
Total	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 51,700	\$ 37,607,783	\$ 769,657	\$ 38,429,140

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, 2011, accrued interest amounts to \$297,030.

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, 2011, accrued interest amounts to \$2,200,727.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 7: Interfund Receivables, Payables and Transfers (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, 2011, accrued interest amounts to \$6,596,258.

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 proceeds of the bonds were 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. However, the Agency was unsuccessful in its litigation, and the entire balance of the loan was repaid as June 30, 2011.

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, 2011 is \$3,386,697.

The Community Redevelopment Agency Debt Service 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, 2011 is \$189,000.

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

Transfers Out	Transfers In						Total
	General Fund	CSD Zones	Community Redevelopment Agency Capital Projects Fund	Nonmajor Governmental Funds	Electric Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ 1,471,953	\$ -	\$ 1,133,565	\$ -	\$ -	\$ 2,605,518
Development Impact Fees	-	-	-	4,084,493	-	-	4,084,493
Community Redevelopment Debt Service Fund	-	-	595,863	2,285,357	-	-	2,881,220
Nonmajor Governmental Funds	773,051	115,291	-	8,445,984	107,841	-	9,442,167
Internal Service Funds	-	-	-	89,820	-	1,174,505	1,264,325
Total	\$ 773,051	\$ 1,587,244	\$ 595,863	\$ 16,039,219	\$ 107,841	\$ 1,174,505	\$ 20,277,723

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

The General Fund transferred a total of \$2,605,518 to several funds to provide subsidies to cover the operating deficits.

The Development Impact Fees Fund transferred a total of \$4,084,493 to nonmajor governmental funds for debt service payments and provide support for several capital projects in the fiscal year.

The Community Redevelopment Agency Debt Service Fund transferred a total of \$2,285,357 for debt service payments in the fiscal year. Additionally, the Community Redevelopment Agency Debt Service Fund transferred \$595,863 to the Community Redevelopment Agency Capital Projects Fund for administrative costs.

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, is 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

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 15.505% for fiscal year 2010-2011. 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 2010-2011, the City's annual pension cost was \$5,214,878. The City also contributed \$78,226 on behalf of the employees for the employee contribution. The required contribution for the fiscal year 2010-2011 was determined as part of the June 30, 2008 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 3.25% 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 fair value of investments over a 15-year period. The PERS unfunded actuarial accrued

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 8: Employee Pension Plan (Continued)

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, 2011 was 24 years.

Ended June 30,	Pension Cost (APC)	Percentage of APC Contributed	Pension Obligation
2009	\$ 4,438,856	100%	\$ -
2010	5,233,518	100%	-
2011	5,214,878	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
06/30/08	\$ 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%
06/30/10	120,692,084	85,693,181	34,998,903	71.0%	23,670,851	147.9%

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, 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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

Annual OPEB Cost

For fiscal year 2010-2011, the City's annual OPEB cost was \$1,564,000. The required contribution for the fiscal year was determined as part of the January 1, 2010 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 amortization method is the level percent of payroll. The amortization period is a 30 year fixed (closed) period for the initial unfunded accrued actuarial liability. There are 27 years remaining as of June 30, 2011.

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 OPEB cost (expense)	\$ 1,564,000
Contributions (including premiums/benefits paid)	<u>(1,564,000)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of the year	<u><u>\$ -</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.

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
<u>06/30/09</u>	<u>\$ 1,785,573</u>	<u>100%</u>	<u>\$ -</u>
06/30/10	1,425,000	100%	-
06/30/11	1,564,000	100%	-

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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

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
06/30/08	\$ 9,338,000	\$ -	\$ 9,338,000	0.0%	\$ 29,794,978	31.3%
01/01/10	13,600,000	2,386,000	11,214,000	17.6%	22,465,000	49.9%

Note 10: Fund Equity and Net Asset Restatements

Beginning Fund Balance and Net Assets has been restated as follows:

Nonmajor Governmental Funds:

State Gasoline Tax

To restate the gas tax receivable that
was overstated from prior fiscal years \$ (239,074)

Child Care Grant

To correct program revenue
relating to the prior fiscal year. (4,185)

Total Fund Balance and
Net Asset Restatements \$ (243,259)

Note 11: Fund Deficits

The following funds contained a deficit fund balance as of June 30, 2011:

Major Governmental Funds:

Community Redevelopment
Agency Debt Service \$ 33,003,719

Non-Major Governmental Funds:

Special Revenue Funds:

Law Enforcement 196
Child Care Grant Fund 18,325
Neighborhood Stabilization Program 517,250
Homelessness Prevention Program 11,656

Capital Projects Funds:

Auto Mall Capital/Administration 3,364
TUMF Capital Projects 210,834

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 Law Enforcemnt, Child Care Grant, Neighborhood Stabilization Program, Homelessness Prevention Program, Auto Mall Capital/Administration, and TUMF Capital Projects Funds deficit fund balances are a result of reimbursement monies not yet received.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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:			
Emergency operations/volunteer	\$ 609,566	\$ 610,084	\$ 518
Measure A Special Revenue Fund:			
Public works	1,574,347	2,014,016	439,669
Other Grants Special Revenue Fund:			
Public safety	50,950	69,451	18,501
Community development	18,286	20,813	2,527
Air Quality Management Special Revenue Fund:			
Public works	207,181	243,276	36,095
Housing Assistance Programs Special Revenue Fund:			
Capital outlay	64,742	65,956	1,214
Traffic Congestion Relief Special Revenue Fund:			
Public works	-	61,650	61,650
FHWA TRANSIMS Special Revenue Fund:			
Public works	38,717	53,047	14,330
Civil Penalties Special Revenue Fund:			
Community development	17,600	19,905	2,305
Disaster Special Revenue Fund:			
Public safety	-	55,796	55,796
Public Works Capital Projects Fund:			
Public works	-	13,216	13,216
Fire Services Capital Projects Fund:			
Public safety	-	11,212	11,212
Towngate Capital/ Administration Capital Projects Fund:			
Public works	183,800	188,508	4,708
Auto Mall Capital/ Administration Capital Projects Fund:			
Public works	61,900	138,508	76,608
Parks and Community Services Capital Projects Fund:			
Community and cultural	-	23,393	23,393
Public works	-	1,936	1,936
TUMF Capital Projects Fund:			
Public works	-	1,007	1,007
DIF Capital Projects Fund:			
Public works	-	141,978	141,978
Community Redevelopment Agency Debt Service Fund			
Principal retirement	130,000	417,583	287,583
Interest and fiscal charges	3,660,590	4,988,814	1,328,224
OPA Sales Tax Agreements Debt Service Fund:			
Interest and fiscal charges	350,000	449,473	99,473
City Hall COPs Series 1997 Debt Service Fund:			
Principal retirement	615,000	4,875,000	4,260,000
CFD #5 Stoneridge Debt Service Fund:			
Principal retirement	205,000	3,705,000	3,500,000
Interest and fiscal charges	199,200	202,216	3,016
2007 Towngate Improvement Refunding Debt Service Fund:			
Interest and fiscal charges	160,300	160,375	75
2007 Towngate Refunding Debt Service Fund:			
Interest and fiscal charges	382,500	382,569	69

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

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 \$5,639,404 (the amount that was not remitted to the District) as Due to Other Governments.

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 13: Commitments and Contingencies (Continued)

The amounts remitted during the year under the replacement and previous agreement to parcel owners totaled \$105,800.

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.

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.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 13: Commitments and Contingencies (Continued)

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 \$1,983,000 and \$1,444,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$3,427,000. Of these amounts, the current year's adjustment is a decrease of \$193,000.

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

	General Liability	Workers' Compensation	Total
Amount of accrued claims at June 30, 2009	\$ 1,218,000	\$ 2,315,000	\$ 3,533,000
Incurred 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>
Incurred 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.	\$ 692,596	\$ 330,091	\$ 1,022,687
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(680,596)</u>	<u>(535,091)</u>	<u>(1,215,687)</u>
Amount of accrued claims at June 30, 2011	<u>\$ 1,444,000</u>	<u>\$ 1,983,000</u>	<u>\$ 3,427,000</u>

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: California Redevelopment Agency Dissolution

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, ABX1 26 and 27 (California Redevelopment Association v. Matosantos). ABX1 26 dissolves redevelopment agencies effective October 1, 2011.

City of Moreno Valley

**Notes to Financial Statements
Year Ended June 30, 2011 (Continued)**

Note 14: California Redevelopment Agency Dissolution (Continued)

ABX1 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county's share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of ABX1 26 and 27 which allowed a redevelopment agency to continue if it adopted an ABX1 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in (California Redevelopment Association v. Matosantos). The court upheld ABX1 26 which eliminates redevelopment agencies, but invalidated in its entirety ABX1 27 which allowed redevelopment agencies to continue as long as they made the required payments. ABX1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The Court extended certain deadlines of ABX1 26 in its ruling by four months. The full text of ABX1 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

Note 15: Subsequent Events

On November 8, 2011, the Moreno Valley City Council authorized an interfund loan between the Corporate Yard Development Impact Fee Fund and the Facility Construction Fund in the amount of \$2,500,000 and an interfund loan between the Library Development Impact Fee Fund and the Facility Construction Fund in the amount of \$4,000,000.

011 *June 30, 2011* June 30, 2011
ne 30, 2011 June 30, 2011
June 30, 2011 *June 30, 2011*
ne 30, 2011 June 30, 2011
011 *June 30, 2011* *June 30, 2011*
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June 30, 2011 **June 30, 2011**
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une 30, 2011 *June 30, 2011*
ne 30, 2011 **June 30, 2011**
une 30, 2011 *June 30, 2011*

**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.

Other Grants Fund

This fund is used to account for revenues and expenditures received from various governmental agencies and other sources for multiple purposes including energy efficiency, public safety, and support of 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.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

Storm Water Management Fund

This fund is used to account for the city-wide storm water and non-storm water pollution prevention compliance work conducted and programs prepared to comply with regulations set forth by the current National Pollutant Discharge Elimination System (NPDES).

HOME 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.

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.

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.

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.

Storm Water Maintenance Fund

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.

H.E.A.L. Fund

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

ASES Program Grants Fund

This fund is used to account for the ASES program grants which provide after school education, after school safety and a food program that helps providers serve nutritious and safely prepared meals and snacks to children and adults in a day care setting.

CFD #4M Fund

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

Neighborhood Stabilization Grant Fund

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.

Homelessness Prevention Program Fund

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.

CDBG Recovery Act of 2009 Fund

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.

Prop 42 Replacement Fund

This fund is used to account for the City's share of Prop 42 revenue restricted for transportation programs.

Prop 1B Fund

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

FHWA TRANSIMS Fund

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.

TRI16-06-1 Targeted Rubberized Fund

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.

Civil Penalties Fund

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 Fund

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.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

Disaster Fund

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

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.

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 Development and Projects 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. 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.

Lease Revenue Bonds 2005 Capital Projects Fund

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

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).

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUNDS (CONTINUED):

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.

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.

2011 Priv Place Ref 97 Lease Rev Bonds Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 1997 Lease Revenue Bonds.

2011 Priv Place Ref 97 COPs Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 1997 Certificates of Participation.

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.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

PERMANENT FUNDS (CONTINUED):

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
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

Special Revenue Funds

	<u>State Gasoline Tax</u>	<u>Article 3 Transportation</u>	<u>Measure A</u>
Assets:			
Pooled cash and investments	\$ 737,867	\$ 253	\$ 9,979,195
Receivables:			
Accounts	41,160	-	1,052,295
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	276,595	-	1,650,311
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,055,622</u>	<u>\$ 253</u>	<u>\$ 12,681,801</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 24,404	\$ -	\$ 1,705,220
Accrued liabilities	39,188	253	20,799
Deferred revenues	-	-	1,199,191
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>63,592</u>	<u>253</u>	<u>2,925,210</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	992,030	-	9,756,591
Capital Projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>992,030</u>	<u>-</u>	<u>9,756,591</u>
Total Liabilities and Fund Balances	<u>\$ 1,055,622</u>	<u>\$ 253</u>	<u>\$ 12,681,801</u>

(Continued)

Special Revenue Funds

Law Enforcement	Other Grants	Air Quality Management	
\$ 137,535	\$ 2,202,746	\$ 359,830	Assets:
-	131,222	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	- Accounts
-	-	-	- Notes and loans
300,394	256,168	43,539	- Interest
-	-	-	- Prepaid costs
-	-	-	Due from other governments
-	-	-	- Advances to other funds
-	-	-	Restricted assets:
-	-	-	- Cash with fiscal agents
\$ 437,929	\$ 2,590,136	\$ 403,369	
			Liabilities and Fund Balances:
\$ 139,863	\$ 121,861	\$ 1,728	Liabilities:
1,393	9,370	4,655	Accounts payable
-	-	-	Accrued liabilities
152,375	-	-	- Deferred revenues
-	-	-	- Unearned revenues
144,494	114,419	-	- Due to other governments
-	-	-	- Due to other funds
438,125	245,650	6,383	
			Fund Balances:
-	-	-	Nonspendable:
-	-	-	- Prepaid costs
-	-	-	- Notes and loans
-	-	-	- Advances to other funds
-	2,309,191	-	Restricted for:
-	32,999	-	- Community development projects
-	1,378	-	- Public safety
-	918	396,986	- Community and cultural
-	-	-	- Public works
-	-	-	- Capital Projects
-	-	-	- Debt service
-	-	-	- Endowment
-	-	-	- Water quality
-	-	-	Assigned to:
(196)	-	-	- Capital Projects
(196)	2,344,486	396,986	Unassigned
\$ 437,929	\$ 2,590,136	\$ 403,369	Total Fund Balances
			Total Liabilities and Fund Balances

City of Moreno Valley

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Community Development Block Grant</u>	<u>Special Districts Administration</u>	<u>Storm Water Management</u>
Assets:			
Pooled cash and investments	\$ -	\$ 101,706	\$ 228,124
Receivables:			
Accounts	-	18,208	84,405
Notes and loans	60,000	-	-
Interest	-	-	-
Prepaid costs	-	11,708	-
Due from other governments	626,309	-	7,391
Advances to other funds	-	580,657	-
Restricted assets:			
Cash with fiscal agents	-	-	-
	<u>\$ 686,309</u>	<u>\$ 712,279</u>	<u>\$ 319,920</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 100,120	\$ 916	\$ 8,314
Accrued liabilities	3,359	7,754	9,738
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	506,963	-	-
	<u>610,442</u>	<u>8,670</u>	<u>18,052</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	-	11,708	-
Notes and loans	60,000	-	-
Advances to other funds	-	580,657	-
Restricted for:			
Community development projects	15,867	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	-	111,244	-
Capital Projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	301,868
Assigned to:			
Capital Projects	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>75,867</u>	<u>703,609</u>	<u>301,868</u>
Total Liabilities and Fund Balances	<u>\$ 686,309</u>	<u>\$ 712,279</u>	<u>\$ 319,920</u>

(Continued)

Special Revenue Funds

HOME	Child Care Grant	Used Oil Recycling
\$ 426,606	\$ 8,265	\$ 59,938
23,075	-	-
3,917,575	-	-
228,883	-	-
-	350	-
-	30,811	30,356
-	-	-
-	-	-
\$ 4,596,139	\$ 39,426	\$ 90,294
\$ 4,325	\$ 2,385	\$ 4,818
543	47,633	125
228,883	-	-
-	-	59,938
-	7,733	-
-	-	25,413
233,751	57,751	90,294
-	350	-
3,917,575	-	-
-	-	-
444,813	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	(18,675)	-
4,362,388	(18,325)	-
\$ 4,596,139	\$ 39,426	\$ 90,294

Assets:

Pooled cash and investments
 Receivables:
 Accounts
 Notes and loans
 Interest
 Prepaid costs
 Due from other governments
 Advances to other funds
 Restricted assets:
 Cash with fiscal agents

Liabilities and Fund Balances:**Liabilities:**

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

Fund Balances:**Nonspendable:**

Prepaid costs
 Notes and loans
 Advances to other funds

Restricted for:

Community development projects
 Public safety
 Community and cultural
 Public works
 Capital Projects
 Debt service
 Endowment
 Water quality

Assigned to:

Capital Projects

Unassigned**Total Fund Balances****Total Liabilities and Fund Balances**

City of Moreno Valley

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Traffic Congestion Relief</u>	<u>Storm Water Maintenance</u>	<u>H.E.A.L.</u>
Assets:			
Pooled cash and investments	\$ 186,614	\$ -	\$ -
Receivables:			
Accounts	-	150,821	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>
	<u>\$ 186,614</u>	<u>\$ 150,821</u>	<u>\$ -</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 174,286	\$ 2,593	\$ -
Accrued liabilities	-	2,828	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	76,936	-
	<u>174,286</u>	<u>82,357</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	12,328	68,464	-
Capital Projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>12,328</u>	<u>68,464</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 186,614</u>	<u>\$ 150,821</u>	<u>\$ -</u>

(Continued)

Special Revenue Funds

ASES Program Grants	CFD #4M	Neighborhood Stabilization Grant	
\$ 3,914	\$ 62,839	\$ -	Assets:
-	-	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
486,918	-	-	Prepaid costs
-	-	-	Due from other governments
-	-	-	Advances to other funds
-	-	-	Restricted assets:
-	-	-	Cash with fiscal agents
\$ 490,832	\$ 62,839	\$ -	
			Liabilities and Fund Balances:
\$ 92,425	\$ -	\$ 144,660	Liabilities:
445	-	6,661	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deferred revenues
-	-	-	Unearned revenues
-	-	-	Due to other governments
394,048	-	365,929	Due to other funds
486,918	-	517,250	
			Fund Balances:
-	-	-	Nonspendable:
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	-	-	Restricted for:
-	-	-	Community development projects
-	-	-	Public safety
3,914	-	-	Community and cultural
-	62,839	-	Public works
-	-	-	Capital Projects
-	-	-	Debt service
-	-	-	Endowment
-	-	-	Water quality
-	-	-	Assigned to:
-	-	-	Capital Projects
-	-	(517,250)	Unassigned
3,914	62,839	(517,250)	Total Fund Balances
\$ 490,832	\$ 62,839	\$ -	Total Liabilities and Fund Balances

City of Moreno Valley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Homelessness Prevention Program</u>	<u>CDBG Recovery Act of 2009</u>	<u>Prop 42 Replacement Funds</u>
Assets:			
Pooled cash and investments	\$ -	\$ -	\$ 1,518,890
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	113,966	287,308
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 113,966</u>	<u>\$ 1,806,198</u>
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 11,656	\$ -	\$ -
Accrued liabilities	-	-	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	113,966	-
	<u>11,656</u>	<u>113,966</u>	<u>-</u>
 Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	-	-	1,806,198
Capital Projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	<u>(11,656)</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	<u>(11,656)</u>	<u>-</u>	<u>1,806,198</u>
 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 113,966</u>	<u>\$ 1,806,198</u>

(Continued)

Special Revenue Funds

Prop 1B	FHWA TRANSIMS	TR16-06-1 Targeted Rubberized
\$ 1,839,961	\$ -	\$ 93,526
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 1,839,961</u>	<u>\$ -</u>	<u>\$ 93,526</u>
\$ 1,456,062	\$ -	\$ -
5,804	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,461,866</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
378,095	-	93,526
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>378,095</u>	<u>-</u>	<u>93,526</u>
<u>\$ 1,839,961</u>	<u>\$ -</u>	<u>\$ 93,526</u>

Assets:

Pooled cash and investments
 Receivables:
 Accounts
 Notes and loans
 Interest
 Prepaid costs
 Due from other governments
 Advances to other funds
 Restricted assets:
 Cash with fiscal agents

Liabilities and Fund Balances:

Liabilities:

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

Fund Balances:

Nonspendable:

Prepaid costs
 Notes and loans
 Advances to other funds

Restricted for:

Community development projects
 Public safety
 Community and cultural
 Public works
 Capital Projects
 Debt service
 Endowment
 Water quality

Assigned to:

Capital Projects

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

City of Moreno Valley

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Civil Penalties</u>	<u>Emergency Services Agency Fines</u>	<u>Disaster</u>
Assets:			
Pooled cash and investments	\$ 320,506	\$ 254,875	\$ 356,912
Receivables:			
Accounts	11,757	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
	<u>\$ 332,263</u>	<u>\$ 254,875</u>	<u>\$ 356,912</u>
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 51	\$ -	\$ -
Accrued liabilities	18	-	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
	<u>69</u>	<u> -</u>	<u> -</u>
 Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	332,194	-	-
Public safety	-	254,875	356,912
Community and cultural	-	-	-
Public works	-	-	-
Capital Projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	<u> -</u>	<u> -</u>	<u> -</u>
 Total Fund Balances	<u>332,194</u>	<u>254,875</u>	<u>356,912</u>
 Total Liabilities and Fund Balances	<u>\$ 332,263</u>	<u>\$ 254,875</u>	<u>\$ 356,912</u>

(Continued)

<u>Capital Projects Funds</u>			
<u>City Hall Capital / Administration</u>	<u>Capital Improvements</u>	<u>Public Works Capital Projects</u>	
\$ 9,593,818	\$ 176,852	\$ 105,212	Assets:
-	-	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
-	-	-	Prepaid costs
-	-	-	Due from other governments
-	-	-	Advances to other funds
-	-	-	Restricted assets:
-	-	-	Cash with fiscal agents
<u>\$ 9,593,818</u>	<u>\$ 176,852</u>	<u>\$ 105,212</u>	Total Assets
			Liabilities and Fund Balances:
			Liabilities:
\$ 8,818	\$ -	\$ 32,635	Accounts payable
428	-	-	Accrued liabilities
-	-	-	Deferred revenues
-	-	-	Unearned revenues
-	-	-	Due to other governments
-	-	-	Due to other funds
<u>9,246</u>	<u>-</u>	<u>32,635</u>	Total Liabilities
			Fund Balances:
-	-	-	Nonspendable:
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	-	-	Restricted for:
-	-	-	Community development projects
-	-	-	Public safety
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital Projects
-	-	-	Debt service
-	-	-	Endowment
-	-	-	Water quality
9,584,572	176,852	72,577	Assigned to:
-	-	-	Capital Projects
<u>9,584,572</u>	<u>176,852</u>	<u>72,577</u>	Unassigned
<u>\$ 9,593,818</u>	<u>\$ 176,852</u>	<u>\$ 105,212</u>	Total Fund Balances
			Total Liabilities and Fund Balances

City of Moreno Valley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Capital Projects Funds		
	Traffic Signal Mitigation	Fire Services Capital Projects	Towngate Capital / Administration
Assets:			
Pooled cash and investments	\$ 137,578	\$ 1,857,279	\$ 8,101
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
Total Assets	\$ 137,578	\$ 1,857,279	\$ 8,101
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 6,802	\$ -
Accrued liabilities	-	645	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total Liabilities	-	7,447	-
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital Projects	137,578	1,849,832	8,101
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	137,578	1,849,832	8,101
Total Liabilities and Fund Balances	\$ 137,578	\$ 1,857,279	\$ 8,101

(Continued)

Capital Projects Funds			
Warner Ranch Capital / Development	Auto Mall Capital / Administration	Parks and Community Services Capital Projects	
\$ 13,673	\$ -	\$ 5,619,723	Assets:
-	-	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
-	-	-	Prepaid costs
-	-	-	Due from other governments
-	-	-	Advances to other funds
-	-	-	Restricted assets:
-	-	-	Cash with fiscal agents
\$ 13,673	\$ -	\$ 5,619,723	Total Assets
			Liabilities and Fund Balances:
			Liabilities:
\$ -	\$ -	\$ 302,221	Accounts payable
-	-	21	Accrued liabilities
-	-	-	Deferred revenues
-	-	-	Unearned revenues
-	-	-	Due to other governments
-	3,364	-	Due to other funds
-	3,364	302,242	Total Liabilities
			Fund Balances:
-	-	-	Nonspendable:
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	-	-	Restricted for:
-	-	-	Community development projects
-	-	-	Public safety
-	-	-	Community and cultural
-	-	-	Public works
13,673	-	-	Capital Projects
-	-	-	Debt service
-	-	-	Endowment
-	-	-	Water quality
-	-	5,317,481	Assigned to:
-	(3,364)	-	Capital Projects
13,673	(3,364)	5,317,481	Unassigned
\$ 13,673	\$ -	\$ 5,619,723	Total Fund Balances
			Total Liabilities and Fund Balances

City of Moreno Valley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Capital Projects Funds		
	TUMF Capital Projects	DIF Capital Projects	Lease Revenue Bonds 2005 Capital Projects
Assets:			
Pooled cash and investments	\$ -	\$ 4,617,250	\$ 941,733
Receivables:			
Accounts	637,040	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	1,166,969
Total Assets	\$ 637,040	\$ 4,617,250	\$ 2,108,702
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 123,329	\$ 260,336	\$ 139,118
Accrued liabilities	1,147	2,655	1,821
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	723,398	-	-
Total Liabilities	847,874	262,991	140,939
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital Projects	-	4,354,259	1,967,763
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	(210,834)	-	-
Total Fund Balances	(210,834)	4,354,259	1,967,763
Total Liabilities and Fund Balances	\$ 637,040	\$ 4,617,250	\$ 2,108,702

(Continued)

<u>Debt Service Funds</u>			
<u>OPA Sales Tax Agreements</u>	<u>City Hall COPs Series 1997</u>	<u>Auto Mall Special Tax Bonds</u>	
\$ 106,485	\$ -	\$ -	Assets:
-	-	31,250	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
-	-	-	Prepaid costs
-	-	4,594	Due from other governments
-	-	-	Advances to other funds
-	-	1,298,608	Restricted assets:
-	-	-	Cash with fiscal agents
<u>\$ 106,485</u>	<u>\$ -</u>	<u>\$ 1,334,452</u>	Total Assets
			Liabilities and Fund Balances:
			Liabilities:
\$ 106,485	\$ -	\$ -	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deferred revenues
-	-	-	Unearned revenues
-	-	-	Due to other governments
-	-	216,764	Due to other funds
<u>106,485</u>	<u>-</u>	<u>216,764</u>	Total Liabilities
			Fund Balances:
-	-	-	Nonspendable:
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	-	-	Restricted for:
-	-	-	Community development projects
-	-	-	Public safety
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital Projects
-	-	1,117,688	Debt service
-	-	-	Endowment
-	-	-	Water quality
-	-	-	Assigned to:
-	-	-	Capital Projects
-	-	-	Unassigned
-	-	1,117,688	Total Fund Balances
<u>\$ 106,485</u>	<u>\$ -</u>	<u>\$ 1,334,452</u>	Total Liabilities and Fund Balances

City of Moreno Valley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Debt Service Funds		
	Public Safety Lease Revenue Bonds 1997	Lease Revenue Bonds 2005 Debt Service	2007 Towngate Improvement Refunding
Assets:			
Pooled cash and investments	\$ 1,500	\$ 6,141,296	\$ 37,075
Receivables:			
Accounts	-	-	15,915
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	2,649,485	753,815
Total Assets	\$ 1,500	\$ 8,790,781	\$ 806,805
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,500	\$ -	\$ -
Accrued liabilities	-	-	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total Liabilities	1,500	-	-
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital Projects	-	-	-
Debt service	-	8,790,781	806,805
Endowment	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	-	8,790,781	806,805
Total Liabilities and Fund Balances	\$ 1,500	\$ 8,790,781	\$ 806,805

(Continued)

Debt Service Funds			
2007 Towngate Refunding	2011 Priv Placement Ref 97 Lease Rev Bonds	2011 Priv Placement Ref 97 COPs	
\$ -	\$ -	\$ -	Assets:
-	-	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
-	-	-	Prepaid costs
-	-	-	Due from other governments
-	-	-	Advances to other funds
2,587,414	-	-	Restricted assets:
			Cash with fiscal agents
\$ 2,587,414	\$ -	\$ -	Total Assets
			Liabilities and Fund Balances:
			Liabilities:
\$ -	\$ -	\$ -	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Deferred revenues
-	-	-	Unearned revenues
-	-	-	Due to other governments
435,045	-	-	Due to other funds
435,045	-	-	Total Liabilities
			Fund Balances:
-	-	-	Nonspendable:
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	-	-	Restricted for:
-	-	-	Community development projects
-	-	-	Public safety
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital Projects
2,152,369	-	-	Debt service
-	-	-	Endowment
-	-	-	Water quality
-	-	-	Assigned to:
-	-	-	Capital Projects
-	-	-	Unassigned
2,152,369	-	-	Total Fund Balances
\$ 2,587,414	\$ -	\$ -	Total Liabilities and Fund Balances

City of Moreno Valley

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Permanent Funds		
	Celebration Park Endowment	Equestrian Trail Endowment	Rockridge Park Endowment
Assets:			
Pooled cash and investments	\$ 58,294	\$ 11,868	\$ 100,000
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
Total Assets	\$ 58,294	\$ 11,868	\$ 100,000
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	58,294	11,868	100,000
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital Projects	-	-	-
Debt service	-	-	-
Water quality	-	-	-
Assigned to:			
Capital Projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	58,294	11,868	100,000
Total Liabilities and Fund Balances	\$ 58,294	\$ 11,868	\$ 100,000

**Total Nonmajor
Governmental
Funds**

\$	48,407,839
	2,197,148
	3,977,575
	228,883
	12,058
	4,114,660
	580,657
	<u>8,456,291</u>
\$	<u>67,975,111</u>

Assets:

Pooled cash and investments
Receivables:
Accounts
Notes and loans
Interest
Prepaid costs
Due from other governments
Advances to other funds
Restricted assets:
Cash with fiscal agents

Total Assets

Liabilities and Fund Balances:

Liabilities:

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

\$	4,976,931
	167,283
	1,428,074
	212,313
	7,733
	<u>3,120,739</u>
	<u>9,913,073</u>

Total Liabilities

Fund Balances:

Nonspendable:

Prepaid costs
Notes and loans
Advances to other funds

Restricted for:

Community development projects
Public safety
Community and cultural
Public works
Capital Projects
Debt service
Endowment
Water quality

Assigned to:

Capital Projects

Unassigned

	12,058
	3,977,575
	580,657
	3,102,065
	644,786
	5,292
	13,679,219
	8,331,206
	12,867,643
	170,162
	301,868
	15,151,482
	<u>(761,975)</u>
	<u>58,062,038</u>
\$	<u>67,975,111</u>

Total Fund Balances

Total Liabilities and Fund Balances

City of Moreno Valley

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>State Gasoline Tax</u>	<u>Article 3 Transportation</u>	<u>Measure A</u>
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	2,887,794	-	3,738,877
Charges for services	-	-	-
Use of money and property	(2,664)	-	193,312
Miscellaneous	45,585	-	38,892
Total Revenues	2,930,715	-	3,971,081
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	2,623,452	-	2,014,016
Capital outlay	11,957	-	3,765,074
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	2,635,409	-	5,779,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	295,306	-	(1,808,009)
Other Financing Sources (Uses):			
Transfers in	226,000	-	-
Transfers out	-	-	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
Total Other Financing Sources (Uses)	226,000	-	-
Net Change in Fund Balances	521,306	-	(1,808,009)
Fund Balances, Beginning of Year	709,798	-	11,564,600
Restatements	(239,074)	-	-
Fund Balances, Beginning of Year, as Restated	470,724	-	11,564,600
Fund Balances, End of Year	\$ 992,030	\$ -	\$ 9,756,591

(Continued)

Special Revenue Funds			
Law Enforcement	Other Grants	Air Quality Management	
\$ -	\$ -	\$ -	Revenues:
-	-	-	Taxes
679,538	787,120	205,318	Property taxes
-	-	-	Other taxes
(2,846)	567	9,336	Intergovernmental
2,890	496,998	-	Charges for services
			Use of money and property
			Miscellaneous
679,582	1,284,685	214,654	Total Revenues
			Expenditures:
			Current:
-	477,232	-	General government
727,193	69,451	-	Public safety
-	20,813	-	Community development
-	-	-	Community and cultural
-	-	243,276	Public works
38,974	644,962	128,620	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
			Interest and fiscal charges
766,167	1,212,458	371,896	Total Expenditures
(86,585)	72,227	(157,242)	Excess (Deficiency) of Revenues Over (Under) Expenditures
			Other Financing Sources (Uses):
84,907	350,000	-	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
84,907	350,000	-	Total Other Financing Sources (Uses)
(1,678)	422,227	(157,242)	Net Change in Fund Balances
1,482	1,922,259	554,228	Fund Balances, Beginning of Year
-	-	-	Restatements
1,482	1,922,259	554,228	Fund Balances, Beginning of Year, as Restated
\$ (196)	\$ 2,344,486	\$ 396,986	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Community Development Block Grant</u>	<u>Special Districts Administration</u>	<u>Storm Water Management</u>
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	1,399,429	-	201,211
Charges for services	-	882,018	519,331
Use of money and property	5,868	(3,303)	-
Miscellaneous	3,696	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	1,408,993	878,715	720,542
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	1,287,221	-	-
Community and cultural	-	-	-
Public works	-	1,038,847	915,995
Capital outlay	174,853	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,462,074	1,038,847	915,995
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,081)	(160,132)	(195,453)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	-	-	188,600
Transfers out	-	(90,290)	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(90,290)	188,600
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(53,081)	(250,422)	(6,853)
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	128,948	954,031	308,721
Restatements	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Restated	128,948	954,031	308,721
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 75,867	\$ 703,609	\$ 301,868
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(Continued)

Special Revenue Funds			
HOME	Child Care Grant	Used Oil Recycling	
\$ -	\$ -	\$ -	Revenues:
-	-	-	Taxes
45,601	610,012	53,468	Property taxes
-	22,802	-	Other taxes
26,542	-	-	Intergovernmental
-	-	-	Charges for services
-	-	-	Use of money and property
-	-	-	Miscellaneous
72,143	632,814	53,468	Total Revenues
-	-	27,794	Expenditures:
-	-	-	Current:
49,741	-	-	General government
-	616,374	-	Public safety
-	-	-	Community development
65,956	-	-	Community and cultural
-	-	-	Public works
-	16,440	-	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
115,697	632,814	27,794	Total Expenditures
(43,554)	-	25,674	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	-	-	Other Financing Sources (Uses):
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
-	-	-	Total Other Financing Sources (Uses)
(43,554)	-	25,674	Net Change in Fund Balances
4,405,942	(14,140)	(25,674)	Fund Balances, Beginning of Year
-	(4,185)	-	Restatements
4,405,942	(18,325)	(25,674)	Fund Balances, Beginning of Year, as Restated
\$ 4,362,388	\$ (18,325)	\$ -	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds		
	Traffic Congestion Relief	Storm Water Maintenance	H.E.A.L.
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	390,239	-
Charges for services	-	-	-
Use of money and property	31,475	-	-
Miscellaneous	-	-	-
Total Revenues	31,475	390,239	-
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	3,000
Community and cultural	-	-	-
Public works	61,650	302,605	-
Capital outlay	1,518,268	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,579,918	302,605	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,548,443)	87,634	(3,000)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(1,548,443)	87,634	(3,000)
Fund Balances, Beginning of Year	1,560,771	(19,170)	3,000
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	1,560,771	(19,170)	3,000
Fund Balances, End of Year	\$ 12,328	\$ 68,464	\$ -

(Continued)

Special Revenue Funds			
ASES Program Grants	CFD #4M	Neighborhood Stabilization Grant	
\$ -	\$ -	\$ -	Revenues:
-	-	-	Taxes
5,951,162	-	3,322,567	Property taxes
-	33,904	-	Other taxes
5,638	1,039	-	Intergovernmental
4,767	-	-	Charges for services
			Use of money and property
			Miscellaneous
5,961,567	34,943	3,322,567	Total Revenues
			Expenditures:
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
6,072,946	-	2,991,605	Community development
-	27,887	-	Community and cultural
-	-	-	Public works
-	-	-	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
6,072,946	27,887	2,991,605	Total Expenditures
(111,379)	7,056	330,962	Excess (Deficiency) of Revenues Over (Under) Expenditures
			Other Financing Sources (Uses):
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
-	-	-	Total Other Financing Sources (Uses)
(111,379)	7,056	330,962	Net Change in Fund Balances
115,293	55,783	(848,212)	Fund Balances, Beginning of Year
-	-	-	Restatements
115,293	55,783	(848,212)	Fund Balances, Beginning of Year, as Restated
\$ 3,914	\$ 62,839	\$ (517,250)	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds		
	Homelessness Prevention Program	CDBG Recovery Act of 2009	Prop 42 Replacement Funds
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	217,810	331,974	1,806,198
Charges for services	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total Revenues	217,810	331,974	1,806,198
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	229,466	224,133	-
Community and cultural	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	229,466	224,133	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,656)	107,841	1,806,198
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	(107,841)	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
Total Other Financing Sources (Uses)	-	(107,841)	-
Net Change in Fund Balances	(11,656)	-	1,806,198
Fund Balances, Beginning of Year	-	-	-
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	-	-	-
Fund Balances, End of Year	\$ (11,656)	\$ -	\$ 1,806,198

(Continued)

Special Revenue Funds			
Prop 1B	FHWA TRANSIMS	TR16-06-1 Targeted Rubberized	
\$ -	\$ -	\$ -	Revenues:
-	-	-	Taxes
-	78,522	120,000	Property taxes
-	-	-	Other taxes
-	-	-	Intergovernmental
-	-	-	Charges for services
598	-	-	Use of money and property
-	-	-	Miscellaneous
598	78,522	120,000	Total Revenues
-	-	-	Expenditures:
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
3,835,596	53,047	-	Community and cultural
-	-	-	Public works
-	-	-	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
3,835,596	53,047	-	Total Expenditures
(3,834,998)	25,475	120,000	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	(1,142)	-	Other Financing Sources (Uses):
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
-	(1,142)	-	Total Other Financing Sources (Uses)
(3,834,998)	24,333	120,000	Net Change in Fund Balances
4,213,093	(24,333)	(26,474)	Fund Balances, Beginning of Year
-	-	-	Restatements
4,213,093	(24,333)	(26,474)	Fund Balances, Beginning of Year, as Restated
\$ 378,095	\$ -	\$ 93,526	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Civil Penalties</u>	<u>Emergency Services Agency Fines</u>	<u>Disaster</u>
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	51,536	61,586
Charges for services	-	-	-
Use of money and property	7,899	4,953	10,669
Miscellaneous	59,786	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	67,685	56,489	72,255
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	55,796
Community development	19,905	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	19,905	-	55,796
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,780	56,489	16,459
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	47,780	56,489	16,459
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	284,414	198,386	340,453
Restatements	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Restated	284,414	198,386	340,453
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 332,194	\$ 254,875	\$ 356,912
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(Continued)

Capital Projects Funds

City Hall Capital / Administration	Capital Improvements	Public Works Capital Projects	
\$ -	\$ -	\$ -	Revenues:
-	-	-	Taxes
-	-	-	Property taxes
-	-	-	Other taxes
-	-	321,205	Intergovernmental
-	-	-	Charges for services
620	-	-	Use of money and property
-	-	-	Miscellaneous
620	-	321,205	Total Revenues
-	-	-	Expenditures:
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	13,216	Public works
937,649	-	307,271	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
937,649	-	320,487	Total Expenditures
(937,029)	-	718	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	-	-	Other Financing Sources (Uses):
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
-	-	-	Total Other Financing Sources (Uses)
(937,029)	-	718	Net Change in Fund Balances
10,521,601	176,852	71,859	Fund Balances, Beginning of Year
-	-	-	Restatements
10,521,601	176,852	71,859	Fund Balances, Beginning of Year, as Restated
\$ 9,584,572	\$ 176,852	\$ 72,577	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Capital Projects Funds</u>		
	<u>Traffic Signal Mitigation</u>	<u>Fire Services Capital Projects</u>	<u>Towngate Capital / Administration</u>
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	11,212	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	188,508
Capital outlay	-	42,329	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	53,541	188,508
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(53,541)	(188,508)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	-	-	190,260
Transfers out	-	-	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	190,260
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	(53,541)	1,752
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	137,578	1,903,373	6,349
Restatements	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Restated	137,578	1,903,373	6,349
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 137,578	\$ 1,849,832	\$ 8,101
	<hr/>	<hr/>	<hr/>

(Continued)

Capital Projects Funds			
Warner Ranch Capital / Development	Auto Mall Capital / Administration	Parks and Community Services Capital Projects	
\$ 8,325	\$ -	\$ -	Revenues:
-	-	-	Taxes
-	-	-	Property taxes
-	-	-	Other taxes
-	-	-	Intergovernmental
-	-	-	Charges for services
-	-	-	Use of money and property
-	-	-	Miscellaneous
8,325	-	-	Total Revenues
-	-	-	Expenditures:
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	23,393	Community and cultural
2,770	138,508	1,936	Public works
-	-	1,109,005	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
2,770	138,508	1,134,334	Total Expenditures
5,555	(138,508)	(1,134,334)	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	137,400	-	Other Financing Sources (Uses):
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
-	137,400	-	Total Other Financing Sources (Uses)
5,555	(1,108)	(1,134,334)	Net Change in Fund Balances
8,118	(2,256)	6,451,815	Fund Balances, Beginning of Year
-	-	-	Restatements
8,118	(2,256)	6,451,815	Fund Balances, Beginning of Year, as Restated
\$ 13,673	\$ (3,364)	\$ 5,317,481	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Capital Projects Funds</u>		
	<u>TUMF Capital Projects</u>	<u>DIF Capital Projects</u>	<u>Lease Revenue Bonds 2005 Capital Projects</u>
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	2,572,753	18,900	-
Charges for services	-	-	-
Use of money and property	-	-	833
Miscellaneous	2,586	3,992	-
Total Revenues	<u>2,575,339</u>	<u>22,892</u>	<u>833</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	1,007	141,978	-
Capital outlay	2,144,452	1,719,354	3,076,335
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>2,145,459</u>	<u>1,861,332</u>	<u>3,076,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>429,880</u>	<u>(1,838,440)</u>	<u>(3,075,502)</u>
Other Financing Sources (Uses):			
Transfers in	-	2,035,000	-
Transfers out	-	-	(771)
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,035,000</u>	<u>(771)</u>
Net Change in Fund Balances	<u>429,880</u>	<u>196,560</u>	<u>(3,076,273)</u>
Fund Balances, Beginning of Year	(640,714)	4,157,699	5,044,036
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	<u>(640,714)</u>	<u>4,157,699</u>	<u>5,044,036</u>
Fund Balances, End of Year	<u>\$ (210,834)</u>	<u>\$ 4,354,259</u>	<u>\$ 1,967,763</u>

(Continued)

Debt Service Funds			
OPA Sales Tax Agreements	City Hall COPs Series 1997	Auto Mall Special Tax Bonds	
\$ -	\$ -	\$ -	Revenues:
-	-	78,021	Taxes
-	-	-	Property taxes
-	-	-	Other taxes
449,473	-	155	Intergovernmental
-	-	-	Charges for services
-	-	-	Use of money and property
-	-	-	Miscellaneous
449,473	-	78,176	Total Revenues
-	-	-	Expenditures:
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital outlay
-	4,875,000	1,045,000	Debt service:
449,473	85,585	241,750	Principal retirement
-	-	-	Interest and fiscal charges
449,473	4,960,585	1,286,750	Total Expenditures
-	(4,960,585)	(1,208,574)	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	5,082,025	96,489	Other Financing Sources (Uses):
-	(1,060,505)	(137,400)	Transfers in
-	-	-	Transfers out
-	-	-	Refunding bonds issued
-	-	-	Refunding bonds issuance cost
-	4,021,520	(40,911)	Total Other Financing Sources (Uses)
-	(939,065)	(1,249,485)	Net Change in Fund Balances
-	939,065	2,367,173	Fund Balances, Beginning of Year
-	-	-	Restatements
-	939,065	2,367,173	Fund Balances, Beginning of Year, as Restated
\$ -	\$ -	\$ 1,117,688	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

Debt Service Funds

	Public Safety Lease Revenue Bonds 1997	Lease Revenue Bonds 2005 Debt Service	2007 Towngate Improvement Refunding
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	112,162
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	22,796	244	64
Miscellaneous	-	-	-
	<u>22,796</u>	<u>244</u>	<u>112,226</u>
Total Revenues	22,796	244	112,226
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	3,705,000	840,000	195,000
Interest and fiscal charges	202,216	1,801,743	160,375
	<u>3,907,216</u>	<u>2,641,743</u>	<u>355,375</u>
Total Expenditures	3,907,216	2,641,743	355,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,884,420)</u>	<u>(2,641,499)</u>	<u>(243,149)</u>
Other Financing Sources (Uses):			
Transfers in	3,559,407	2,644,136	276,459
Transfers out	(438,751)	-	(47,480)
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
	<u>3,120,656</u>	<u>2,644,136</u>	<u>228,979</u>
Total Other Financing Sources (Uses)	3,120,656	2,644,136	228,979
Net Change in Fund Balances	<u>(763,764)</u>	<u>2,637</u>	<u>(14,170)</u>
Fund Balances, Beginning of Year	763,764	8,788,144	820,975
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	<u>763,764</u>	<u>8,788,144</u>	<u>820,975</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 8,790,781</u>	<u>\$ 806,805</u>

(Continued)

Debt Service Funds			
2007 Towngate Refunding	2011 Priv Placement Ref 97 Lease Rev Bonds	2011 Priv Placement Ref 97 COPs	
\$ -	\$ -	\$ -	Revenues:
-	-	-	Taxes
-	-	-	Property taxes
-	-	-	Other taxes
-	-	-	Intergovernmental
231	-	-	Charges for services
-	-	-	Use of money and property
-	-	-	Miscellaneous
231	-	-	Total Revenues
			Expenditures:
			Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital outlay
			Debt service:
630,000	-	-	Principal retirement
382,569	32,557	-	Interest and fiscal charges
1,012,569	32,557	-	Total Expenditures
			Excess (Deficiency) of Revenues Over (Under) Expenditures
(1,012,338)	(32,557)	-	
			Other Financing Sources (Uses):
1,168,536	-	-	Transfers in
(142,780)	(3,155,207)	(4,260,000)	Transfers out
-	3,272,000	4,343,500	Refunding bonds issued
-	(84,236)	(83,500)	Refunding bonds issuance cost
1,025,756	32,557	-	Total Other Financing Sources (Uses)
13,418	-	-	Net Change in Fund Balances
2,138,951	-	-	Fund Balances, Beginning of Year
-	-	-	Restatements
2,138,951	-	-	Fund Balances, Beginning of Year, as Restated
\$ 2,152,369	\$ -	\$ -	Fund Balances, End of Year

City of Moreno Valley

Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Permanent Funds		
	Celebration Park Endowment	Equestrian Trail Endowment	Rockridge Park Endowment
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	990	174	-
Miscellaneous	-	-	-
Total Revenues	990	174	-
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	289	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	289	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	990	(115)	-
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Refunding bonds issued	-	-	-
Refunding bonds issuance cost	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	990	(115)	-
Fund Balances, Beginning of Year	57,304	11,983	100,000
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	57,304	11,983	100,000
Fund Balances, End of Year	\$ 58,294	\$ 11,868	\$ 100,000

<p>Total Nonmajor Governmental Funds</p> <hr/> <p>\$ 8,325 190,183 25,531,615 1,779,260 763,445 660,410</p> <hr/> <p>28,933,238</p> <hr/> <p>(25,926,387)</p> <hr/> <p>16,038,077 (9,441,025) 7,615,500 (167,736)</p> <hr/> <p>14,044,816</p> <hr/> <p>(11,881,571)</p> <hr/> <p>70,186,868 (243,259) 69,943,609</p> <hr/> <p>\$ 58,062,038</p>	<p>Revenues:</p> <p>Taxes Property taxes Other taxes Intergovernmental Charges for services Use of money and property Miscellaneous</p> <p>Total Revenues</p> <p>Expenditures:</p> <p>Current: General government Public safety Community development Community and cultural Public works Capital outlay Debt service: Principal retirement Interest and fiscal charges</p> <p>Total Expenditures</p> <p>Excess (Deficiency) of Revenues Over (Under) Expenditures</p> <p>Other Financing Sources (Uses):</p> <p>Transfers in Transfers out Refunding bonds issued Refunding bonds issuance cost</p> <p>Total Other Financing Sources (Uses)</p> <p>Net Change in Fund Balances</p> <p>Fund Balances, Beginning of Year</p> <p>Restatements</p> <p>Fund Balances, Beginning of Year, as Restated</p> <p>Fund Balances, End of Year</p>
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City of Moreno Valley

Budgetary Comparison Schedule
State Gasoline Tax
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,702,500	\$ 2,702,500	\$ 2,887,794	\$ 185,294
Use of money and property	5,000	5,000	(2,664)	(7,664)
Miscellaneous	2,000	2,000	45,585	43,585
Total Revenues	2,709,500	2,709,500	2,930,715	221,215
Expenditures:				
Current:				
Public works	2,836,686	2,836,687	2,623,452	213,235
Capital outlay	-	76,000	11,957	64,043
Total Expenditures	2,836,686	2,912,687	2,635,409	277,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,186)	(203,187)	295,306	(56,063)
Other Financing Sources (Uses):				
Transfers in	-	226,000	226,000	-
Total Other Financing Sources (Uses)	-	226,000	226,000	-
Net Change in Fund Balances	(127,186)	22,813	521,306	(56,063)
Fund Balance, Beginning of Year, as Restated	470,724	470,724	470,724	-
Fund Balance, End of Year	\$ 343,538	\$ 493,537	\$ 992,030	\$ (56,063)

City of Moreno Valley

Budgetary Comparison Schedule
Measure A
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,009,820	\$ 17,747,278	\$ 3,738,877	\$ (14,008,401)
Use of money and property	309,000	309,000	193,312	(115,688)
Miscellaneous	1,000	1,000	38,892	37,892
Total Revenues	10,319,820	18,057,278	3,971,081	(14,086,197)
Expenditures:				
Current:				
Public works	1,574,347	1,574,347	2,014,016	(439,669)
Capital outlay	17,965,845	25,735,512	3,765,074	21,970,438
Total Expenditures	19,540,192	27,309,859	5,779,090	21,530,769
Net Change in Fund Balances	(9,220,372)	(9,252,581)	(1,808,009)	(35,616,966)
Fund Balance, Beginning of Year	11,564,600	11,564,600	11,564,600	-
Fund Balance, End of Year	\$ 2,344,228	\$ 2,312,019	\$ 9,756,591	\$ (35,616,966)

City of Moreno Valley

Budgetary Comparison Schedule
Law Enforcement
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 730,818	\$ 1,294,145	\$ 679,538	\$ (614,607)
Use of money and property	-	-	(2,846)	(2,846)
Miscellaneous	-	44,685	2,890	(41,795)
Total Revenues	730,818	1,338,830	679,582	(659,248)
Expenditures:				
Current:				
Public safety	295,118	1,236,316	727,193	509,123
Capital outlay	-	102,514	38,974	63,540
Total Expenditures	295,118	1,338,830	766,167	572,663
Excess (Deficiency) of Revenues Over (Under) Expenditures	435,700	-	(86,585)	(1,231,911)
Other Financing Sources (Uses):				
Transfers in	-	-	84,907	84,907
Total Other Financing Sources (Uses)	-	-	84,907	84,907
Net Change in Fund Balances	435,700	-	(1,678)	(1,147,004)
Fund Balance, Beginning of Year	1,482	1,482	1,482	-
Fund Balance, End of Year	\$ 437,182	\$ 1,482	\$ (196)	\$ (1,147,004)

City of Moreno Valley

Budgetary Comparison Schedule
Other Grants
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,658,016	\$ 2,074,204	\$ 787,120	\$ (1,287,084)
Use of money and property	-	-	567	567
Miscellaneous	250,000	250,000	496,998	246,998
Total Revenues	1,908,016	2,324,204	1,284,685	(1,039,519)
Expenditures:				
Current:				
General government	438,812	522,000	477,232	44,768
Public safety	50,950	50,950	69,451	(18,501)
Community development	-	18,286	20,813	(2,527)
Capital outlay	1,594,016	1,970,100	644,962	1,325,138
Total Expenditures	2,083,778	2,561,336	1,212,458	1,348,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	(175,762)	(237,132)	72,227	(2,388,397)
Other Financing Sources (Uses):				
Transfers in	300,000	350,000	350,000	-
Total Other Financing Sources (Uses)	300,000	350,000	350,000	-
Net Change in Fund Balances	124,238	112,868	422,227	(2,388,397)
Fund Balance, Beginning of Year	1,922,259	1,922,259	1,922,259	-
Fund Balance, End of Year	\$ 2,046,497	\$ 2,035,127	\$ 2,344,486	\$ (2,388,397)

City of Moreno Valley

Budgetary Comparison Schedule
Air Quality Management
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 205,318	\$ 5,318
Use of money and property	7,000	7,000	9,336	2,336
Total Revenues	207,000	207,000	214,654	7,654
Expenditures:				
Current:				
Public works	207,181	207,181	243,276	(36,095)
Capital outlay	313,517	495,487	128,620	366,867
Total Expenditures	520,698	702,668	371,896	330,772
Net Change in Fund Balances	(313,698)	(495,668)	(157,242)	(323,118)
Fund Balance, Beginning of Year	554,228	554,228	554,228	-
Fund Balance, End of Year	\$ 240,530	\$ 58,560	\$ 396,986	\$ (323,118)

City of Moreno Valley

Budgetary Comparison Schedule
Community Development Block Grant
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,384,952	\$ 2,384,952	\$ 1,399,429	\$ (985,523)
Use of money and property	-	-	5,868	5,868
Miscellaneous	-	-	3,696	3,696
Total Revenues	2,384,952	2,384,952	1,408,993	(975,959)
Expenditures:				
Current:				
Community development	1,923,718	2,457,262	1,287,221	1,170,041
Capital outlay	427,318	513,697	174,853	338,844
Total Expenditures	2,351,036	2,970,959	1,462,074	1,508,885
Net Change in Fund Balances	33,916	(586,007)	(53,081)	(2,484,844)
Fund Balance, Beginning of Year	128,948	128,948	128,948	-
Fund Balance, End of Year	\$ 162,864	\$ (457,059)	\$ 75,867	\$ (2,484,844)

City of Moreno Valley

Budgetary Comparison Schedule
Special Districts Administration
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 770,500	\$ 770,500	\$ 882,018	\$ 111,518
Use of money and property	13,000	13,000	(3,303)	(16,303)
Total Revenues	783,500	783,500	878,715	95,215
Expenditures:				
Current:				
Public works	1,216,305	1,216,305	1,038,847	177,458
Total Expenditures	1,216,305	1,216,305	1,038,847	177,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,805)	(432,805)	(160,132)	(82,243)
Other Financing Sources (Uses):				
Transfers out	-	-	(90,290)	90,290
Total Other Financing Sources (Uses)	-	-	(90,290)	90,290
Net Change in Fund Balances	(432,805)	(432,805)	(250,422)	8,047
Fund Balance, Beginning of Year	954,031	954,031	954,031	-
Fund Balance, End of Year	\$ 521,226	\$ 521,226	\$ 703,609	\$ 8,047

City of Moreno Valley

Budgetary Comparison Schedule
Storm Water Management
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 165,300	\$ 165,300	\$ 201,211	\$ 35,911
Charges for services	624,547	651,042	519,331	(131,711)
Total Revenues	789,847	816,342	720,542	(95,800)
Expenditures:				
Current:				
Public works	931,302	931,302	915,995	15,307
Total Expenditures	931,302	931,302	915,995	15,307
Excess (Deficiency) of Revenues Over (Under) Expenditures	(141,455)	(114,960)	(195,453)	(111,107)
Other Financing Sources (Uses):				
Transfers in	215,095	188,600	188,600	-
Total Other Financing Sources (Uses)	215,095	188,600	188,600	-
Net Change in Fund Balances	73,640	73,640	(6,853)	(111,107)
Fund Balance, Beginning of Year	308,721	308,721	308,721	-
Fund Balance, End of Year	\$ 382,361	\$ 382,361	\$ 301,868	\$ (111,107)

City of Moreno Valley

Budgetary Comparison Schedule
HOME
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 666,600	\$ 666,600	\$ 45,601	\$ (620,999)
Use of money and property	-	-	26,542	26,542
Total Revenues	666,600	666,600	72,143	(594,457)
Expenditures:				
Current:				
Community development	406,670	649,570	49,741	599,829
Capital outlay	282,930	64,742	65,956	(1,214)
Total Expenditures	689,600	714,312	115,697	598,615
Net Change in Fund Balances	(23,000)	(47,712)	(43,554)	(1,193,072)
Fund Balance, Beginning of Year	4,405,942	4,405,942	4,405,942	-
Fund Balance, End of Year	\$ 4,382,942	\$ 4,358,230	\$ 4,362,388	\$ (1,193,072)

City of Moreno Valley

Budgetary Comparison Schedule
 Child Care Grant
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 797,300	\$ 797,300	\$ 610,012	\$ (187,288)
Charges for services	25,000	25,000	22,802	(2,198)
Total Revenues	822,300	822,300	632,814	(189,486)
Expenditures:				
Current:				
Community and cultural	905,092	905,092	616,374	288,718
Debt service:				
Principal retirement	16,500	16,500	16,440	60
Total Expenditures	921,592	921,592	632,814	288,778
Net Change in Fund Balances	(99,292)	(99,292)	-	(478,264)
Fund Balance, Beginning of Year, as Restated	(18,325)	(18,325)	(18,325)	-
Fund Balance, End of Year	\$ (117,617)	\$ (117,617)	\$ (18,325)	\$ (478,264)

City of Moreno Valley

Budgetary Comparison Schedule
Used Oil Recycling
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 27,900	\$ 27,900	\$ 53,468	\$ 25,568
Total Revenues	27,900	27,900	53,468	25,568
Expenditures:				
Current:				
General government	27,855	27,855	27,794	61
Total Expenditures	27,855	27,855	27,794	61
Net Change in Fund Balances	45	45	25,674	25,507
Fund Balance, Beginning of Year	(25,674)	(25,674)	(25,674)	-
Fund Balance, End of Year	\$ (25,629)	\$ (25,629)	\$ -	\$ 25,507

City of Moreno Valley

Budgetary Comparison Schedule
Traffic Congestion Relief
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,830,944	\$ 1,830,944	\$ -	\$ (1,830,944)
Use of money and property	32,000	32,000	31,475	(525)
Total Revenues	1,862,944	1,862,944	31,475	(1,831,469)
Expenditures:				
Current:				
Public works	-	-	61,650	(61,650)
Capital outlay	1,550,000	1,550,000	1,518,268	31,732
Total Expenditures	1,550,000	1,550,000	1,579,918	(29,918)
Net Change in Fund Balances	312,944	312,944	(1,548,443)	(1,801,551)
Fund Balance, Beginning of Year	1,560,771	1,560,771	1,560,771	-
Fund Balance, End of Year	\$ 1,873,715	\$ 1,873,715	\$ 12,328	\$ (1,801,551)

City of Moreno Valley

Budgetary Comparison Schedule
Storm Water Maintenance
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 421,400	\$ 421,400	\$ 390,239	\$ (31,161)
Total Revenues	421,400	421,400	390,239	(31,161)
Expenditures:				
Current:				
Public works	376,106	376,106	302,605	73,501
Total Expenditures	376,106	376,106	302,605	73,501
Net Change in Fund Balances	45,294	45,294	87,634	(104,662)
Fund Balance, Beginning of Year	(19,170)	(19,170)	(19,170)	-
Fund Balance, End of Year	\$ 26,124	\$ 26,124	\$ 68,464	\$ (104,662)

City of Moreno Valley
Budgetary Comparison Schedule
H.E.A.L.
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Community development	\$ -	\$ 3,000	\$ 3,000	\$ -
Total Expenditures	-	3,000	3,000	-
Net Change in Fund Balances	-	(3,000)	(3,000)	-
Fund Balance, Beginning of Year	3,000	3,000	3,000	-
Fund Balance, End of Year	\$ 3,000	\$ -	\$ -	\$ -

City of Moreno Valley

Budgetary Comparison Schedule
 ASES Program Grants
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,863,600	\$ 6,178,600	\$ 5,951,162	\$ (227,438)
Use of money and property	25,000	25,000	5,638	(19,362)
Miscellaneous	3,000	3,000	4,767	1,767
Total Revenues	5,891,600	6,206,600	5,961,567	(245,033)
Expenditures:				
Current:				
Community and cultural	5,811,898	6,126,898	6,072,946	53,952
Total Expenditures	5,811,898	6,126,898	6,072,946	53,952
Net Change in Fund Balances	79,702	79,702	(111,379)	(298,985)
Fund Balance, Beginning of Year	115,293	115,293	115,293	-
Fund Balance, End of Year	\$ 194,995	\$ 194,995	\$ 3,914	\$ (298,985)

City of Moreno Valley

Budgetary Comparison Schedule
CFD #4M
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 35,000	\$ 35,000	\$ 33,904	\$ (1,096)
Use of money and property	-	-	1,039	1,039
Total Revenues	35,000	35,000	34,943	(57)
Expenditures:				
Current:				
Public works	35,000	35,000	27,887	7,113
Total Expenditures	35,000	35,000	27,887	7,113
Net Change in Fund Balances	-	-	7,056	(7,170)
Fund Balance, Beginning of Year	55,783	55,783	55,783	-
Fund Balance, End of Year	\$ 55,783	\$ 55,783	\$ 62,839	\$ (7,170)

City of Moreno Valley

Budgetary Comparison Schedule
 Neighborhood Stabilization Grant
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 3,322,567	\$ 3,322,567
Total Revenues	-	-	3,322,567	3,322,567
Expenditures:				
Current:				
Community development	-	6,109,509	2,991,605	3,117,904
Total Expenditures	-	6,109,509	2,991,605	3,117,904
Net Change in Fund Balances	-	(6,109,509)	330,962	204,663
Fund Balance, Beginning of Year	(848,212)	(848,212)	(848,212)	-
Fund Balance, End of Year	\$ (848,212)	\$ (6,957,721)	\$ (517,250)	\$ 204,663

City of Moreno Valley

Budgetary Comparison Schedule
Homelessness Prevention Program
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 183,218	\$ 183,218	\$ 217,810	\$ 34,592
Total Revenues	183,218	183,218	217,810	34,592
Expenditures:				
Current:				
Community development	183,218	313,010	229,466	83,544
Total Expenditures	183,218	313,010	229,466	83,544
Net Change in Fund Balances	-	(129,792)	(11,656)	(48,952)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ (129,792)	\$ (11,656)	\$ (48,952)

City of Moreno Valley

Budgetary Comparison Schedule
 CDBG Recovery Act of 2009
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 137,192	\$ 137,192	\$ 331,974	\$ 194,782
Total Revenues	137,192	137,192	331,974	194,782
Expenditures:				
Current:				
Community development	137,192	467,777	224,133	243,644
Total Expenditures	137,192	467,777	224,133	243,644
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(330,585)	107,841	(48,862)
Other Financing Sources (Uses):				
Transfers out	-	-	(107,841)	107,841
Total Other Financing Sources (Uses)	-	-	(107,841)	107,841
Net Change in Fund Balances	-	(330,585)	-	58,979
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ (330,585)	\$ -	\$ 58,979

City of Moreno Valley

Budgetary Comparison Schedule
 Prop 1B
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 598	\$ 598
Total Revenues	<u>-</u>	<u>-</u>	<u>598</u>	<u>598</u>
Expenditures:				
Current:				
Public works	2,682,869	4,212,725	3,835,596	377,129
Total Expenditures	<u>2,682,869</u>	<u>4,212,725</u>	<u>3,835,596</u>	<u>377,129</u>
Net Change in Fund Balances	<u>(2,682,869)</u>	<u>(4,212,725)</u>	<u>(3,834,998)</u>	<u>377,727</u>
Budgetary Fund Balance, Beginning of Year	<u>4,213,093</u>	<u>4,213,093</u>	<u>4,213,093</u>	<u>-</u>
Budgetary Fund Balance, End of Year	<u>\$ 1,530,224</u>	<u>\$ 368</u>	<u>\$ 378,095</u>	<u>\$ 377,727</u>

City of Moreno Valley

Budgetary Comparison Schedule
 FHWA TRANSIMS
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 186,600	\$ 186,600	\$ 78,522	\$ (108,078)
Total Revenues	186,600	186,600	78,522	(108,078)
Expenditures:				
Current:				
Public works	30,000	38,717	53,047	(14,330)
Total Expenditures	30,000	38,717	53,047	(14,330)
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,600	147,883	25,475	(122,408)
Other Financing Sources (Uses):				
Transfers out	-	-	(1,142)	(1,142)
Total Other Financing Sources (Uses)	-	-	(1,142)	(1,142)
Net Change in Fund Balances	156,600	147,883	24,333	(123,550)
Budgetary Fund Balance, Beginning of Year	(24,333)	(24,333)	(24,333)	-
Budgetary Fund Balance, End of Year	\$ 132,267	\$ 123,550	\$ -	\$ (123,550)

City of Moreno Valley

Budgetary Comparison Schedule
 TR16-06-1 Targeted Rubberized
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 56,000	\$ 56,000	\$ 120,000	\$ 64,000
Total Revenues	56,000	56,000	120,000	64,000
Expenditures:				
Current:				
Community development	56,000	56,000	-	56,000
Total Expenditures	56,000	56,000	-	56,000
Net Change in Fund Balances	-	-	120,000	120,000
Budgetary Fund Balance, Beginning of Year	(26,474)	(26,474)	(26,474)	-
Budgetary Fund Balance, End of Year	\$ (26,474)	\$ (26,474)	\$ 93,526	\$ 120,000

City of Moreno Valley

Budgetary Comparison Schedule
Civil Penalties
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 7,899	\$ 7,899
Miscellaneous	-	17,600	59,786	42,186
Total Revenues	-	17,600	67,685	50,085
Expenditures:				
Current:				
Community development	-	17,600	19,905	(2,305)
Total Expenditures	-	17,600	19,905	(2,305)
Net Change in Fund Balances	-	-	47,780	52,390
				47,780
Budgetary Fund Balance, Beginning of Year	284,414	284,414	284,414	-
Budgetary Fund Balance, End of Year	\$ 284,414	\$ 284,414	\$ 332,194	\$ 100,170

City of Moreno Valley

Budgetary Comparison Schedule
 Emergency Services Agency Fines
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 51,536	\$ 37,536
Use of money and property	-	-	4,953	4,953
Total Revenues	14,000	14,000	56,489	42,489
Net Change in Fund Balances	14,000	14,000	56,489	42,489
Budgetary Fund Balance, Beginning of Year	198,386	198,386	198,386	-
Budgetary Fund Balance, End of Year	\$ 212,386	\$ 212,386	\$ 254,875	\$ 42,489

City of Moreno Valley

Budgetary Comparison Schedule
 Disaster
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 61,586	\$ 61,586
Use of money and property	-	-	10,669	10,669
Total Revenues	-	-	72,255	72,255
Expenditures:				
Current:				
Public safety	-	-	55,796	(55,796)
Total Expenditures	-	-	55,796	(55,796)
Net Change in Fund Balances	-	-	16,459	16,459
Budgetary Fund Balance, Beginning of Year	340,453	340,453	340,453	-
Budgetary Fund Balance, End of Year	\$ 340,453	\$ 340,453	\$ 356,912	\$ 16,459

City of Moreno Valley

Budgetary Comparison Schedule
Community Redevelopment Agency Capital Projects
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ -	\$ -	\$ 3,522,959	\$ 3,522,959
Use of money and property	1,218,500	1,218,500	838,385	(380,115)
Miscellaneous	-	-	159,106	159,106
Total Revenues	1,218,500	1,218,500	4,520,450	3,301,950
Expenditures				
Current:				
General government	2,350,946	2,358,446	1,244,090	1,114,356
Community development	-	-	8,119,944	(8,119,944)
Capital outlay	35,856,924	47,410,904	-	47,410,904
Total Expenditures	38,207,870	49,769,350	9,364,034	40,405,316
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,989,370)	(48,550,850)	(4,843,584)	43,707,266
Other Financing Sources (Uses):				
Transfers in	5,005,720	5,005,720	595,863	(4,409,857)
Total Other Financing Sources (Uses)	5,005,720	5,005,720	595,863	(4,409,857)
Net Change in Fund Balances	(31,983,650)	(43,545,130)	(4,247,721)	39,297,409
Fund Balance, Beginning of Year	71,307,582	71,307,582	71,307,582	-
Fund Balance, End of Year	\$ 39,323,932	\$ 27,762,452	\$ 67,059,861	\$ 39,297,409

City of Moreno Valley

Budgetary Comparison Schedule
 City Hall Capital / Administration
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 620	\$ 620
Total Revenues	-	-	620	620
Expenditures				
Capital outlay	4,376,901	6,382,197	937,649	5,444,548
Total Expenditures	4,376,901	6,382,197	937,649	5,444,548
Net Change in Fund Balances	(4,376,901)	(6,382,197)	(937,029)	5,445,168
Fund Balance, Beginning of Year	10,521,601	10,521,601	10,521,601	-
Fund Balance, End of Year	\$ 6,144,700	\$ 4,139,404	\$ 9,584,572	\$ 5,445,168

City of Moreno Valley

Budgetary Comparison Schedule
Public Works Capital Projects
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 30,000	\$ 705,657	\$ 321,205	\$ (384,452)
Use of money and property	900	900	-	(900)
Total Revenues	30,900	706,557	321,205	(385,352)
Expenditures				
Current:				
Public works	-	-	13,216	(13,216)
Capital outlay	30,000	705,657	307,271	398,386
Total Expenditures	30,000	705,657	320,487	385,170
Net Change in Fund Balances	900	900	718	(182)
Fund Balance, Beginning of Year	71,859	71,859	71,859	-
Fund Balance, End of Year	\$ 72,759	\$ 72,759	\$ 72,577	\$ (182)

City of Moreno Valley

Budgetary Comparison Schedule
 Fire Services Capital Projects
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Public safety	\$ -	\$ -	\$ 11,212	\$ (11,212)
Capital outlay	1,910,000	1,910,000	42,329	1,867,671
Total Expenditures	1,910,000	1,910,000	53,541	1,856,459
Net Change in Fund Balances	(1,910,000)	(1,910,000)	(53,541)	1,856,459
Fund Balance, Beginning of Year	1,903,373	1,903,373	1,903,373	-
Fund Balance, End of Year	\$ (6,627)	\$ (6,627)	\$ 1,849,832	\$ 1,856,459

City of Moreno Valley

Budgetary Comparison Schedule
 Towngate Capital / Administration
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Public works	\$ 183,800	\$ 183,800	\$ 188,508	\$ (4,708)
Total Expenditures	183,800	183,800	188,508	(4,708)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(183,800)	(183,800)	(188,508)	(4,708)
Other Financing Sources (Uses):				
Transfers in	183,900	183,900	190,260	6,360
Total Other Financing Sources (Uses)	183,900	183,900	190,260	6,360
Net Change in Fund Balances	100	100	1,752	1,652
Fund Balance, Beginning of Year	6,349	6,349	6,349	-
Fund Balance, End of Year	\$ 6,449	\$ 6,449	\$ 8,101	\$ 1,652

City of Moreno Valley

Budgetary Comparison Schedule
Warner Ranch Capital / Development
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 8,400	\$ 8,400	\$ 8,325	\$ (75)
Total Revenues	8,400	8,400	8,325	(75)
Expenditures				
Current:				
Public works	7,100	7,100	2,770	4,330
Total Expenditures	7,100	7,100	2,770	4,330
Net Change in Fund Balances	1,300	1,300	5,555	4,255
Fund Balance, Beginning of Year	8,118	8,118	8,118	-
Fund Balance, End of Year	\$ 9,418	\$ 9,418	\$ 13,673	\$ 4,255

City of Moreno Valley

Budgetary Comparison Schedule
Auto Mall Capital / Administration
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Public works	\$ 61,900	\$ 61,900	\$ 138,508	\$ (76,608)
Total Expenditures	61,900	61,900	138,508	(76,608)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,900)	(61,900)	(138,508)	(76,608)
Other Financing Sources (Uses):				
Transfers in	62,500	62,500	137,400	74,900
Total Other Financing Sources (Uses)	62,500	62,500	137,400	74,900
Net Change in Fund Balances	600	600	(1,108)	(1,708)
Fund Balance, Beginning of Year	(2,256)	(2,256)	(2,256)	-
Fund Balance, End of Year	\$ (1,656)	\$ (1,656)	\$ (3,364)	\$ (1,708)

City of Moreno Valley

Budgetary Comparison Schedule
Parks and Community Services Capital Projects
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Community and cultural	\$ -	\$ -	\$ 23,393	\$ (23,393)
Public works	-	-	1,936	(1,936)
Capital outlay	4,092,761	4,088,272	1,109,005	2,979,267
Total Expenditures	4,092,761	4,088,272	1,134,334	2,953,938
Net Change in Fund Balances	(4,092,761)	(4,088,272)	(1,134,334)	2,953,938
Fund Balance, Beginning of Year	6,451,815	6,451,815	6,451,815	-
Fund Balance, End of Year	\$ 2,359,054	\$ 2,363,543	\$ 5,317,481	\$ 2,953,938

City of Moreno Valley

Budgetary Comparison Schedule
TUMF Capital Projects
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,000,000	\$ 6,000,000	\$ 2,572,753	\$ (3,427,247)
Miscellaneous	-	-	2,586	2,586
Total Revenues	6,000,000	6,000,000	2,575,339	(3,424,661)
Expenditures				
Current:				
Public works	-	-	1,007	(1,007)
Capital outlay	6,245,920	8,265,607	2,144,452	6,121,155
Total Expenditures	6,245,920	8,265,607	2,145,459	6,120,148
Net Change in Fund Balances	(245,920)	(2,265,607)	429,880	2,695,487
Fund Balance, Beginning of Year	(640,714)	(640,714)	(640,714)	-
Fund Balance, End of Year	\$ (886,634)	\$ (2,906,321)	\$ (210,834)	\$ 2,695,487

City of Moreno Valley

Budgetary Comparison Schedule
DIF Capital Projects
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 18,900	\$ 18,900
Miscellaneous	2,000	2,000	3,992	1,992
Total Revenues	2,000	2,000	22,892	20,892
Expenditures				
Current:				
Public works	-	-	141,978	(141,978)
Capital outlay	5,531,954	6,190,581	1,719,354	4,471,227
Total Expenditures	5,531,954	6,190,581	1,861,332	4,329,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,529,954)	(6,188,581)	(1,838,440)	4,350,141
Other Financing Sources (Uses):				
Transfers in	2,035,000	2,035,000	2,035,000	-
Total Other Financing Sources (Uses)	2,035,000	2,035,000	2,035,000	-
Net Change in Fund Balances	(3,494,954)	(4,153,581)	196,560	4,350,141
Fund Balance, Beginning of Year	4,157,699	4,157,699	4,157,699	-
Fund Balance, End of Year	\$ 662,745	\$ 4,118	\$ 4,354,259	\$ 4,350,141

City of Moreno Valley

Budgetary Comparison Schedule
 Lease Revenue Bonds 2005 Capital Projects
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 100,000	\$ 100,000	\$ 833	\$ (99,167)
Total Revenues	100,000	100,000	833	(99,167)
Expenditures				
Capital outlay	1,962,894	4,379,875	3,076,335	1,303,540
Total Expenditures	1,962,894	4,379,875	3,076,335	1,303,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,862,894)	(4,279,875)	(3,075,502)	1,204,373
Other Financing Sources (Uses):				
Transfers out	-	-	(771)	771
Total Other Financing Sources (Uses)	-	-	(771)	771
Net Change in Fund Balances	(1,862,894)	(4,279,875)	(3,076,273)	1,205,144
Fund Balance, Beginning of Year	5,044,036	5,044,036	5,044,036	-
Fund Balance, End of Year	\$ 3,181,142	\$ 764,161	\$ 1,967,763	\$ 1,205,144

City of Moreno Valley

Budgetary Comparison Schedule
Community Redevelopment Agency Debt Service
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 10,857,656	\$ 10,857,656	\$ 6,500,538	\$ (4,357,118)
Sales taxes	780,000	780,000	994,015	214,015
Intergovernmental	-	-	1,090,264	1,090,264
Use of money and property	801,100	801,100	511,926	(289,174)
Miscellaneous	-	-	2,686,000	2,686,000
Total Revenues	12,438,756	12,438,756	11,782,743	(656,013)
Expenditures:				
Current:				
General government	3,371,631	3,371,631	3,163,638	207,993
Debt service:				
Principal retirement	130,000	130,000	417,581	(287,581)
Interest and fiscal charges	3,660,590	3,660,590	4,988,816	(1,328,226)
Total Expenditures	7,162,221	7,162,221	8,570,035	(1,407,814)
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,276,535	5,276,535	3,212,708	(2,063,827)
Other Financing Sources (Uses):				
Transfers in	2,590,300	2,590,300	-	(2,590,300)
Transfers out	(9,998,718)	(9,998,718)	(2,881,220)	7,117,498
Total Other Financing Sources (Uses)	(7,408,418)	(7,408,418)	(2,881,220)	4,527,198
Net Change in Fund Balances	(2,131,883)	(2,131,883)	331,488	2,463,371
Fund Balances, Beginning of Year	(33,335,207)	(33,335,207)	(33,335,207)	-
Fund Balances, End of Year	\$ (35,467,090)	\$ (35,467,090)	\$ (33,003,719)	\$ 2,463,371

City of Moreno Valley

Budgetary Comparison Schedule
 OPA Sales Tax Agreements
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 350,000	\$ 350,000	\$ 449,473	\$ 99,473
Total Revenues	350,000	350,000	449,473	99,473
Expenditures:				
Debt service:				
Interest and fiscal charges	350,000	350,000	449,473	(99,473)
Total Expenditures	350,000	350,000	449,473	(99,473)
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley

Budgetary Comparison Schedule
 City Hall COPs Series 1997
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 615,000	\$ 615,000	\$ 4,875,000	\$ (4,260,000)
Interest and fiscal charges	207,025	207,025	85,585	121,440
Total Expenditures	822,025	822,025	4,960,585	(4,138,560)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(822,025)	(822,025)	(4,960,585)	(4,138,560)
Other Financing Sources (Uses):				
Transfers in	822,025	822,025	5,082,025	4,260,000
Transfers out	-	-	(1,060,505)	(1,060,505)
Total Other Financing Sources (Uses)	822,025	822,025	4,021,520	3,199,495
Net Change in Fund Balances	-	-	(939,065)	(939,065)
Fund Balances, Beginning of Year	939,065	939,065	939,065	-
Fund Balances, End of Year	\$ 939,065	\$ 939,065	\$ -	\$ (939,065)

City of Moreno Valley

Budgetary Comparison Schedule
Auto Mall Special Tax Bonds
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Other taxes	\$ 1,967,600	\$ 1,967,600	\$ 78,021	\$ (1,889,579)
Use of money and property	500	500	155	(345)
Total Revenues	1,968,100	1,968,100	78,176	(1,889,924)
Expenditures:				
Debt service:				
Principal retirement	1,045,000	1,045,000	1,045,000	-
Interest and fiscal charges	1,309,300	1,309,300	241,750	1,067,550
Total Expenditures	2,354,300	2,354,300	1,286,750	1,067,550
Excess (Deficiency) of Revenues Over (Under) Expenditures	(386,200)	(386,200)	(1,208,574)	(822,374)
Other Financing Sources (Uses):				
Transfers in	220,000	220,000	96,489	(123,511)
Transfers out	(62,500)	(62,500)	(137,400)	(74,900)
Total Other Financing Sources (Uses)	157,500	157,500	(40,911)	(198,411)
Net Change in Fund Balances	(228,700)	(228,700)	(1,249,485)	(1,020,785)
Fund Balances, Beginning of Year	2,367,173	2,367,173	2,367,173	-
Fund Balances, End of Year	\$ 2,138,473	\$ 2,138,473	\$ 1,117,688	\$ (1,020,785)

City of Moreno Valley

Budgetary Comparison Schedule
Public Safety Lease Revenue Bonds 1997
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 22,796	\$ 22,796
Total Revenues	-	-	22,796	22,796
Expenditures:				
Debt service:				
Principal retirement	205,000	205,000	3,705,000	(3,500,000)
Interest and fiscal charges	199,200	199,200	202,216	(3,016)
Total Expenditures	404,200	404,200	3,907,216	(3,503,016)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(404,200)	(404,200)	(3,884,420)	(3,480,220)
Other Financing Sources (Uses):				
Transfers in	404,200	404,200	3,559,407	3,155,207
Transfers out	-	-	(438,751)	(438,751)
Total Other Financing Sources (Uses)	404,200	404,200	3,120,656	2,716,456
Net Change in Fund Balances	-	-	(763,764)	(763,764)
Fund Balances, Beginning of Year	763,764	763,764	763,764	-
Fund Balances, End of Year	\$ 763,764	\$ 763,764	\$ -	\$ (763,764)

City of Moreno Valley

Budgetary Comparison Schedule
 Lease Revenue Bonds 2005 Debt Service
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 244	\$ 244
Total Revenues	<u>-</u>	<u>-</u>	<u>244</u>	<u>244</u>
Expenditures:				
Debt service:				
Principal retirement	840,000	840,000	840,000	-
Interest and fiscal charges	1,804,491	1,804,491	1,801,743	2,748
Total Expenditures	<u>2,644,491</u>	<u>2,644,491</u>	<u>2,641,743</u>	<u>2,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,644,491)</u>	<u>(2,644,491)</u>	<u>(2,641,499)</u>	<u>2,992</u>
Other Financing Sources (Uses):				
Transfers in	2,644,491	2,644,491	2,644,136	(355)
Total Other Financing Sources (Uses)	<u>2,644,491</u>	<u>2,644,491</u>	<u>2,644,136</u>	<u>(355)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>2,637</u>	<u>2,637</u>
Fund Balances, Beginning of Year	<u>8,788,144</u>	<u>8,788,144</u>	<u>8,788,144</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 8,788,144</u></u>	<u><u>\$ 8,788,144</u></u>	<u><u>\$ 8,790,781</u></u>	<u><u>\$ 2,637</u></u>

City of Moreno Valley

Budgetary Comparison Schedule
2007 Towngate Improvement Refunding
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Other taxes	\$ 114,400	\$ 114,400	\$ 112,162	\$ (2,238)
Use of money and property	100	100	64	(36)
Total Revenues	114,500	114,500	112,226	(2,274)
Expenditures:				
Debt service:				
Principal retirement	195,000	195,000	195,000	-
Interest and fiscal charges	160,300	160,300	160,375	(75)
Total Expenditures	355,300	355,300	355,375	(75)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,800)	(240,800)	(243,149)	(2,349)
Other Financing Sources (Uses):				
Transfers in	279,500	279,500	276,459	(3,041)
Transfers out	(38,250)	(38,250)	(47,480)	(9,230)
Total Other Financing Sources (Uses)	241,250	241,250	228,979	(12,271)
Net Change in Fund Balances	450	450	(14,170)	(14,620)
Fund Balances, Beginning of Year	820,975	820,975	820,975	-
Fund Balances, End of Year	\$ 821,425	\$ 821,425	\$ 806,805	\$ (14,620)

City of Moreno Valley

Budgetary Comparison Schedule
2007 Towngate Refunding
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 500	\$ 500	\$ 231	\$ (269)
Total Revenues	500	500	231	(269)
Expenditures:				
Debt service:				
Principal retirement	630,000	630,000	630,000	-
Interest and fiscal charges	382,500	382,500	382,569	(69)
Total Expenditures	1,012,500	1,012,500	1,012,569	(69)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,012,000)	(1,012,000)	(1,012,338)	(338)
Other Financing Sources (Uses):				
Transfers in	1,158,200	1,158,200	1,168,536	10,336
Transfers out	(145,650)	(145,650)	(142,780)	2,870
Total Other Financing Sources (Uses)	1,012,550	1,012,550	1,025,756	13,206
Net Change in Fund Balances	550	550	13,418	12,868
Fund Balances, Beginning of Year	2,138,951	2,138,951	2,138,951	-
Fund Balances, End of Year	\$ 2,139,501	\$ 2,139,501	\$ 2,152,369	\$ 12,868

City of Moreno Valley

Budgetary Comparison Schedule
 Celebration Park Endowment
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 990	\$ (10)
Total Revenues	1,000	1,000	990	(10)
Net Change in Fund Balances	1,000	1,000	990	(10)
Fund Balance, Beginning of Year	57,304	57,304	57,304	-
Fund Balance, End of Year	\$ 58,304	\$ 58,304	\$ 58,294	\$ (10)



**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.

Workers' 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 Services 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

Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Assets:				
Current:				
Pooled cash and investments	\$ 2,285,425	\$ 3,422,109	\$ 8,877,768	\$ 5,419,820
Receivables:				
Accounts	1,098	39	94	103
Prepaid costs	-	-	-	21,506
Inventories	-	-	-	-
Total Current Assets	2,286,523	3,422,148	8,877,862	5,441,429
Noncurrent:				
Capital assets - net of accumulated depreciation	-	-	691,868	7,082,244
Total Noncurrent Assets	-	-	691,868	7,082,244
Total Assets	\$ 2,286,523	\$ 3,422,148	\$ 9,569,730	\$ 12,523,673
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 10,353	\$ 3,250	\$ 37,439	\$ 96,889
Accrued liabilities	1,561	520	31,164	12,437
Compensated absences	20,307	-	250,309	43,725
Self-insurance payable	398,000	512,000	-	-
Total Current Liabilities	430,221	515,770	318,912	153,051
Noncurrent:				
Compensated absences	13,538	-	166,873	29,150
Self-insurance payable	1,046,000	1,471,000	-	-
Total Noncurrent Liabilities	1,059,538	1,471,000	166,873	29,150
Total Liabilities	1,489,759	1,986,770	485,785	182,201
Net Assets:				
Invested in capital assets, net of related debt	-	-	691,868	7,082,244
Unrestricted	796,764	1,435,378	8,392,077	5,259,228
Total Net Assets	796,764	1,435,378	9,083,945	12,341,472
Total Liabilities and Net Assets	\$ 2,286,523	\$ 3,422,148	\$ 9,569,730	\$ 12,523,673

<u>Equipment Maintenance</u>	<u>Equipment Replacement Reserve</u>	<u>Totals</u>
\$ 225,057	\$ 15,967,888	\$ 36,198,067
-	-	1,334
-	-	21,506
<u>8,575</u>	<u>-</u>	<u>8,575</u>
233,632	15,967,888	36,229,482
38,091	389,445	8,201,648
<u>38,091</u>	<u>389,445</u>	<u>8,201,648</u>
\$ 271,723	\$ 16,357,333	\$ 44,431,130
22,975	-	170,906
3,633	-	49,315
2,485	-	316,826
<u>-</u>	<u>-</u>	<u>910,000</u>
29,093	-	1,447,047
1,657	-	211,218
<u>-</u>	<u>-</u>	<u>2,517,000</u>
1,657	-	2,728,218
30,750	-	4,175,265
38,091	389,445	8,201,648
<u>202,882</u>	<u>15,967,888</u>	<u>32,054,217</u>
240,973	16,357,333	40,255,865
\$ 271,723	\$ 16,357,333	\$ 44,431,130

Assets:

Current:

Pooled cash and investments

Receivables:

Accounts

Prepaid costs

Inventories

Total Current Assets

Noncurrent:

Capital assets - net of
accumulated depreciation

Total Noncurrent Assets

Total Assets

Liabilities and Net Assets:

Liabilities:

Current:

Accounts payable

Accrued liabilities

Compensated absences

Self-insurance payable

Total Current Liabilities

Noncurrent:

Compensated absences

Self-insurance payable

Total Noncurrent Liabilities

Total Liabilities

Net Assets:

Invested in capital assets, net of related debt

Unrestricted

Total Net Assets

Total Liabilities and Net Assets

City of Moreno Valley

Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2011

	<u>General Liability Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Technology Services</u>	<u>Facilities Maintenance</u>
Operating Revenues:				
Sales and service charges	\$ 947,884	\$ -	\$ 4,279,224	\$ 2,904,084
Miscellaneous	196	-	1,971	20,066
Total Operating Revenues	<u>948,080</u>	<u>-</u>	<u>4,281,195</u>	<u>2,924,150</u>
Operating Expenses:				
Cost of services	166,045	122,031	3,283,349	2,749,474
Depreciation expense	-	-	261,807	274,095
Self-insurance claims and charges	730,998	251,298	-	-
Total Operating Expenses	<u>897,043</u>	<u>373,329</u>	<u>3,545,156</u>	<u>3,023,569</u>
Operating Income (Loss)	<u>51,037</u>	<u>(373,329)</u>	<u>736,039</u>	<u>(99,419)</u>
Nonoperating Revenues (Expenses):				
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	51,037	(373,329)	736,039	(99,419)
Transfers in	-	-	-	1,060,505
Transfers out	-	(263,000)	-	(855,025)
Changes in Net Assets	<u>51,037</u>	<u>(636,329)</u>	<u>736,039</u>	<u>106,061</u>
Net Assets:				
Beginning of Year	<u>745,727</u>	<u>2,071,707</u>	<u>8,347,906</u>	<u>12,235,411</u>
End of Fiscal Year	<u>\$ 796,764</u>	<u>\$ 1,435,378</u>	<u>\$ 9,083,945</u>	<u>\$ 12,341,472</u>

Equipment Maintenance	Equipment Replacement Reserve	Totals
\$ 493,264	\$ 2,304,055	\$ 10,928,511
-	-	22,233
493,264	2,304,055	10,950,744
626,850	2,973	6,950,722
25,761	202,982	764,645
-	-	982,296
652,611	205,955	8,697,663
(159,347)	2,098,100	2,253,081
-	605	605
-	605	605
(159,347)	2,098,705	2,253,686
114,000	-	1,174,505
-	(146,300)	(1,264,325)
(45,347)	1,952,405	2,163,866
286,320	14,404,928	38,091,999
\$ 240,973	\$ 16,357,333	\$ 40,255,865

Operating Revenues:

Sales and service charges
Miscellaneous

Total Operating Revenues

Operating Expenses:

Cost of services
Depreciation expense
Self-insurance claims and charges

Total Operating Expenses

Operating Income (Loss)

Nonoperating Revenues (Expenses):

Gain (loss) on disposal of capital assets

**Total Nonoperating
Revenues (Expenses)**

Income (Loss) Before Transfers

Transfers in
Transfers out

Changes in Net Assets

Net Assets:

Beginning of Year

End of Fiscal Year

City of Moreno Valley

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2011

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Cash Flows from Operating Activities:				
Cash received from customers	\$ 947,884	\$ -	\$ 4,279,130	\$ 2,904,154
Cash paid to suppliers for goods and services	(128,081)	(65,544)	(1,672,212)	(2,147,397)
Cash paid for claims	(718,998)	(456,298)	-	-
Cash paid to employees for services	(71,773)	(59,700)	(1,603,004)	(682,295)
Other operating revenues (expenses)	196	(39)	1,971	20,066
Net Cash Provided (Used) by Operating Activities	29,228	(581,581)	1,005,885	94,528
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	(263,000)	-	(855,025)
Cash transfers in	-	-	-	1,060,505
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(263,000)	-	205,480
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	(74,255)	(145,512)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(74,255)	(145,512)
Net Increase (Decrease) in Cash and Cash Equivalents	29,228	(844,581)	931,630	154,496
Cash and Cash Equivalents at Beginning of Year	2,256,197	4,266,690	7,946,138	5,265,324
Cash and Cash Equivalents at End of Year	\$ 2,285,425	\$ 3,422,109	\$ 8,877,768	\$ 5,419,820
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 51,037	\$ (373,329)	\$ 736,039	\$ (99,419)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	-	261,807	274,095
(Increase) decrease in accounts receivable	-	(39)	(94)	70
(Increase) decrease in prepaid expense	-	-	376	(13,571)
(Increase) decrease in inventories	-	-	-	-
Increase (decrease) in accounts payable	(46,398)	2,972	26,085	30,043
Increase (decrease) in accrued liabilities	(2,940)	(1,471)	(65,056)	(29,626)
Increase (decrease) in self-insurance payable	12,000	(205,000)	-	-
Increase (decrease) in compensated absences	15,529	(4,714)	46,728	(67,064)
Total Adjustments	(21,809)	(208,252)	269,846	193,947
Net Cash Provided (Used) by Operating Activities	\$ 29,228	\$ (581,581)	\$ 1,005,885	\$ 94,528

Non-Cash Investing, Capital, and Financing Activities:

There were no significant noncash investing, capital and noncapital financing activities for the year ended June 30, 2011.

Equipment Maintenance	Equipment Replacement Reserve	Totals
\$ 493,264	\$ 2,304,055	\$ 10,928,487
(483,532)	(2,973)	(4,499,739)
-	-	(1,175,296)
(170,467)	-	(2,587,239)
-	-	22,194
(160,735)	2,301,082	2,688,407
-	(146,300)	(1,264,325)
114,000	-	1,174,505
114,000	(146,300)	(89,820)
24	605	(219,138)
24	605	(219,138)
(46,711)	2,155,387	2,379,449
271,768	13,812,501	33,818,618
\$ 225,057	\$ 15,967,888	\$ 36,198,067
\$ (159,347)	\$ 2,098,100	\$ 2,253,081
25,761	202,982	764,645
-	-	(63)
-	-	(13,195)
(8,575)	-	(8,575)
958	-	13,660
(8,531)	-	(107,624)
-	-	(193,000)
(11,001)	-	(20,522)
(1,388)	202,982	435,326
\$ (160,735)	\$ 2,301,082	\$ 2,688,407

Cash Flows from Operating Activities:

Cash received from customers
Cash paid to suppliers for goods and services
Cash paid for claims
Cash paid to employees for services
Other operating revenues (expenses)

Net Cash Provided (Used) by Operating Activities

Cash Flows from Non-Capital

Financing Activities:

Cash transfers out
Cash transfers in

Net Cash Provided (Used) by Non-Capital Financing Activities

Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets

Net Cash Provided (Used) by Capital and Related Financing Activities

Net Increase (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents at Beginning of Year

Cash and Cash Equivalents at End of Year

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:

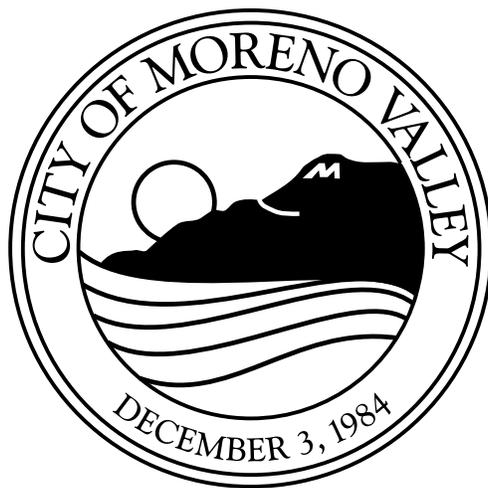
Operating income (loss)

Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:

Depreciation
(Increase) decrease in accounts receivable
(Increase) decrease in prepaid expense
(Increase) decrease in inventories
Increase (decrease) in accounts payable
Increase (decrease) in accrued liabilities
Increase (decrease) in self-insurance payable
Increase (decrease) in compensated absences

Total Adjustments

Net Cash Provided (Used) by Operating Activities



Agency Funds

June 30, 2011

June 30, 2011

June 30, 2011

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.

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 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.

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.

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

Combining Balance Sheet
All Agency Funds
June 30, 2011

	<u>Deposit Liability</u>	<u>Assessment District 87-4</u>	<u>Assessment District 98-1</u>	<u>TUMF Trust</u>	<u>MSHCP Trust</u>
Assets:					
Pooled cash and investments	\$ 6,683,508	\$ 105,232	\$ 2,649	\$ 17,746	\$ 279,383
Receivables:					
Accounts	25,158	-	-	-	-
Due from other governments	-	60	-	-	-
Restricted assets:					
Cash with fiscal agents	-	-	-	-	-
Total Assets	<u>\$ 6,708,666</u>	<u>\$ 105,292</u>	<u>\$ 2,649</u>	<u>\$ 17,746</u>	<u>\$ 279,383</u>
Liabilities:					
Accounts payable	\$ 990	\$ -	\$ -	\$ 17,746	\$ 279,383
Deposits payable	6,707,676	-	-	-	-
Payable to trustee	-	105,292	2,649	-	-
Total Liabilities	<u>\$ 6,708,666</u>	<u>\$ 105,292</u>	<u>\$ 2,649</u>	<u>\$ 17,746</u>	<u>\$ 279,383</u>

Moreno Valley Foundation Donations	CFD # 5 Stoneridge	Arts Commission	Totals
\$ 221,650	\$ -	\$ 1,625	\$ 7,311,793
-	26,875	-	52,033
-	42,791	-	42,851
-	665,165	-	665,165
\$ 221,650	\$ 734,831	\$ 1,625	\$ 8,071,842
\$ -	\$ -	\$ -	\$ 298,119
-	-	-	6,707,676
221,650	734,831	1,625	1,066,047
\$ 221,650	\$ 734,831	\$ 1,625	\$ 8,071,842

Assets:
Pooled cash and investments
Receivables:
 Accounts
Due from other governments
Restricted assets:
 Cash with fiscal agents

Total Assets

Liabilities:
Accounts payable
Deposits payable
Payable to trustee

Total Liabilities

City of Moreno Valley

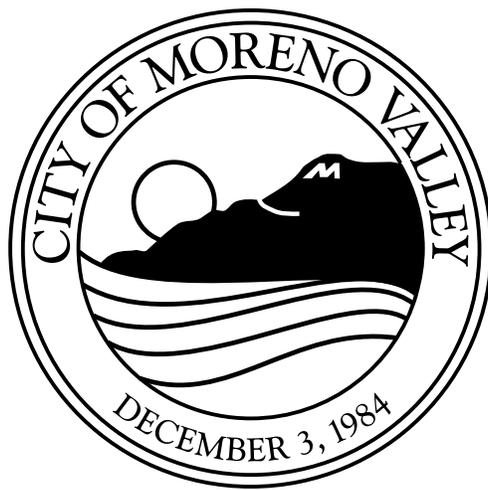
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2011

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<u>Deposit Liability</u>				
Assets:				
Pooled cash and investments	\$ 6,539,875	\$ 1,308,907	\$ 1,165,274	\$ 6,683,508
Receivables:				
Accounts	1,395	25,158	1,395	25,158
Total Assets	<u>\$ 6,541,270</u>	<u>\$ 1,334,065</u>	<u>\$ 1,166,669</u>	<u>\$ 6,708,666</u>
Liabilities:				
Accounts payable	\$ 105,636	\$ 298,589	\$ 403,235	\$ 990
Deposits payable	6,435,634	1,332,670	1,060,628	6,707,676
Total Liabilities	<u>\$ 6,541,270</u>	<u>\$ 1,631,259</u>	<u>\$ 1,463,863</u>	<u>\$ 6,708,666</u>
<u>Assessment District 87-4</u>				
Assets:				
Pooled cash and investments	\$ 107,936	\$ -	\$ 2,704	\$ 105,232
Due from other governments	-	60	-	60
Total Assets	<u>\$ 107,936</u>	<u>\$ 60</u>	<u>\$ 2,704</u>	<u>\$ 105,292</u>
Liabilities:				
Payable to trustee	\$ 107,936	\$ 60	\$ 2,704	\$ 105,292
Total Liabilities	<u>\$ 107,936</u>	<u>\$ 60</u>	<u>\$ 2,704</u>	<u>\$ 105,292</u>
<u>Assessment District 98-1</u>				
Assets:				
Pooled cash and investments	\$ 954	\$ 2,703	\$ 1,008	\$ 2,649
Total Assets	<u>\$ 954</u>	<u>\$ 2,703</u>	<u>\$ 1,008</u>	<u>\$ 2,649</u>
Liabilities:				
Payable to trustee	\$ 954	\$ 1,695	\$ -	\$ 2,649
Total Liabilities	<u>\$ 954</u>	<u>\$ 1,695</u>	<u>\$ -</u>	<u>\$ 2,649</u>
<u>TUMF Trust</u>				
Assets:				
Pooled cash and investments	\$ 4,437	\$ 917,815	\$ 904,506	\$ 17,746
Total Assets	<u>\$ 4,437</u>	<u>\$ 917,815</u>	<u>\$ 904,506</u>	<u>\$ 17,746</u>
Liabilities:				
Accounts payable	\$ 4,437	\$ 917,815	\$ 904,506	\$ 17,746
Total Liabilities	<u>\$ 4,437</u>	<u>\$ 917,815</u>	<u>\$ 904,506</u>	<u>\$ 17,746</u>
<u>MSHCP Trust</u>				
Assets:				
Pooled cash and investments	\$ 6,530	\$ 957,478	\$ 684,625	\$ 279,383
Due from other governments	26,416	-	26,416	-
Total Assets	<u>\$ 32,946</u>	<u>\$ 957,478</u>	<u>\$ 711,041</u>	<u>\$ 279,383</u>
Liabilities:				
Accounts payable	\$ 32,946	\$ 957,478	\$ 711,041	\$ 279,383
Total Liabilities	<u>\$ 32,946</u>	<u>\$ 957,478</u>	<u>\$ 711,041</u>	<u>\$ 279,383</u>

City of Moreno Valley

**Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2011**

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<u>Moreno Valley Foundation Donations</u>				
Assets:				
Pooled cash and investments	\$ 221,650	\$ -	\$ -	\$ 221,650
Total Assets	\$ 221,650	\$ -	\$ -	\$ 221,650
Liabilities:				
Payable to trustee	\$ 221,650	\$ -	\$ -	\$ 221,650
Total Liabilities	\$ 221,650	\$ -	\$ -	\$ 221,650
<u>CFD # 5 Stoneridge</u>				
Assets:				
Pooled cash and investments	\$ 22,500	\$ 360,095	\$ 382,595	\$ -
Receivables:				
Accounts	-	26,875	-	26,875
Due from other governments	-	42,791	-	42,791
Restricted assets:				
Cash with fiscal agents	720,373	-	55,208	665,165
Total Assets	\$ 742,873	\$ 429,761	\$ 437,803	\$ 734,831
Liabilities:				
Payable to trustee	\$ 742,873	\$ 429,761	\$ 437,803	\$ 734,831
Total Liabilities	\$ 742,873	\$ 429,761	\$ 437,803	\$ 734,831
<u>Arts Commission</u>				
Assets:				
Pooled cash and investments	\$ 802	\$ 1,327	\$ 504	\$ 1,625
Total Assets	\$ 802	\$ 1,327	\$ 504	\$ 1,625
Liabilities:				
Payable to trustee	\$ 802	\$ 823	\$ -	\$ 1,625
Total Liabilities	\$ 802	\$ 823	\$ -	\$ 1,625
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 6,904,684	\$ 3,548,325	\$ 3,141,216	\$ 7,311,793
Receivables:				
Accounts	1,395	52,033	1,395	52,033
Due from other governments	26,416	42,851	26,416	42,851
Restricted assets:				
Cash with fiscal agents	720,373	-	55,208	665,165
Total Assets	\$ 7,652,868	\$ 3,643,209	\$ 3,224,235	\$ 8,071,842
Liabilities:				
Accounts payable	\$ 143,019	\$ 2,173,882	\$ 2,018,782	\$ 298,119
Deposits payable	6,435,634	1,332,670	1,060,628	6,707,676
Payable to trustee	1,074,215	432,339	440,507	1,066,047
Total Liabilities	\$ 7,652,868	\$ 3,938,891	\$ 3,519,917	\$ 8,071,842



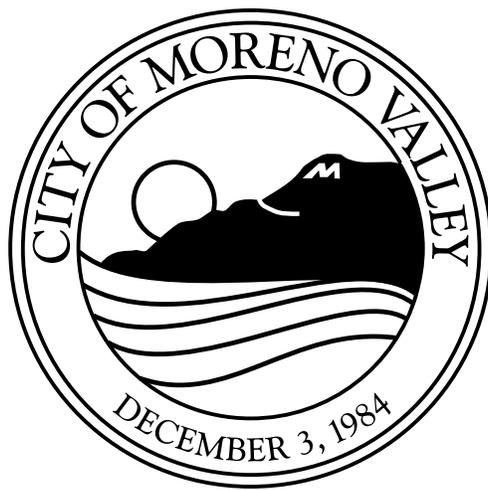
Capital Assets



**City of Moreno Valley
Schedule of General Capital Assets
By Function and Activity
June 30, 2011**

Function and Activity:	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>
General government:				
City manager	\$ -	\$ -	\$ -	\$ 203,255
City attorney	-	-	-	12,068
City clerk	-	-	-	313,048
Human resources	-	-	-	16,467
Finance	-	-	-	23,534
Other - unclassified	45,940,067	449,001	3,944,918	21,832
Total General Government	<u>45,940,067</u>	<u>449,001</u>	<u>3,944,918</u>	<u>590,204</u>
Public safety:				
Police	137,173	-	11,304,420	1,367,248
Fire	893,270	122,887	17,407,539	853,925
Animal control	590,127	-	3,040,331	93,064
Volunteer services	-	1,200,741	4,392,851	47,901
Total Public Safety	<u>1,620,570</u>	<u>1,323,628</u>	<u>36,145,141</u>	<u>2,362,138</u>
Public works	250,963,217	46,644,401	-	928,608
Community development	-	-	4,587,526	364,889
Community services district	450,000	362,604	48,960,419	1,669,764
Redevelopment agency	9,435,936	1,402,196	12,191,837	352,837
Internal service funds	-	127,836	10,389,587	6,305,398
Grand Total	<u>\$308,409,790</u>	<u>\$ 50,309,666</u>	<u>\$ 116,219,428</u>	<u>\$ 12,573,838</u>

<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>	Function and Activity:
\$ 84,428	\$ -	287,683	General government:
-	-	12,068	City manager
-	-	313,048	City attorney
-	-	16,467	City clerk
62,805	-	86,339	Human resources
-	-	50,355,818	Finance
			Other - unclassified
<u>147,233</u>	<u>-</u>	<u>51,071,423</u>	Total General Government
			Public safety:
1,074,855	-	13,883,696	Police
2,100,719	-	21,378,340	Fire
314,556	-	4,038,078	Animal control
170,667	-	5,812,160	Volunteer services
<u>3,660,797</u>	<u>-</u>	<u>45,112,274</u>	Total Public Safety
2,504,185	624,765,580	925,805,991	Public works
388,770	-	5,341,185	Community development
529,504	101,457	52,073,748	Community services district
-	9,599,517	32,982,323	Redevelopment agency
<u>2,580,421</u>	<u>401,116</u>	<u>19,804,358</u>	Internal service funds
<u>\$ 9,810,910</u>	<u>\$634,867,670</u>	<u>\$ 1,132,191,302</u>	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>
Financial Trends	180
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	185
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its key revenues.	
Debt Capacity	192
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.	
Demographic and Economic Information	197
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.	
Operating Information	200
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.	

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 eight 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>	<u>2011</u>
<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	\$ 784,881,452
Restricted for:								
Community development projects	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752	36,341,964	7,079,640
Community and cultural	-	-	-	-	8,259,181	-	8,368,534	8,968,479
Public safety	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107	2,103,241	644,786
Capital projects	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816	61,365,635	109,095,517
Debt service	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369	15,818,072	12,867,643
Other Programs	-	-	-	14,863,573	3,598,110	11,731,764	2,545,781	301,868
Permanent funds-nonexpendable	-	-	59,359	62,537	64,692	66,436	169,287	170,162
Unrestricted	32,744,174	46,215,255	73,846,697	101,941,651	104,545,617	69,630,581	46,594,052	24,461,651
Total Governmental activities net assets	<u>\$ 572,070,846</u>	<u>\$ 600,026,259</u>	<u>\$ 682,395,386</u>	<u>\$ 791,744,201</u>	<u>\$ 868,179,021</u>	<u>\$ 895,366,510</u>	<u>\$ 941,652,520</u>	<u>\$ 948,471,198</u>
<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	\$ 13,942,981
Restricted								
Regulatory contingencies	-	-	-	1,604,444	948,207	1,767,402	1,158,200	1,702,037
Unrestricted	(575,790)	(799,941)	(3,713,053)	(634,406)	(2,252,565)	(4,023,374)	(4,520,034)	(5,623,674)
Total Business-type activities net assets	<u>\$ 133,520</u>	<u>\$ 1,015,370</u>	<u>\$ 14,438,082</u>	<u>\$ 15,100,697</u>	<u>\$ 12,806,041</u>	<u>\$ 7,827,707</u>	<u>\$ 8,839,920</u>	<u>\$ 10,021,344</u>
<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	\$ 798,824,433
Restricted for:								
Community development projects	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752	36,341,964	7,079,640
Community and cultural	-	-	-	-	8,259,181	-	8,368,534	8,968,479
Public safety	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107	2,103,241	644,786
Capital projects	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816	61,365,635	109,095,517
Debt service	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369	15,818,072	12,867,643
Other Programs	-	-	-	14,863,573	3,598,110	11,731,764	2,545,781	301,868
Permanent funds-nonexpendable	-	-	59,359	62,537	64,692	66,436	169,287	170,162
Regulatory contingencies	-	-	-	1,604,444	948,207	1,767,402	1,158,200	1,702,037
Unrestricted	32,168,384	45,415,314	70,133,644	101,307,245	102,293,052	65,607,207	42,074,018	18,837,977
Total primary government net assets	<u>\$ 572,204,366</u>	<u>\$ 601,041,629</u>	<u>\$ 696,833,468</u>	<u>\$ 806,844,898</u>	<u>\$ 880,985,062</u>	<u>\$ 903,194,217</u>	<u>\$ 950,492,440</u>	<u>\$ 958,492,542</u>

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 eight fiscal years
(accrual basis of accounting)

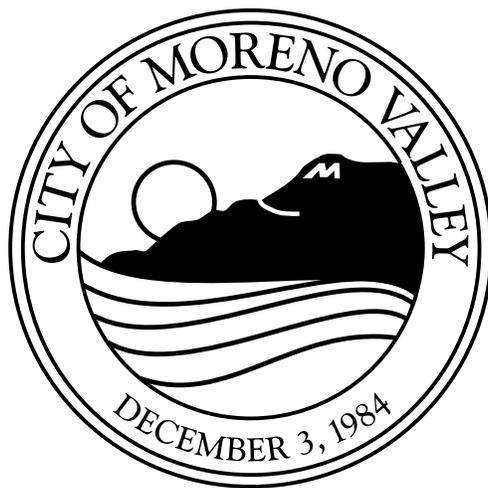
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses								
Governmental activities:								
General government	\$ 10,902,771	\$ 18,583,987	\$ 12,817,483	\$ 10,796,963	\$ 14,416,941	\$ 14,948,628	\$ 12,093,157	\$ 13,001,340
Public safety	39,563,567	42,797,971	47,282,305	43,415,662	54,412,284	50,856,439	58,165,412	59,640,431
Community development	8,198,449	10,041,715	13,666,378	9,643,084	10,964,507	12,036,237	29,663,451	10,003,780
Community and cultural	13,789,758	14,132,146	15,999,800	21,181,096	33,717,135	27,904,884	22,700,681	25,046,848
Public works	10,287,806	11,352,870	10,273,707	30,750,411	29,247,892	36,095,949	14,990,867	34,432,579
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	8,333,540
Total Governmental activities expenses	<u>88,612,303</u>	<u>102,423,047</u>	<u>108,119,608</u>	<u>124,511,350</u>	<u>154,840,643</u>	<u>152,177,069</u>	<u>146,739,622</u>	<u>150,458,518</u>
Business-type activities:								
Electric	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086	13,812,966	14,807,788
Total business-type activities expenses	<u>76,106</u>	<u>1,080,589</u>	<u>3,673,509</u>	<u>8,298,955</u>	<u>12,282,161</u>	<u>14,067,086</u>	<u>13,812,966</u>	<u>14,807,788</u>
Total primary government expenses	<u>\$ 88,688,409</u>	<u>\$ 103,503,636</u>	<u>\$ 111,793,117</u>	<u>\$ 132,810,305</u>	<u>\$ 167,122,804</u>	<u>\$ 166,244,155</u>	<u>\$ 160,552,588</u>	<u>\$ 165,266,306</u>
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	\$ 5,008,441
Public safety	922,986	1,158,745	2,040,725	1,212,229	4,948,923	6,559,817	4,371,535	2,787,962
Community development	7,964,124	10,814,238	12,576,280	12,947,546	6,962,389	7,607,316	4,071,460	4,911,984
Community and cultural	8,397,842	9,012,514	10,067,509	10,963,716	12,163,575	14,982,931	11,254,752	11,237,049
Public works	16,113,736	14,639,669	20,523,959	10,612,170	19,134,172	7,840,754	2,264,619	3,364,804
Operating contributions and grants:								
General government	2,315,147	2,121,229	422,310	622,513	-	92,319	66,861	940,799
Public safety	973,642	773,875	838,921	931,062	704,324	385,195	1,016,552	1,009,290
Community development	866,940	1,586,824	3,252,611	4,023,295	2,873,752	2,541,925	8,909,018	5,769,165
Community and cultural	1,216	68,396	133,325	100,777	6,911,186	5,936,040	5,174,090	6,635,271
Public works	626,074	887,750	2,985,031	460,787	631,830	3,901,583	6,345,620	6,353,159
Capital contributions and grants								
General government	-	-	-	-	-	-	31,307	-
Public safety	221,729	-	-	-	-	-	146,606	534,771
Community development	-	-	-	-	-	-	918,785	20,180
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	29,208,716
Total governmental activities program revenues	<u>41,260,109</u>	<u>45,079,080</u>	<u>79,730,707</u>	<u>119,621,625</u>	<u>129,664,151</u>	<u>82,806,387</u>	<u>118,546,092</u>	<u>77,781,591</u>
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	15,671,939
Capital contributions and grants	-	-	-	1,604,577	-	-	-	-
Total business-type activities program revenues	<u>319,135</u>	<u>1,356,555</u>	<u>11,445,287</u>	<u>10,316,674</u>	<u>10,311,654</u>	<u>12,430,482</u>	<u>13,326,364</u>	<u>15,671,939</u>
Total primary government program revenues	<u>\$ 41,579,244</u>	<u>\$ 46,435,635</u>	<u>\$ 91,175,994</u>	<u>\$ 129,938,299</u>	<u>\$ 139,975,805</u>	<u>\$ 95,236,869</u>	<u>\$ 131,872,456</u>	<u>\$ 93,453,530</u>

(Continued)

City of Moreno Valley
Change in Net Assets,
Last eight 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>	<u>2011</u>
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)	\$ (72,676,927)
Business-type activities	243,029	275,966	7,771,778	2,017,719	(1,970,507)	(1,636,604)	(486,602)	864,151
Total primary government net (expense)/revenue	<u>\$ (47,109,165)</u>	<u>\$ (57,068,001)</u>	<u>\$ (20,617,123)</u>	<u>\$ (2,872,006)</u>	<u>\$ (27,146,999)</u>	<u>\$ (71,007,286)</u>	<u>\$ (28,680,132)</u>	<u>\$ (71,812,776)</u>
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	\$ 22,699,683
Property taxes in lieu	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796
Transient occupancy tax	455,009	519,193	582,307	586,383	593,009	497,936	535,775	692,586
Sales tax	15,469,300	18,054,078	12,275,626	15,701,460	13,623,654	12,163,719	10,982,811	12,277,450
Franchise taxes	3,599,486	3,791,547	4,099,859	4,349,870	4,381,882	4,876,055	4,607,594	4,888,143
Business license taxes	1,289,434	1,457,521	1,240,764	1,315,039	1,111,021	1,051,702	961,303	1,053,146
Utility users tax	10,980,848	12,527,514	13,811,740	15,463,291	15,186,616	15,081,286	15,358,341	15,317,439
Other taxes	7,963,160	4,497,323	5,448,829	6,320,978	2,620,059	2,683,193	2,278,529	1,204,064
Franchise in lieu taxes	-	9,699	42,788	78,573	96,816	120,969	132,548	150,456
Documentary transfer tax	1,055,205	1,391,199	1,548,205	972,995	575,003	598,084	479,208	424,931
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	5,298,098
Gain on sale of capital assets	-	-	-	-	2,575	-	-	605
Miscellaneous	14,427,133	5,435,103	1,820,976	405,679	885,602	1,787,772	1,238,641	2,784,308
Transfers	193,000	(16,857)	(1,257,370)	(75,851)	61,817	653,554	225,192	(107,841)
Total governmental activities	<u>77,226,046</u>	<u>84,769,445</u>	<u>88,542,577</u>	<u>112,169,877</u>	<u>103,398,994</u>	<u>94,868,473</u>	<u>78,737,142</u>	<u>79,738,864</u>
Business-type activities								
Use of property and money	-	-	-	-	-	-	61,428	29,540
Other	83,491	589,027	-	-	-	131,033	1,250,000	179,892
Transfers	(193,000)	16,857	1,257,370	75,851	(61,817)	(653,554)	(225,192)	107,841
Total business-type activities	<u>(109,509)</u>	<u>605,884</u>	<u>1,257,370</u>	<u>75,851</u>	<u>(61,817)</u>	<u>(522,521)</u>	<u>1,086,236</u>	<u>317,273</u>
Total primary government	<u>\$ 77,116,537</u>	<u>\$ 85,375,329</u>	<u>\$ 89,799,947</u>	<u>\$ 112,245,728</u>	<u>\$ 103,337,177</u>	<u>\$ 94,345,952</u>	<u>\$ 79,823,378</u>	<u>\$ 80,056,137</u>
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	\$ 7,061,937
Business-type activities	133,520	881,850	9,029,148	2,093,570	(2,032,324)	(2,159,125)	599,634	1,181,424
Total primary government	<u>\$ 30,007,372</u>	<u>\$ 28,307,328</u>	<u>\$ 69,182,824</u>	<u>\$ 109,373,722</u>	<u>\$ 76,190,178</u>	<u>\$ 23,338,666</u>	<u>\$ 51,143,246</u>	<u>\$ 8,243,361</u>

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 eight 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>	<u>2011</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	-
Nonspendable	-	-	-	-	-	-	-	5,716,008
Committed	-	-	-	-	-	-	-	2,600,000
Assigned	-	-	-	-	-	-	-	1,414,860
Unassigned	-	-	-	-	-	-	-	36,634,651
Total General Fund	<u>\$ 18,598,420</u>	<u>\$ 31,045,296</u>	<u>\$ 37,729,105</u>	<u>\$ 53,074,680</u>	<u>\$ 57,690,009</u>	<u>\$ 51,854,581</u>	<u>\$ 51,289,539</u>	<u>\$ 46,365,519</u>
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	-
Nonspendable	-	-	-	-	-	-	-	32,582,050
Restricted	-	-	-	-	-	-	-	106,735,045
Committed	-	-	-	-	-	-	-	13,321
Assigned	-	-	-	-	-	-	-	15,151,482
Unassigned	-	-	-	-	-	-	-	(33,954,694)
Total all other funds	<u>\$ 61,590,587</u>	<u>\$ 64,001,818</u>	<u>\$ 124,896,679</u>	<u>\$ 134,548,043</u>	<u>\$ 169,961,045</u>	<u>\$ 156,178,335</u>	<u>\$ 137,609,871</u>	<u>\$ 120,527,204</u>

184

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

The city implemented GASB Statement No. 54 in fiscal year 2011.

City of Moreno Valley
Changes in Fund Balances, Governmental Funds
Last eight 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>	<u>2011</u>
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	22,699,683
Property taxes in lieu	-	-	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796
Utility taxes	-	-	13,811,740	15,463,291	15,186,616	15,081,286	15,358,341	15,317,439
Sales taxes	-	-	12,275,627	15,701,460	13,623,654	12,163,719	10,982,811	12,277,450
Other taxes	-	-	16,622,460	9,637,850	9,377,790	9,827,939	8,994,957	8,413,326
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	1,532,514
Charges for services	26,874,096	25,755,085	18,574,210	25,046,576	24,745,073	21,876,389	20,182,147	21,497,689
Intergovernmental	20,164,244	27,037,053	33,213,048	16,703,254	31,497,898	32,642,154	39,049,424	27,591,342
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	7,027,197
Fines and forfeitures	929,813	1,097,508	1,205,173	1,159,350	1,293,056	1,262,712	1,176,403	833,799
Miscellaneous	1,393,391	4,078,406	2,652,320	1,089,949	885,602	1,787,772	1,238,641	4,251,577
Total revenues	<u>106,060,059</u>	<u>129,030,033</u>	<u>145,005,039</u>	<u>152,825,438</u>	<u>162,720,492</u>	<u>151,061,361</u>	<u>139,726,924</u>	<u>134,497,812</u>
Expenditures								
General government	8,937,124	14,983,932	10,723,374	12,060,789	14,681,999	14,825,012	12,607,630	14,504,781
Public Safety	32,300,542	36,806,865	43,478,949	50,276,192	56,361,973	57,866,348	58,311,716	58,152,125
Community development	6,790,803	8,711,599	24,608,096	10,116,658	18,144,115	13,895,163	15,003,855	17,181,128
Community and cultural	11,492,361	12,331,683	14,889,677	19,286,807	32,683,219	27,331,726	21,982,074	23,006,061
Public works	8,724,368	9,999,497	21,262,923	31,391,248	34,616,617	45,328,685	13,796,314	15,018,071
Capital outlay	14,647,639	19,885,754	-	-	-	-	26,269,751	15,759,712
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	11,724,021
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	8,345,084
Bond issuance costs	-	-	664,638	326,385	2,413,464	-	-	-
Total expenditures	<u>109,262,895</u>	<u>110,824,917</u>	<u>125,858,603</u>	<u>135,029,829</u>	<u>186,653,399</u>	<u>173,783,674</u>	<u>160,860,196</u>	<u>163,690,983</u>
Excess of revenues over/ (under) expenditures	<u>(3,202,836)</u>	<u>18,205,116</u>	<u>19,146,436</u>	<u>17,795,609</u>	<u>(23,932,907)</u>	<u>(22,722,313)</u>	<u>(21,133,272)</u>	<u>(29,193,171)</u>

City of Moreno Valley
 Changes in Fund Balances, Governmental Funds
 Last eight 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>	<u>2011</u> (Continued)
Other Financing Sources (Uses)								
Issuance of debt	-	-	48,205,000	5,870,000	58,412,429	-	-	7,447,764
Transfers in	13,058,959	24,871,852	37,201,043	33,422,242	38,016,856	27,284,397	29,322,934	18,994,235
Transfers out	(12,125,059)	(24,165,709)	(38,480,919)	(30,526,931)	(36,688,115)	(24,926,511)	(26,106,962)	(19,012,256)
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)	<u>2,133,243</u>	<u>(4,049,676)</u>	<u>47,110,324</u>	<u>8,765,311</u>	<u>60,183,255</u>	<u>2,357,886</u>	<u>3,215,972</u>	<u>7,429,743</u>
Net change in fund balances	<u>\$ (1,069,593)</u>	<u>\$ 14,155,440</u>	<u>\$ 66,256,760</u>	<u>\$ 26,560,920</u>	<u>\$ 36,250,348</u>	<u>\$ (20,364,427)</u>	<u>\$ (17,917,300)</u>	<u>\$ (21,763,428)</u>
Debt service as a percentage of noncapital expenditures	27.87%	8.91%	10.54%	10.56%	19.40%	10.65%	9.58%	13.57%

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 Fund
 (modified accrual basis of accounting)

Fiscal Year	Property	Property Tax In-Lieu of Vehicle License Fees ⁽²⁾	Utility Users	Sales & Use	Transient Occupancy	Franchise	Motor Vehicle In-Lieu	Business License Gross Receipt	Documentary Transfer	Total
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 ⁽³⁾	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 ⁽⁴⁾	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
2011	9,431,578	13,055,796	15,317,439	11,283,435	692,586	5,038,600	887,331	1,053,145	424,931	57,184,841
Change 2003 to 2011	65.00% ⁽³⁾	100.00% ⁽³⁾	58.00% ⁽³⁾	38.00% ⁽³⁾	93.00%	55.00%	-90.00%	31.00%	-29.00%	51.00%

(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) 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.

(4) 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 Fund
 Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Utility Users Tax	\$ 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	\$15,317,439
Property Tax	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	9,431,578
Property Tax In-Lieu of VLF	-	-	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796
Vehicle License In-Lieu Fees	8,459,660	9,239,894	7,283,124	3,478,877	1,275,342	943,313	800,667	865,718	547,188	887,331
Sales Tax	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	8,113,635
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	3,169,800
Development Services	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	4,746,772

Notes:

188

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 of \$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 are repaid or mature.

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,	City						Redevelopment Agency						Total
	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	Direct Tax Rate	Direct Tax Rate
2002	\$ 5,652,986	\$ 147,086	\$ 5,800,072	\$ (96,346)	\$ 5,703,726	0.00133	\$ 1,073,616	\$ 91,783	\$ 1,165,399	\$ (23,802)	\$ 1,141,597	0.00472	0.00189
2003	6,303,862	146,028	6,449,890	(102,466)	6,347,424	0.00131	1,205,730	81,997	1,287,727	(28,489)	1,259,238	0.00483	0.00189
2004	7,323,326	144,893	7,468,219	(94,858)	7,373,361	0.00124	1,382,232	86,290	1,468,522	(28,117)	1,440,405	0.00517	0.00188
2005	9,182,553	154,604	9,337,157	(109,759)	9,227,398	0.00116	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	0.00187
2006	11,327,235	165,133	11,492,368	(118,051)	11,374,317	0.00131	2,028,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	0.00210
2007	13,419,168	198,776	13,617,944	(147,891)	13,470,053	0.00140	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	0.00226
2008	13,491,161	232,774	13,723,935	(194,693)	13,529,242	0.00143	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	0.00264
2009	13,132,444	243,521	13,375,965	(154,973)	13,220,992	0.00131	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	0.00265
2010	10,625,910	236,904	10,862,814	(154,289)	10,708,525	0.00160	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675	0.00256
2011	10,516,338	238,786	10,755,124	(227,178)	10,527,946	0.00164	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00575	0.00242

Source: Riverside County Auditor/Controllor

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-Controllor

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

<u>Fiscal Year</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
City Direct Rate:	\$0.00131	\$0.00140	\$0.00143	\$0.00131	\$0.00827	\$0.00164
Redevelopment Agency Direct Rate:	0.00643	0.00672	0.00838	0.01045	0.00830	0.00575
Total Direct Tax Rate:	0.00210	0.00226	0.00264	0.00265	0.00828	0.00242
Eastern Municipal Water Imp Dist U-13	0.01400	0.00900	0.00800	0.00000	0.03000	0.03000
Metro Water Dist East-1301999	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370
Moreno Valley Unified School District	0.00000	0.02271	0.03066	0.03081	0.02660	0.03357
Riverside Community College	0.01800	0.01800	0.01259	0.01254	0.01242	0.01499
Total Tax Rate	<u>\$0.16684</u>	<u>\$0.17761</u>	<u>\$0.19523</u>	<u>\$0.21154</u>	<u>\$0.22471</u>	<u>\$0.22157</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 2010/11			Fiscal Year 2001/2002		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Walgreen Company	\$ 143,140,920	1	1.36%	\$ -		0.00%
Ridge Moreno Valley	101,585,819	2	0.96%	-		0.00%
Ross Dress for Less, Inc.	96,867,378	3	0.92%	-		0.00%
Stonegate 552	78,812,770	4	0.75%	-		0.00%
Broadstone at Valley View	73,233,000	5	0.70%	-		0.00%
Kaiser Foundation Hospitals	56,956,844	6	0.54%			0.00%
Moreno Valley Day Street Apartments	54,528,555	7	0.52%	-		0.00%
Knickerbocker Properties, Inc	49,301,872	8	0.47%	-		0.00%
Realty Associates Fund IX LP	47,042,983	9	0.45%	-		0.00%
2250 Town Circle Holdings LLC	46,440,540	10	0.44%	-		0.00%
Homart Newco Two, Inc				44,300,000	1	0.84%
PB MV	-		0.00%	24,400,000	2	0.46%
TSC	-		0.00%	24,015,267	3	0.45%
Sienna Pointe Apartments	-		0.00%	18,124,234	4	0.34%
May Department Stores	-		0.00%	17,722,060	5	0.34%
Atsugi Kokusai Kando Inc	-		0.00%	15,702,994	6	0.30%
Hemlock Properties	-		0.00%	14,807,164	7	0.28%
Dayton Hudson Corporation	-		0.00%	14,323,153	8	0.27%
J C Penney Properties	-		0.00%	13,567,268	9	0.26%
MVR Properties	-		0.00%	13,379,990	10	0.25%
	<u>\$ 747,910,681</u>		<u>7.11%</u>	<u>\$ 200,342,130</u>		<u>3.79%</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 Year of Levy		Collections in Subsequent years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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	36,524,643	41,165,168	112.71%	119,943	41,285,111	113.03%
2010	31,875,985	35,492,693	111.35%	80,963	35,573,656	111.60%
2011	30,099,696	33,658,226	111.82%	55,108	33,713,334	112.01%

192

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

Note: Collections include supplemental tax receipts from the County that are not included in the taxes levied for the fiscal year.

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

City of Moreno Valley
Direct and Overlapping Debt

Fiscal Year 2010/11 Assessed Valuation	\$ 10,521,788,956
Redevelopment Incremental Valuation	2,006,907,043
Adjusted Assessed Valuation	<u>\$ 8,514,881,913</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/2011	%	City's Share of Debt 6/30/11
Metropolitan Water District	\$ 227,670,000	0.477%	\$ 1,085,986
Eastern Municipal Water District I.D. No U-22	4,531,000	100.	4,531,000
Riverside Community College District	236,720,387	14.766	34,954,132
Moreno Valley Unified School District	44,163,521	92.260	40,745,264
San Jacinto Unified School District	44,202,338	0.590	260,794
Val Verde Unified School District	41,816,948	42.638	17,829,910
Moreno Valley Unified School District Community Facilities District No. 88-1	9,185,000	100.	9,185,000
Moreno Valley Unified School District Community Facilities District No. 2002-1	7,935,000	100.	7,935,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	10,810,000	100.	10,810,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	3,090,000	100.	3,090,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,465,000	100.	5,465,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,945,000	100.	3,945,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	4,940,000	100.	4,940,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	27,460,000	100.	27,460,000
Moreno Valley Unified School District Community Facilities District No. 2005 2&3	15,295,000	100.	15,295,000
Val Verde Unified School District Community Facilities District No. 98-1	25,500,000	100.	25,500,000
Val Verde Unified School District Community Facilities District No. 2003-1	2,665,000	100.	2,665,000
Eastern Municipal Water District Community Facilities District	12,245,000	100.	12,245,000
City of Moreno Valley Community Facilities District No. 3	1,325,000	100.	1,325,000
City of Moreno Valley Community Facilities District No. 5	5,835,000	100.	5,835,000
City of Moreno Valley Community Facilities District No. 87-1	8,860,000	100.	8,860,000
City of Moreno Valley Community Facilities District No. 87-1 and I.A. No. 1	3,470,000	100.	3,470,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 247,432,087</u>
Less: Moreno Valley Community Facilities District No. 3 & 87-1 (100% self-supporting from tax increment revenues)			10,185,000
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 237,247,087</u>
 <u>OVERLAPPING OTHER DEBT</u>			
Riverside County General Fund Obligations	\$ 696,634,853	5.822%	\$ 40,558,081
Riverside County Pension Obligations	366,945,000	5.822	21,363,538
Riverside County Board of Education Certificates of Participation	6,170,000	5.822	359,217
Mt. San Jacinto Community College District General Fund Obligations	12,215,000	0.018	2,199
Moreno Valley Unified School District Certificates of Participation	20,460,000	92.260	18,876,396
San Jacinto Unified School District Certificates of Participation	43,380,000	0.590	255,942
Val Verde Unified School District Certificates of Participation	84,710,000	42.638	36,118,650
City of Moreno Valley General Fund Obligations	77,200,000	100.	77,200,000 ⁽¹⁾
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 194,734,023</u>
Less: Riverside County self-supporting obligations			803,621
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 193,930,402</u>
GROSS COMBINED TOTAL DEBT			\$ 442,166,110 ⁽²⁾
NET COMBINED DEBT			\$ 431,177,489

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 2010-11 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	2.35%
Total Net Overlapping Tax and Assessment Debt	2.25%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$77,200,000)	0.91%
Gross Combined Total Debt	5.19%
Net Combined Total Debt	5.06%

<u>State School Building Aid Repayable as of 6/30/11</u>	\$ -
AB: (\$450)	

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 2011

Assessed Value	\$ 10,366,869
Debt Limit (15% of assessed value)	1,555,030
Debt applicable to limit:	-
	-
Total net debt applicable to limit	<u><u>\$ -</u></u>

194

	Fiscal Year ⁽¹⁾				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Valuation (in thousands)	\$ 11,220,188	\$ 13,374,229	\$ 13,375,965	\$ 10,862,814	\$ 10,366,869
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	\$ 2,805,047	\$ 3,343,557	\$ 3,343,991	\$ 2,715,704	\$ 2,591,717
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit (in thousands)	\$ 420,757	\$ 501,534	\$ 501,599	\$ 407,356	\$ 388,758
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin (in thousands)	\$ 420,757	\$ 501,534	\$ 501,599	\$ 407,356	\$ 388,758
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 Six Fiscal Years

Fiscal Year Ended June 30 ⁽²⁾	Governmental Activities						Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt per Capita ¹
	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	RDA Tax Allocation Bonds	Notes and Other	Governmental Activities	Lease Revenue Bonds			
2006	\$ 23,345,000	\$ 7,115,000	\$ 47,530,000	\$ -	\$ 4,866,378	\$ 82,856,378	\$ 4,647,000	\$ 87,503,378	2.75%	501
2007	21,415,000	6,590,000	46,890,000	-	4,696,689	79,591,689	30,870,000	110,461,689	3.38%	612
2008	18,925,000	6,040,000	46,160,000	43,495,000	4,318,513	118,938,513	30,870,000	149,808,513	4.38%	815
2009	17,265,000	5,470,001	45,205,000	42,725,000	6,849,487	117,514,488	30,775,000	148,289,488	4.01%	796
2010	15,525,000	4,875,000	44,205,000	42,605,000	6,667,850	113,877,850	30,285,000	144,162,850	3.98%	765
2011	13,655,000	0 ⁽³⁾	39,660,000 ⁽³⁾	42,475,000	12,301,668 ⁽³⁾	108,091,668	29,780,000	137,871,668	3.80%	706

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.

3) In Fiscal Year 2011 the City defeased the 1997 Lease Revenue Bonds and the 1997 City Hall COPs with private placement financing.

Source: City of Moreno Valley Finance Department
City of Moreno Valley Economic Development Department
Riverside County Economic Development Agency
State of California Department of Finance

City of Moreno Valley
Ratio of Bonded Debt
Last Six 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	47,530,000	77,990,000	0.86%	447
2007	21,415,000	6,590,000	46,890,000	74,895,000	0.67%	415
2008	18,925,000	6,040,000	46,160,000	71,125,000	0.53%	387
2009	17,265,000	5,470,001	45,205,000	67,940,001	0.51%	365
2010	15,525,000	4,875,000	44,205,000	64,605,000	0.59%	343
2011	13,655,000	- ⁽³⁾	39,660,000 ⁽³⁾	53,315,000	0.50%	273

196

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.

3) In Fiscal Year 2011 the City defeased the 1997 Lease Revenue Bonds and the 1997 City Hall COPs with private placement financing.

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 Increment	Debt Service		Coverage	Special Tax Levy	Debt Service		Coverage	Property Tax Increment	Debt Service		Coverage	Special Tax Levy	Property Tax Increment	Debt Service		Coverage	
			Principal	Interest			Principal	Interest			Principal	Interest				Principal	Interest		
2002	\$ 1,029,290	\$ 135,550	\$ 200,000	\$ 556,150	1.54	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -		
2003	1,074,499	114,766	465,000	538,113	1.19	-	-	-		-	-	-		-	-	-	-		
2004	1,067,950	145,265	515,000	507,300	1.19	-	-	-		-	-	-		-	-	-	-		
2005	1,121,094	116,871	575,000	469,150	1.19	-	-	-		-	-	-		-	-	-	-		
2006	1,189,465	73,700	640,000	426,625	1.18	-	-	-		-	-	-		-	-	-	-		
2007	1,179,479	108,986	710,000	379,375	1.18	-	-	-		-	-	-		-	-	-	-		
2008	1,088,427	190,425	785,000	327,050	1.15	198,306	-	217,261	0.91	2,072,568	-	226,176	9.16	429,990	-	-	60,994	0.00	
2009	1,212,713	103,026	865,000	269,300	1.16	344,701	-	288,613	1.19	1,164,131	575,000	435,881	1.15	108,706	287,228	220,000	175,859	1.00	
2010	1,173,443	185,125	950,000	205,775	1.18	362,124	15,000	288,313	1.19	373,011	600,000	409,381	0.37	78,519	303,573	190,000	168,029	1.07	
2011	78,021	96,489	1,045,000	135,950	0.15	376,005	20,000	287,613	1.22	1,168,536	630,000	382,569	1.15	112,162	277,359	195,000	160,375	1.10	

Community Redevelopment Agency 2007 Tax Allocation Bonds

Fiscal Year Ended June 30,	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2008	\$ 23,890,555	\$ -	\$ 359,683	66.42
2009	23,775,956	770,000	2,073,084	8.36
2010	0	0	0	
2011	0	0	0	

197

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

<u>Calendar Year</u>	<u>Population</u> (1)	<u>Personal Income (in thousands)</u> (2)	<u>Per Capita Personal Income</u> (2)	<u>Unemployment Rate</u> (3), (A)
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%
2011	195,216	3,463,419	17,519	16.1%

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	2011		2009	
			Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	9,000	31.65%	9,000	26.67%
Moreno Valley Unified School District	Public Sector	Public Schools	3,490	12.27%	3,752	11.12%
Riverside County Regional Medical Center	Medical Facilities	County Hospital	2,416	8.50%	2,215	6.56%
Val Verde Unified School District (MV only)	Public Sector	Public Schools	2,179	7.66%	734	2.18%
Moreno Valley Mall/General Growth	Retail	Retail Mall	1,760	6.19%	1,669	4.95%
Ross Dress For Less/DD's Discounts	Distribution	Retail Distribution	1,500	5.28%	600	1.78%
City of Moreno Valley/Police/Fire Depts	Public Sector	Municipal Government	762	2.68%	1,183	3.51%
Walgreens Co.	Distribution	Retail Distribution	694	2.44%	650	1.93%
Skechers USA	Distribution	Retail Distribution	550	1.93%	0	0.00%
Moreno Valley College	Public Sector	Higher Education	510	1.79%	1,038	3.08%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Moreno Valley Economic Development Department

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
 Full-time and Part-time City Employees by Function
 Past Six Years

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	143	153	150	142	150	147
Public Works	126	134	141	151	146	143
Community Development	71	74	74	72	68	59
Parks and Community Services	123	184 ⁽²⁾	240	238	453	101 ⁽³⁾
Animal Services	24	26	27	29	27	21
Redevelopment Agency	17	17	18	16	14	12
Public Safety ⁽¹⁾	329	356	383	393	415	407
Total	<u>833</u>	<u>944</u>	<u>1,033</u>	<u>1,041</u>	<u>1,273</u>	<u>890</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) 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.

(3) In 2011 the Parks and Community Services Department received a grant from the State of California related to the After School Education and Safety Grant, however staffing for this services was contracted to an outside agency. This resulted in a large decrease in staffing

Note: 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
 Capital Asset Statistics
 Last Five Fiscal Years

	2007	2008	2009	2010	2011
Lane miles of streets	1,127	1,076	1,076	1,076	1,076
Number of street lights	10,710	11,027	11,037	11,046	11,260
Number of traffic signals	148	162	167	170	173
Fire protection:					
Number of stations	6	6	6	6	6
Police protection:					
Number of policing stations	3	5	5	5	5
Recreation and culture:					
Parks	36	38	39	37	37
Maintained acreage of parks	519.94	529.55	531.48	531.48	531.66
Parks under construction	6	7	6	6	1
Acreage of parks under construction	19.97	27.07	25.14	25.14	12.25
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	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	24	26	26
Water play features	2	2	2	2	2
Utilities:					
Residential utility meters	4,229	4,702	4,802	4,904	5,003
Commercial utility meters	383	499	565	545	599

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

	2007	2008	2009	2010	2011
Square mileage of area	51	52	52	52	52
Fire protection:					
Provided by the County of Riverside in cooperation with the State Department of Forestry and Fire:					
Sworn personnel	72	85	81	80	79
Volunteers	30	25	25	25	10
Non-sworn personnel	13	10	8	8	8
Responses to emergency calls	12,525	13,011	12,971	13,530	15,268
Inspections and Permits	4,834	4,269	3,522	2,369	3,383
Plan checks	1,445	1,482	664	424	358
Counter/Public inquires	8,264	7,932	7,249	2,734	2,452
Police protection:					
Provided through contract with the County of Riverside Sheriff's Department:					
Sworn officers	174	188	186	184	186
Classified personnel	49.5	56	55	54	55
City support personnel	3.5	4	3	3	3
Volunteers	25	39	56	62	77
Responses to Calls:					
Priority 1	891	429	572	519	423
Priority 1A	1,210	1,271	1,110	1,181	1,274
Priority 2	25,046	24,819	24,967	24,938	27,797
Priority 3	25,295	24,859	26,466	24,800	27,487
Priority 4	17,304	16,932	17,592	16,630	18,625
Priority 5	276	2	91	1	1
Priority 6	0	0	0	0	0
Priority 7	0	0	0	0	0
Priority 8	0	0	0	0	1
Priority 9	76	174	248	279	312
Cancelled	6,826	5,983	5,359	5,222	5,543
Disp/ Arr Time Missing	9,841	9,437	8,540	7,638	7,944
Same Disp/ Arr Time	49,490	50,516	60,510	54,645	54,379
T. R. U. Calls	54	32	43	32	37
Building and Safety:					
Building permits issued	3,363	2,413	2,058	1,645	1,700
Counter requests for service	12,276	11,249	8,922	6,611	6,105
Planning:					
Planning applications processed	1,261	1,100	894	682	644
Counter requests for service	8,639	6,550	4,669	3,875	3,683
Recreation and culture:					
Rounds of golf played	14,008	12,000	6,123	6,638	9,719
Facility rentals	1,302	971	893	1,026	1,005
Participants in recreation programs	64,006	57,139	46,075	46,561	46,040
Utilities:					
Average residential daily consumption (kilowatt hours)	19.2	18	19.8	18.5	18.5
Average commercial daily consumption (kilowatt hours)	396.0	171	254.8	284.4	296.3
New residential connections	1,033	473	123	93	99
New commercial connections	78	118	65	5	54
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)	388	406	324	312	283
Part-time career status (FTE)	15	18	14	29	21

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

OF THE CITY OF MORENO VALLEY



FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(WITH INDEPENDENT AUDITORS' REPORT THEREON)



**COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF MORENO VALLEY, CALIFORNIA**

FINANCIAL STATEMENTS

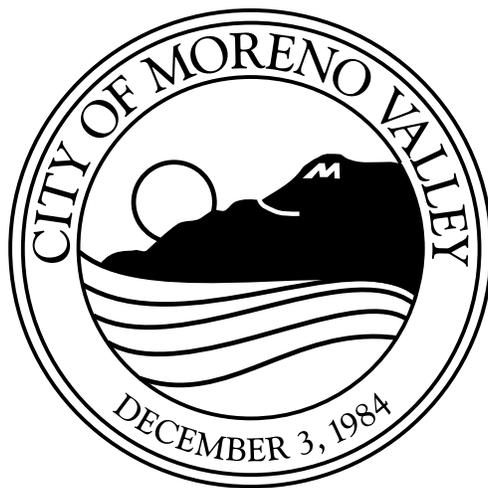
YEAR ENDED JUNE 30, 2011

COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF MORENO VALLEY, CALIFORNIA

YEAR ENDED JUNE 30,2011

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	
Financial Audit.....	1
Compliance Audit.....	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities.....	6
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Governmental Funds Statement of Revenues, Expenditures and Changes in Funds Balances	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Notes to the Financial Statements.....	11
SUPPLEMENTARY INFORMATION	
Governmental Funds Combining Balance Sheet	24
Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances	26
Computation of Low and Moderate Income Housing Funds Excess/Surplus	28





CERTIFIED PUBLIC ACCOUNTANTS

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- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Chair and Members of the Governing Board
Community Redevelopment Agency of the City of Moreno Valley
Moreno Valley, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

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 Agency, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 9 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The combining project area statements and computation of low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the financial statements. These are the responsibility of management and were derived from and relate directly to the underlying accounting and other records



To the Honorable Chair and Members of the Governing Board
Community Redevelopment Agency of the City of Moreno Valley

used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Agency has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Lance, Solt & Lughard, LLP

Brea, California
December 22, 2011



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Chair and Members of the Governing Board
Community Redevelopment Agency of the City of Moreno Valley
Moreno Valley, California

Compliance

We have audited the Community Redevelopment Agency of the City of Moreno Valley's (Agency) compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of Agency's management. Our responsibility is to express an opinion on Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on redevelopment program has occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable to the redevelopment program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported under *Government Auditing Standards*.

Financial Disclosure and Reporting

Redevelopment Agency Budget

Per Health and Safety Code section 33606, the Agency is to adopt a budget for the fiscal year which includes a work program and goals for the coming year. Upon inspection of the fiscal year 2010-11 budget it was noted that document did not include a work program and goals for the year.



To the Honorable Chair and Members of the Governing Board
Community Redevelopment Agency of the City of Moreno Valley

Affordable Housing

Planning and Administrative Expenditures

The agency is required annually by Health and Safety Code section 33334.3[d] to prepare a written determination showing that planning and administrative expenditures charged in the Low and Moderate Income Housing Fund were necessary for the production, improvement, or preservation of low and moderate income housing. Although a written determination was prepared for the fiscal year 2010-11, there has been no council action to receive and approve this finding as of our audit contact.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Audit Committee, and the California State Controller and it is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Lughard, LLP

Brea, California
December 22, 2011

**Community Redevelopment Agency
of the City of Moreno Valley**

**Statement of Net Assets
June 30, 2011**

	Governmental Activities
Assets:	
Pooled cash and investments (note 3)	\$ 51,063,099
Receivables:	
Accounts	48,685
Notes and loans (note 4)	20,519,937
Interest	471,543
Due from other governments	529
Land held for redevelopment	3,916,126
Advances to the City of Moreno Valley	189,000
Capital assets not being depreciated (note 5)	10,838,132
Depreciable capital assets, net of accumulated depreciation (note 5)	17,216,260
	104,263,311
Total Assets	104,263,311
Liabilities:	
Accounts payable	1,777,712
Accrued liabilities	24,654
Accrued interest payable on long-term debt	853,202
Due to the City of Moreno Valley	9,378
Due to other governments (note 8)	5,639,404
Long-term liabilities (note 6):	
Due within one year	210,000
Due in more than one year	78,222,152
	86,736,502
Total Liabilities	86,736,502
Net Assets:	
Invested in capital assets, net of related debt	9,983,312
Restricted for low and moderate housing	32,304,849
Restricted for debt service	1,217,367
Unrestricted (deficit)	(25,978,719)
	\$ 17,526,809
Total Net Assets	\$ 17,526,809

**Community Redevelopment Agency
of the City of Moreno Valley**

**Statement of Activities
Year ended June 30, 2011**

	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	\$ 1,442,219	\$ -	\$ -	\$ (1,442,219)
Community development	583,597	-	2,686,600	2,103,003
Interest on long-term debt	5,531,791	-	-	(5,531,791)
Total Governmental Activities	<u>\$ 7,557,607</u>	<u>\$ -</u>	<u>\$ 2,686,600</u>	<u>(4,871,007)</u>
Taxes:				
Tax increment (net of pass through payments)				7,057,989
Property taxes				1,090,264
Sales taxes				994,015
Use of money and property				1,461,848
Miscellaneous				159,106
Transfers to the City of Moreno Valley				<u>(1,740,815)</u>
Total General Revenues and Transfers				<u>9,022,407</u>
Change in Net Assets				4,151,400
Net Assets, Beginning of Year				<u>13,375,409</u>
Net Assets, End of Year				<u>\$ 17,526,809</u>

**Community Redevelopment Agency
of the City of Moreno Valley
Governmental Funds
Balance Sheet
June 30, 2011**

	<u>Moreno Valley Redevelopment Project</u>		<u>Debt Service Funds</u>	<u>Totals</u>
	<u>Capital Projects Funds</u>		<u>Debt Service</u>	
	<u>Project</u>	<u>Low and Moderate Housing</u>		
Assets:				
Pooled cash and investments (note 3)	\$ 32,817,339	\$ 8,173,443	\$ 10,072,317	\$ 51,063,099
Receivables:				
Accounts	-	48,685	-	48,685
Notes and loans (note 4)	-	20,519,937	-	20,519,937
Interest	-	471,543	-	471,543
Due from other governments	-	-	529	529
Land held for redevelopment	3,718,466	197,660	-	3,916,126
Advances to other funds (note 7)	-	3,386,697	-	3,386,697
Advances to the City of Moreno Valley	-	-	189,000	189,000
Total Assets	<u>\$ 36,535,805</u>	<u>\$ 32,797,965</u>	<u>\$ 10,261,846</u>	<u>\$ 79,595,616</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,765,185	\$ 12,527	\$ -	\$ 1,777,712
Accrued liabilities	15,608	9,046	-	24,654
Due to other governments (note 8)	-	-	5,639,404	5,639,404
Due to the City of Moreno Valley	-	-	9,378	9,378
Deferred revenue	-	471,543	9,000	480,543
Advances from other funds (note 7)	-	-	3,386,697	3,386,697
Total Liabilities	<u>1,780,793</u>	<u>493,116</u>	<u>9,044,479</u>	<u>11,318,388</u>
Fund Balances:				
Nonspendable for:				
Long-term receivables	-	20,519,937	-	20,519,937
Land held for redevelopment	3,718,466	197,660	-	3,916,126
Advances	-	3,386,697	189,000	3,575,697
Restricted for:				
Low and moderate housing	-	8,200,555	-	8,200,555
Debt service	-	-	1,028,367	1,028,367
Assigned to:				
Capital projects	31,036,546	-	-	31,036,546
Total Fund Balances	<u>34,755,012</u>	<u>32,304,849</u>	<u>1,217,367</u>	<u>68,277,228</u>
Total Liabilities & Fund Balances	<u>\$ 36,535,805</u>	<u>\$ 32,797,965</u>	<u>\$ 10,261,846</u>	<u>\$ 79,595,616</u>

**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, 2011**

Fund balances of governmental funds	\$ 68,277,228
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	10,838,132
Depreciable capital assets, net of accumulated depreciation	17,216,260
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.	480,543
Accrued interest payable for the current portion of interest due on long-term liabilities are not reported in the funds.	(853,202)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(78,432,152)
Net assets of governmental activities	<u>\$ 17,526,809</u>

**Community Redevelopment Agency
of the City of Moreno Valley
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year ended June 30, 2011**

	Moreno Valley Redevelopment Project		Debt Service Funds	Totals
	Capital Projects Funds		Debt Service	
	Project	Low and Moderate Housing		
Revenues:				
Taxes and assessments:				
Tax increment	\$ -	\$ 3,522,959	\$ 14,091,836	\$ 17,614,795
Property taxes	-	-	1,090,264	1,090,264
Sales taxes	-	-	994,015	994,015
Use of money and property	640,578	197,807	511,926	1,350,311
Miscellaneous	157,235	1,871	-	159,106
Total Revenues	797,813	3,722,637	16,688,041	21,208,491
Expenditures:				
Current:				
General government	595,865	648,225	198,129	1,442,219
Community development	8,119,944	-	-	8,119,944
Debt Service:				
Principal retirement	-	-	23,760,636	23,760,636
Interest and fiscal charges	-	-	5,533,958	5,533,958
Pass-through agreement payments	-	-	9,474,228	9,474,228
SERAF payment	-	-	1,082,578	1,082,578
Total Expenditures	8,715,809	648,225	40,049,529	49,413,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,917,996)	3,074,412	(23,361,488)	(28,205,072)
Other Financing Sources (Uses)				
Transfers in (note 7)	595,863	-	-	595,863
Transfers out (note 7)	-	-	(595,863)	(595,863)
Long-term debt issued	-	-	2,397,749	2,397,749
Transfers to the City of Moreno Valley	-	-	(1,740,815)	(1,740,815)
Total Other Financing Sources (Uses)	595,863	-	61,071	656,934
Net Change in Fund Balances	(7,322,133)	3,074,412	(23,300,417)	(27,548,138)
Fund Balances, Beginning of Year	42,077,145	29,230,437	24,517,784	95,825,366
Fund Balances, End of Year	\$ 34,755,012	\$ 32,304,849	\$ 1,217,367	\$ 68,277,228

**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, 2011**

Net change in fund balances of governmental funds \$ (27,548,138)

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. (581,285)

Net book value of disposed assets. (125,983)

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. 8,117,633

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. 26,447,236

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. 2,166

Proceeds of long-term debt is revenue in the governmental funds, but these are additions to the statement of net assets. (2,397,749)

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. 237,520

Change in net assets of governmental activities \$ 4,151,400

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1: Organization and Summary of Significant Accounting

a. Policies 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Organization and Summary of Significant Accounting (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
CITY OF MORENO VALLEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Organization and Summary of Significant Accounting (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:

Assets	Years
Building 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
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

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

The Agency reports the following major governmental funds:

The Project 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 "measureable" 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
CITY OF MORENO VALLEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Organization and Summary of Significant Accounting (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, government funds report the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the Governing Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a minute action or a resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Financial and Administrative Services Director is authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

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.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 2: Stewardship, Compliance and Accountability (Continued)

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.

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 investment pooled with the City	<u>\$ 51,063,099</u>
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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.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 4: Notes and Loans Receivable

Notes and Loans receivable of \$20,519,937 consisted primarily of loans and advances to developers for various projects. A summary of amounts owed to the Agency at June 30, 2011 follows:

Cottonwood Properties	\$	3,862,034
Rancho Dorado		5,550,000
Sheila Street Rehabilitation		2,651,875
Oakwood		2,250,000
RHDC Properties		1,866,557
CVHC		1,639,450
Ability First		824,917
Bay Family Apartments		755,000
Perris Isle		413,000
Others		707,104
Total	\$	<u>20,519,937</u>

Note 5: Capital Assets

A summary of changes in capital:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Non- Depreciable Assets:					
Land	\$ 9,561,919	\$ -	\$ 125,983	\$ -	\$ 9,435,936
Construction in Progress	-	8,117,633	-	(6,715,437)	1,402,196
Total Non-Depreciated Assets	<u>9,561,919</u>	<u>8,117,633</u>	<u>125,983</u>	<u>(6,715,437)</u>	<u>10,838,132</u>
Depreciable Assets:					
Buildings and Improvements	12,191,837	-	-	-	12,191,837
Furniture and Equipment	352,837	-	-	-	352,837
Infrastructure	1,152,231	-	-	6,715,437	7,867,668
Total Depreciable Assets	<u>13,696,905</u>	<u>-</u>	<u>-</u>	<u>6,715,437</u>	<u>20,412,342</u>
Accumulated Depreciation:					
Buildings and Improvements	2,193,543	487,673	-	-	2,681,216
Furniture and Equipment	317,552	70,567	-	-	388,119
Infrastructure	103,702	23,045	-	-	126,747
Total Accumulated Depreciation	<u>2,614,797</u>	<u>581,285</u>	<u>-</u>	<u>-</u>	<u>3,196,082</u>
Depreciable Assets, Net of Depreciation	<u>11,082,108</u>	<u>581,285</u>	<u>-</u>	<u>6,715,437</u>	<u>17,216,260</u>
Total Capital Assets, Net of Depreciation	<u>\$ 20,644,027</u>	<u>\$ 7,536,348</u>	<u>\$ 125,983</u>	<u>\$ -</u>	<u>\$ 28,054,392</u>

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

Governmental Activities:

Community development	\$	<u>581,285</u>
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**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Long-Term Liabilities

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, 2011 was \$1,736,067.

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, 2011, accrued interest amounted to \$2,200,727. 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, 2011, the outstanding principal and accrued interest balances are \$11,474,822 and \$6,596,258, respectively.

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, 2011, the outstanding accrued interest on these borrowings is \$297,030.

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, but were defeased in 2010-11.

A summary of amounts owed to the City at June 30, 2011 follows:

<u>Borrowing Purpose</u>	<u>Principal</u>	<u>Interest</u>
Towngate Regional Mall (Sears)	\$ 13,000,000	\$ 2,200,727
Conference and Recreation Center	11,474,822	6,596,258
Redevelopment	652,248	297,030
Total	<u>\$ 25,127,070</u>	<u>\$ 9,094,015</u>

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Long-Term Liabilities (Continued)

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.

Year Ending June 30	Principal	Interest
2011-2012	\$ 210,000	\$ 2,043,484
2012-2013	220,000	2,034,884
2013-2014	230,000	2,025,884
2014-2015	230,000	2,017,259
2015-2016	235,000	2,009,121
2017-2021	1,290,000	9,898,475
2022-2026	6,415,000	9,204,840
2027-2031	10,040,000	7,187,818
2032-2036	13,655,000	4,261,125
2037-2041	9,950,000	762,500
	<u>\$ 42,475,000</u>	<u>\$ 41,445,390</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, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Price Company Note	\$ 2,023,648	\$ -	\$ 287,581	\$ 1,736,067	\$ -
City Loans - Principal	47,627,070	-	22,500,000	25,127,070	-
City Loans - Unpaid Interest	10,225,921	2,397,749	3,529,655	9,094,015	-
2007 Tax Allocation Bonds Series A	42,605,000	-	130,000	42,475,000	210,000
Total Long-Term Liabilities	<u>\$ 102,481,639</u>	<u>\$ 2,397,749</u>	<u>\$ 26,447,236</u>	<u>\$ 78,432,152</u>	<u>\$ 210,000</u>

The deletions for City loans – unpaid interest includes \$2,686,600 which was forgiven and does not appear in debt service principal payments on the statement of revenues, expenditures and changes in fund balances.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 7: Interfund Receivables, Payables and Transfers

Debt Service Requirements

The Agency has pledged as security for tax allocation bonds it has issued a portion of the tax increment revenue that it receives. These bonds were to provide financing for various capital projects. The Agency has committed to appropriate each year from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$83,920,390 with annual debt service requirements indicated above. For the current year, the total tax increment revenue recognized by the Agency was \$17,614,795 and the debt service obligation on the bonds was \$2,180,284.

a. Advances to / from other funds

Funds	Advances Receivable	Advances Payable
Capital Projects Funds:		
Low and Moderate Housing	\$ 3,386,697	\$ -
Debt Service Funds:		
Tax Increment Fund	-	3,386,697
Totals	<u>\$ 3,386,697</u>	<u>\$ 3,386,697</u>

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 \$178,247 was made. The outstanding balance as of June 30, 2011 was \$3,386,697.

b. Transfers to / from other funds

Funds	Transfers In	Transfers Out	Net Transfers In (Out)
Capital Projects Fund:			
Administration	\$ 595,863	\$ -	\$ 595,863
Total Projects and Administrations	<u>595,863</u>	<u>-</u>	<u>595,863</u>
Debt Service Fund:			
Tax Increment	-	(3,129,565)	(3,129,565)
2007 TABs Series A	2,185,030	-	2,185,030
2007 TABs Series B	348,672	-	348,672
Total Debt Service	<u>2,533,702</u>	<u>(3,129,565)</u>	<u>(595,863)</u>
Total Transfers In (Out)	<u>\$ 3,129,565</u>	<u>\$ (3,129,565)</u>	<u>\$ -</u>

Transfers of \$2,533,702 are eliminated in the consolidation of the debt service funds in order to arrive at the totals for the Statement of Revenues, Expenditures and Changes in Fund Balances, which provides net transfers in and out of \$595,863. The detail shown above is displayed in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

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

The Tax Increment Debt Service Fund transferred \$595,863 to the Administration Capital Projects Fund to cover operating expenditures for the year.

The Tax Increment Debt Service Fund transferred \$2,185,030 and \$348,672 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: 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 \$5,639,404 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.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 8: Commitments and Contingencies (Continued)

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 \$ 105,800.

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.

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 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 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 fiscal year 2009-2010 and \$350 million in 2011-2012 The Agency's share of the SERAF for fiscal year 2010-2011 is \$1,082,578. The California Redevelopment Association is continuing to be actively engaged in litigation to invalidate ABX4-26.

Note 9: California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, give redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 9: California Redevelopment Agency Uncertainty (Continued)

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State in the estimated amount of \$6,122,305, by January 15, 2012 to avoid dissolution.

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, 2011**

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 (note 3)	\$ 56,066	\$ 161,245	\$ 32,600,028	\$ 8,173,443
Receivables:				
Accounts	-	-	-	48,685
Notes and loans (note 4)	-	-	-	20,519,937
Interest	-	-	-	471,543
Due from other governments	-	-	-	-
Land held for redevelopment	-	3,718,466	-	197,660
Advances to other funds (note 7)	-	-	-	3,386,697
Advances to the City of Moreno Valley	-	-	-	-
Total Assets	\$ 56,066	\$ 3,879,711	\$ 32,600,028	\$ 32,797,965
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,388	\$ 78,789	\$ 1,682,008	\$ 12,527
Accrued liabilities	6,897	1,233	7,478	9,046
Due to other governments (note 8)	-	-	-	-
Due to the City of Moreno Valley	-	-	-	-
Deferred revenue	-	-	-	471,543
Advances from other funds (note 7)	-	-	-	-
Total Liabilities	11,285	80,022	1,689,486	493,116
Fund Balances:				
Nonspendable for:				
Long-term receivables	-	-	-	20,519,937
Land held for redevelopment	-	3,718,466	-	197,660
Advances	-	-	-	3,386,697
Nonspendable for:				
Low and moderate housing	-	-	-	8,200,555
Debt service	-	-	-	-
Assigned to:				
Capital projects	44,781	81,223	30,910,542	-
Total Fund Balances	44,781	3,799,689	30,910,542	32,304,849
Total Liabilities & Fund Balances	\$ 56,066	\$ 3,879,711	\$ 32,600,028	\$ 32,797,965

**Debt Service
Funds**

Tax Increment Fund	2007 TABS, Series A Debt Service	2007 TABS, Series B Debt Service	Totals
\$ 10,072,317	\$ -	\$ -	\$ 51,063,099
-	-	-	48,685
-	-	-	20,519,937
-	-	-	471,543
529	-	-	529
-	-	-	3,916,126
-	-	-	3,386,697
189,000	-	-	189,000
\$ 10,261,846	\$ -	\$ -	\$ 79,595,616
\$ -	\$ -	\$ -	\$ 1,777,712
-	-	-	24,654
5,639,404	-	-	5,639,404
9,378	-	-	9,378
9,000	-	-	480,543
3,386,697	-	-	3,386,697
9,044,479	-	-	11,318,388
-	-	-	20,519,937
-	-	-	3,916,126
189,000	-	-	3,575,697
-	-	-	8,200,555
1,028,367	-	-	1,028,367
-	-	-	31,036,546
1,217,367	-	-	68,277,228
\$ 10,261,846	\$ -	\$ -	\$ 79,595,616

Assets:

Pooled cash and investments (note 3)
 Receivables:
 Accounts
 Notes and loans (note 4)
 Interest
 Due from other governments
 Land held for redevelopment
 Advances to other funds (note 7)
 Advances to the City of Moreno Valley

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
 Accrued liabilities
 Due to other governments (note 9)
 Due to the City of Moreno Valley
 Deferred revenue
 Advances from other funds (note 7)

Total Liabilities

Fund Balances:

Nonspendable for:
 Long-term receivables
 Land held for redevelopment
 Advances
 Restricted for:
 Low and moderate housing
 Debt service
 Assigned to:
 Capital Projects

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, 2011

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	\$ -	\$ -	\$ -	\$ 3,522,959
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Use of money and property	-	1,959	638,619	197,807
Miscellaneous	-	155,687	1,548	1,871
Total Revenues	\$ -	\$ 157,646	\$ 640,167	\$ 3,722,637
Expenditures:				
Current:				
General government	\$ 595,865	\$ -	\$ -	\$ 648,225
Community development	-	63,082	8,056,862	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
SERAF payment	-	-	-	-
Total Expenditures	595,865	63,082	8,056,862	648,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(595,865)	94,564	(7,416,695)	3,074,412
Other Financing Sources (Uses)				
Transfers in (note 7)	595,863	-	-	-
Transfers out (note 7)	-	-	-	-
Long-term debt issued	-	-	-	-
Transfers to the City of Moreno Valley	-	-	-	-
Total Other Financing Sources (Uses)	595,863	-	-	-
Net Change in Fund Balances	(2)	94,564	(7,416,695)	3,074,412
Fund Balances, Beginning of Year	44,783	3,705,125	38,327,237	29,230,437
Fund Balances, End of Year	\$ 44,781	\$ 3,799,689	\$ 30,910,542	\$ 32,304,849

**Debt Service
Funds**

Tax Increment Fund	2007 TABS, Series A Debt Service	2007 Tabs, Series B Debt Service	Totals
\$ 14,091,836	\$ -	\$ -	\$ 17,614,795
1,090,264	-	-	1,090,264
994,015	-	-	994,015
511,924	2	-	1,350,311
-	-	-	159,106
\$ 16,688,039	\$ 2	\$ -	\$ 21,208,491
\$ 198,129	\$ -	\$ -	\$ 1,442,219
-	-	-	8,119,944
1,130,636	130,000	22,500,000	23,760,636
3,130,254	2,055,032	348,672	5,533,958
9,474,228	-	-	9,474,228
1,082,578	-	-	1,082,578
15,015,825	2,185,032	22,848,672	49,413,563
1,672,214	(2,185,030)	(22,848,672)	(28,205,072)
-	2,185,030	348,672	3,129,565
(3,129,565)	-	-	(3,129,565)
2,397,749	-	-	2,397,749
(1,740,815)	-	-	(1,740,815)
(2,472,631)	2,185,030	348,672	656,934
(800,417)	-	(22,500,000)	(27,548,138)
2,017,784	-	22,500,000	95,825,366
\$ 1,217,367	\$ -	\$ -	\$ 68,277,228

Revenues:

Taxes and assessments:
 Tax increment
 Property taxes in lieu
 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 (note 7)
 Transfers out (note 7)
 Long-term debt issued
 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

**Community Redevelopment Agency
of the City of Moreno Valley
Computation of Low and Moderate
Income Housing Funds Excess/Surplus
June 30, 2011**

	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2010</u>	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2011</u>
Opening Fund Balance	\$29,230,437	\$ 32,304,849
Less Unavailable Amounts		
Land held for redevelopment	\$ (197,660)	\$ (197,660)
Long Term Loans Receivable	(3,564,945)	(3,386,697)
Encumbrances (Section 33334.12 (g)(2))	(4,004,250)	(750,000)
Rehabilitation loans	<u>(17,567,422)</u>	<u>(20,519,937)</u>
	<u>(25,334,277)</u>	<u>(24,854,294)</u>
Available Low and Moderate Income Housing Funds	3,896,160	7,450,555
Limitation (greater of \$1,000,000 or four years set-aside Set-Aside for last four years		
2010 - 2011	\$ -	\$ 3,522,959
2009 - 2010	3,782,660	3,782,660
2008 - 2009	4,546,638	4,546,638
2007 - 2008	4,583,576	4,583,576
2006 - 2007	<u>3,506,618</u>	<u>-</u>
Total	<u>\$16,419,492</u>	<u>\$16,435,833</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>16,419,492</u>	<u>16,435,833</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>

Community SERVICES DISTRICT

CITY OF MORENO VALLEY, CALIFORNIA



FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

**CITY OF MORENO VALLEY, CALIFORNIA
COMMUNITY SERVICES DISTRICT**

FINANCIAL STATEMENTS

**YEAR ENDED JUNE 30, 2011
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

City of Moreno Valley, California
Community Services District

Financial Statements

Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities.....	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Budget Comparison Statements:	
1. Zone L Library Services Fund	11
2. Zone A Parks and Community Services	12
3. Zone E Extensive Landscaping Administration	13
4. CFD #1 Fund.....	14
Notes to Financial Statements.....	15
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	22
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	24
Budget Comparison Schedules:	
A. Zone B Residential Street Lights Administration	26
B. Zone C Arterial Street Lights Administration	27
C. Zone D Standard Landscaping Administration.....	28
D. Zone M Median Fund	29
E. Zone S Sunnymead Boulevard Maintenance.....	30



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
City of Moreno Valley, California
Community Services District

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 (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

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, 2011, and the respective changes in financial position and the respective budgetary comparison for the Zone L Library Services Fund, Zone A Parks and Community Services Fund, Zone E Extensive Landscaping Administration Fund and CFD #1 Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining statements are presented for purposes of additional analysis and are not a required part of the financial statements. These are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other



Board of Directors
City of Moreno Valley, California
Community Services District

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Lance, Soll & Lughard, LLP

Brea, California
January 11, 2012

**City of Moreno Valley, California
Community Services District**

**Statement of Net Assets
June 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Pooled cash and investments (note 2)	\$ 12,652,018
Receivables:	
Accounts	235,015
Due from other governments	384,902
Capital assets not being depreciated (note 3)	812,604
Capital assets, net of depreciation (note 3)	<u>20,178,752</u>
Total Assets	<u>34,263,291</u>
Liabilities:	
Accounts payable	508,655
Accrued liabilities	114,960
Unearned revenue	203,555
Deposits payable	105,762
Due to the City of Moreno Valley	3,305,681
Due to other governments	5
Advances from the City of Moreno Valley (note 4)	<u>51,700</u>
Total Liabilities	<u>4,290,318</u>
Net Assets:	
Invested in capital assets, net of related debt	20,991,356
Restricted for:	
Special zones	<u>8,981,617</u>
Total Net Assets	<u><u>\$ 29,972,973</u></u>

**City of Moreno Valley, California
Community Services District**

**Statement of Activities
Year Ended June 30, 2011**

	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					
Primary Government:					
Governmental Activities:					
Community and cultural	\$ 18,224,880	\$ 10,435,552	\$ 74,097	\$ -	\$ (7,715,231)
Capital contributions to the City of Moreno Valley	638,225	-	-	-	(638,225)
Total Governmental Activities	\$ 18,863,105	\$ 10,435,552	\$ 74,097	\$ -	(8,353,456)
General Revenues:					
Taxes:					
Property taxes					3,237,015
Other taxes					1,013,881
Use of money and property					614,940
Miscellaneous					63,102
Contributions from the City of Moreno Valley					763,798
Transfers from the City of Moreno Valley					1,587,244
Total General Revenues, Contributions and Transfers					7,279,980
Change in Net Assets					(1,073,476)
Net Assets at Beginning of Year					31,046,449
Net Assets at End of Year					\$ 29,972,973

**City of Moreno Valley, California
Community Services District**

**Governmental Funds
Balance Sheet
June 30, 2011**

	Special Revenue Funds		
	Zone L Library Services Fund	Zone A Parks and Community Services	Zone E Extensive Landscaping Administration
Assets:			
Pooled cash and investments (note 2)	\$ 250,684	\$ 5,487,202	\$ 4,274,748
Receivables:			
Accounts	837	228,030	2,672
Due from other governments	48,661	150,761	43,706
Total Assets	\$ 300,182	\$ 5,865,993	\$ 4,321,126
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 6,104	\$ 164,778	\$ 120,185
Accrued liabilities	21,652	69,292	8,679
Due to the City of Moreno Valley	-	3,305,681	-
Due to other governments	-	5	-
Deferred revenues	-	5,109	-
Unearned revenues	-	203,555	-
Deposits payable	-	105,762	-
Advances from the City of Moreno Valley	-	-	-
Total Liabilities	27,756	3,854,182	128,864
 Fund Balances:			
Restricted for:			
Special zones	272,426	1,998,490	4,192,262
Committed to:			
Scholarship Program	-	13,321	-
Total Fund Balances	272,426	2,011,811	4,192,262
 Total Liabilities and Fund Balances	\$ 300,182	\$ 5,865,993	\$ 4,321,126

Special Revenue Funds

CFD #1 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,376,018	\$ 1,263,366	\$ 12,652,018
-	3,476	235,015
81,737	60,037	384,902
\$ 1,457,755	\$ 1,326,879	\$ 13,271,935
\$ 30,508	\$ 187,080	\$ 508,655
6,222	9,115	114,960
-	-	3,305,681
-	-	5
-	-	5,109
-	-	203,555
-	-	105,762
-	51,700	51,700
36,730	247,895	4,295,427
1,421,025	1,078,984	8,963,187
-	-	13,321
1,421,025	1,078,984	8,976,508
\$ 1,457,755	\$ 1,326,879	\$ 13,271,935

Assets:

Pooled cash and investments (note 2)
 Receivables:
 Accounts
 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 revenues
 Unearned revenues
 Deposits payable
 Advances from the City of Moreno Valley

Total Liabilities

Fund Balances:

Restricted for:

Special zones

Committed to:

Scholarship Program

Total Fund Balances

Total Liabilities and 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, 2011**

Fund balances of governmental funds	\$ 8,976,508
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	812,604
Depreciable capital assets, net of accumulated depreciation	20,178,752
Revenues in the statement of activities that do not provide 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.	<u>5,109</u>
Net assets of governmental activities	<u><u>\$ 29,972,973</u></u>

**City of Moreno Valley, California
Community Services District**

**Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2011**

	Special Revenue Funds		
	Zone L Library Services Fund	Zone A Parks and Community Services	Zone E Extensive Landscaping Administration
Revenues:			
Taxes:			
Property taxes	\$ 1,344,931	\$ 1,692,052	\$ -
Other taxes	-	-	-
Intergovernmental	74,097	-	-
Charges for services	40,201	5,977,119	2,399,033
Use of money and property	-	505,995	74,922
Fines and forfeitures	42,302	-	-
Miscellaneous	22,783	29,714	4,631
Total Revenues	1,524,314	8,204,880	2,478,586
Expenditures:			
Current:			
Community and cultural	1,852,639	7,606,897	2,332,842
Capital outlay	-	18,247	-
Total Expenditures	1,852,639	7,625,144	2,332,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	(328,325)	579,736	145,744
Other Financing Sources (Uses):			
Transfers from the City of Moreno Valley	446,740	323,513	-
Total Other Financing Sources (Uses)	446,740	323,513	-
Net Change in Fund Balances	118,415	903,249	145,744
Fund Balances, Beginning of Year	154,011	1,108,562	4,046,518
Fund Balances, End of Year	\$ 272,426	\$ 2,011,811	\$ 4,192,262

Special Revenue Funds

CFD #1 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 200,032	\$ 3,237,015
1,013,881	-	1,013,881
-	-	74,097
25,305	2,730,287	11,171,945
24,668	9,355	614,940
-	-	42,302
-	5,974	63,102
1,063,854	2,945,648	16,217,282
843,795	3,657,175	16,293,348
-	-	18,247
843,795	3,657,175	16,311,595
220,059	(711,527)	(94,313)
-	816,991	1,587,244
-	816,991	1,587,244
220,059	105,464	1,492,931
1,200,966	973,520	7,483,577
\$ 1,421,025	\$ 1,078,984	\$ 8,976,508

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 from 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

**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
Year Ended June 30, 2011**

Net change in fund balances - total governmental funds \$ 1,492,931

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay	18,247
Depreciation expense	(1,931,532)
Contributions from the City of Moreno Valley	763,798
Contributions to the City of Moreno Valley	(638,225)

Revenues in the statement of activities that do not provide 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.

(778,695)

Change in net assets of governmental activities

\$ (1,073,476)

**City of Moreno Valley, California
Community Services District**

**Zone L Library Services Fund
Budgetary Comparison Statement
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 1,201,200	\$ 1,261,200	\$ 1,344,931	\$ 83,731
Intergovernmental	27,000	27,000	74,097	47,097
Charges for services	33,000	33,000	40,201	7,201
Fines and forfeitures	56,500	56,500	42,302	(14,198)
Miscellaneous	2,000	22,120	22,783	663
Total Revenues	<u>1,319,700</u>	<u>1,399,820</u>	<u>1,524,314</u>	<u>124,494</u>
Expenditures:				
Current:				
Community and cultural	1,903,462	1,955,559	1,852,639	102,920
Total Expenditures	<u>1,903,462</u>	<u>1,955,559</u>	<u>1,852,639</u>	<u>102,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(583,762)</u>	<u>(555,739)</u>	<u>(328,325)</u>	<u>21,574</u>
Other Financing Sources (Uses)				
Transfers from the City of Moreno Valley	446,740	446,740	446,740	-
Total Other Financing Sources (Uses)	<u>446,740</u>	<u>446,740</u>	<u>446,740</u>	<u>-</u>
Net Change in Fund Balances	<u>(137,022)</u>	<u>(108,999)</u>	<u>118,415</u>	<u>21,574</u>
Fund Balance, Beginning of Year	154,011	154,011	154,011	-
Fund Balance, End of Year	<u>\$ 16,989</u>	<u>\$ 45,012</u>	<u>\$ 272,426</u>	<u>\$ 21,574</u>

**City of Moreno Valley, California
Community Services District**

**Zone A Parks and Community Services
Budgetary Comparison Statement
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 1,586,789	\$ 1,586,789	\$ 1,692,052	\$ 105,263
Charges for services	5,637,700	5,637,700	5,977,119	339,419
Use of money and property	457,800	458,800	505,995	47,195
Miscellaneous	25,500	26,433	29,714	3,281
Total Revenues	<u>7,707,789</u>	<u>7,709,722</u>	<u>8,204,880</u>	<u>495,158</u>
Expenditures:				
Current:				
Community and cultural	7,817,977	7,818,910	7,606,897	212,013
Capital outlay	6,400	69,850	18,247	51,603
Total Expenditures	<u>7,824,377</u>	<u>7,888,760</u>	<u>7,625,144</u>	<u>263,616</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(116,588)</u>	<u>(179,038)</u>	<u>579,736</u>	<u>231,542</u>
Other Financing Sources (Uses)				
Transfers from the City of Moreno Valley	289,800	289,800	323,513	33,713
Total Other Financing Sources (Uses)	<u>289,800</u>	<u>289,800</u>	<u>323,513</u>	<u>33,713</u>
Net Change in Fund Balances	<u>173,212</u>	<u>110,762</u>	<u>903,249</u>	<u>265,255</u>
Fund Balance, Beginning of Year	<u>1,108,562</u>	<u>1,108,562</u>	<u>1,108,562</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,281,774</u></u>	<u><u>\$ 1,219,324</u></u>	<u><u>\$ 2,011,811</u></u>	<u><u>\$ 265,255</u></u>

**City of Moreno Valley, California
Community Services District**

**Zone E Extensive Landscaping Administration
Budgetary Comparison Statement
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,403,200	\$ 2,351,400	\$ 2,399,033	\$ 47,633
Use of money and property	69,600	69,600	74,922	5,322
Miscellaneous	2,800	2,800	4,631	1,831
Total Revenues	<u>2,475,600</u>	<u>2,423,800</u>	<u>2,478,586</u>	<u>54,786</u>
Expenditures:				
Current:				
Community and cultural	2,781,383	2,781,383	2,332,842	448,541
Total Expenditures	<u>2,781,383</u>	<u>2,781,383</u>	<u>2,332,842</u>	<u>448,541</u>
Net Change in Fund Balances	<u>(305,783)</u>	<u>(357,583)</u>	145,744	<u>(393,755)</u>
Fund Balance, Beginning of Year	<u>4,046,518</u>	<u>4,046,518</u>	4,046,518	-
Fund Balance, End of Year	<u><u>\$ 3,740,735</u></u>	<u><u>\$ 3,688,935</u></u>	<u><u>\$ 4,192,262</u></u>	<u><u>\$ (393,755)</u></u>

**City of Moreno Valley, California
Community Services District**

**CFD #1 Fund
Budgetary Comparison Statement
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Other taxes	\$ 967,800	\$ 967,800	\$ 1,013,881	\$ 46,081
Charges for services	-	25,305	25,305	-
Use of money and property	13,000	13,000	24,668	11,668
Total Revenues	980,800	1,006,105	1,063,854	57,749
Expenditures:				
Current:				
Community and cultural	939,525	939,525	843,795	95,730
Capital outlay	117,000	120,000	-	120,000
Total Expenditures	1,056,525	1,059,525	843,795	215,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,725)	(53,420)	220,059	(157,981)
Other Financing Sources (Uses)				
Transfers from the City of Moreno Valley	25,305	-	-	-
Total Other Financing Sources (Uses)	25,305	-	-	-
Net Change in Fund Balances	(50,420)	(53,420)	220,059	(157,981)
Fund Balance, Beginning of Year	1,200,966	1,200,966	1,200,966	-
Fund Balance, End of Year	\$ 1,150,546	\$ 1,147,546	\$ 1,421,025	\$ (157,981)

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements
June 30, 2011**

Note 1: Summary of Significant Accounting Policies

a. Description of the 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)
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (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 120 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 L Library Services Fund accounts for the operations necessary to process and administer the library services program.

Zone A Parks and Community Services accounts for the administration and maintenance of the parks and community services facilities and programs.

Zone E Extensive Landscaping Administration accounts for the operations necessary to provide high-service level landscape maintenance in and around specific major residential developments.

CFD #1 Fund provides funding for maintenance of new neighborhood parks, trails, and Class I bikeways.

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.

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements (Continued)
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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 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

In the fund financial statements, government funds report the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the Governing Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a minute action or a resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Financial and Administrative Services Director is authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements (Continued)
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

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 restrict 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 restricted fund balance and are reappropriated the following year.

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.

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements (Continued)
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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. 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	<u>\$12,652,018</u>
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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

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements (Continued)
June 30, 2011**

Note 2: Cash and Investments (Continued)

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 Assets

The following is a summary of capital assets for governmental activities:

	Balances 7/1/2010	Additions	Deletions	Balances 6/30/2011
Non-depreciable Assets:				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Construction in progress	-	362,604	-	362,604
Total Non-depreciable Assets	<u>450,000</u>	<u>362,604</u>	<u>-</u>	<u>812,604</u>
Depreciable Assets:				
Buildings and Improvements	49,973,475	-	(1,013,056)	48,960,419
Furniture and Equipment	1,250,323	419,441	-	1,669,764
Vehicles	529,503	-	-	529,503
Infrastructure	101,457	-	-	101,457
Total Depreciable Assets	<u>51,854,758</u>	<u>419,441</u>	<u>(1,013,056)</u>	<u>51,261,143</u>
Accumulated Depreciation:				
Buildings and Improvements	(28,013,338)	(1,781,812)	374,831	(29,420,319)
Furniture and Equipment	(1,082,089)	(74,946)	-	(1,157,035)
Vehicles	(428,485)	(71,218)	-	(499,703)
Infrastructure	(1,778)	(3,556)	-	(5,334)
Total Accumulated Depreciation	<u>(29,525,690)</u>	<u>(1,931,532)</u>	<u>374,831</u>	<u>(31,082,391)</u>
Total Depreciable Assets, Net of Depreciation	<u>22,329,068</u>	<u>(1,512,091)</u>	<u>(638,225)</u>	<u>20,178,752</u>
Total Capital Assets, Net of Depreciation	<u>\$ 22,779,068</u>	<u>\$ (1,149,487)</u>	<u>\$ (638,225)</u>	<u>\$ 20,991,356</u>

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

Governmental Activities:	
Community and cultural	<u>\$ 1,931,532</u>

Note 4: Advances from the City of Moreno Valley

During the year, the City of Moreno Valley loaned \$51,700 to the Community Services District Zone B Residential Street Lights Administration Fund to subsidize the cost of residential streetlight services to be repaid by February 7, 2016.

**City of Moreno Valley, California
Community Services District**

**Notes to Financial Statements (Continued)
June 30, 2011**

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.

**City of Moreno Valley, California
Community Services District**

**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011**

	Special Revenue Funds		
	Zone B Residential Street Lights Administration	Zone C Arterial Street Lights Administration	Zone D Standard Landscaping Administration
Assets:			
Pooled cash and investments	\$ 129,243	\$ 303,131	\$ 463,333
Receivables:			
Accounts	-	-	3,476
Due from other governments	21,452	12,801	23,259
Total Assets	\$ 150,695	\$ 315,932	\$ 490,068
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 94,566	\$ 39,253	\$ 39,870
Accrued liabilities	2,054	668	5,071
Advances from the City of Moreno Valley	51,700	-	-
Total Liabilities	148,320	39,921	44,941
 Fund Balances:			
Restricted for:			
Special zones	2,375	276,011	445,127
Total Fund Balances	2,375	276,011	445,127
Total Liabilities and Fund Balances	\$ 150,695	\$ 315,932	\$ 490,068

Special Revenue Funds

Zone M Median Fund	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Funds
\$ 289,180	\$ 78,479	\$ 1,263,366
-	-	3,476
1,409	1,116	60,037
\$ 290,589	\$ 79,595	\$ 1,326,879
\$ 10,107	\$ 3,284	\$ 187,080
1,085	237	9,115
-	-	51,700
11,192	3,521	247,895
279,397	76,074	1,078,984
279,397	76,074	1,078,984
\$ 290,589	\$ 79,595	\$ 1,326,879

Assets:

Pooled cash and investments
 Receivables:
 Accounts
 Due from other governments

Total Assets

Liabilities and Fund Balances:

Liabilities:

Accounts payable
 Accrued liabilities
 Advances from the City of Moreno Valley

Total Liabilities

Fund Balances:

Restricted for:

Special zones

Total Fund Balances

Total Liabilities and 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, 2011**

	Special Revenue Funds		
	Zone B Residential Street Lights Administration	Zone C Arterial Street Lights Administration	Zone D Standard Landscaping Administration
Revenues:			
Taxes:			
Property taxes	\$ 85,934	\$ 114,098	\$ -
Charges for services	947,662	451,751	1,120,675
Use of money and property	(5,210)	5,742	7,210
Miscellaneous	-	-	5,624
	<u>1,028,386</u>	<u>571,591</u>	<u>1,133,509</u>
Total Revenues			
	1,028,386	571,591	1,133,509
Expenditures:			
Current:			
Community and cultural	1,605,916	751,807	1,018,025
	<u>1,605,916</u>	<u>751,807</u>	<u>1,018,025</u>
Total Expenditures			
	1,605,916	751,807	1,018,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	(577,530)	(180,216)	115,484
	<u>(577,530)</u>	<u>(180,216)</u>	<u>115,484</u>
Other Financing Sources (Uses):			
Transfers from the City of Moreno Valley	713,591	-	-
	<u>713,591</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
	713,591	-	-
Net Change in Fund Balances	136,061	(180,216)	115,484
	<u>136,061</u>	<u>(180,216)</u>	<u>115,484</u>
Fund Balances, Beginning of Year	(133,686)	456,227	329,643
	<u>(133,686)</u>	<u>456,227</u>	<u>329,643</u>
Fund Balances, End of Year			
	\$ 2,375	\$ 276,011	\$ 445,127
	<u>\$ 2,375</u>	<u>\$ 276,011</u>	<u>\$ 445,127</u>

Special Revenue Funds		
Zone S		
Zone M Median Fund	Sunnymead Boulevard Maintenance	Total Nonmajor Funds
\$ -	\$ -	\$ 200,032
158,234	51,965	2,730,287
-	1,613	9,355
350	-	5,974
158,584	53,578	2,945,648
220,321	61,106	3,657,175
220,321	61,106	3,657,175
(61,737)	(7,528)	(711,527)
103,400	-	816,991
103,400	-	816,991
41,663	(7,528)	105,464
237,734	83,602	973,520
\$ 279,397	\$ 76,074	\$ 1,078,984

Revenues:

Taxes:
Property 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 from 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

**City of Moreno Valley, California
Community Services District**

**Zone B Residential Street Lights Administration
Budgetary Comparison Schedule
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 116,100	\$ 116,100	\$ 85,934	\$ (30,166)
Charges for services	930,600	930,600	947,662	17,062
Use of money and property	-	-	(5,210)	(5,210)
Total Revenues	<u>1,046,700</u>	<u>1,046,700</u>	<u>1,028,386</u>	<u>(18,314)</u>
Expenditures:				
Current:				
Community and cultural	1,615,394	1,615,394	1,605,916	9,478
Total Expenditures	<u>1,615,394</u>	<u>1,615,394</u>	<u>1,605,916</u>	<u>9,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(568,694)</u>	<u>(568,694)</u>	<u>(577,530)</u>	<u>(27,792)</u>
Other Financing Sources (Uses)				
Transfers from the City of Moreno Valley	-	623,300	713,591	90,291
Total Other Financing Sources (Uses)	<u>-</u>	<u>623,300</u>	<u>713,591</u>	<u>90,291</u>
Net Change in Fund Balances	<u>(568,694)</u>	<u>54,606</u>	<u>136,061</u>	<u>62,499</u>
Fund Balance, Beginning of Year	<u>(133,686)</u>	<u>(133,686)</u>	<u>(133,686)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (702,380)</u></u>	<u><u>\$ (79,080)</u></u>	<u><u>\$ 2,375</u></u>	<u><u>\$ 62,499</u></u>

**City of Moreno Valley, California
Community Services District**

**Zone C Arterial Street Lights Administration
Budgetary Comparison Schedule
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 139,300	\$ 139,300	\$ 114,098	\$ (25,202)
Charges for services	431,700	431,700	451,751	20,051
Use of money and property	9,000	9,000	5,742	(3,258)
Total Revenues	<u>580,000</u>	<u>580,000</u>	<u>571,591</u>	<u>(8,409)</u>
Expenditures:				
Current:				
Community and cultural	788,078	788,078	751,807	36,271
Total Expenditures	<u>788,078</u>	<u>788,078</u>	<u>751,807</u>	<u>36,271</u>
Net Change in Fund Balances	<u>(208,078)</u>	<u>(208,078)</u>	<u>(180,216)</u>	<u>(44,680)</u>
Fund Balance, Beginning of Year	<u>456,227</u>	<u>456,227</u>	<u>456,227</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 248,149</u>	<u>\$ 248,149</u>	<u>\$ 276,011</u>	<u>\$ (44,680)</u>

**City of Moreno Valley, California
Community Services District**

**Zone D Standard Landscaping Administration
Budgetary Comparison Schedule
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,091,500	\$ 1,091,500	\$ 1,120,675	\$ 29,175
Use of money and property	1,300	1,300	7,210	5,910
Miscellaneous	50,000	50,000	5,624	(44,376)
Total Revenues	<u>1,142,800</u>	<u>1,142,800</u>	<u>1,133,509</u>	<u>(9,291)</u>
Expenditures:				
Current:				
Community and cultural	1,415,813	1,415,813	1,018,025	397,788
Total Expenditures	<u>1,415,813</u>	<u>1,415,813</u>	<u>1,018,025</u>	<u>397,788</u>
Net Change in Fund Balances	(273,013)	(273,013)	115,484	(407,079)
Fund Balance, Beginning of Year	329,643	329,643	329,643	-
Fund Balance, End of Year	<u>\$ 56,630</u>	<u>\$ 56,630</u>	<u>\$ 445,127</u>	<u>\$ (407,079)</u>

**City of Moreno Valley, California
Community Services District**

**Zone M Median Fund
Budgetary Comparison Schedule
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 204,200	\$ 204,200	\$ 158,234	\$ (45,966)
Use of money and property	1,500	1,500	-	(1,500)
Miscellaneous	-	-	350	350
Total Revenues	205,700	205,700	158,584	(47,116)
Expenditures:				
Current:				
Community and cultural	272,844	272,844	220,321	52,523
Total Expenditures	272,844	272,844	220,321	52,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,144)	(67,144)	(61,737)	(99,639)
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	-
Net Change in Fund Balances	36,256	36,256	41,663	(99,639)
Fund Balance, Beginning of Year	237,734	237,734	237,734	-
Fund Balance, End of Year	\$ 273,990	\$ 273,990	\$ 279,397	\$ (99,639)

**City of Moreno Valley, California
Community Services District**

**Zone S Sunnymead Boulevard Maintenance
Budgetary Comparison Schedule
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 52,400	\$ 57,400	\$ 51,965	\$ (5,435)
Use of money and property	-	-	1,613	1,613
Total Revenues	52,400	57,400	53,578	(3,822)
Expenditures:				
Current:				
Community and cultural	117,600	117,600	61,106	56,494
Total Expenditures	117,600	117,600	61,106	56,494
Net Change in Fund Balances	(65,200)	(60,200)	(7,528)	(60,316)
Fund Balance, Beginning of Year	83,602	83,602	83,602	-
Fund Balance, End of Year	\$ 18,402	\$ 23,402	\$ 76,074	\$ (60,316)



MORENO VALLEY
WHERE DREAMS SOAR