

CITY OF MORENO VALLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2005

CITY OF MORENO VALLEY

JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Municipal Officials	v
Organization Chart	vi
GFOA Certificate of Award for Outstanding Financial Reporting	vii
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	
	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	
	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Exhibit A - Statement of Net Assets	13
Exhibit B - Statement of Activities	14
Fund Financial Statements:	
Exhibit C - Balance Sheet - Governmental Funds	16
Exhibit D - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Exhibit E - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Exhibit F - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Exhibit G - Budgetary Comparison Statements	
1. General Fund	23
2. Fire Services	24
3. CSD Zones	25
4. Development Impact Fees	26
Exhibit H - Statement of Fund Net Assets - Proprietary Funds	27
Exhibit I - Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	28
Exhibit J - Statement of Cash Flows - Proprietary Funds	29
Exhibit K - Statement of Fiduciary Net Assets - Fiduciary Funds	30
Notes to Financial Statements	31

CITY OF MORENO VALLEY

JUNE 30, 2005

TABLE OF CONTENTS

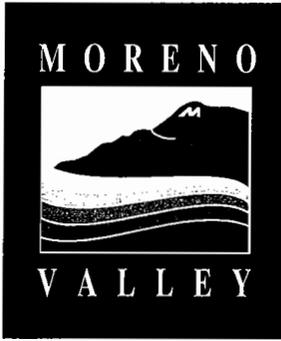
	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Schedule 1 - Combining Balance Sheet - Nonmajor Governmental Funds	60
Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	70
Schedule 3 - Budgetary Comparison Schedules - Special Revenue Funds	
A. State Gasoline Tax	80
B. Article 3 Transportation	81
C. Measure A	82
D. Law Enforcement	83
E. Public Education/Government Access Program	84
F. Air Quality Management	85
G. Community Development Block Grant	86
H. Special Districts Administration	87
I. NPDES CSA	88
J. Housing Assistance Programs	89
K. Child Care Grant	90
L. Parks and Recreation PAL Grant	91
M. Used Oil Recycling	92
N. Traffic Congestion Relief	93
O. Beverage Container Recycling	94
P. Emergency Management Preparedness Grant	95
Q. Youthbuild Grant	96
Schedule 4 - Budgetary Comparison Schedules - Capital Projects Funds	
A. City Hall Capital/Administration	97
B. Capital Improvements	98
C. Traffic Signal Mitigation	99
D. Fire Services Capital	100
E. Community Redevelopment Agency	101
F. Towngate Capital/Administration	102
G. Centerpointe Capital/Administration	103
H. Warner Ranch Capital/Development	104
I. Auto Mall Capital/Administration	105
J. Parks and Recreation Capital Projects	106
K. TUMF Capital Projects	107
L. DIF Capital Projects	108

CITY OF MORENO VALLEY

JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)	
Schedule 5 - Budgetary Comparison Schedules - Debt Service Funds	
A. OPA Sales Tax Agreements	109
B. Towngate Improvement Bond	110
C. Towngate Refunding	111
D. City Hall Certificates of Participation Series 1997	112
E. Auto Mall Special Tax Bonds	113
F. Certificates of Participation Series 1993	114
G. Public Safety Lease Revenue Bonds 1997	115
Schedule 6 - Combining Statement of Net Assets - Internal Service Funds	118
Schedule 7 - Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	120
Schedule 8 - Combining Statement of Cash Flows - Internal Service Funds	122
Schedule 9 - Combining Balance Sheet - All Agency Funds	126
Schedule 10 - Schedule of Changes in Assets and Liabilities - All Agency Funds	128
Schedule 11 - Schedule of General Capital Assets By Function and Activity	132
STATISTICAL SECTION	
General Governmental Expenditures - By Function	136
General Governmental Revenues - By Source	137
Property Tax Levies and Collections	138
Assessed and Estimated Actual Values of Taxable Property	139
Property Tax Rates - Direct and Overlapping Governments	140
Statement of Legal General Obligation Debt Margin	141
Schedule of Direct and Overlapping Bonded Debt	142
Demographic Statistics	144
Schedule of Property Values, Construction Activity and Bank Deposits	145
Principal Taxpayers	146
Miscellaneous Statistics	147



City Hall

14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552-0805
Telephone: 951.413.3060
FAX: 951.413.3096

December 12, 2005

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Moreno Valley (the City) for the fiscal year ended June 30, 2005.

The 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, 2005. 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 of 165,328 as reported by the California State Department of Finance, is the second largest city in Riverside County. Moreno Valley's population is expected to grow by more than 4,500 residents each year for the next five years, and within 30 years, the current population is expected to double.

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, and recreation including senior programs. In addition to general City activities, the Council is financially accountable for the Community Redevelopment Agency of the City of Moreno Valley, the Moreno Valley Community Services District, the Moreno Valley Public Financing Authority, and the Moreno Valley Public Facilities Financing Corporation. These entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the 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 early 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 controlled at the department level. The City Manager can approve transfers of appropriations within a program or department, or between programs within a department, however, transfers of appropriations between departments or between funds requires 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. For the general fund, this comparison is presented on page 23 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report which begins on page 24.

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 is experiencing a vibrant economic environment and for the past five years the City has sustained strong residential and commercial growth.

Taxable sales, business licenses issued, assessed valuation of all property within the City, and new housing starts, are four key business indicators of the financial health of the City. With the sustained housing boom, taxable sales have significantly increased over the past five years and City sales tax revenues are averaging above 8% growth per year, with 9% growth in FY 04-05. The number of business licenses issued has grown sharply over the same period, a 12% increase over 2004. The City's total assessed valuation has shown dramatic improvement, averaging nearly 12% annual growth since 2000. In fact, the 2005-06 Annual Report prepared by the Riverside County Assessor's Office shows the City of Moreno Valley assessed value increasing from \$7.5 billion in 2004 to \$9.4 billion in 2005, a 25% increase. New housing starts have shown sustained growth over the past five years.

Long-term financial planning. Each year as part of the budget process the City prepares a five-year financial plan for the general fund and updates the ten-year capital improvements plan. The five-year financial plan includes the adopted budget plus four years of projections, which provides Council with the expected results of operations based on their budget policy decisions and assumptions about future revenues and expenditures. The ten-year capital improvements plan (CIP) includes all capital projects of \$25,000 or more, and identifies the timing of the project as well as the funding source. Year one of the CIP is the adopted capital expenditures budget for the City.

Cash management policies and practices. Cash temporarily idle during the year was invested principally in U.S. government agency securities and the State of California Local Agency Investment Fund (LAIF), and to a lesser extent in corporate bonds and notes. As required by state law and the City's Investment Policy, the maturities of the investments may not exceed five years, and at June 30, 2005 the average maturities was 1.51 years. All securities were held in third party safekeeping by Union Bank of California as agent for the City. All transactions originated and authorized by the City are transacted on a delivery versus payment (DVP) basis in order to perfect delivery. For FY 2004-05, the average yield on the investments was 2.84%.

Risk management. Risk exposures to the assets of the City are managed through a combination of self-insured retention and insurance coverage. The City believes they have current assets adequate to cover the actuarially determined liability for general liability and worker's compensation claims, including estimated claims incurred but not reported. The City maintains excess liability insurance to provide coverage beyond self-insured retentions of \$250,000 and \$300,000 per occurrence for general liability and worker's compensation, respectively.

Pension benefits. The City provides a defined benefit pension plan for all employees through a statewide plan managed by the California Public Employees Retirement System (CalPERS). The plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to CalPERS. Additional information on the plan can be found in Note 9 in the notes to the financial statements.

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, 2004. This was the seventh 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. We believe that our CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, particularly the leadership of Edith Houser, Controller. We would like to express our appreciation to all members of the Finance Department 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 unfailing support for maintaining the highest standards of professionalism in the management of the City of Moreno Valley's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Chapman', with a long horizontal flourish extending to the right.

Steven M. Chapman
Finance Director/City Treasurer

CITY OF MORENO VALLEY

MUNICIPAL OFFICIALS

June 30, 2005

CITY COUNCIL

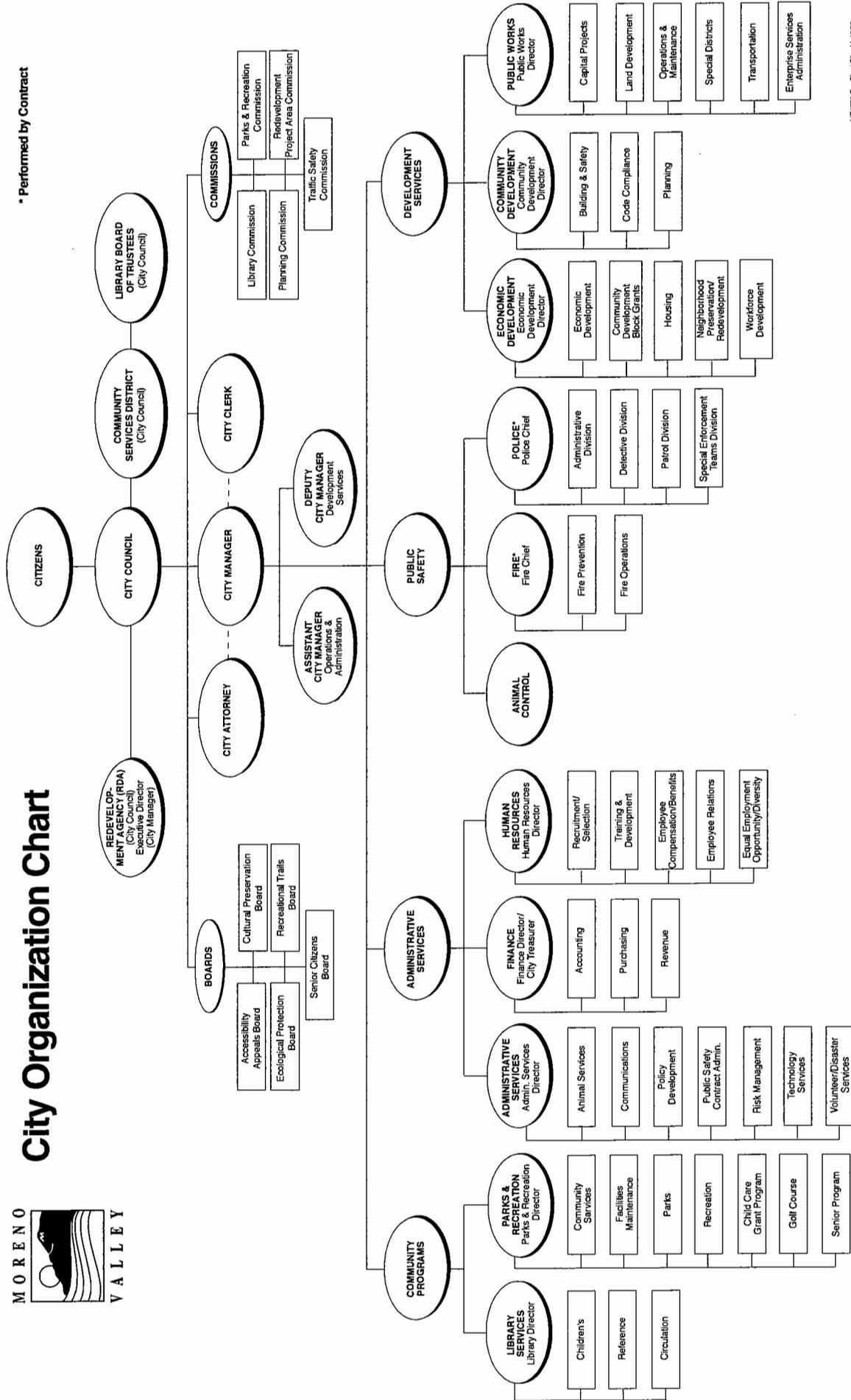
Richard A. Stewart, Mayor
Bonnie Flickinger, Mayor Pro Tem
William H. Batey II, Council Member
Frank West, Council Member
Charles R. White, Council Member

EXECUTIVE OFFICERS

Gene Rogers, City Manager
Betsy Adams, Interim Assistant City Manager
Robert Herrick, City Attorney
Alice Reed, City Clerk
Angela Rushen, Interim Administrative Services Director
Denese Wilson, Human Resources Director
Steven M. Chapman, Finance Director/City Treasurer
Linda B. Guillis, Community Development Director
George Guayante, Interim Economic Development Director
Trent Pulliam, Public Works Director/City Engineer
George Price, Parks and Recreation Director
Cynthia Pirtle, Library Director
William Di Yorio, Police Chief
Stan Lake, Fire Chief

City Organization Chart

* Performed by Contract



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, 2004

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.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

THIS PAGE INTENTIONALLY LEFT BLANK



Certified Public Accountants

Brandon W. Burrows
Donald L. Parker
Michael K. Chu
David E. Hale
A Professional Corporation
Donald G. Slater
Richard K. Kikuchi

Retired

Robert C. Lance
1914-1994
Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the 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, 2005, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Moreno Valley'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 by the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund, Fire Services Fund, CSD Zones Fund and the Development Impact Fees Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2005 on our consideration of the City of Moreno Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

75 YEARS





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

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

Lance, Soll & Lunghard, LLP

November 10, 2005

Management 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, 2005. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i through iv of this 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, 2005 by \$601 million (*net assets*). Of this amount, \$45.4 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net assets have grown by \$13.2 million over FY 2003-04, or 41%.
- The City's governmental activities' net assets increased by \$28 million, which is largely attributable to the infusion of development impact fees that are restricted for future capital outlay.
- During the year, the City (which includes the Community Redevelopment Agency of the City of Moreno Valley and the Moreno Valley Community Services District) had revenues that were \$28.3 million more than the \$103.5 million expenses recorded by the City in its governmental and business-type activities.
- The General Fund had an end of year fund balance of \$31 million, an increase of \$12.4 million and a 67% increase over FY 2003-04.
- An additional \$4 million was added to the Development Services designation of the General Fund unreserved fund balance, bringing the total designation to \$6.5 million, to further stabilize future service levels related to development services in the event of an economic downturn.
- At June 30, 2005, an additional \$4.4 million was added to the contingencies designation, bringing the total designation to \$12.8 million.
- As the City recognizes the need to begin the prudent accumulation of assets to meet the "other post-employment benefits" requirements of implementing GASB 45, an initial \$500,000 was designated for post-employment retirement benefits.

Overview of Financial Statements

This discussion and analysis are 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.

The government-wide financial statements can be found on pages 13 through 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Fire Services, CSD Zones A-E & L and Development Impact Fees Special Revenue Funds, and the Redevelopment Agency Capital Projects Fund, all of which are considered to be major funds. Data from the other 40 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 60 through 115 of this report.

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

The basic governmental fund financial statements can be found on pages 16 through 22 of this report.

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 stores, technology services, graphics, city hall facility, 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 newest and only enterprise fund, is included in Other Enterprise Funds. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and can be found on pages 118 through 123 of this report.

The basic proprietary fund financial statements can be found on pages 27 through 29 of this 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 Net Assets* separately reports all of the City's fiduciary activities. 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.

The basic fiduciary fund financial statements can be found on page 30 of this report.

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. The notes to the financial statements can be found on pages 31 through 58 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Moreno Valley, assets exceeded liabilities by \$601 million at June 30, 2005.

By far the largest portion of the City's net assets (79%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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, 2005.

Table 1
Net Assets
(in \$000's)

	Governmental Activities		Business type Activities		Total	
	2004	2005	2004	2005	2004	2005
Current and other assets	\$ 131,306	\$ 154,563	\$ (353)	\$ (313)	\$ 130,953	\$ 154,250
Capital assets	513,306	516,123	770	2,097	514,076	518,220
Total assets	644,612	670,686	417	1,784	645,029	672,470
Current Liabilities	23,533	28,655	224	488	23,757	29,143
Long-term liabilities	49,008	42,005	60	281	49,068	42,286
Total liabilities	72,541	70,660	284	769	72,825	71,429
Net assets:						
Invested in capital assets, net of related debt	465,542	475,642	709	1,815	466,251	477,457
Restricted	73,785	78,169	-	-	73,785	78,169
Unrestricted	32,744	46,215	(576)	(800)	32,168	45,415
Total net assets	\$ 572,071	\$ 600,026	\$ 133	\$ 1,015	\$ 572,204	\$ 601,041

The following table presents a summarization of the changes in net assets of the City's governmental activities, as of June 30, 2005.

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

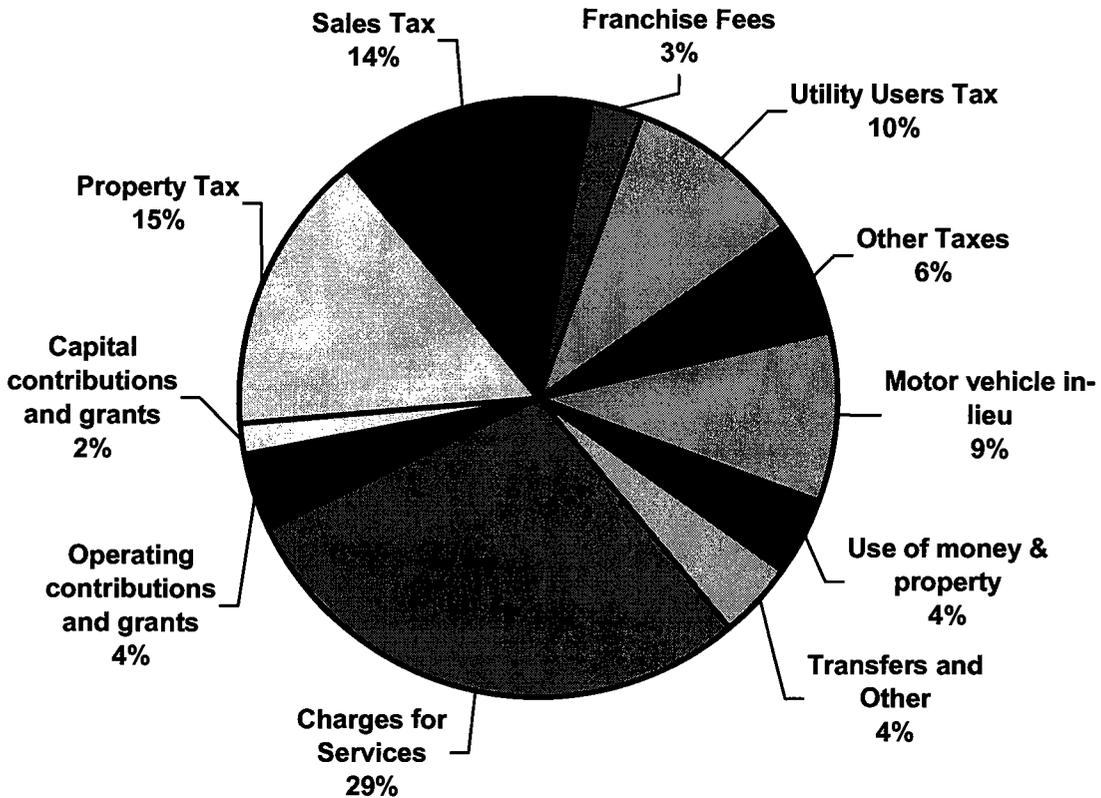
	Activities		Activities		Total	
	2004	2005	2004	2005	2004	2005
Revenues:						
Program Revenues:						
Charges for services	\$ 35,098	\$ 37,481	\$ 319	\$ 1,357	\$ 35,417	\$ 38,838
Operating contributions and grants	4,783	5,438			4,783	5,438
Capital contributions and grants	1,379	2,160			1,379	2,160
General Revenues:						
Property taxes	12,897	19,678			12,897	19,678
Sales tax	15,469	18,054			15,469	18,054
Utility user's tax	10,981	12,528			10,981	12,528
Franchise taxes	3,600	3,792			3,600	3,792
Other taxes	9,473	7,875			9,473	7,875
Motor vehicle in-lieu	7,288	12,129			7,288	12,129
Use of money and property	1,608	5,295			1,608	5,295
Other	15,717	5,435	83	589	15,800	6,024
Transfers	193	(17)	(193)	17		
Total Revenues	118,486	129,848	209	1,963	118,695	131,811
Expenses:						
General government	10,903	18,584			10,903	18,584
Public safety	39,563	42,798			39,563	42,798
Community development	8,162	10,042			8,162	10,042
Community and cultural	13,790	14,132			13,790	14,132
Public works	10,288	11,353			10,288	11,353
Interest on long-term debt	5,870	5,514			5,870	5,514
Electric			76	1,081	76	1,081
Total Expenses	88,576	102,423	76	1,081	88,652	103,504
Increase in Net Assets	29,910	27,425	133	882	30,043	28,307
Restatement of Net Assets	(103)	530			(103)	530
Net Assets Beginning	542,300	572,071		133	542,300	572,204
Net Assets Ending	\$ 572,107	\$ 600,026	\$ 133	\$ 1,015	\$ 572,240	\$ 601,041

Governmental Activities

The government's net assets increased by \$27.4 million, with total revenues of \$129.8 million, total expenses of \$102.4 million, and a restatement of previously underreported net assets of \$530,000. Program revenues were \$45.1 million and general revenues were \$84.7 million, funding the net difference between program revenues and expenses. The largest single revenue category was charges for services, at \$37.5 million, which is program revenue. This revenue goes directly against expenses in recovering the costs of providing those services. This revenue category increased by \$2.4 million over FY 2003-04, which is primarily due to the increase in development-related fees. The second largest single category of revenue was property tax at \$19.7 million, and is general revenue. Sales tax was the third largest single revenue

source at \$18.1 million, and utility user's tax was the fourth largest at \$12.5 million. Graph 1 presents the revenues by source for governmental activities for the fiscal year ended June 30, 2005.

Graph 1
Revenues by Source – Governmental Activities



The single largest expense category was public safety at \$42.8 million, accounting for 42% of total expenses. This expense category grew by \$3.2 million over FY 2003-04. General government was the second largest expense category at \$18.6 million. This expense category grew by \$7.7 million over FY 2003-04. Community and cultural was the third largest expense category at \$14.1 million. Public works was the fifth largest expense category at \$11.4 million, followed by interest on long-term debt at \$5.5 million, the sixth largest expense category.

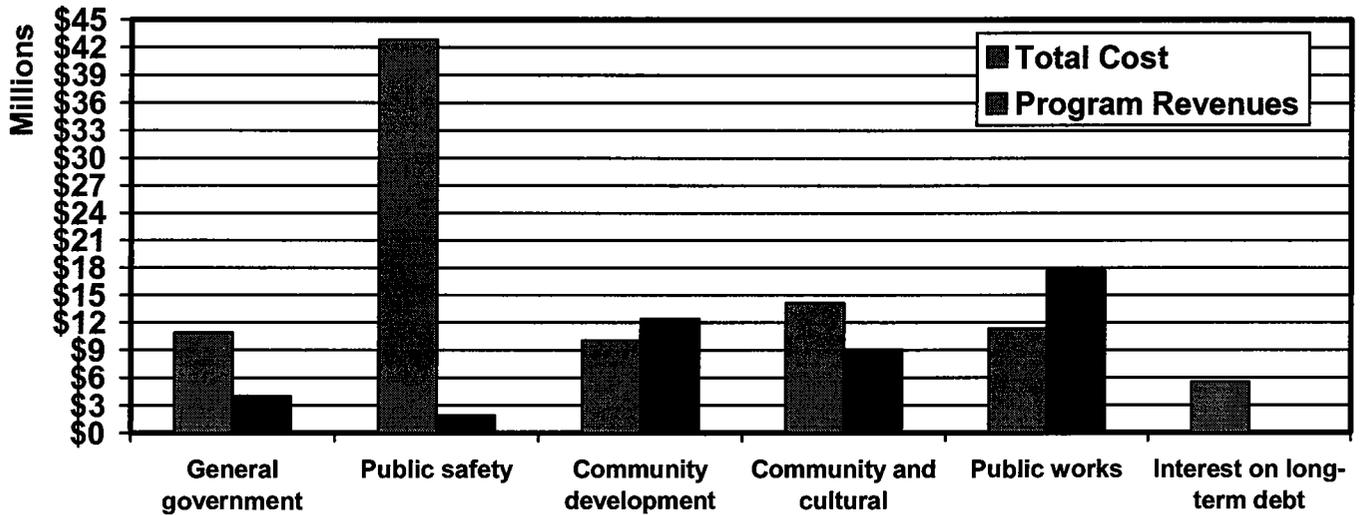
Table 3 presents the cost of each of the six major program categories, and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the financial burden that was placed on the City's taxpayers by each of the activities.

**Table 3
Governmental Activities - Net Cost of Services
For the year ended June 30, 2005**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 18,583,987	\$ (14,607,416)
Public safety	42,797,971	(40,865,351)
Community development	10,041,715	2,359,347
Community and cultural	14,132,146	(5,051,236)
Public works	11,352,870	6,335,047
Interest on long-term debt	<u>5,514,358</u>	<u>(5,514,358)</u>
TOTAL	<u>\$ 102,423,047</u>	<u>\$ (57,343,967)</u>

As illustrated in the above table, program revenues recovered \$45.1 million of the cost of providing these services. The City paid for the remaining public benefit portion of these governmental activities with \$57.3 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, 2005**



THE CITY'S FUNDS

On pages 16 through 17, the governmental funds balance sheet is shown. Total fund balances are \$95 million with the General Fund representing \$31 million, or nearly 33% of the total. The City's General Fund fund balance has reserved \$6.1 million for long-term receivables, encumbrances, and prepaid and other assets.

General Fund Budgetary Highlights

For the City's General Fund the \$12,346,542 positive variance between the final revenue budget and the actual revenues can be generally summarized as follows:

- Taxes exceeded budget by \$2.7 million, which was primarily the result of property tax performing better than anticipated.
- Licenses and permits exceeded budget by \$3.9 million, and is attributed to better than expected development activity affecting building permits, planning fees, and engineering inspection and plan check fees.
- Intergovernmental revenue exceeded budget by \$2.7 million, which was primarily attributed to the State of California's repayment of the VLF Gap Loan, which were local motor vehicle license fees seized by the state during FY 2003-04 as a means of balancing its budget.
- Transfers from other funds exceeded budget by \$2.3 million, as a result of reimbursements from development impact fees for previously incurred General Fund spending on various capital projects.

The variance between the final expenditures budget and actual expenditures was generally positive within each functional category of expenditures. However, transfers out exceeded budget by \$6.5 million, and is primarily the result of transferring cash to fund the difference between Fire Services revenues and expenditures, and various capital projects approved by City Council in the prior year using the unreserved fund balance designated for capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the City had \$698.2 million invested in a broad range of capital assets, including land, buildings and improvements, machinery, vehicles and equipment, park facilities, roads, highways and bridges (See Table 4). The current year increase as a result of additions and deletions is \$16 million.

Table 4
Capital Assets at Year End
(Net of Depreciation)
For the Year Ended June 30, 2005

	<u>Governmental Activities</u>
Land	\$ 302,857,844
Buildings and improvements	51,025,722
Machinery and equipment	2,868,513
Vehicles	3,061,609
Construction in progress	21,061,221
Infrastructure	<u>135,248,137</u>
TOTAL	<u>\$ 516,123,046</u>

Additional information on the City's capital assets can be found in Note 5 on page 43 of this report.

Long-Term Debt

At year-end, the City's governmental activities had \$42 million in bonds, certificates of participation, notes and accrued interest, leases and compensated absences, versus \$49 million last year, a reduction of \$7 million, or 14%. The decrease is primarily the result of the City's defeasance of the 1993 Capital Projects Certificates of Participation. 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 (below) provides the total long-term debt by category.

**Table 5
Outstanding Debt at Year End
For the Year Ended June 30, 2005**

	Governmental Activities
Special Tax Bonds	\$ 25,130,000
Certificates of Participation	7,625,000
Lease Revenue Bonds	4,590,000
Notes (plus accrued interest)	2,996,170
Capital Leases	139,730
Compensated Absences	1,524,657
TOTAL	\$ 42,005,557

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, 2005, it is incumbent upon the City's financial management to provide in this report some discussion of current issues and their economic impact on FY 2005-06 and future years.

The growth and prosperity now being realized by the City of Moreno Valley is attributed to a number of factors. One of those factors is the affordable cost of land in a city that is only half built-out and occupies what is certainly one of the most scenic of the undeveloped areas in Western Riverside County. According to a recent report by the Riverside County Assessor's Office, the City of Moreno Valley's 2005 assessed valuation grew by \$1.9 billion, or 25% over 2004. Since 2000, the City's assessed valuation has averaged nearly 9% growth. During the same period, the City's sales tax growth has averaged nearly 9%.

Over the past several years, per capita revenue and expenditure comparisons with other cities with populations of between 100,000 and 200,000, reveals that Moreno Valley consistently ranks last. However, the fact that the City is able to deliver its services efficiently, and is able to maintain a sound financial position, speaks highly of the City's officials and its management. This success can be credited to the City's conservative financial management philosophy, its leveraging of state of the art technology, and the City Council's spending discipline.

The City has long exercised careful financial planning during its lean years, nearly the entire decade of the 1990's. The decision to create strong contingencies reserves has helped the City to absorb revenue losses without any disruption of service levels. At June 30, 2005, the contingencies reserve was increased from 15% to 18% of the ensuing year's General Fund operating budget. Because of the phenomenal growth in development services to meet the housing demand and commercial growth, at June 30, 2005, the City added another \$4 million to its initial \$2.5 million Development Services reserve ("fund balance designation") to stabilize development service levels in the event of a downturn in the economy. Recently, Standard & Poor's acknowledged the City's financial stability and its management team efforts and upgraded the City's underlying credit rating from Moody's BAA1 to Standard & Poor's A-.

The City's electric utility began servicing customers in February 2004, and by fiscal year-end, was servicing nearly 250 new homes. Today, the total number of customers exceeds 2,000. The utility was established for two major reasons: economic development and the health and stability of the City's General Fund. The City will now be able to offer incentives as a way to attract new businesses and jobs to Moreno Valley.

In terms of economic development, a number of projects are in process and will have a significant and positive impact on the City's ability to attract new and retain existing businesses. The Sunnymead Boulevard property owners have approved the formation of a maintenance district, and construction plans are being prepared to begin a \$10.5 million improvement project in this commercial area, a key entryway to the City. City staff is working closely with General Growth, the owners of the Moreno Valley Mall, on a multi-

phase upgrade and expansion project, which will include a new state-of-the-art theatre complex and several new tenants. With so many new rooftops in Moreno Valley, a number of new neighborhood shopping centers are being pursued. The opening of the new Wal-Mart Super Center, adjacent to the Moreno Valley Auto Mall and Highway 60 in the fast developing eastern portion of the city, is targeted for the spring of 2006. Staff is fast-tracking a 55-acre center where Target and Kohl's are the major anchors committed to the project, and discussions are in process with several other well-known retailers.

In July, 2005, the City issued \$48.2 million in Lease Revenue Bonds for the purpose of financing certain public improvements, including important arterial street improvement projects to support the burgeoning residential and commercial growth. Other projects to be financed from the bond proceeds include the Public Safety Building expansion, the construction of Fire Station 58, and electric utility infrastructure improvements.

In June, 2005, the City opened the doors of its new \$13.8 million, 42,400 square feet Conference and Recreation Center. The facility includes the 8,200 square feet Grand Valley Ballroom, which can accommodate groups of 400 and gives Moreno Valley a much-needed large venue for conferences, banquets, and theatrical and musical arts productions.

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director/City Treasurer, City of Moreno Valley, 14177 Frederick Street, P.O. Box 88005, Moreno Valley, California 92552-0805.

THIS PAGE INTENTIONALLY LEFT BLANK

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 124,233,489	\$ -	\$ 124,233,489
Receivables:			
Accounts	4,377,146	369,475	4,746,621
Notes and loans	8,417,539	-	8,417,539
Accrued interest	1,234,825	-	1,234,825
Internal balances	682,385	(682,385)	-
Prepaid costs	77,470	-	77,470
Inventories	29,497	-	29,497
Due from other governments	7,939,022	-	7,939,022
Restricted assets:			
Cash with fiscal agent	7,571,741	-	7,571,741
Capital assets not being depreciated	323,919,065	927,111	324,846,176
Capital assets, net of depreciation	192,203,981	1,169,967	193,373,948
Total Assets	670,686,160	1,784,168	672,470,328
Liabilities:			
Accounts payable	6,330,285	338,305	6,668,590
Accrued liabilities	2,837,331	-	2,837,331
Accrued interest	375,548	-	375,548
Unearned revenue	1,953,313	-	1,953,313
Deposits payable	64,985	148,726	213,711
Due to other governments	14,458,882	-	14,458,882
Accrued claims and judgments	2,634,000	-	2,634,000
Noncurrent liabilities:			
Due within one year	4,004,315	60,294	4,064,609
Due in more than one year	38,001,242	221,473	38,222,715
Total Liabilities	70,659,901	768,798	71,428,699
Net Assets:			
Invested in capital assets, net of related debt	475,642,146	1,815,311	477,457,457
Restricted for:			
Community development projects	6,404,249	-	6,404,249
Public safety	2,649,176	-	2,649,176
Capital projects	47,442,301	-	47,442,301
Debt service	21,673,132	-	21,673,132
Unrestricted	46,215,255	(799,941)	45,415,314
Total Net Assets	\$ 600,026,259	\$ 1,015,370	\$ 601,041,629

CITY OF MORENO VALLEY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Primary Government:				
Governmental Activities:				
General government	\$ 18,583,987	\$ 1,855,342	\$ 2,121,229	\$ -
Public safety	42,797,971	1,158,745	773,875	-
Community development	10,041,715	10,814,238	1,586,824	-
Community and cultural	14,132,146	9,012,514	68,396	-
Public works	11,352,870	14,639,669	887,750	2,160,498
Interest on long-term debt	5,514,358	-	-	-
Total Governmental Activities	\$ 102,423,047	\$ 37,480,508	\$ 5,438,074	\$ 2,160,498
Business-Type Activities:				
Electric	1,080,589	1,356,555	-	-
Total Business-Type Activities	1,080,589	1,356,555	-	-
Total Primary Government	\$ 103,503,636	\$ 38,837,063	\$ 5,438,074	\$ 2,160,498

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Utility users' tax
- Other taxes

Intergovernmental, unrestricted:

- Motor vehicle in lieu
- Use of money and property
- Gain on sale of assets
- Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

See Notes to Financial Statements

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (14,607,416)	\$ -	\$ (14,607,416)
(40,865,351)	-	(40,865,351)
2,359,347	-	2,359,347
(5,051,236)	-	(5,051,236)
6,335,047	-	6,335,047
(5,514,358)	-	(5,514,358)
(57,343,967)	-	(57,343,967)
-	275,966	275,966
-	275,966	275,966
(57,343,967)	275,966	(57,068,001)
19,678,253	-	19,678,253
519,193	-	519,193
18,054,078	-	18,054,078
3,791,547	-	3,791,547
1,457,521	-	1,457,521
12,527,514	-	12,527,514
5,898,221	-	5,898,221
12,129,457	-	12,129,457
5,295,415	-	5,295,415
28,378	-	28,378
5,406,725	589,027	5,995,752
(16,857)	16,857	-
84,769,445	605,884	85,375,329
27,425,478	881,850	28,307,328
572,070,846	133,520	572,204,366
529,935	-	529,935
\$ 600,026,259	\$ 1,015,370	\$ 601,041,629

CITY OF MORENO VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Fire Services</u>	<u>CSD Zones</u>
Assets:			
Pooled cash and investments	\$ 27,798,423	\$ 4,667,834	\$ 9,054,407
Receivables:			
Accounts	2,164,466	55,573	96,151
Notes and loans	-	-	-
Accrued interest	1,133,335	-	-
Prepaid costs	23,360	-	2,517
Due from other governments	3,542,922	373,192	859,656
Due from other funds	3,100,989	-	-
Advances to other funds	18,316,950	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 56,080,445</u>	<u>\$ 5,096,599</u>	<u>\$ 10,012,731</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 889,901	\$ 25,548	\$ 731,863
Accrued liabilities	1,423,574	3,371	520,164
Due to other funds	-	-	950,502
Deferred revenue	13,027,084	-	-
Unearned revenue	1,747,616	-	98,993
Advances from other funds	-	-	-
Deposits payable	-	-	64,985
Due to other governments	7,946,974	4,281,748	-
Total Liabilities	<u>25,035,149</u>	<u>4,310,667</u>	<u>2,366,507</u>
Fund Balances:			
Reserved:			
Reserved for encumbrances	61,883	-	101,914
Reserved for prepaids and other assets	23,360	-	2,517
Reserved for debt service	-	-	-
Reserved for long-term receivables	5,967,077	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Designated for continuing appropriations	1,363,297	23,500	759,901
Designation for emergency equipment	-	133,407	-
Designated for capital improvement projects	3,223,781	-	-
Designated for development services	6,500,000	-	-
Designated for contingencies	12,830,346	-	949,170
Designated for net unrealized investment gain	575,552	-	-
Designated for future projects	-	-	4,181,411
Designated for debt service contribution	-	-	-
Designated for post-employment retirement benefits	500,000	-	-
Undesignated	-	629,025	1,651,311
Total Fund Balances	<u>31,045,296</u>	<u>785,932</u>	<u>7,646,224</u>
Total Liabilities and Fund Balances	<u>\$ 56,080,445</u>	<u>\$ 5,096,599</u>	<u>\$ 10,012,731</u>

See Notes to Financial Statements

Exhibit C

<u>Special Revenue Funds Development Impact Fees</u>	<u>Capital Projects Fund Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 25,336,151	\$ 14,441,306	\$ 21,954,930	\$ 103,253,051
-	42,641	2,009,708	4,368,539
-	6,401,132	2,016,407	8,417,539
-	42,214	59,276	1,234,825
-	388	19,939	46,204
-	114,231	3,049,021	7,939,022
602,000	4,500	-	3,707,489
-	26,998	-	18,343,948
-	-	7,571,741	7,571,741
\$ 25,938,151	\$ 21,073,410	\$ 36,681,022	\$ 154,882,358
\$ 70,878	\$ 419,414	\$ 3,857,578	\$ 5,995,182
-	120,754	524,792	2,592,655
-	4,227	2,538,461	3,493,190
-	42,214	363,791	13,433,089
-	-	106,704	1,953,313
-	17,816,950	26,998	17,843,948
-	-	-	64,985
-	73,120	2,157,040	14,458,882
70,878	18,476,679	9,575,364	59,835,244
-	4,455,969	3,154,357	7,774,123
-	388	16,638	42,903
-	-	7,698,329	7,698,329
-	6,401,132	136,487	12,504,696
-	26,998	-	26,998
-	-	9,854,197	9,854,197
-	-	5,328,388	5,328,388
-	-	917,262	917,262
-	-	-	2,146,698
-	-	-	133,407
-	-	-	3,223,781
-	-	-	6,500,000
-	-	-	13,779,516
-	-	-	575,552
-	-	-	4,181,411
1,316,972	-	-	1,316,972
-	-	-	500,000
24,550,301	(8,287,756)	-	18,542,881
25,867,273	2,596,731	27,105,658	95,047,114
\$ 25,938,151	\$ 21,073,410	\$ 36,681,022	\$ 154,882,358

THIS PAGE INTENTIONALLY LEFT BLANK

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Fund balances of governmental funds	\$ 95,047,114
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.	504,856,330
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term debt payable	(40,480,900)
Compensated absences	(1,524,657)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(375,548)
Certain items are reported as revenues in the statement of activities, but do not meet the revenue recognition criteria in order to be reported as revenues in the statement of revenues, expenditures and changes in fund balances, and consequently, are reported as deferred revenue in the balance sheet of governmental funds.	13,433,089
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>29,070,831</u>
Net assets of governmental activities	<u><u>\$ 600,026,259</u></u>

CITY OF MORENO VALLEY
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Fire Services</u>	<u>CSD Zones</u>
Revenues:			
Taxes	\$ 33,995,653	\$ 4,276,688	\$ 2,720,928
Assessments	-	-	-
Licenses and permits	11,442,214	479,998	-
Intergovernmental	12,851,231	56,565	68,396
Charges for services	1,563,263	-	9,211,817
Use of money and property	2,615,325	25,904	255,982
Fines and forfeitures	1,097,508	-	-
Miscellaneous	433,965	1,575	204,826
Total Revenues	63,999,159	4,840,730	12,461,949
Expenditures:			
Current:			
General government	7,969,381	-	-
Public safety	26,915,690	9,275,075	-
Community development	6,111,234	-	-
Community and cultural	-	-	12,331,683
Public works	4,471,736	-	-
Capital outlay	212,657	-	382,070
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Payment to refunded bond escrow agent	-	-	-
Total Expenditures	45,680,698	9,275,075	12,713,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,318,461	(4,434,345)	(251,804)
Other Financing Sources (Uses):			
Transfers in	2,355,687	4,941,621	565,539
Transfers out	(8,073,801)	-	(235,089)
Other debts issued	-	-	-
Total Other Financing Sources (Uses)	(5,718,114)	4,941,621	330,450
Net Change in Fund Balances	12,600,347	507,276	78,646
Fund Balances, Beginning of Year, as Originally Reported	18,598,420	286,458	7,643,100
Restatements	(153,471)	(7,802)	(75,522)
Fund Balances, Beginning of Year, as Restated	18,444,949	278,656	7,567,578
Fund Balances, End of Year	\$ 31,045,296	\$ 785,932	\$ 7,646,224

See Notes to Financial Statements

Exhibit E

<u>Special Revenue Funds</u> Development Impact Fees	<u>Capital Projects Fund</u> Community Redevelopment Agency	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 10,421,784	\$ 3,048,768	\$ 54,463,821
-	-	-	-
-	-	237,480	12,159,692
-	-	14,060,861	27,037,053
14,299,937	-	680,068	25,755,085
572,263	489,838	479,156	4,438,468
-	-	-	1,097,508
-	1,863	3,436,177	4,078,406
14,872,200	10,913,485	21,942,510	129,030,033
-	5,662,811	1,351,740	14,983,932
-	-	616,100	36,806,865
-	-	2,600,365	8,711,599
-	-	-	12,331,683
-	-	5,527,761	9,999,497
-	1,102,010	18,189,017	19,885,754
-	389,189	2,334,658	2,723,847
-	1,560,381	3,821,359	5,381,740
-	-	5,006,586	5,006,586
-	8,714,391	39,447,586	115,831,503
14,872,200	2,199,094	(17,505,076)	13,198,530
-	-	17,009,005	24,871,852
(11,496,235)	(3,345,084)	(1,015,500)	(24,165,709)
-	250,767	-	250,767
(11,496,235)	(3,094,317)	15,993,505	956,910
3,375,965	(895,223)	(1,511,571)	14,155,440
22,491,308	2,508,024	28,661,697	80,189,007
-	983,930	(44,468)	702,667
22,491,308	3,491,954	28,617,229	80,891,674
\$ 25,867,273	\$ 2,596,731	\$ 27,105,658	\$ 95,047,114

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds	\$ 14,155,440
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	3,621,681
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Proceeds of debt issued is an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets.</p>	7,283,080
<p>Accrued interest for general long-term liabilities. This is the net change in accrued interest for the current period.</p>	63,968
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	(280,793)
<p>Certain items are reported as revenues in the statement of activities, but do not meet the revenue recognition criteria in order to be reported as revenues in the statement of revenues, expenditures and changes in fund balances.</p>	1,029,059
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.</p>	<u>1,553,043</u>
Change in net assets of governmental activities	<u>\$ 27,425,478</u>

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as originally reported	\$ 18,598,420	\$ 18,598,420	\$ 18,598,420	\$ -
Resources (Inflows):				
Taxes	31,312,000	31,312,000	33,995,653	2,683,653
Licenses and permits	7,260,000	7,528,777	11,442,214	3,913,437
Intergovernmental	10,153,951	10,151,951	12,851,231	2,699,280
Charges for services	1,511,597	1,511,597	1,563,263	51,666
Use of money and property	2,000,000	2,000,000	2,615,325	615,325
Fines and forfeitures	720,000	830,500	1,097,508	267,008
Miscellaneous	417,496	417,496	433,965	16,469
Other debts issued	200,000	200,000	-	(200,000)
Transfers in	-	49,980	2,355,687	2,305,707
Amounts Available for Appropriation	<u>72,173,464</u>	<u>72,600,721</u>	<u>84,953,266</u>	<u>12,352,545</u>
Charges to Appropriation (Outflow):				
General government:				
City council	548,607	550,106	481,195	68,911
Administrative and policy	1,006,961	1,006,961	993,574	13,387
City clerk	771,364	771,401	672,500	98,901
Economic development	570,090	671,890	319,878	352,012
City attorney	1,002,201	1,013,322	968,113	45,209
Communications	377,358	377,358	323,293	54,065
Human resources	829,470	862,671	858,665	4,006
Finance	3,048,665	3,113,845	2,997,848	115,997
Nondepartmental	(80,404)	(80,404)	354,315	(434,719)
Total General Government	<u>8,074,312</u>	<u>8,287,150</u>	<u>7,969,381</u>	<u>317,769</u>
Community development	5,876,476	6,286,407	6,111,234	175,173
Public works	4,969,751	5,305,554	4,471,736	833,818
Public safety:				
Police	25,261,245	25,159,936	24,362,806	797,130
Animal control	1,763,687	1,768,687	1,719,103	49,584
Volunteer/disaster services	424,339	424,339	418,689	5,650
Crossing guards	409,005	445,803	415,092	30,711
Total Public Safety	<u>27,858,276</u>	<u>27,798,765</u>	<u>26,915,690</u>	<u>883,075</u>
Capital outlay	1,413,485	1,518,985	212,657	1,306,328
Transfers out	1,430,123	1,552,866	8,073,801	(6,520,935)
Total Charges to Appropriations	<u>49,622,423</u>	<u>50,749,727</u>	<u>53,754,499</u>	<u>(3,004,772)</u>
Restatement of Beginning Fund Balance	-	-	(153,471)	(153,471)
Budgetary Fund Balance, June 30	<u>\$ 22,551,041</u>	<u>\$ 21,850,994</u>	<u>\$ 31,045,296</u>	<u>\$ 9,194,302</u>

**BUDGETARY COMPARISON STATEMENT
FIRE SERVICES
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 286,458	\$ 286,458	\$ 286,458	\$ -
Resources (Inflows):				
Taxes	3,740,000	3,740,000	4,276,688	536,688
Licenses and permits	285,000	285,000	479,998	194,998
Intergovernmental	47,300	47,300	56,565	9,265
Use of money and property	2,500	2,500	25,904	23,404
Other	-	-	1,575	1,575
Transfers in	-	-	4,941,621	4,941,621
Amounts Available for Appropriation	4,361,258	4,361,258	10,068,809	5,707,551
Charges to Appropriation (Outflow):				
Public safety	9,368,542	9,378,278	9,275,075	103,203
Capital outlay	23,500	23,500	-	23,500
Total Charges to Appropriations	9,392,042	9,401,778	9,275,075	126,703
Restatement of Beginning Fund Balance	-	-	(7,802)	(7,802)
Budgetary Fund Balance, June 30	\$ (5,030,784)	\$ (5,040,520)	\$ 785,932	\$ 5,826,452

**BUDGETARY COMPARISON STATEMENT
CSD ZONES
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 7,643,100	\$ 7,643,100	\$ 7,643,100	\$ -
Resources (Inflows):				
Taxes	2,868,296	2,868,296	2,720,928	(147,368)
Intergovernmental	69,495	71,595	68,396	(3,199)
Charges for services	9,146,222	9,146,222	9,211,817	65,595
Use of money and property	218,390	218,390	255,982	37,592
Miscellaneous	28,580	32,480	204,826	172,346
Transfers in	1,040,779	1,040,779	565,539	(475,240)
Amounts Available for Appropriation	21,014,862	21,020,862	20,670,588	(350,274)
Charges to Appropriation (Outflow):				
Community and cultural	13,718,286	13,812,126	12,331,683	1,480,443
Capital outlay	1,393,222	1,393,222	382,070	1,011,152
Transfers to other funds	261,238	425,765	235,089	190,676
Total Charges to Appropriations	15,372,746	15,631,113	12,948,842	2,682,271
Restatement of Beginning Fund Balance	-	-	(75,522)	(75,522)
Budgetary Fund Balance, June 30	\$ 5,642,116	\$ 5,389,749	\$ 7,646,224	\$ 2,256,475

CITY OF MORENO VALLEY

Exhibit G-4

**BUDGETARY COMPARISON STATEMENT
DEVELOPMENT IMPACT FEES
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,491,308	\$ 22,491,308	\$ 22,491,308	\$ -
Resources (Inflows):				
Charges for services	11,183,398	11,183,398	14,299,937	3,116,539
Use of money and property	239,827	239,827	572,263	332,436
Amounts Available for Appropriation	33,914,533	33,914,533	37,363,508	3,448,975
Charges to Appropriation (Outflow):				
Transfers out	-	868,200	11,496,235	(10,628,035)
Total Charges to Appropriations	-	868,200	11,496,235	(10,628,035)
Budgetary Fund Balance, June 30	\$ 33,914,533	\$ 33,046,333	\$ 25,867,273	\$ (7,179,060)

See Notes to Financial Statements

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005**

	Enterprise Fund Electric	Governmental Activities - Internal Service Funds
Assets:		
Current:		
Cash and investments	\$ -	\$ 20,980,438
Receivables:		
Accounts	369,475	8,607
Due from other governments	-	-
Prepaid costs	-	31,266
Inventories	-	29,497
	369,475	21,049,808
Noncurrent:		
Capital assets - net of accumulated depreciation	2,097,078	11,266,716
	2,097,078	11,266,716
Total Assets	\$ 2,466,553	\$ 32,316,524
Liabilities and Net Assets:		
Liabilities:		
Current:		
Accounts payable	\$ 338,305	\$ 335,103
Accrued payroll payable	-	244,676
Deposits payable	148,726	-
Due to other funds	182,385	31,914
	669,416	611,693
Noncurrent:		
Advances from other funds	500,000	-
Self-insurance payable	-	2,634,000
Bonds, notes and loans payable	281,767	-
	781,767	2,634,000
Total Noncurrent Liabilities	781,767	2,634,000
Total Liabilities	1,451,183	3,245,693
Net Assets:		
Invested in capital assets, net of related debt	1,815,311	11,266,716
Unrestricted	(799,941)	17,804,115
	1,015,370	29,070,831
Total Net Assets	1,015,370	29,070,831
Total Liabilities and Net Assets	\$ 2,466,553	\$ 32,316,524

CITY OF MORENO VALLEY

Exhibit I

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Enterprise Fund Electric</u>	<u>Governmental Activities- Internal Service Funds</u>
Operating Revenues:		
Sales and service charges	\$ 1,356,555	\$ 10,009,223
Miscellaneous	7,889	232,422
Total Operating Revenues	<u>1,364,444</u>	<u>10,241,645</u>
Operating Expenses:		
Electricity purchased	505,718	-
Services and supplies	319,980	-
Transmission	176,575	-
Cost of services	-	5,909,379
Self-insurance claims and charges	-	964,241
Depreciation	66,819	1,091,982
Total Operating Expenses	<u>1,069,092</u>	<u>7,965,602</u>
Operating Income (Loss)	<u>295,352</u>	<u>2,276,043</u>
Nonoperating Revenues (Expenses):		
Interest expense	(11,497)	-
Engineering plan check fees	581,138	-
Total Nonoperating Revenues (Expenses)	<u>569,641</u>	<u>-</u>
Income (Loss) Before Transfers	864,993	2,276,043
Transfers in	16,857	3,487
Transfers out	-	(726,487)
Changes in Net Assets	<u>881,850</u>	<u>1,553,043</u>
Net Assets:		
Beginning of Fiscal Year, as Originally Reported	133,520	27,549,384
Restatements	-	(31,596)
Beginning of Fiscal Year, as Restated	<u>133,520</u>	<u>27,517,788</u>
End of Fiscal Year	<u>\$ 1,015,370</u>	<u>\$ 29,070,831</u>

See Notes to Financial Statements

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Enterprise Fund Electric</u>	<u>Governmental Activities- Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 1,167,225	\$ 10,063,847
Cash payments to suppliers for goods and services	(692,049)	(3,573,743)
Cash payments for claims	-	(942,023)
Cash payments to employees for services	-	(2,357,534)
Other operating revenues (expenses)	589,027	232,422
Net Cash Provided (Used) by Operating Activities	<u>1,064,203</u>	<u>3,422,969</u>
Cash Flows from Noncapital Financing Activities:		
Cash transfers from other funds	16,857	3,487
Cash transfers to other funds	-	(726,487)
Advances received from other funds	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>16,857</u>	<u>(723,000)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(1,134,317)	(459,828)
Principal payments - capital leases	(38,503)	-
Interest and fiscal charges on capital leases	(11,497)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,184,317)</u>	<u>(459,828)</u>
Net Increase (Decrease) in Cash and Investments	(103,257)	2,240,141
Cash and Investments at Beginning of Fiscal Year	103,257	18,740,297
Cash and Investments at End of Fiscal Year	<u>\$ -</u>	<u>\$ 20,980,438</u>
Reconciliation of Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 295,352	\$ 2,276,043
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Miscellaneous nonoperating revenues	581,138	-
Depreciation	66,819	1,091,982
Decrease (increase) in accounts receivable	(320,296)	54,512
Decrease (increase) in prepaids	-	16,568
Decrease (increase) in inventories	-	(11,396)
Increase (decrease) in accounts payable	132,672	112
Increase (decrease) in accounts payable	-	(45,764)
Increase (decrease) in deposits payable	130,966	35,165
Increase (decrease) in due to other funds	177,552	(4,386)
Increase (decrease) in self-insurance payable	-	10,133
Total Adjustments	<u>768,851</u>	<u>1,146,926</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,064,203</u>	<u>\$ 3,422,969</u>

Schedule of Noncash Investing and Capital and Noncapital Financing Activities:

During the fiscal year ending June 30, 2005, the Electric Enterprise Fund obtained capital assets in the amount of \$260,000 through a capital lease.

CITY OF MORENO VALLEY

Exhibit K

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2005

Assets:	
Cash and investments	\$ 13,286,922
Receivables (net of allowance for uncollectibles):	
Accounts	52,988
Interest	1,986
Due from other governments	359,208
Restricted assets:	
Cash with fiscal agent	<u>851,037</u>
Total Assets	<u><u>\$ 14,552,141</u></u>
 Liabilities:	
Liabilities:	
Accounts payable	\$ 399,522
Accrued liabilities	4,772
Deposits	<u>14,147,847</u>
Total Liabilities	<u><u>\$ 14,552,141</u></u>

See Notes to Financial Statements

CITY OF MORENO VALLEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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 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 Community Services District of the City of Moreno Valley (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 Districts No. 2 and No. 3 (Moreno Valley Auto Mall) and Towngate Community Facilities District No. 87-1 (Community Facilities Districts) were established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982 for the purpose of financing the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts and are governed by City Council.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

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

- 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.
- MVPFFC holds title to vacant land for proposed future public facilities and to land and buildings for the City's public works operating facility as security for the Certificates of Participation (Series 1993) reissued in its name. The City makes lease payments to MVPFFC in an amount equal to the periodic principal and interest payments due on the Certificates.
- Industrial Development Authority (the Authority) was established pursuant to the "California Industrial Development Financing Act" of the California Government Code. The Authority was established for the purpose of financing the construction, acquisition and equipment of certain land and facilities within the City of Moreno Valley and is governed by the City Council. The Authority did not report any activity for the current year.

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

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 are 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.

City of Moreno Valley
Notes to Financial Statements (Continued)

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

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

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the 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 Fire Services Special Revenue Fund accounts for the City's portion of the structural fire tax revenue to be used for providing fire services.

The CSD Zones Special Revenue Fund accounts for the following:

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

City of Moreno Valley
Notes to Financial Statements (Continued)

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

The Development Impact Fees Special Revenue Fund accounts for developer impact fees.

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

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

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

Additionally the government reports the following fund types:

Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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 involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

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.

City of Moreno Valley
Notes to Financial Statements (Continued)

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

d. Assets, Liabilities and Net Assets or Equity

Deposits and Investments and 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. The City's policy is generally to hold investments until maturity, or until market values equal or exceed cost. The City reports its investments 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.

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 "internal balances".

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

Inventory in the Central Services Internal Service Fund is 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 (Continued)

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

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture and Equipment	5 - 10
Vehicles	3 - 10
Infrastructure	25

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 vacation and sick pay benefits. The City records the sick 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 vacation 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.

Fund Equity

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

**City of Moreno Valley
Notes to Financial Statements (Continued)**

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

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. The final property tax payment for fiscal year 2004-2005 was received after the 60-day period due to administrative issues at the County of Riverside. The County issued the final property tax payment for 2004-2005 to the City in November 2005 after issuing tax revenue anticipation notes. As the payment was measurable and related to 2004-2005, it was accrued as revenue in the fund-level financial statements in accordance with NCGAI, paragraph 8.

e. Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of this \$3,621,681 difference are as follows:

Capital outlay	\$ 15,978,344
Depreciation expense	(12,154,635)
Net book value of disposed assets	<u>(202,028)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,621,681</u>

City of Moreno Valley
Notes to Financial Statements (Continued)

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

Another element of that reconciliation states that "repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Proceeds of debt issued is an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets". Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$7,283,080 difference are as follows:

Principal repayments	\$ 7,533,847
Debt issued	<u>(250,767)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 7,283,080</u>

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 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 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.

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, provided that they are within the same fund and department.

A budgetary comparison schedule is not presented for the Juvenile Accountability Block Grant and Work Force Development Grant Special Revenue Funds and for the PW Capital Projects, Park Acquisition and Development and COPS Capital/Administration Capital Projects Funds because an annual budget was not legally adopted for these funds.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Encumbrances

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

c. The Following Funds Contained Deficit Fund Balances or Net Assets:

Special Revenue Funds:	
Child Care Grant	\$ 149,001
Work Force Development Grant	923
Traffic Congestion Relief	3,121
Beverage Container Recycling	37
Emergency Mgmt. Prep. Grant	161,112
Youthbuild Grant	11,889
Capital Projects Funds:	
Towngate Capital/Administration	288,749
Centerpointe Capital/Administration	63,120
Warner Ranch Capital/Development	27,443
TUMF Capital Projects	404,104

These deficits will be funded by future years' revenues.

d. Excesses of Expenditures Over Appropriations by Department in Individual Funds are as Follows:

Fund	Expenditures	Appropriations	Excess
General Fund:			
General government:			
Nondepartmental	\$ 354,315	\$ (80,404)	\$ 434,719
Special Revenue Funds:			
Public Education/Govt. Access Program			
General government	502,356	234,500	267,856
Air Quality Management			
Public works	60,548	54,569	5,979
Special Districts Administration			
Public works	1,030,677	920,936	109,741
Capital Projects Funds:			
Community Redevelopment Agency			
General government	5,662,811	1,950,806	3,712,005
Debt service principal	389,189	200,000	189,189
Debt service interest	1,560,381	16,677	1,543,704
Debt Service Funds:			
OPA Sales Tax Agreements			
Debt service interest	389,188	328,000	61,188

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 2: Stewardship, Compliance and Accountability (Continued)

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Towngate Refunding Debt service interest	1,004,271	896,194	108,077
Auto Mall Special Tax Bonds Debt service interest	\$ 1,560,255	\$ 1,459,025	\$ 101,230
Certificates of Participation Series 1993 Debt service interest	5,157,022	1,144,523	4,012,499

Note 3: Cash and Investments

As of June 30, 2005, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 131,805,230
Fiduciary funds	<u>14,137,959</u>
Total Cash and Investments	<u>\$ 145,943,189</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

At June 30, 2005, the carrying amount of the City's deposits was \$4,302,132 and the bank balance was \$3,785,662. The \$516,470 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

City of Moreno Valley
Notes to Financial Statements (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
- Government Agencies Securities
- 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
- Time Deposits (Non-Negotiable Certificates of Deposit)
- Repurchase Agreements
- Corporate Obligations
- Mutual Funds and Money Market Accounts
- Other Government Sponsored Investment Pools

Investments Authorized by Debt Agreements

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

Investments in State Investment Pool

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

GASB Statement No. 31

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

Credit Risk

The City's investment policy limits investments in medium term notes (MTN's) to those rated in the top three rating categories by two of the three largest nationally recognized rating services at time of purchase. As of June 30, 2005, the City's investment in medium term notes consisted of investments with Abbot Labs, Aetna Inc., American General Finance Corp., Bear Stearns Inc., General Electric Capital Corp., Goldman Sachs Group Inc., Home Depot Inc, Household Financial Corp., Morgan J P & Co., Wal-Mart Stores. At June 30, 2005, all MTN's were rated "A" or higher by Moody's. All securities were investment grade and were legal under State and City law. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2005, the City's investments in external investment pools and money market mutual funds are unrated.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2005, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in medium term notes with any one issuer. The limitation is 10% of the City's total investment portfolio. The City's investment policy does not impose restrictions on the maximum percentage it can invest in any other investment. As of June 30, 2005, the City is in compliance with the investment policy restrictions.

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

Federal National Mortgage Association	9.50%
Federal Home Loan Mortgage Corp.	12.96%
Federal Home Loan Bank	23.42%
Federal Farm Credit Bank	11.87%

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that the 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.

As of June 30, 2005, the City had the following investments and original maturities:

Investment Type:	Investment Maturities (in Years)					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More Than 5 years	
Local Agency Investment Fund	39,839,816					39,839,816
Money Market Accounts	5,900,041					5,900,041
Medium Term Notes	2,015,350	2,410,626	4,104,720	2,033,460		10,564,156
Federal National Mortgage Assoc.		985,310	7,860,640	4,603,018		13,448,968
Federal Home Loan Mortgage Corp.	1,994,635	4,505,273	7,899,090	3,959,270		18,358,268
Federal Home Loan Bank	991,250	2,971,880	22,236,571	6,978,760		33,178,461
Federal Farm Credit Banks	996,250	996,250	7,847,830	6,972,190		16,812,520
Federal Agricultural Mortgage Corp.				1,003,490		1,003,490
US Treasury Bills	1,483,000					1,483,000
Investment Agreement: Transamerica					1,052,337	1,052,337
	<u>53,220,342</u>	<u>11,869,339</u>	<u>49,948,851</u>	<u>25,550,188</u>	<u>1,052,337</u>	<u>141,641,057</u>

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 4: Long-Term Receivables

Long-term receivables consist primarily of revolving home improvement loans.

Note 5: Capital Assets

General government capital asset activity for the year ended June 30, 2005 follows:

	Balance July 1, 2004	Adjustments	Balance July 1, 2005 as Adjusted	Additions	Deletions	Transfers	Balance June 30, 2005
Non-Depreciable Assets:							
Land	\$ 302,314,557	\$ -	\$ 302,314,557	\$ 411,440	\$ 216,053	\$ 347,900	\$ 302,857,844
Construction-in-progress	11,725,380	(32,495)	11,692,885	14,752,748	-	(5,384,412)	21,061,221
Subtotal - Non- Depreciable Assets	314,039,937	(32,495)	314,007,442	15,164,188	216,053	(5,036,512)	323,919,065
Depreciable Assets:							
Buildings and improvements	74,344,587	-	74,344,587	46,143	-	1,194,180	75,584,910
Machinery and equipment	8,167,404	(140,236)	8,027,168	389,214	22,125	18,462	8,412,719
Vehicles	7,096,251	-	7,096,251	414,160	80,684	-	7,429,727
Infrastructure	278,553,590	-	278,553,590	434,951	-	3,823,870	282,812,411
Subtotal - Depreciable Assets	368,161,832	(140,236)	368,021,596	1,284,468	102,809	5,036,512	374,239,767
Total Capital Assets	682,201,769	(172,731)	682,029,038	16,448,656	318,862	-	698,158,832
Less Accumulated Depreciation for:							
Buildings and improvements	22,294,776	-	22,294,776	2,264,412	-	-	24,559,188
Machinery and equipment	4,628,652	(11,641)	4,617,011	941,219	14,024	-	5,544,206
Vehicles	3,724,635	-	3,724,635	724,167	80,684	-	4,368,118
Infrastructure	138,247,455	-	138,247,455	9,316,819	-	-	147,564,274
Total Accumulated Depreciation	168,895,518	(11,641)	168,883,877	13,246,617	94,708	-	182,035,786
Total Net Capital Assets	\$ 513,306,251	\$ (161,090)	\$ 513,145,161	\$ 3,202,039	\$ 224,154	\$ -	\$ 516,123,046

The adjustments are due to certain capital assets and the corresponding accumulated depreciation being improperly classified in the prior year.

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

Governmental Activities:	
General government	\$ 2,322,751
Public safety	5,312,791
Community development	1,262,867
Community and cultural	1,790,377
Public works	1,465,849
Internal service funds	1,091,982
Total	\$ 13,246,617

City of Moreno Valley
Notes to Financial Statements (Continued)

Note 5: Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2005 follows:

	Balance July 1, 2004	Additions	Deletions	Transfers	Balance June 30, 2005
Non-Depreciable Assets:					
Construction-in-progress	\$ 571,953	\$ 355,158			\$ 927,111
Subtotal - Non-Depreciable Assets	571,953	355,158	-	-	927,111
Depreciable Assets:					
Infrastructure	197,627	1,039,159			1,236,786
Subtotal - Depreciable Assets	197,627	1,039,159	-	-	1,236,786
Total Capital Assets	769,580	1,394,317	-	-	2,163,897
Less Accumulated Depreciation for:					
Infrastructure	-	66,819	-	-	66,819
Total Accumulated Depreciation	-	66,819	-	-	66,819
Total Net Capital Assets	\$ 769,580	\$ 1,327,498	\$ -	\$ -	\$ 2,097,078

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, 2005:

	Balance July 1, 2004	Additions	Repayments/ Defeasance	Balance June 30, 2005	Due Within One Year
Towngate Community Facilities District No. 87-1:					
Special Tax Refunding Bonds, Series A	\$ 11,350,000	\$ -	\$ 375,000	\$ 10,975,000	\$ 390,000
Special Tax Refunding Bonds, Series B	4,280,000	-	610,000	3,670,000	645,000
Special Tax Bonds, Improvement Area No. 1	4,270,000	-	105,000	4,165,000	110,000
Community Facilities District No. 3:					
Auto Mall Special Tax Bonds 2000, Refinancing	6,895,000	-	575,000	6,320,000	640,000
Moreno Valley Public Facilities Financing Corporation:					
Refunding Certificates of Participation, Series 1993	4,810,000	-	4,810,000	-	-
Refunding Certificates of Participation, Series 1997	8,115,000	-	490,000	7,625,000	510,000
Moreno Valley Public Financing Authority:					
Lease Revenue Bonds, 1997	4,745,000	-	155,000	4,590,000	160,000
City of Moreno Valley:					
Compensated Absences	1,243,864	1,921,129	1,640,336	1,524,657	1,524,657
Child Development Portable Classrooms	164,388	-	24,658	139,730	24,658
Community Redevelopment Agency:					
Note Payable, Price Company	2,462,131	-	-	2,462,131	-
Price Company Accrued Interest	672,461	250,767	389,189	534,039	-
	<u>\$ 49,007,844</u>	<u>\$ 2,171,896</u>	<u>\$ 9,174,183</u>	<u>\$ 42,005,557</u>	<u>\$ 4,004,315</u>

City of Moreno Valley
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

Towngate Community Facilities District No. 87-1, Special Tax Refunding Bonds in the original issue amount of \$14,170,000 for Series A and \$8,530,000 for Series B were issued to refund certain outstanding bonds issued by Towngate Community Facilities District No. 87-1. The bonds mature in both serial and term fashion through December 1, 2021 and bear interest, payable semi-annually, at rates ranging from 3.00% to 6.50%. The bonds are subject to mandatory redemption at any time prior to maturity and subject to optional redemption beginning on December 1, 2002. 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.

Towngate Community Facilities District No. 87-1, Improvement Area No. 1 Special Tax Bonds in the original issue amount of \$5,000,000 were issued to finance the acquisition and construction of certain major infrastructure facilities to serve property within Improvement Area No. 1. The bonds mature in both serial and term fashion through October 1, 2023 and bear interest, payable semi-annually, at rates ranging from 4.250% to 7.125%. The bonds are subject to mandatory redemption at any time prior to maturity and subject to optional redemption beginning on October 1, 2000. 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 70.300% of required debt service.

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, 2003. 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 has increased the aggregate debt service payments that were required on the Refunded Bonds by approximately \$3,100,000 and produced an economic loss (the excess of the present value of the new over old debt service payments) of approximately \$418,000. The refinancing was undertaken to cure a debt service payment default that had occurred on the now refunded bonds. Special tax delinquencies were the primary cause of the default.

Refunding Certificates of Participation (Capital Projects) Series 1993 in the original issue of \$11,920,000 were issued to advance refund the Certificates of Participation previously executed and delivered to finance the acquisition, construction and improvement of certain public improvement projects in the outstanding aggregate principal amount of \$11,115,000. The Certificates mature through May 1, 2009 and bear interest, payable semi-annually, at rates ranging from 2.80% to 5.00%. The Certificates are subject to prepayment at any time prior to maturity. The Certificates are payable from lease payments made by the City to the Moreno Valley Public Facilities Financing Corporation whereby the City pays lease payments equal to the amount of principal and interest due for the repayment of the Certificates. The remaining outstanding balance of \$4,810,000 was defeased during the year. This was accomplished by placing \$5,006,586 of available cash into an irrevocable escrow account. The amount placed in the escrow account was calculated to be sufficient, along with future interest earnings, to fund all future debt service payments on the defeased bonds. No new debt was issued to accomplish this defeasance.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

Refunding Certificates of Participation (City Hall) Series 1997 in the original issue of \$10,955,000, with a variable interest rate due through 2016, were issued to advance refund \$10,180,000 of outstanding 1995 Certificates of Participation. The source of repayment for the Certificates is lease payments to be made by the Moreno Valley Public Facilities Financing Corporation whereby scheduled lease payments equal the amount of principal and interest due on the Certificates.

The City has the option to convert the variable rate certificates at any time. The Refunding Certificates are subject to purchase on the demand of the holder while they are outstanding at a variable rate upon seven days notice. Payment of these demand certificates shall be made from the proceeds of the resale of such certificates by the City's remarketing agent. Should there be insufficient funds from this source, funds will be made available from an irrevocable bank letter of credit. The letter of credit is valid through the date the Certificates bear interest at a fixed rate or May 1, 2007. Repayment of the letter of credit shall occur from any available funds with the trustee of the issue, including the scheduled lease payments of the City.

Lease Revenue Bonds 1997 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.

Compensated Absences

At June 30, 2005, the amount of compensated absences liability which is not expected to be paid from available resources was \$1,524,657.

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 2002, for 10 years.

The annual maturities and the annual debt service requirements to amortize the outstanding debt as of June 30, 2005 are as follows:

Year Ending June 30,	Moreno Valley Public Financing Authority		Community Facilities Districts	
	Principal	Interest	Principal	Interest
Annual Maturities:				
2006	\$ 160,000	\$ 240,282	\$ 1,785,000	\$ 1,621,305
2007	170,000	232,525	1,930,000	1,503,116
2008	175,000	224,244	2,080,000	1,374,425
2009	185,000	215,421	2,245,000	1,235,169
2010	195,000	205,919	2,420,000	1,084,394
2011-2015	1,135,000	863,038	4,940,000	3,861,585
2016-2020	1,475,000	512,188	5,365,000	2,381,508
2021-2025	1,095,000	92,537	3,635,000	666,876
2026-2030	-	-	580,000	173,252
2031-2033	-	-	150,000	5,625
	<u>\$ 4,590,000</u>	<u>\$ 2,586,154</u>	<u>\$ 25,130,000</u>	<u>\$ 13,907,255</u>

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

Year Ending June 30,	Moreno Valley Public Facilities Financing Corporation		City of Moreno Valley		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
Annual Debt Service Requirements:						
2006	\$ 510,000	\$ 221,100	\$ 24,658	\$ -	\$ 2,479,658	\$ 2,082,687
2007	525,000	205,575	24,658	-	2,649,658	1,941,216
2008	550,000	189,450	24,658	-	2,829,658	1,788,119
2009	570,000	172,650	24,658	-	3,024,658	1,623,240
2010	595,000	155,175	24,659	-	3,234,659	1,445,488
2011-2015	3,345,000	488,475	16,439	-	9,436,439	5,213,098
2016-2020	1,530,000	46,350	-	-	8,370,000	2,940,046
2021-2025	-	-	-	-	4,730,000	759,413
2026-2030	-	-	-	-	580,000	173,252
2031-2033	-	-	-	-	150,000	5,625
	<u>\$ 7,625,000</u>	<u>\$ 1,478,775</u>	<u>\$ 139,730</u>	<u>\$ -</u>	<u>\$ 37,484,730</u>	<u>\$ 17,972,184</u>

The above schedule does not include the long-term debt for compensated absences or maturities for the Community Redevelopment Agency debt, as fixed maturities have not been established.

Note Payable - Price Company

The Redevelopment Agency has recorded a long-term payable in the amount of \$2,462,131 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. At June 30, 2005, accrued interest amounted to \$534,039.

No-Commitment Debt

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

Approximately 33% of taxes levied on the 589-acre Centerpointe development within Assessment District No. 87-4 are delinquent and foreclosure proceedings were conducted as required under the bond covenants. The City has elected not to obligate itself to advance available funds to cure any delinquency.

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, 2005 was \$5,473,000.

City of Moreno Valley
Notes to Financial Statements (Continued)

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, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2004	Due Within One Year
Electrical Cabinets					
Capital Leases	\$ 60,270	\$ 260,000	\$ 38,503	\$ 281,767	\$ 60,294

The annual maturities and the annual debt service requirements to amortize the outstanding debt as of June 30, 2005 were as follows:

Year Ending June 30,	Electrical Cabinet Capital Lease	
	Principal	Interest
Annual Maturities:		
2006	\$ 60,294	\$ 14,706
2007	63,873	31,127
2008	67,665	7,335
2009	65,370	3,380
2010	24,565	433
	<u>\$ 281,767</u>	<u>\$ 56,981</u>

During the current and prior years, the City entered into five separate lease purchase agreements to lease electrical cabinets in the amount of \$65,000 each. The term of each lease is for 60 months.

Note 7: Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds

Funds	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General	\$ 3,100,989	\$ -
Special Revenue Funds:		
CSD Zones	-	950,502
Development Impact Fees	602,000	-
Capital Projects Funds:		
Community Redevelopment Agency	4,500	4,227
Nonmajor Governmental Funds	-	2,538,461
Major Proprietary Funds:		
Electric	-	182,385
Internal Service Funds	-	31,914
	<u>\$ 3,707,489</u>	<u>\$ 3,707,489</u>
Total		

The City of Moreno Valley utilizes the State of California Local Agency Investment Fund (LAIF) as a short-term investment tool. At June 30, 2005, the General Fund LAIF account reached the LAIF threshold and as an alternative for investing, the remaining funds were loaned to the CSD Zone A Parks Fund and the Community Redevelopment Agency Capital Projects Fund for investment into LAIF. The amounts of the loans outstanding at June 30, 2005 were \$950,502 and \$4,227, respectively.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivables, Payables and Transfers

As Electric invoices are generated, the In-Lieu Franchise Fees are established as due to the General Fund. At June 30, 2005, the balance due to the General Fund from the Electric Fund was \$7,157.

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

Emergency Preparedness Fund	\$ 196,739
NPDES - CSA	177,901
Child Care Grant	95,802
HOME	448,837
Work Force Development Grant	923
Youthbuild Grant Fund	133,973
Traffic Congestion Relief	3,121
Towngate Refunding Bond Fund	311,125
Automall Special Tax Bonds Fund	197,361
Towngate Capital/Administration	288,772
Centerpoint 87-4 Capital/Administration	77,408
Electric	175,227
Central Services	5,111
Equipment Maintenance	26,803
	<u>2,139,103</u>

The Arterial Streets Development Impact Fee Fund made a short-term loan of \$402,000 to the TUMF Capital Projects Fund to fund budgeted capital projects. The loan will be repaid when the TUMF reimbursement is received.

The Parkland Facilities Development Impact Fee Fund made a temporary loan of \$200,000 to the Parks and Recreation Capital Projects Fund for the installation of lighting at Valley Skate Park at March Field.

The current portion due of the Community Redevelopment Agency Capital Projects Fund loan to the Warner Ranch Capital/Development Projects Fund to finance Warner Ranch alleyway improvements is \$4,500. The total outstanding loan is \$31,498 of which the current portion is \$4,500 and the long-term portion is \$26,998. The loan was made in 1995-1996. Repayments are made annually and will be complete in 2010-2011.

b. Advances To/From Other Funds

Funds	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General	\$ 18,316,950	\$ -
Capital Projects Funds:		
Community Redevelopment Agency	26,998	17,816,950
Nonmajor Governmental Funds	-	26,998
Major Proprietary Funds:		
Electric	-	500,000
	<u> </u>	<u> </u>
Total	<u>\$ 18,343,948</u>	<u>\$ 18,343,948</u>

The long-term payable to the City of Moreno Valley from the Redevelopment Agency Capital Projects Fund totaling \$467,077 represents monies borrowed in prior fiscal years by the Redevelopment Agency to finance redevelopment activities. Repayment of the long-term payable will be made when the tax increment revenue becomes available. The Community Redevelopment Agency Capital Projects Fund has advanced \$26,998 to the Warner Ranch Capital/Development Projects Fund to finance Warner Ranch alleyway improvements. The loan was made in 1995-1996. Repayments are made annually and will be complete in 2010-2011.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

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

The General Fund has loaned \$500,000 to the Electric Fund for start-up costs. The loan will be repaid when revenue becomes available.

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, 2005, accrued interest amount to \$4,349,873.

c. Interfund Transfers

Funds	Transfers In	Transfers Out
Major Governmental Funds:		
General	\$ 2,349,684	\$ 8,067,798
Special Revenue Funds:		
Fire Services	4,941,621	-
CSD Zones	565,539	235,089
Development Impact Fees	-	11,496,235
Capital Projects Funds:		
Community Redevelopment Agency	-	3,345,084
Nonmajor Governmental Funds	17,009,005	1,015,500
Major Proprietary Funds:		
Electric	16,857	-
Internal Service Funds	3,487	726,487
Total	<u>\$ 24,886,193</u>	<u>\$ 24,886,193</u>

During the 2004-2005 budget process and subsequently, the General Fund was committed to supporting several capital projects. Transfers to the following funds were made for these commitments:

City Hall Capital/Administration Fund: New Corporate Yard Design	<u>\$ 500,000</u>
City Hall Capital/Administration Fund: Emergency Operations Center	<u>24,000</u>
Fire Services Capital Fund: Fire Station #58	<u>1,500,000</u>

The General Fund transferred \$38,472 to the Universal Hiring Grant Fund. The amount represents the required matching funds for year two of the three-year grant accepted by the City Council.

The General Fund transferred \$9,508 to the LLEBG-PD-04 Fund, representing the 10% matching requirement of the grant.

The General Fund transferred \$1,145 to the PD PAL Grant Fund and \$270 to the 2000 Juvenile Accountability Incentive Block Grant Fund to eliminate the negative cash balances remaining when the grants were completed.

The General Fund transferred \$4,941,621 to the Fire Services Operations Fund, \$415,104 to the CSD Zones Fund (Library Services Fund) and \$294,421 to the Public Education/ Government Access Fund to provide subsidies to cover the operating deficits.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

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

The General Fund transferred \$96,730 to the CSD Zones Fund (Zone M Median Fund) for median maintenance.

The principal and interest payments for 2004-2005 in the Public Safety Bond Fund totaled \$402,529. The General Fund transferred \$252,529 and the Community Redevelopment Agency Tax Increment Fund transferred \$150,000 to the Public Safety Bond Fund for these debt service payments.

The Article 3 Transportation Fund transferred \$250,000 to the Measure A Fund for a budgeted reimbursement.

The Measure A Fund transferred \$703,606 to the State Gasoline Tax Fund to subsidize its operations.

The OTS – Public Works – Grant Fund reimbursed the General Fund for purchases made by the General Fund and later funded by the OTS Grant: \$1,574 for a computer; \$11,169 for Crossroads software; and \$14,961 for a Public Awareness Radar Education Trailer (PARET).

The NPDES CSA Fund transferred \$6,003 to the General Fund to return a previous excess subsidy.

The Beverage Container Recycling Fund transferred \$16,654 to the State Gasoline Tax Fund for roadside clean-up.

UBG8 Used Oil Recycling – 02/03 – Fund transferred \$820 to UBG7 Used Oil Recycling – 01/02 – Fund to eliminate the negative cash balance remaining when the grant was completed.

CSD Zone A Parks Fund transferred \$72,300 to the Parks and Recreation Capital Projects Fund for the Park project adjacent to the Conference and Recreation Center. CSD Zone A Parks also transferred \$92,227 to the Parks and Recreation Capital Projects Fund for outdoor play equipment for the March Field Park Community Center.

CSD Zone B Street Lighting Fund and CSD Zone C Arterial Lighting Fund transferred \$12,114 and \$4,743 respectively to the Electric Fund for street lights.

CSD Zone D Standard Landscaping Fund transferred \$5,334 to CSD Zone E Extended Landscaping Fund for extended landscaping services.

CSD Zone E Extended Landscaping Fund transferred \$6,973 to CSD Zone M Median Fund for median maintenance.

CFD #1 Fund transferred \$41,398 to CSD Zone A Parks Fund for neighborhood parks maintenance.

During the 2004-2005 budget process the Arterial Streets Development Impact Fee Fund was committed to supporting several capital projects. Transfers totaling \$1,386,000 were made to the Development Impact Fee Arterial Streets Capital Projects Fund for these commitments:

Perris Boulevard Widening Project between Red Maple Lane and Iris Avenue	305,000
Infill Projects at Various Locations	840,000
Day Street Widening Project between Route 60 and Ironwood	241,000

During the 2004-2005 budget process the Traffic Signal Development Impact Fee Fund was committed to supporting several capital projects. Transfers totaling \$695,000 were made to the Development Impact Fee Traffic Signal Capital Projects Fund for these commitments:

Traffic Signals at Lasselle Street and Gentian Avenue	200,000
Traffic Signals at Perris Boulevard and Manzanita Avenue	225,000
Traffic Signals at Route 60 and Moreno Beach Interchange	235,000
Traffic Modeling	35,000

**City of Moreno Valley
Notes to Financial Statements (Continued)**

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

The Arterial Streets Development Impact Fee Fund and the Traffic Signal Development Impact Fee Fund transferred \$909,339 (\$729,290 and \$180,049, respectively) to the COP 93 Debt Service Fund to support the Fund's final debt service obligations.

The Police Facilities Development Impact Fee Fund transferred \$44,000 to the City Hall Capital/Administration Fund for a Ten-Year Capital Improvement Plan for the Public Safety Building.

The Parkland Facilities Development Impact Fee Fund transferred \$550,000 to the City Hall Capital/Administration Fund for the Veteran's Memorial project.

The Quimby In-Lieu Park Fees Fund transferred \$37,220 to the Parks and Recreation Capital Projects Fund for the Lasselle Sports Park Parking Lot project.

The following Development Impact Fee Funds transferred a total of \$2,022,000 to the General Fund for budgeted reimbursements to the General Fund Capital Reserve:

Fire Facilities Development Impact Fee Fund	\$ 330,000
Police Facilities Development Impact Fee Fund	212,000
Recreation Center Development Impact Fee Fund	1,480,000

The following Development Impact Fee Funds transferred a total of \$5,802,697 to the City Hall Capital/Administration Fund for the Conference and Recreation Center project:

Parkland Facilities Development Impact Fee Fund	\$ 250,000
Quimby In-Lieu Park Fees Fund	143,000
Recreation Center Development Impact Fee Fund	5,409,697

The several Development Impact Fee Funds transferred a total of \$49,980 to the General Fund to support the updated development impact fee study. The transfer amounts by fund are as follows:

Arterial Streets Development Impact Fee Fund	\$11,720
Traffic Signals Development Impact Fee Fund	4,087
Fire Facilities Development Impact Fee Fund	1,860
Police Facilities Development Impact Fee Fund	4,693
Parkland Facilities Development Impact Fee Fund	4,872
Quimby In-Lieu Park Fees Fund	5,724
Recreation Center Development Impact Fee Fund	8,027
Libraries Development Impact Fee Fund	4,674
City Hall Development Impact Fee Fund	2,898
Corporate Yard Development Impact Fee Fund	1,425

The closed COP 93 Capital/Administration Fund transferred remaining cash of \$10,713 to the COP 93 Debt Service Fund.

The City Hall Facility Fund transferred \$723,000 to the City Hall COPs Series 97 Debt Service Fund to fund the appropriated budget.

The Equipment Replacement Reserve Fund transferred \$3,487 to the Technology Services Fund to replace a plotter.

The Community Redevelopment Agency Tax Increment Fund transferred \$250,000 to the General Fund for debt service on the Conference and Recreation Center project.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

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

The Community Redevelopment Agency Tax Increment Fund transferred \$500,000 to the City Hall Capital/Administration Fund for the Conference and Recreation Center project.

The Community Redevelopment Agency Tax Increment Fund transferred \$2,328,213 to the Towngate Refunding Bond Fund and \$116,871 to the Automall Special Tax Bonds Fund to fund debt service obligations.

Note 8: Employee Pension Plan

Plan Description

The City's defined benefit pension plan, Public Employees Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members in PERS are required to contribute 7.000% of their annual covered salary. 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 for fiscal 2004-2005 was 6.813%. 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 2004-2005, the City's annual pension cost was \$1,228,304. The City also contributed \$1,215,183 on behalf of the employees for the employee contribution. The required contribution for the fiscal year 2004-2005 was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: a) 8.25% investment rate of return (net of administrative expenses), b) projected salary increases for employees that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and c) 3.75% cost-of-living adjustment. Both a) and b) include an inflation component of 3.50%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two- to five-year period depending on the size of investment gains and/or losses. The PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005 was 26 years.

<u>Ended June 30,</u>	<u>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>Pension Obligation</u>
2003	168,423	100 %	-
2004	1,154,079	100 %	-
2005	\$ 1,228,304	100 %	-

Required Supplementary Information - Funded Status of Plan
Latest Information Available

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 8: Employee Pension Plan (Continued)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	(Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a percent of Payroll
06/30/02	28,597,500	30,564,460	(1,966,960)	106.88 %	14,313,573	(13.742) %
06/30/03	35,236,196	32,434,425	2,801,771	92.0 %	16,033,586	17.474 %
06/30/04	41,276,067	36,098,898	5,177,169	87.5 %	17,552,133	29.496 %

Note 9: Post-Retirement Health Care

In addition to providing pension benefits, the City provides a portion of certain health care for retired employees. In accordance with City policy, substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing those benefits by expensing the annual insurance premiums. The cost of providing those benefits for 41 retirees is \$80,535.

Note 10: Restatements of Fund Balance/Net Assets

Beginning fund balance/net assets has been restated as follows:

Prior year receipt erroneously recorded in the CSD Zones Fund Law Enforcement	(75,522)
Interest erroneously allocated to Law Enforcement Fund in prior year Housing Assistance Programs	(13,530)
Revenues which were not available in prior year should have been deferred	(30,938)
Capital Projects Funds:	
Community Redevelopment Agency:	
Restatement of prior year loan receivable	561,250
Prior year receipt erroneously recorded in other funds	31,273
Restatement of settlement agreement	390,706
Restatement of prior expenditure	701
Total Community Redevelopment Agency	983,930
Total Governmental Funds	\$ 702,667

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 10: Restatements of Fund Balance/Net Assets (Continued)

Internal Service Funds:	
Technology Services	
To reverse costs previously capitalized	\$ (31,596)
Equipment Maintenance	
Book value of asset moved from Equipment Replacement Fund	2,760
Equipment Replacement	
Book value of asset moved to Equipment Maintenance Fund	<u>(2,760)</u>
Total Internal Service Funds	<u>\$ (31,596)</u>
Statement of Activities:	
Governmental Funds' restatements	\$ 702,667
Internal Service Funds' restatements	(31,596)
Governmental Activities capital assets restatements	<u>(141,136)</u>
Total Statement of Activities	<u>\$ 529,935</u>

Note 11: 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 1998, 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 \$7 million. The County deducts its proportionate share from the Agency's remittances.

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 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.

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 11: 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 \$1,150,818.

Other Agreements

The Agency entered into an owner participation agreement in February 2000 to fund, on a reimbursement basis, the cost of public infrastructure improvements required for a proposed 49,000-square-foot manufacturing facility. The Agency's commitment is not to exceed \$325,000 and is payable incrementally over five years upon completion of the improvements and the manufacturing facility.

Self-Insurance Payable

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

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$1,561,000 and \$1,073,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$2,634,000. Of these amounts, \$370,000 is due within one year.

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

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Amount of accrued claims at June 30, 2003	\$ 1,048,000	\$ 1,323,000	\$ 2,371,000
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates	593,321	902,320	1,495,641
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(643,272)</u>	<u>(599,502)</u>	<u>(1,242,774)</u>
Amount of accrued claims at June 30, 2004	998,049	1,625,818	2,623,867

**City of Moreno Valley
Notes to Financial Statements (Continued)**

Note 11: Commitments and Contingencies (Continued)

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Incurring claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates	179,159	190,683	369,842
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(104,208)</u>	<u>(255,501)</u>	<u>(359,709)</u>
Amount of accrued claims at June 30, 2005	<u>\$ 1,073,000</u>	<u>\$ 1,561,000</u>	<u>\$ 2,634,000</u>

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. Current membership includes 53 of the 58 counties in California and 90 members of the California Public Entity Insurance Authority (CPEIA). 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 coverages.

The City participates in the excess workers' compensation and employer's liability programs of the Authority. The City has a self-insured retention of \$300,000 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.

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 12: Subsequent Events

Conference and Recreation Center

Purchase and Sale Agreement between the City of Moreno Valley and the Agency

The Agency purchased improved property from the City. The purchase price was \$14,203,946. The loan note is \$11,503,946 after the initial payment of \$2,700,000. The term is 20 years with 12% simple interest. Agency will make interest only annual payment with a balloon payment due at the end of the term. First payment was made in fiscal year 2004-2005.

City of Moreno Valley
Notes to Financial Statements (Continued)

Note 12: Subsequent Events (Continued)

Lease Agreement

On May 10, 2005, the Redevelopment Agency and the Community Services District entered into a lease agreement for this property. The Community Services District occupied the building during June 2005 although construction is still in progress. The Agency anticipates construction will be complete during fiscal year 2005-2006. Upon completion, the lease agreement will be in effect for a base rent of \$1.00 per month. The Community Services District will assume responsibility for facility maintenance and will provide programming that will serve the residents of the Project Area.

Lease Revenue Bonds

In July 2005, the Moreno Valley Public Financing Authority issued \$48,205,000 Lease Revenue Bonds. The bonds consist of \$14,485,000 series bonds and term bonds as follows: \$4,635,000 due in 2022, \$5,335,000 due in 2025, \$8,280,000 due in 2029 and \$15,470,000 due in 2035. The bonds' interest rates vary from 3% to 5%. Of the total amount issued, the Redevelopment Agency is responsible for repaying \$9,775,000. The Agency's portion of the net proceeds, which is \$9,071,191, will be used for capital projects. The remainder of the bonds' debt service will be repaid by the City.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MORENO VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue Funds			
	State Gasoline Tax	Article 3 Transportation	Measure A	Law Enforcement
Assets:				
Pooled cash and investments	\$ 908,439	\$ 146,012	\$ 3,559,140	\$ 608,517
Receivables:				
Accounts	1,029	40,000	726,646	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	-
Prepaid costs	199	-	-	-
Due from other governments	276,054	-	1,430,353	102,491
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,185,721	\$ 186,012	\$ 5,716,139	\$ 711,008
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 39,822	\$ 7,265	\$ 389,250	\$ 74,993
Accrued liabilities	243,275	585	8,977	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	164,720	45,395
Unearned revenue	-	-	-	106,704
Advances from other funds	-	-	-	-
Due to other governments	-	-	-	207,734
Total Liabilities	283,097	7,850	562,947	434,826
Fund Balances:				
Reserved:				
Reserved for encumbrances	3,139	7,436	1,495,902	-
Reserved for prepaids and other assets	199	-	-	-
Reserved for debt service	-	-	-	-
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for continuing appropriations	104,025	110,058	2,378,865	1,125,003
Designated for capital projects	-	-	-	-
Undesignated	795,261	60,668	1,278,425	(848,821)
Total Fund Balances	902,624	178,162	5,153,192	276,182
Total Liabilities and Fund Balances	\$ 1,185,721	\$ 186,012	\$ 5,716,139	\$ 711,008

Special Revenue Funds

Public Education/ Government Access Program	Air Quality Management	Community Development Block Grant	Special Districts Administration
\$ 1,683,604	\$ 668,189	\$ 297	\$ 2,164,765
73,486	51,518	-	247,070
-	-	264,952	-
-	-	9,668	-
-	-	-	3,301
-	-	213,404	-
-	-	-	-
\$ 1,757,090	\$ 719,707	\$ 488,321	\$ 2,415,136
\$ 13,344	\$ 5,933	\$ 113,243	\$ 82,605
32,238	250	51,157	67,256
-	-	-	-
-	-	81,719	-
-	-	-	-
-	-	-	-
-	-	43,790	-
45,582	6,183	289,909	149,861
-	374,464	48,521	348
-	-	-	-
-	-	-	-
-	-	-	-
25,000	124,726	840,230	50,313
-	-	-	-
1,686,508	214,334	(690,339)	2,214,614
1,711,508	713,524	198,412	2,265,275
\$ 1,757,090	\$ 719,707	\$ 488,321	\$ 2,415,136

CITY OF MORENO VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>Special Revenue Funds</u>		
	<u>NPDES CSA</u>	<u>Housing Assistance Programs</u>	<u>Child Care Grant</u>
Assets:			
Pooled cash and investments	\$ -	\$ 750,000	\$ -
Receivables:			
Accounts	868,985	974	-
Notes and loans	-	1,614,968	-
Accrued interest	-	41,018	-
Prepaid costs	-	-	16,439
Due from other governments	3,806	783,923	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 872,791</u>	<u>\$ 3,190,883</u>	<u>\$ 16,439</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 14,605	\$ 750,000	\$ 16,017
Accrued liabilities	59,414	8,767	41,365
Due to other funds	177,901	448,837	95,802
Deferred revenue	-	71,957	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
Due to other governments	-	1,893,260	12,256
Total Liabilities	<u>251,920</u>	<u>3,172,821</u>	<u>165,440</u>
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaids and other assets	-	-	16,439
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Designated for capital projects	-	-	-
Undesignated	620,871	18,062	(165,440)
Total Fund Balances	<u>620,871</u>	<u>18,062</u>	<u>(149,001)</u>
Total Liabilities and Fund Balances	<u>\$ 872,791</u>	<u>\$ 3,190,883</u>	<u>\$ 16,439</u>

Special Revenue Funds

<u>Parks and Recreation PAL Grant</u>	<u>Used Oil Recycling</u>	<u>Work Force Development Grant</u>	<u>Juvenile Accountability Block Grant</u>	<u>Traffic Congestion Relief</u>
\$ 17,414	\$ 71,401	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,664	-	-	-
-	-	-	-	-
<u>\$ 17,414</u>	<u>\$ 78,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 2,473	\$ -	\$ -	\$ -
-	4,090	-	-	-
-	-	923	-	3,121
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,563	923	-	3,121
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,414	71,502	(923)	-	(3,121)
<u>17,414</u>	<u>71,502</u>	<u>(923)</u>	<u>-</u>	<u>(3,121)</u>
<u>\$ 17,414</u>	<u>\$ 78,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MORENO VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Beverage Container Recycling</u>	<u>Emergency Management Preparedness Grant</u>	<u>Youthbuild Grant</u>	<u>City Hall Capital/ Administration</u>
Assets:				
Pooled cash and investments	\$ 2,539	\$ -	\$ -	\$ 4,569,889
Receivables:				
Accounts	-	-	-	-
Notes	-	-	-	-
Accrued interest	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	93,248	123,403	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 2,539</u>	<u>\$ 93,248</u>	<u>\$ 123,403</u>	<u>\$ 4,569,889</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,077	\$ 57,621	\$ -	\$ 2,061,897
Accrued liabilities	1,499	-	1,319	490
Due to other funds	-	196,739	133,973	-
Deferred revenue	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>2,576</u>	<u>254,360</u>	<u>135,292</u>	<u>2,062,387</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	518,789
Reserved for prepaids and other assets	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	-	-	1,791,694
Designated for capital projects	-	-	-	197,019
Designated for site infrastructure incentives	-	-	-	-
Undesignated	(37)	(161,112)	(11,889)	-
Total Fund Balances	<u>(37)</u>	<u>(161,112)</u>	<u>(11,889)</u>	<u>2,507,502</u>
Total Liabilities and Fund Balances	<u>\$ 2,539</u>	<u>\$ 93,248</u>	<u>\$ 123,403</u>	<u>\$ 4,569,889</u>

Capital Projects Funds

<u>Capital Improvements</u>	<u>PW Capital Projects</u>	<u>Traffic Signal Mitigation</u>	<u>Fire Services Capital</u>	<u>Park Acquisition and Development</u>	<u>Towngate Capital/ Administration</u>
\$ 176,852	\$ 32,693	\$ 137,578	\$ 1,494,665	\$ 230	\$ -
-	-	-	-	-	-
38,487	-	-	98,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	22
<u>\$ 215,339</u>	<u>\$ 32,693</u>	<u>\$ 137,578</u>	<u>\$ 1,592,665</u>	<u>\$ 230</u>	<u>\$ 22</u>
\$ -	\$ -	\$ -	\$ 5,219	\$ -	\$ -
-	-	-	384	-	-
-	-	-	-	-	288,771
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,603	-	288,771
-	-	-	-	-	-
-	-	-	-	-	-
38,487	-	-	98,000	-	-
72,500	-	-	-	-	-
-	-	-	-	230	-
-	-	-	-	-	-
104,352	32,693	137,578	1,489,062	-	(288,749)
<u>215,339</u>	<u>32,693</u>	<u>137,578</u>	<u>1,587,062</u>	<u>230</u>	<u>(288,749)</u>
<u>\$ 215,339</u>	<u>\$ 32,693</u>	<u>\$ 137,578</u>	<u>\$ 1,592,665</u>	<u>\$ 230</u>	<u>\$ 22</u>

CITY OF MORENO VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Capital Projects Funds		
	Centerpointe Capital/ Administration	Warner Ranch Capital/ Development	Auto Mall Capital/ Administration
Assets:			
Pooled cash and investments	\$ -	\$ 2,668	\$ 92,680
Receivables:			
Accounts	-	-	-
Notes	-	-	-
Accrued interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	14,288	1,387	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 14,288	\$ 4,055	\$ 92,680
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	77,408	4,500	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	26,998	-
Due to other governments	-	-	-
Total Liabilities	77,408	31,498	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaids and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Designated for capital projects	-	-	-
Undesignated	(63,120)	(27,443)	92,680
Total Fund Balances	(63,120)	(27,443)	92,680
Total Liabilities and Fund Balances	\$ 14,288	\$ 4,055	\$ 92,680

Capital Projects Funds				Debt Service Funds
COPs Capital/ Administration	Parks & Recreation Capital Projects	TUMF Capital Projects	DIF Capital Projects	OPA Sales Tax Agreements
\$ -	\$ 1,629,338	\$ 364	\$ 1,602,159	\$ 91,729
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ 1,629,338	\$ 364	\$ 1,602,159	\$ 91,729
\$ -	\$ 72,075	\$ -	\$ 58,410	\$ 91,729
-	469	2,468	789	-
-	200,000	402,000	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	272,544	404,468	59,199	91,729
-	53,065	606,634	46,059	-
-	-	-	-	-
-	-	-	-	133,249
-	-	-	-	-
-	2,465,815	614,262	769,994	-
1,488	-	-	-	-
(1,488)	(1,162,086)	(1,625,000)	726,907	(133,249)
-	1,356,794	(404,104)	1,542,960	-
\$ -	\$ 1,629,338	\$ 364	\$ 1,602,159	\$ 91,729

CITY OF MORENO VALLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Debt Service Funds		
	Towngate Improvement Bond	Towngate Refunding	City Hall COPs Series 1997
Assets:			
Pooled cash and investments	\$ 685	\$ -	\$ 857,550
Receivables:			
Accounts	-	-	-
Notes	-	-	-
Accrued interest	1,862	2,879	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	798,657	4,651,275	-
Total Assets	\$ 801,204	\$ 4,654,154	\$ 857,550
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	311,125	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
Due to other governments	-	-	-
Total Liabilities	-	311,125	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaids and other assets	-	-	-
Reserved for debt service	775,813	3,825,184	370,077
Reserved for long-term receivables	-	-	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Designated for capital projects	-	-	-
Undesignated	25,391	517,845	487,473
Total Fund Balances	801,204	4,343,029	857,550
Total Liabilities and Fund Balances	\$ 801,204	\$ 4,654,154	\$ 857,550

Debt Service Funds

Auto Mall Special Tax Bonds	Certificates of Participation Series 1993	Public Safety Lease Revenue Bonds 1997	Total Governmental Funds
\$ -	\$ 432,949	\$ 252,584	\$ 21,954,930
-	-	-	2,009,708
-	-	-	2,016,407
3,849	-	-	59,276
-	-	-	19,939
-	-	-	3,049,021
1,655,687	66	466,034	7,571,741
\$ 1,659,536	\$ 433,015	\$ 718,618	\$ 36,681,022
\$ -	\$ -	\$ -	\$ 3,857,578
-	-	-	524,792
197,361	-	-	2,538,461
-	-	-	363,791
-	-	-	106,704
-	-	-	26,998
-	-	-	2,157,040
197,361	-	-	9,575,364
-	-	-	3,154,357
-	-	-	16,638
667,802	1,262,917	663,287	7,698,329
-	-	-	136,487
-	-	-	18,528,522
-	-	-	1,922,425
794,373	(829,902)	55,331	(4,351,100)
1,462,175	433,015	718,618	27,105,658
\$ 1,659,536	\$ 433,015	\$ 718,618	\$ 36,681,022

CITY OF MORENO VALLEY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Special Revenue Funds			
	State Gasoline Tax	Article 3 Transportation	Measure A	Law Enforcement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,946,764	79,120	4,843,877	625,881
Charges for services	-	-	-	-
Use of money and property	11,963	(6,973)	174,279	18,905
Miscellaneous	2,288	785	753	-
Total Revenues	2,961,015	72,932	5,018,909	644,786
Expenditures:				
Current:				
General government	-	-	-	430,802
Public safety	-	-	-	362,091
Community development	-	-	-	-
Public works	3,494,531	12,133	-	-
Capital outlay	2,011	50,581	5,067,786	198,618
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Expenditures	3,496,542	62,714	5,067,786	991,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	(535,527)	10,218	(48,877)	(346,725)
Other Financing Sources (Uses):				
Transfers in	720,260	-	250,000	49,125
Transfers out	-	(250,000)	(703,606)	(27,704)
Total Other Financing Sources (Uses)	720,260	(250,000)	(453,606)	21,421
Net Change in Fund Balances	184,733	(239,782)	(502,483)	(325,304)
Fund Balances, Beginning of Year, as Originally Reported	717,891	417,944	5,655,675	615,016
Restatements	-	-	-	(13,530)
Fund Balances, Beginning of Year, as Restated	717,891	417,944	5,655,675	601,486
Fund Balances, End of Year	\$ 902,624	\$ 178,162	\$ 5,153,192	\$ 276,182

Special Revenue Funds			
Public Education/ Government Access Program	Air Quality Management	Community Development Block Grant	Special Districts Administration
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	187,135	1,053,130	-
-	-	-	625,533
-	17,287	539	15,421
296,809	400	370	3,007,133
296,809	204,822	1,054,039	3,648,087
502,356	-	-	-
-	-	-	-
-	-	946,433	-
-	60,548	-	1,030,677
40,098	43,059	176,429	234,339
-	-	-	-
-	-	-	-
-	-	-	-
542,454	103,607	1,122,862	1,265,016
(245,645)	101,215	(68,823)	2,383,071
294,421	-	-	-
-	-	-	-
294,421	-	-	-
48,776	101,215	(68,823)	2,383,071
1,662,732	612,309	267,235	(117,796)
-	-	-	-
1,662,732	612,309	267,235	(117,796)
\$ 1,711,508	\$ 713,524	\$ 198,412	\$ 2,265,275

CITY OF MORENO VALLEY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Special Revenue Funds		
	NPDES CSA	Housing Assistance Programs	Child Care Grant
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	237,480	-	-
Intergovernmental	887,750	976,637	610,187
Charges for services	54,535	-	-
Use of money and property	-	9,581	(4,539)
Miscellaneous	-	-	80
Total Revenues	1,179,765	986,218	605,728
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	954,587	699,345
Public works	929,872	-	-
Capital outlay	16,849	-	-
Debt service:			
Principal retirement	-	-	24,658
Interest and fiscal charges	-	-	-
Payment to refunded bond escrow agent	-	-	-
Total Expenditures	946,721	954,587	724,003
Excess (Deficiency) of Revenues Over (Under) Expenditures	233,044	31,631	(118,275)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(6,003)	-	-
Total Other Financing Sources (Uses)	(6,003)	-	-
Net Change in Fund Balances	227,041	31,631	(118,275)
Fund Balances, Beginning of Year, as Originally Reported	393,830	17,369	(30,726)
Restatements	-	(30,938)	-
Fund Balances, Beginning of Year, as Restated	393,830	(13,569)	(30,726)
Fund Balances, End of Year	\$ 620,871	\$ 18,062	\$ (149,001)

Special Revenue Funds

Parks & Rec PAL Grant	Used Oil Recycling	Work Force Development Grant	Juvenile Accountability Block Grant	Traffic Congestion Relief
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	45,776	-	-	-
-	-	-	-	-
-	4,193	-	(117)	15,503
-	-	-	-	-
-	49,969	-	(117)	15,503
-	78,517	2	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	472,243
-	-	-	-	-
-	-	-	-	-
-	78,517	2	-	472,243
-	(28,548)	(2)	(117)	(456,740)
-	820	-	270	-
-	(820)	-	-	-
-	-	-	270	-
-	(28,548)	(2)	153	(456,740)
17,414	100,050	(921)	(153)	453,619
-	-	-	-	-
17,414	100,050	(921)	(153)	453,619
\$ 17,414	\$ 71,502	\$ (923)	\$ -	\$ (3,121)

CITY OF MORENO VALLEY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Beverage Container Recycling</u>	<u>Emergency Management Preparedness Grant</u>	<u>Youthbuild Grant</u>	<u>City Hall Capital / Administration</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	147,994	301,878	1,354,732
Charges for services	-	-	-	-
Use of money and property	2,557	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	2,557	147,994	301,878	1,354,732
Expenditures:				
Current:				
General government	25,239	-	314,824	-
Public safety	-	254,009	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	32,088	-	9,286,549
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Expenditures	25,239	286,097	314,824	9,286,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,682)	(138,103)	(12,946)	(7,931,817)
Other Financing Sources (Uses):				
Transfers in	-	-	-	7,420,697
Transfers out	(16,654)	-	-	-
Total Other Financing Sources (Uses)	(16,654)	-	-	7,420,697
Net Change in Fund Balances	(39,336)	(138,103)	(12,946)	(511,120)
Fund Balances, Beginning of Year, as Originally Reported	39,299	(23,009)	1,057	3,018,622
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	39,299	(23,009)	1,057	3,018,622
Fund Balances, End of Year	\$ (37)	\$ (161,112)	\$ (11,889)	\$ 2,507,502

Capital Projects Funds

Capital Improvements	PW Capital Projects	Traffic Signal Mitigation	Fire Services Capital	Park Acquisition and Development	Towngate Capital/ Administration
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	511
3,225	-	-	-	-	-
3,225	-	-	-	-	511
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	644,067	-	469,735
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	644,067	-	469,735
3,225	-	-	(644,067)	-	(469,224)
-	-	-	1,500,000	-	-
-	-	-	-	-	-
-	-	-	1,500,000	-	-
3,225	-	-	855,933	-	(469,224)
212,114	32,693	137,578	731,129	230	180,475
-	-	-	-	-	-
212,114	32,693	137,578	731,129	230	180,475
\$ 215,339	\$ 32,693	\$ 137,578	\$ 1,587,062	\$ 230	\$ (288,749)

CITY OF MORENO VALLEY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Capital Projects Funds		
	Centerpointe Capital/ Administration	Warner Ranch Capital/ Development	Auto Mall Capital/ Administration
Revenues:			
Taxes	\$ -	\$ 8,318	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	123,659
Total Revenues	-	8,318	123,659
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	41,429	757	147,518
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Payment to refunded bond escrow agent	-	-	-
Total Expenditures	41,429	757	147,518
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,429)	7,561	(23,859)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(41,429)	7,561	(23,859)
Fund Balances, Beginning of Year, as Originally Reported	(21,691)	(35,004)	116,539
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	(21,691)	(35,004)	116,539
Fund Balances, End of Year	\$ (63,120)	\$ (27,443)	\$ 92,680

Capital Projects Funds				Debt Service Funds
COPs Capital / Administration	Parks & Recreation Capital Projects	TUMF Capital Projects	DIF Capital Projects	OPA Sales Tax Agreements
\$ -	\$ -	\$ -	\$ -	\$ 389,188
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	210	-	465	-
-	210	-	465	389,188
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	322,252	404,104	538,505	-
-	-	-	-	-
-	-	-	-	389,188
-	-	-	-	-
-	322,252	404,104	538,505	389,188
-	(322,042)	(404,104)	(538,040)	-
-	201,747	-	2,081,000	-
(10,713)	-	-	-	-
(10,713)	201,747	-	2,081,000	-
(10,713)	(120,295)	(404,104)	1,542,960	-
10,713	1,477,089	-	-	-
-	-	-	-	-
10,713	1,477,089	-	-	-
\$ -	\$ 1,356,794	\$ (404,104)	\$ 1,542,960	\$ -

CITY OF MORENO VALLEY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Debt Service Funds		
	Towngate Improvement Bond	Towngate Refunding	City Hall COPs Series 1997
Revenues:			
Taxes	\$ 439,184	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	10,040	116,235	-
Miscellaneous	-	-	-
Total Revenues	449,224	116,235	-
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	105,000	985,000	490,000
Interest and fiscal charges	297,860	1,004,271	169,821
Payment to refunded bond escrow agent	-	-	-
Total Expenditures	402,860	1,989,271	659,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,364	(1,873,036)	(659,821)
Other Financing Sources (Uses):			
Transfers in	-	2,328,213	723,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	2,328,213	723,000
Net Change in Fund Balances	46,364	455,177	63,179
Fund Balances, Beginning of Year, as Originally Reported	754,840	3,887,852	794,371
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	754,840	3,887,852	794,371
Fund Balances, End of Year	\$ 801,204	\$ 4,343,029	\$ 857,550

Debt Service Funds			
Auto Mall Special Tax Bonds	Certificates of Participation Series 1993	Public Safety Lease Revenue Bonds 1997	Total Governmental Funds
\$ 2,212,078	\$ -	\$ -	\$ 3,048,768
-	-	-	237,480
-	-	-	14,060,861
-	-	-	680,068
13,136	57,065	23,570	479,156
-	-	-	3,436,177
2,225,214	57,065	23,570	21,942,510
-	-	-	1,351,740
-	-	-	616,100
-	-	-	2,600,365
-	-	-	5,527,761
-	-	-	18,189,017
575,000	-	155,000	2,334,658
1,560,255	150,436	249,528	3,821,359
-	5,006,586	-	5,006,586
2,135,255	5,157,022	404,528	39,447,586
89,959	(5,099,957)	(380,958)	(17,505,076)
116,871	920,052	402,529	17,009,005
-	-	-	(1,015,500)
116,871	920,052	402,529	15,993,505
206,830	(4,179,905)	21,571	(1,511,571)
1,255,345	4,612,920	697,047	28,661,697
-	-	-	(44,468)
1,255,345	4,612,920	697,047	28,617,229
\$ 1,462,175	\$ 433,015	\$ 718,618	\$ 27,105,658

CITY OF MORENO VALLEY

Schedule 3A

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE TAX
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 717,891	\$ 717,891	\$ 717,891	\$ -
Resources (Inflows):				
Intergovernmental	2,858,000	2,858,000	2,946,764	88,764
Use of money and property	27,300	27,300	11,963	(15,337)
Miscellaneous	-	-	2,288	2,288
Transfers in	1,033,254	1,033,254	720,260	(312,994)
Amounts Available for Appropriation	4,636,445	4,636,445	4,399,166	(237,279)
Charges to Appropriation (Outflow):				
Public works	4,050,094	4,050,094	3,494,531	555,563
Capital outlay	109,175	109,175	2,011	107,164
Total Charges to Appropriations	4,159,269	4,159,269	3,496,542	662,727
Budgetary Fund Balance, June 30	\$ 477,176	\$ 477,176	\$ 902,624	\$ 425,448

**BUDGETARY COMPARISON SCHEDULE
ARTICLE 3 TRANSPORTATION
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 417,944	\$ 417,944	\$ 417,944	\$ -
Resources (Inflows):				
Intergovernmental	57,520	57,520	79,120	21,600
Use of money and property	-	-	(6,973)	(6,973)
Other	-	-	785	785
Amounts Available for Appropriation	475,464	475,464	490,876	15,412
Charges to Appropriation (Outflow):				
Public works	-	-	12,133	(12,133)
Capital outlay	180,208	180,208	50,581	129,627
Transfers to other funds	250,000	250,000	250,000	-
Total Charges to Appropriations	430,208	430,208	312,714	117,494
Budgetary Fund Balance, June 30	\$ 45,256	\$ 45,256	\$ 178,162	\$ 132,906

**BUDGETARY COMPARISON SCHEDULE
MEASURE A
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1,	\$ 5,655,675	\$ 5,655,675	\$ 5,655,675	\$ -
Resources (Inflows):				
Intergovernmental	4,000,000	4,000,000	4,843,877	843,877
Use of money and property	160,000	160,000	174,279	14,279
Miscellaneous	3,500	3,500	753	(2,747)
Transfers from other funds	250,000	250,000	250,000	-
Amounts Available for Appropriation	10,069,175	10,069,175	10,924,584	855,409
Charges to Appropriation (Outflow):				
Capital outlay	4,975,419	9,569,681	5,067,786	4,501,895
Transfers to other funds	1,016,600	1,016,600	703,606	312,994
Total Charges to Appropriations	5,992,019	10,586,281	5,771,392	4,814,889
Budgetary Fund Balance, June 30	\$ 4,077,156	\$ (517,106)	\$ 5,153,192	\$ 5,670,298

CITY OF MORENO VALLEY

Schedule 3D

**BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as originally reported	\$ 615,016	\$ 615,016	615,016	\$ -
Resources (Inflows):				
Intergovernmental	196,142	404,685	625,881	221,196
Use of money and property	-	-	18,905	18,905
Transfers in	-	122,743	49,125	(73,618)
Amounts Available for Appropriation	811,158	1,142,444	1,308,927	166,483
Charges to Appropriation (Outflow):				
General government	407,646	636,714	430,802	205,912
Public safety	196,052	988,071	362,091	625,980
Public works	2,135	3,135	-	3,135
Capital outlay	857,522	834,862	198,618	636,244
Transfers to other funds	-	-	27,704	(27,704)
Total Charges to Appropriations	1,463,355	2,462,782	1,019,215	1,443,567
Restatement of Beginning Fund Balance	-	-	(13,530)	(13,530)
Budgetary Fund Balance, June 30	\$ (652,197)	\$ (1,320,338)	\$ 276,182	\$ 1,596,520

**BUDGETARY COMPARISON SCHEDULE
PUBLIC EDUCATION/GOVERNMENT ACCESS PROGRAM
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,662,732	\$ 1,662,732	\$ 1,662,732	\$ -
Resources (Inflows):				
Miscellaneous	300,000	300,000	296,809	(3,191)
Transfers from other funds	316,077	316,077	294,421	(21,656)
Amounts Available for Appropriation	2,278,809	2,278,809	2,253,962	(24,847)
Charges to Appropriation (Outflow):				
General government	547,077	234,500	502,356	(267,856)
Capital outlay	69,000	69,000	40,098	28,902
Transfers to other funds	-	316,077	-	316,077
Total Charges to Appropriations	616,077	619,577	542,454	77,123
Budgetary Fund Balance, June 30	\$ 1,662,732	\$ 1,659,232	\$ 1,711,508	\$ 52,276

CITY OF MORENO VALLEY

Schedule 3F

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 612,309	\$ 612,309	\$ 612,309	\$ -
Resources (Inflows):				
Intergovernmental	120,000	120,000	187,135	67,135
Use of money and property	-	-	17,287	17,287
Miscellaneous	-	-	400	400
Amounts Available for Appropriation	732,309	732,309	817,131	84,822
Charges to Appropriation (Outflow):				
Public works	41,039	54,569	60,548	(5,979)
Capital outlay	526,677	571,677	43,059	528,618
Total Charges to Appropriations	567,716	626,246	103,607	522,639
Budgetary Fund Balance, June 30	\$ 164,593	\$ 106,063	\$ 713,524	\$ 607,461

CITY OF MORENO VALLEY

Schedule 3G

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 267,235	\$ 267,235	\$ 267,235	\$ -
Resources (Inflows):				
Intergovernmental	538,000	538,000	1,053,130	515,130
Use of money and property	-	-	539	539
Miscellaneous	-	-	370	370
Amounts Available for Appropriation	805,235	805,235	1,321,274	516,039
Charges to Appropriation (Outflow):				
Community development	1,011,329	1,094,738	946,433	148,305
Capital outlay	1,831,250	1,786,324	176,429	1,609,895
Total Charges to Appropriations	2,842,579	2,881,062	1,122,862	1,758,200
Budgetary Fund Balance, June 30	\$ (2,037,344)	\$ (2,075,827)	\$ 198,412	\$ 2,274,239

**BUDGETARY COMPARISON SCHEDULE
SPECIAL DISTRICTS ADMINISTRATION
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (117,796)	\$ (117,796)	\$ (117,796)	\$ -
Resources (Inflows):				
Charges for services	605,693	605,693	625,533	19,840
Use of money and property	5,000	5,000	15,421	10,421
Miscellaneous	603,526	603,526	3,007,133	2,403,607
Amounts Available for Appropriation	1,096,423	1,096,423	3,530,291	2,433,868
Charges to Appropriation (Outflow):				
Public works	866,241	920,936	1,030,677	(109,741)
Capital outlay	-	285,000	234,339	50,661
Total Charges to Appropriations	866,241	1,205,936	1,265,016	(59,080)
Budgetary Fund Balance, June 30	\$ 230,182	\$ (109,513)	\$ 2,265,275	\$ 2,374,788

CITY OF MORENO VALLEY

Schedule 3I

**BUDGETARY COMPARISON SCHEDULE
NPDES CSA
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 393,830	\$ 393,830	\$ 393,830	\$ -
Resources (Inflows):				
Licenses and Permits	381,130	381,130	237,480	(143,650)
Intergovernmental	436,060	436,060	887,750	451,690
Charges for services	129,535	129,535	54,535	(75,000)
Transfers in	288,904	288,904	-	(288,904)
Amounts Available for Appropriation	1,629,459	1,629,459	1,573,595	(55,864)
Charges to Appropriation (Outflow):				
Public works	1,218,129	1,218,662	929,872	288,790
Capital outlay	53,832	53,832	16,849	36,983
Transfers to other funds	-	-	6,003	(6,003)
Total Charges to Appropriations	1,271,961	1,272,494	952,724	319,770
Budgetary Fund Balance, June 30	\$ 357,498	\$ 356,965	\$ 620,871	\$ 263,906

CITY OF MORENO VALLEY

Schedule 3J

**BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE PROGRAMS
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as originally reported	\$ 17,369	\$ 17,369	\$ 17,369	\$ -
Resources (Inflows):				
Intergovernmental	695,000	695,000	976,637	281,637
Use of money and property	9,000	9,000	9,581	581
Amounts Available for Appropriation	721,369	721,369	1,003,587	282,218
Charges to Appropriation (Outflow):				
Community development	2,379,574	2,421,967	954,587	1,467,380
Capital outlay	291,196	291,196	-	291,196
Total Charges to Appropriations	2,670,770	2,713,163	954,587	1,758,576
Restatement of Beginning Fund Balance	-	-	(30,938)	(30,938)
Budgetary Fund Balance, June 30	\$ (1,949,401)	\$ (1,991,794)	\$ 18,062	\$ 2,009,856

CITY OF MORENO VALLEY

Schedule 3K

BUDGETARY COMPARISON SCHEDULE
CHILD CARE GRANT
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (30,726)	\$ (30,726)	\$ (30,726)	\$ -
Resources (Inflows):				
Intergovernmental	599,000	643,635	610,187	(33,448)
Use of money and property	-	-	(4,539)	(4,539)
Other	-	-	80	80
Amounts Available for Appropriation	568,274	612,909	575,002	(37,907)
Charges to Appropriation (Outflow):				
Community development	595,333	703,333	699,345	3,988
Debt service:				
Principal retirement	24,658	24,658	24,658	-
Total Charges to Appropriations	619,991	727,991	724,003	3,988
Budgetary Fund Balance, June 30	\$ (51,717)	\$ (115,082)	\$ (149,001)	\$ (33,919)

CITY OF MORENO VALLEY

Schedule 3L

BUDGETARY COMPARISON SCHEDULE
 PARKS AND RECREATION PAL GRANT
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,414	\$ 17,414	\$ 17,414	\$ -
Amounts Available for Appropriation	17,414	17,414	17,414	-
Budgetary Fund Balance, June 30	\$ 17,414	\$ 17,414	\$ 17,414	\$ -

**BUDGETARY COMPARISON SCHEDULE
USED OIL RECYCLING
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 100,050	\$ 100,050	\$ 100,050	\$ -
Resources (Inflows):				
Intergovernmental	111,764	111,764	45,776	(65,988)
Use of money and property	-	-	4,193	4,193
Transfers from other funds	-	-	820	820
Amounts Available for Appropriation	211,814	211,814	150,839	(60,975)
Charges to Appropriation (Putflow):				
General government	129,462	129,462	78,517	50,945
Transfers to other funds	-	-	820	(820)
Total Charges to Appropriations	129,462	129,462	79,337	50,125
Budgetary Fund Balance, June 30	\$ 82,352	\$ 82,352	\$ 71,502	\$ (10,850)

CITY OF MORENO VALLEY

Schedule 3N

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC CONGESTION RELIEF
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 453,619	\$ 453,619	\$ 453,619	\$ -
Resources (Inflows):				
Use of money and property	-	-	15,503	15,503
Amounts Available for Appropriation	453,619	453,619	469,122	15,503
Charges to Appropriation (Outflow):				
Capital outlay	15,000	472,245	472,243	2
Total Charges to Appropriations	15,000	472,245	472,243	2
Budgetary Fund Balance, June 30	\$ 438,619	\$ (18,626)	\$ (3,121)	\$ 15,505

**BUDGETARY COMPARISON SCHEDULE
BEVERAGE CONTAINER RECYCLING
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,299	\$ 39,299	\$ 39,299	\$ -
Resources (inflows):				
Assessments	41,683	41,683	-	(41,683)
Use of money and property	-	-	2,557	2,557
Amounts Available for Appropriation	80,982	80,982	41,856	(39,126)
Charges to Appropriation (Outflow):				
General government	25,341	25,341	25,239	102
Transfers to other funds	16,654	16,654	16,654	-
Total Charges to Appropriations	41,995	41,995	41,893	102
Budgetary Fund Balance, June 30	\$ 38,987	\$ 38,987	\$ (37)	\$ (39,024)

CITY OF MORENO VALLEY

Schedule 3P

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY MANAGEMENT PREPAREDNESS GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (23,009)	\$ (23,009)	\$ (23,009)	\$ -
Resources (Inflows):				
Intergovernmental	429,059	429,059	147,994	(281,065)
Amounts Available for Appropriation	406,050	406,050	124,985	(281,065)
Charges to Appropriation (Outflow):				
Public safety	429,059	429,059	254,009	175,050
Capital outlay	35,348	35,348	32,088	3,260
Total Charges to Appropriations	464,407	464,407	286,097	178,310
Budgetary Fund Balance, June 30	\$ (58,357)	\$ (58,357)	\$ (161,112)	\$ (102,755)

**BUDGETARY COMPARISON SCHEDULE
YOUTHBUILD GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,057	\$ 1,057	\$ 1,057	\$ -
Resources (Inflows):				
Intergovernmental	338,697	338,697	301,878	(36,819)
Amounts Available for Appropriation	339,754	339,754	302,935	(36,819)
Charges to Appropriation (Outflow):				
General government	338,697	338,697	314,824	23,873
Total Charges to Appropriations	338,697	338,697	314,824	23,873
Budgetary Fund Balance, June 30	\$ 1,057	\$ 1,057	\$ (11,889)	\$ (12,946)

**BUDGETARY COMPARISON SCHEDULE
CITY HALL CAPITAL/ADMINISTRATION
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,018,622	\$ 3,018,622	\$ 3,018,622	\$ -
Resources (Inflows):				
Intergovernmental	-	-	1,354,732	1,354,732
Transfers in	5,500,000	6,094,000	7,420,697	1,326,697
Amounts Available for Appropriation	8,518,622	9,112,622	11,794,051	2,681,429
Charges to Appropriation (Outflow):				
Capital outlay	18,979,159	19,573,159	9,286,549	10,286,610
Total Charges to Appropriations	18,979,159	19,573,159	9,286,549	10,286,610
Budgetary Fund Balance, June 30	\$ (10,460,537)	\$ (10,460,537)	\$ 2,507,502	\$ 12,968,039

CITY OF MORENO VALLEY

Schedule 4B

BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 212,114	\$ 212,114	\$ 212,114	\$ -
Resources (Inflows):				
Miscellaneous	-	-	3,225	3,225
Amounts Available for Appropriation	212,114	212,114	215,339	3,225
Charges to Appropriation (Outflow):				
Capital outlay	72,500	72,500	-	72,500
Total Charges to Appropriations	72,500	72,500	-	72,500
Budgetary Fund Balance, June 30	\$ 139,614	\$ 139,614	\$ 215,339	\$ 75,725

CITY OF MORENO VALLEY

Schedule 4C

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SIGNAL MITIGATION
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 137,578	\$ 137,578	\$ 137,578	\$ -
Amounts Available for Appropriation	137,578	137,578	137,578	-
Budgetary Fund Balance, June 30	\$ 137,578	\$ 137,578	\$ 137,578	\$ -

CITY OF MORENO VALLEY

Schedule 4D

**BUDGETARY COMPARISON SCHEDULE
FIRE SERVICES CAPITAL
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 731,129	\$ 731,129	\$ 731,129	\$ -
Resources (Inflows):				
Transfers in	-	-	1,500,000	1,500,000
Amounts Available for Appropriation	731,129	731,129	2,231,129	1,500,000
Charges to Appropriation (Outflow):				
Capital outlay	1,978,451	1,978,451	644,067	1,334,384
Total Charges to Appropriations	1,978,451	1,978,451	644,067	1,334,384
Budgetary Fund Balance, June 30	\$ (1,247,322)	\$ (1,247,322)	\$ 1,587,062	\$ 2,834,384

CITY OF MORENO VALLEY

Schedule 4E

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as originally reported	\$ 2,508,024	\$ 2,508,024	\$ 2,508,024	\$ -
Resources (Inflows):				
Taxes	8,029,855	8,029,855	10,421,784	2,391,929
Use of money and property	351,099	351,099	489,838	138,739
Miscellaneous	120,200	120,200	1,863	(118,337)
Other debts issued	15,000,000	15,000,000	250,767	(14,749,233)
Amounts Available for Appropriation	26,009,178	26,009,178	13,672,276	(12,336,902)
Charges to Appropriation (Outflow):				
General government	10,761,035	1,950,806	5,662,811	(3,712,005)
Capital outlay	10,890,161	11,042,211	1,102,010	9,940,201
Debt service:				
Principal retirement	200,000	200,000	389,189	(189,189)
Interest and fiscal charges	16,677	16,677	1,560,381	(1,543,704)
Transfers to other funds	8,610,229	8,610,229	3,345,084	5,265,145
Total Charges to Appropriations	30,478,102	21,819,923	12,059,475	9,760,448
Restatement of Beginning Fund Balance	-	-	983,930	983,930
Budgetary Fund Balance, June 30	\$ (4,468,924)	\$ 4,189,255	\$ 2,596,731	\$ (1,592,524)

CITY OF MORENO VALLEY

Schedule 4F

**BUDGETARY COMPARISON SCHEDULE
TOWNGATE CAPITAL/ADMINISTRATION
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 180,475	\$ 180,475	\$ 180,475	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	511	(1,989)
Miscellaneous	3,000	3,000	-	(3,000)
Transfers in	156,200	156,200	-	(156,200)
Amounts Available for Appropriation	342,175	342,175	180,986	(161,189)
Charges to Appropriation (Outflow):				
Capital outlay	488,969	488,969	469,735	19,234
Total Charges to Appropriations	488,969	488,969	469,735	19,234
Budgetary Fund Balance, June 30	\$ (146,794)	\$ (146,794)	\$ (288,749)	\$ (141,955)

CITY OF MORENO VALLEY

Schedule 4G

BUDGETARY COMPARISON SCHEDULE
 CENTERPOINTE CAPITAL/ADMINISTRATION
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (21,691)	\$ (21,691)	\$ (21,691)	\$ -
Amounts Available for Appropriation	(21,691)	(21,691)	(21,691)	-
Charges to Appropriation (Outflow):				
Capital outlay	56,300	56,300	41,429	14,871
Total Charges to Appropriations	56,300	56,300	41,429	14,871
Budgetary Fund Balance, June 30	\$ (77,991)	\$ (77,991)	\$ (63,120)	\$ 14,871

CITY OF MORENO VALLEY

Schedule 4H

**BUDGETARY COMPARISON SCHEDULE
WARNER RANCH CAPITAL/DEVELOPMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (35,004)	\$ (35,004)	\$ (35,004)	\$ -
Resources (Inflows):				
Taxes	8,300	8,300	8,318	18
Amounts Available for Appropriation	(26,704)	(26,704)	(26,686)	18
Charges to Appropriation (Outflow):				
Capital outlay	7,188	7,188	757	6,431
Total Charges to Appropriations	7,188	7,188	757	6,431
Budgetary Fund Balance, June 30	\$ (33,892)	\$ (33,892)	\$ (27,443)	\$ 6,449

**BUDGETARY COMPARISON SCHEDULE
 AUTO MALL CAPITAL/ADMINISTRATION
 YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 116,539	\$ 116,539	\$ 116,539	\$ -
Resources (Inflows):				
Miscellaneous	-	-	123,659	123,659
Transfers in	148,940	148,940	-	(148,940)
Amounts Available for Appropriation	265,479	265,479	240,198	(25,281)
Charges to Appropriation (Outflow):				
Capital outlay	148,940	148,940	147,518	1,422
Total Charges to Appropriations	148,940	148,940	147,518	1,422
Budgetary Fund Balance, June 30	\$ 116,539	\$ 116,539	\$ 92,680	\$ (23,859)

**BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,477,089	\$ 1,477,089	\$ 1,477,089	\$ -
Resources (Inflows):				
Other	-	-	210	210
Transfers in	-	388,747	201,747	(187,000)
Amounts Available for Appropriation	1,477,089	1,865,836	1,679,046	(186,790)
Charges to Appropriation (Outflow):				
Capital outlay	2,617,637	2,806,384	322,252	2,484,132
Total Charges to Appropriations	2,617,637	2,806,384	322,252	2,484,132
Budgetary Fund Balance, June 30	\$ (1,140,548)	\$ (940,548)	\$ 1,356,794	\$ 2,297,342

CITY OF MORENO VALLEY

Schedule 4K

BUDGETARY COMPARISON SCHEDULE
 TUMF CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Charges to Appropriation (Outflow):				
Capital outlay	1,625,000	1,625,000	404,104	1,220,896
Total Charges to Appropriations	1,625,000	1,625,000	404,104	1,220,896
Budgetary Fund Balance, June 30	\$ (1,625,000)	\$ (1,625,000)	\$ (404,104)	\$ 1,220,896

**BUDGETARY COMPARISON SCHEDULE
DIF CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Other	-	-	465	465
Transfers in	-	-	2,081,000	2,081,000
Amounts Available for Appropriation	<u>-</u>	<u>-</u>	<u>2,081,465</u>	<u>2,081,465</u>
Charges to Appropriation (Outflow):				
Capital outlay	2,081,000	2,081,000	538,505	1,542,495
Total Charges to Appropriations	<u>2,081,000</u>	<u>2,081,000</u>	<u>538,505</u>	<u>1,542,495</u>
Budgetary Fund Balance, June 30	<u><u>\$ (2,081,000)</u></u>	<u><u>\$ (2,081,000)</u></u>	<u><u>\$ 1,542,960</u></u>	<u><u>\$ 3,623,960</u></u>

CITY OF MORENO VALLEY

Schedule 5A

BUDGETARY COMPARISON SCHEDULE
 OPA SALES TAX AGREEMENTS
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	328,000	328,000	389,188	61,188
Amounts Available for Appropriation	328,000	328,000	389,188	61,188
Charges to Appropriation (Outflow):				
Debt service:				
Interest and fiscal charges	328,000	328,000	389,188	(61,188)
Total Charges to Appropriations	328,000	328,000	389,188	(61,188)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF MORENO VALLEY

Schedule 5B

BUDGETARY COMPARISON SCHEDULE
TOWNGATE IMPROVEMENT BOND
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 754,840	\$ 754,840	\$ 754,840	\$ -
Resources (Inflows):				
Taxes	440,868	440,868	439,184	(1,684)
Use of money and property	5,000	5,000	10,040	5,040
Amounts Available for Appropriation	1,200,708	1,200,708	1,204,064	3,356
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	105,000	105,000	105,000	-
Interest and fiscal charges	301,168	301,168	297,860	3,308
Transfers out	33,950	33,950	-	33,950
Total Charges to Appropriations	440,118	440,118	402,860	37,258
Budgetary Fund Balance, June 30	\$ 760,590	\$ 760,590	\$ 801,204	\$ 40,614

CITY OF MORENO VALLEY

Schedule 5C

BUDGETARY COMPARISON SCHEDULE
TOWNGATE REFUNDING
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,887,852	\$ 3,887,852	\$ 3,887,852	\$ -
Resources (Inflows):				
Taxes	165,000	165,000	-	(165,000)
Use of money and property	125,000	125,000	116,235	(8,765)
Transfers in	2,258,830	2,258,830	2,328,213	69,383
Amounts Available for Appropriation	6,436,682	6,436,682	6,332,300	(104,382)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	1,035,000	1,035,000	985,000	50,000
Interest and fiscal charges	896,194	896,194	1,004,271	(108,077)
Transfers out	122,250	122,250	-	122,250
Total Charges to Appropriations	2,053,444	2,053,444	1,989,271	64,173
Budgetary Fund Balance, June 30	\$ 4,383,238	\$ 4,383,238	\$ 4,343,029	\$ (40,209)

CITY OF MORENO VALLEY

Schedule 5D

**BUDGETARY COMPARISON SCHEDULE
CITY HALL CERTIFICATES OF PARTICIPATION SERIES 1997
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 794,371	\$ 794,371	\$ 794,371	\$ -
Resources (Inflows):				
Use of money and property	20	-	-	-
Transfers in	723,000	723,000	723,000	-
Amounts Available for Appropriation	1,517,391	1,517,371	1,517,371	-
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	490,000	490,000	490,000	-
Interest and fiscal charges	233,000	233,000	169,821	63,179
Total Charges to Appropriations	723,000	723,000	659,821	63,179
Budgetary Fund Balance, June 30	\$ 794,391	\$ 794,371	\$ 857,550	\$ 63,179

CITY OF MORENO VALLEY

Schedule 5E

**BUDGETARY COMPARISON SCHEDULE
 AUTO MALL SPECIAL TAX BONDS
 YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,255,345	\$ 1,255,345	\$ 1,255,345	\$ -
Resources (Inflows):				
Taxes	3,299,025	3,299,025	2,212,078	(1,086,947)
Use of money and property	24,000	24,000	13,136	(10,864)
Transfers in	151,399	151,399	116,871	(34,528)
Amounts Available for Appropriation	4,729,769	4,729,769	3,597,430	(1,132,339)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	575,000	640,000	575,000	65,000
Interest and fiscal charges	1,524,025	1,459,025	1,560,255	(101,230)
Transfers out	148,940	148,940	-	148,940
Total Charges to Appropriations	2,247,965	2,247,965	2,135,255	112,710
Budgetary Fund Balance, June 30	\$ 2,481,804	\$ 2,481,804	\$ 1,462,175	\$ (1,019,629)

CITY OF MORENO VALLEY

Schedule 5F

BUDGETARY COMPARISON SCHEDULE
 CERTIFICATES OF PARTICIPATION SERIES 1993
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,612,920	\$ 4,612,920	\$ 4,612,920	\$ -
Resources (Inflows):				
Use of money and property	30,000	30,000	57,065	27,065
Transfers in	-	-	920,052	920,052
Amounts Available for Appropriation	4,642,920	4,642,920	5,590,037	947,117
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	875,000	875,000	-	875,000
Interest and fiscal charges	239,523	269,523	150,436	119,087
Refunding costs	-	-	5,006,586	(5,006,586)
Total Charges to Appropriations	1,114,523	1,144,523	5,157,022	(4,012,499)
Budgetary Fund Balance, June 30	\$ 3,528,397	\$ 3,498,397	\$ 433,015	\$ (3,065,382)

CITY OF MORENO VALLEY

Schedule 5G

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY LEASE REVENUE BONDS 1997
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 697,047	\$ 697,047	\$ 697,047	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	23,570	21,570
Transfers in	402,529	402,529	402,529	-
Amounts Available for Appropriation	1,101,576	1,101,576	1,123,146	21,570
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	155,000	155,000	155,000	-
Interest and fiscal charges	249,529	249,529	249,528	1
Total Charges to Appropriations	404,529	404,529	404,528	1
Budgetary Fund Balance, June 30	\$ 697,047	\$ 697,047	\$ 718,618	\$ 21,571

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MORENO VALLEY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

	General Liability Insurance	Workers' Compensation	Technology Services
Assets:			
Current:			
Cash and investments	\$ 3,234,004	\$ 1,858,709	\$ 2,878,070
Receivables (net of allowance for uncollectibles):			
Accounts	929	7,270	64
Due from other governments	-	-	-
Prepays	233	-	1,164
Inventories	-	-	-
	3,235,166	1,865,979	2,879,298
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	1,667,693
	\$ 3,235,166	\$ 1,865,979	\$ 4,546,991
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 10,979	\$ 10,457	\$ 157,075
Due to other funds	-	-	-
Accrued liabilities	6,504	8,937	119,936
	17,483	19,394	277,011
Long-Term:			
Self-insurance payable	1,073,000	1,561,000	-
	1,073,000	1,561,000	-
	1,090,483	1,580,394	277,011
Net Assets:			
Invested in capital assets	-	-	1,667,693
Unrestricted	2,144,683	285,585	2,602,287
	2,144,683	285,585	4,269,980
	\$ 3,235,166	\$ 1,865,979	\$ 4,546,991

Central Services	Graphic Support	City Hall Facility	Equipment Maintenance	Equipment Replacement	Total
\$ -	\$ 31,969	\$ 2,983,776	\$ -	\$ 9,993,910	\$ 20,980,438
-	-	344	-	-	8,607
-	-	-	-	-	-
29,755	-	-	114	-	31,266
15,282	-	-	14,215	-	29,497
45,037	31,969	2,984,120	14,329	9,993,910	21,049,808
47,221	-	7,387,281	144,808	2,019,713	11,266,716
\$ 92,258	\$ 31,969	\$ 10,371,401	\$ 159,137	\$ 12,013,623	\$ 32,316,524
\$ 4,423	\$ 5,866	\$ 88,661	\$ 36,575	\$ 21,067	\$ 335,103
5,111	-	-	26,803	-	31,914
12,556	9,844	62,557	24,342	-	244,676
22,090	15,710	151,218	87,720	21,067	611,693
-	-	-	-	-	2,634,000
-	-	-	-	-	2,634,000
22,090	15,710	151,218	87,720	21,067	3,245,693
47,221	-	7,387,281	144,808	2,019,713	11,266,716
22,947	16,259	2,832,902	(73,391)	9,972,843	17,804,115
70,168	16,259	10,220,183	71,417	11,992,556	29,070,831
\$ 92,258	\$ 31,969	\$ 10,371,401	\$ 159,137	\$ 12,013,623	\$ 32,316,524

CITY OF MORENO VALLEY
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2005

	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Technology Services</u>
Operating Revenues:			
Sales and service charges	\$ 767,320	\$ 367,314	\$ 3,811,556
Miscellaneous	71,314	122,037	38,407
Total Operating Revenues	<u>838,634</u>	<u>489,351</u>	<u>3,849,963</u>
Operating Expenses:			
Cost of services	298,075	65,226	3,043,360
Self-insurance claims and charges	540,117	424,124	-
Depreciation	-	-	504,223
Total Operating Expenses	<u>838,192</u>	<u>489,350</u>	<u>3,547,583</u>
Operating Income (Loss)	<u>442</u>	<u>1</u>	<u>302,380</u>
Income before transfers	442	1	302,380
Transfers in	-	-	3,487
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 442</u>	<u>\$ 1</u>	<u>\$ 305,867</u>
Net Assets:			
Beginning of Fiscal Year, as Originally Reported	\$ 2,144,241	\$ 285,584	\$ 3,995,709
Restatements	<u>-</u>	<u>-</u>	<u>(31,596)</u>
Beginning of Fiscal Year, As Restated	2,144,241	285,584	3,964,113
Change in Net Assets	<u>442</u>	<u>1</u>	<u>305,867</u>
End of Fiscal Year	<u>\$ 2,144,683</u>	<u>\$ 285,585</u>	<u>\$ 4,269,980</u>

Schedule 7

<u>Central Services</u>	<u>Graphic Support</u>	<u>City Hall Facility</u>	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Totals</u>
\$ 300,545	\$ 236,776	\$ 2,126,110	\$ 648,740	\$ 1,750,862	\$ 10,009,223
-	-	664	-	-	232,422
300,545	236,776	2,126,774	648,740	1,750,862	10,241,645
259,088	235,477	1,276,290	620,213	111,650	5,909,379
-	-	-	-	-	964,241
3,429	-	93,539	26,199	464,592	1,091,982
262,517	235,477	1,369,829	646,412	576,242	7,965,602
38,028	1,299	756,945	2,328	1,174,620	2,276,043
38,028	1,299	756,945	2,328	1,174,620	2,276,043
-	-	-	-	-	3,487
-	-	(723,000)	-	(3,487)	(726,487)
\$ 38,028	\$ 1,299	\$ 33,945	\$ 2,328	\$ 1,171,133	\$ 1,553,043
\$ 32,140	\$ 14,960	\$ 10,186,238	\$ 66,329	\$ 10,824,183	\$ 27,549,384
-	-	-	2,760	(2,760)	(31,596)
32,140	14,960	10,186,238	69,089	10,821,423	27,517,788
38,028	1,299	33,945	2,328	1,171,133	1,553,043
\$ 70,168	\$ 16,259	\$ 10,220,183	\$ 71,417	\$ 11,992,556	\$ 29,070,831

CITY OF MORENO VALLEY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Technology Services</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 767,548	\$ 421,876	\$ 3,811,614
Cash payments to suppliers for goods and services	(271,402)	(68,553)	(1,813,375)
Cash payments for claims	(517,899)	(424,124)	-
Cash payments to employees for services	(56,319)	(47,207)	(1,221,946)
Other operating revenues (expenses)	71,314	122,037	38,407
Net Cash Provided (Used) by Operating Activities	<u>(6,758)</u>	<u>4,029</u>	<u>814,700</u>
Cash Flows from Noncapital Financing Activities:			
Cash transfers from other funds	-	-	3,487
Cash transfers to other funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>3,487</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(200,759)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(200,759)</u>
Net Increase (Decrease) in Cash and Investments	(6,758)	4,029	617,428
Cash and Investments at Beginning of Fiscal Year	3,240,762	1,854,680	2,260,642
Cash and Investments at End of Fiscal Year	<u>\$ 3,234,004</u>	<u>\$ 1,858,709</u>	<u>\$ 2,878,070</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income	\$ 442	\$ 1	\$ 302,380
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	504,223
Decrease (increase) in accounts receivable	116	54,562	58
Decrease (increase) in prepaids	(233)	-	(1,164)
Decrease (increase) in inventories	-	-	-
Decrease (increase) in due from other governments	112	-	-
Increase (decrease) in accounts payable	(82,029)	10,457	(4,381)
Increase (decrease) in other accrued liabilities	(117)	3,827	13,584
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in self-insurance payable	74,951	(64,818)	-
Total Adjustments	<u>(7,200)</u>	<u>4,028</u>	<u>512,320</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,758)</u>	<u>\$ 4,029</u>	<u>\$ 814,700</u>

Schedule of Noncash Investing and Capital and Noncapital Financing Activities:

During the fiscal year ending June 30, 2005, there were no noncash investing or capital or noncapital financing activities.

Central Services	Graphic Support	City Hall Facility	Equipment Maintenance	Equipment Replacement	Totals
\$ 300,556	\$ 236,776	\$ 2,125,766	\$ 648,849	\$ 1,750,862	\$ 10,063,847
(154,755)	(84,208)	(660,643)	(448,407)	(72,400)	(3,573,743)
-	-	-	-	-	(942,023)
(108,866)	(148,188)	(574,566)	(200,442)	-	(2,357,534)
-	-	664	-	-	232,422
36,935	4,380	891,221	-	1,678,462	3,422,969
-	-	-	-	-	3,487
-	-	(723,000)	-	(3,487)	(726,487)
-	-	(723,000)	-	(3,487)	(723,000)
(36,935)	-	(25,536)	-	(196,598)	(459,828)
(36,935)	-	(25,536)	-	(196,598)	(459,828)
-	4,380	142,685	-	1,478,377	2,240,141
-	27,589	2,841,091	-	8,515,533	18,740,297
\$ -	\$ 31,969	\$ 2,983,776	\$ -	\$ 9,993,910	\$ 20,980,438
\$ 38,028	\$ 1,299	\$ 756,945	\$ 2,328	\$ 1,174,620	\$ 2,276,043
3,429	-	93,539	26,199	464,592	1,091,982
11	-	(344)	109	-	54,512
(104)	-	-	(114)	18,183	16,568
(4,639)	-	-	(6,757)	-	(11,396)
-	-	-	-	-	112
(4,956)	3,389	27,446	(16,757)	21,067	(45,764)
2,742	(308)	13,635	1,802	-	35,165
2,424	-	-	(6,810)	-	(4,386)
-	-	-	-	-	10,133
(1,093)	3,081	134,276	(2,328)	503,842	1,146,926
\$ 36,935	\$ 4,380	\$ 891,221	\$ -	\$ 1,678,462	\$ 3,422,969

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MORENO VALLEY
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2005

	Deposit Liability	Assessment District 87-4
Assets:		
Cash and investments	\$ 8,482,112	\$ 67,565
Receivables (net of allowance for uncollectibles):		
Accounts	52,988	-
Interest	-	1,986
Due from other governments	9,061	31,131
Restricted:		
Cash with fiscal agent	-	851,037
	\$ 8,544,161	\$ 951,719
	\$ 8,544,161	\$ 951,719
 Liabilities:		
Accounts payable	\$ 153,742	\$ 245,686
Accrued liabilities	4,772	-
Deposits	8,385,647	-
Payable to trustee	-	706,033
	\$ 8,544,161	\$ 951,719
	\$ 8,544,161	\$ 951,719

Schedule 9

Assessment District 98-1	TUMF Trust	MSHCP Trust	Totals
\$ 94	\$ 3,255,980	\$ 1,481,171	\$ 13,286,922
-	-	-	52,988
-	-	-	1,986
-	292,600	26,416	359,208
-	-	-	851,037
\$ 94	\$ 3,548,580	\$ 1,507,587	\$ 14,552,141
\$ 94	\$ -	\$ -	\$ 399,522
-	-	-	4,772
-	3,548,580	1,507,587	13,441,814
-	-	-	706,033
\$ 94	\$ 3,548,580	\$ 1,507,587	\$ 14,552,141

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
<u>Deposit Liability</u>				
Assets:				
Cash and investments	\$ 7,514,665	\$ 8,637,743	\$ 7,670,296	\$ 8,482,112
Accounts receivable	4,465	52,988	4,465	52,988
Due from other governments	-	9,061	-	9,061
Total Assets	<u>\$ 7,519,130</u>	<u>\$ 8,699,792</u>	<u>\$ 7,674,761</u>	<u>\$ 8,544,161</u>
Liabilities:				
Accounts payable	\$ 1,913	\$ 1,836,390	\$ 1,684,561	\$ 153,742
Other accrued liabilities	6,524	16,359	18,111	4,772
Deposits payable	7,510,693	7,315,034	6,440,080	8,385,647
Total Liabilities	<u>\$ 7,519,130</u>	<u>\$ 9,167,783</u>	<u>\$ 8,142,752</u>	<u>\$ 8,544,161</u>
<u>Assessment District 87-4</u>				
Assets:				
Cash and investments	\$ 198,124	\$ 1,799,976	\$ 1,930,535	\$ 67,565
Cash and investments held by trustee	313,919	1,033,078	495,960	851,037
Accounts receivable	19,169	-	19,169	-
Interest receivable	198	1,986	198	1,986
Due from other governments	13,721	31,131	13,721	31,131
Total Assets	<u>\$ 545,131</u>	<u>\$ 2,866,171</u>	<u>\$ 2,459,583</u>	<u>\$ 951,719</u>
Liabilities:				
Accounts payable	\$ 245,686	\$ 89,000	\$ 89,000	\$ 245,686
Payable to trustee	299,445	902,548	495,960	706,033
Total Liabilities	<u>\$ 545,131</u>	<u>\$ 991,548</u>	<u>\$ 584,960</u>	<u>\$ 951,719</u>
<u>Assessment District 98-1</u>				
Assets:				
Cash and investments	\$ 99	\$ 2,779	\$ 2,784	\$ 94
Total Assets	<u>\$ 99</u>	<u>\$ 2,779</u>	<u>\$ 2,784</u>	<u>\$ 94</u>
Liabilities:				
Accounts payable	\$ 99	\$ 2,779	\$ 2,784	\$ 94
Total Liabilities	<u>\$ 99</u>	<u>\$ 2,779</u>	<u>\$ 2,784</u>	<u>\$ 94</u>

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
<u>TUMFTrust</u>				
Assets:				
Cash and investments	\$ 1,123,680	\$ 14,447,884	\$ 12,315,584	\$ 3,255,980
Due from other governments	-	292,600	-	292,600
Total Assets	<u>\$ 1,123,680</u>	<u>\$ 14,740,484</u>	<u>\$ 12,315,584</u>	<u>\$ 3,548,580</u>
Liabilities:				
Accounts payable	\$ 80	\$ 12,315,504	\$ 12,315,584	\$ -
Deposits payable	1,123,600	15,778,094	13,353,114	3,548,580
Total Liabilities	<u>\$ 1,123,680</u>	<u>\$ 28,093,598</u>	<u>\$ 25,668,698</u>	<u>\$ 3,548,580</u>
<u>MSHCP Trust</u>				
Assets:				
Cash and investments	\$ 189,865	\$ 3,498,669	\$ 2,207,363	\$ 1,481,171
Due from other governments	-	26,416	-	26,416
Total Assets	<u>\$ 189,865</u>	<u>\$ 3,525,085</u>	<u>\$ 2,207,363</u>	<u>\$ 1,507,587</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,207,363	\$ 2,207,363	\$ -
Deposits payable	189,865	3,563,333	2,245,611	1,507,587
Total Liabilities	<u>\$ 189,865</u>	<u>\$ 5,770,696</u>	<u>\$ 4,452,974</u>	<u>\$ 1,507,587</u>
Assets:				
Cash and investments	\$ 9,026,433	\$ 28,387,051	\$ 24,126,562	\$ 13,286,922
Cash and investments held by trustee	313,919	1,033,078	495,960	851,037
Accounts receivable	23,634	52,988	23,634	52,988
Interest receivable	198	1,986	198	1,986
Due from other governments	13,721	359,208	13,721	359,208
Total Assets	<u>\$ 9,377,905</u>	<u>\$ 29,834,311</u>	<u>\$ 24,660,075</u>	<u>\$ 14,552,141</u>
Liabilities:				
Accounts payable	\$ 247,778	\$ 16,451,036	\$ 16,299,292	\$ 399,522
Other accrued liabilities	6,524	16,359	18,111	4,772
Deposits payable	8,824,158	26,656,461	22,038,805	13,441,814
Payable to trustee	299,445	902,548	495,960	706,033
Total Liabilities	<u>\$ 9,377,905</u>	<u>\$ 44,026,404</u>	<u>\$ 38,852,168</u>	<u>\$ 14,552,141</u>

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MORENO VALLEY
SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2005

	<u>Land</u>	<u>CIP</u>	<u>Building and Improvements</u>
Function and Activity:			
General government:			
Administrative and policy	\$ -	\$ -	\$ -
City attorney	-	-	-
Communications	-	-	-
Human resources	-	-	-
Finance	-	-	-
Other - unclassified	47,346,466	57,718	-
Total General Government	47,346,466	57,718	-
Public safety:			
Police	-	-	8,094,912
Fire	347,900	317,716	6,750,758
Animal control	-	-	3,040,332
Volunteer services	-	-	15,937
Total Public Safety	347,900	317,716	17,901,939
Public works	248,120,894	18,103,696	-
Community development	-	197,518	-
Community services district	-	1,136,002	47,825,610
Redevelopment Agency	7,042,584	1,248,571	-
Internal service funds	-	-	9,857,361
Total	255,163,478	20,685,787	57,682,971
Grand Total	\$ 302,857,844	\$ 21,061,221	\$ 75,584,910

Schedule 11

<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Totals</u>
\$ -	\$ 14,994	\$ -	\$ 14,994
116,804	-	-	116,804
23,455	84,428	-	107,883
16,467	-	-	16,467
23,666	-	-	23,666
36,832	-	-	47,441,016
217,224	99,422	-	47,720,830
586,787	834,925	-	9,516,624
462,142	1,298,833	-	9,177,349
129,193	172,603	-	3,342,128
8,657	86,036	-	110,630
1,186,779	2,392,397	-	22,146,731
651,599	1,862,089	282,664,408	551,402,686
121,859	327,352	-	646,729
1,204,204	393,896	-	50,559,712
-	-	-	8,291,155
5,031,054	2,354,571	148,003	17,390,989
7,008,716	4,937,908	282,812,411	628,291,271
\$ 8,412,719	\$ 7,429,727	\$ 282,812,411	\$ 698,158,832

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MORENO VALLEY
GENERAL GOVERNMENT EXPENDITURES - BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Community Development	Public Works	Public Safety	Community and Cultural	Capital Outlay	Debt Service	Totals
1995-96	\$ 12,766,875	\$ 2,036,020	\$3,939,090	\$14,216,579	\$ 7,198,928	\$13,470,197	\$ 9,920,567	\$63,548,256
1996-97	13,382,392	1,920,388	3,173,583	13,673,627	7,422,892	8,652,831	8,485,713	56,711,426
1997-98	13,017,014	2,347,701	3,433,992	14,914,059	7,741,962	9,803,512	8,623,363	59,881,603
1998-99	14,199,835	2,750,888	3,654,003	16,091,536	9,461,244	17,622,666	7,897,667	71,677,839
1999-00	15,300,165	2,679,491	3,777,729	17,329,105	9,332,104	12,609,533	8,088,290	69,116,417
2000-01	17,751,724	2,765,840	3,941,838	18,127,094	10,355,578	10,799,476	5,977,549	69,719,099
2001-02	20,262,093	3,404,747	4,864,419	20,251,824	10,812,044	12,577,387	6,462,344	78,634,858
2002-03	12,009,132	6,235,962	11,826,893	29,024,897	7,761,494	12,746,605	9,037,950	88,642,933
2003-04	8,937,124	6,790,803	8,724,368	32,300,542	11,492,361	14,647,639	26,370,058	109,262,895
2004-05	14,983,932	8,711,599	9,999,497	36,806,865	12,331,683	19,885,754	13,112,173	115,831,503

Source: City of Moreno Valley Finance Department

CITY OF MORENO VALLEY
GENERAL GOVERNMENT REVENUES - BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Permits, Fees and Charges for Services	Revenues from Other Agencies	Fines and Forfeitures	Use of Money and Property	Miscellaneous Revenues	Total
1992-93	\$ 31,442,808	\$ 14,021,474	\$ 3,093,435	\$ 170,846	\$ 2,491,421	\$ 3,955,757	\$ 55,175,741
1993-94	34,649,138	13,683,084	3,359,753	184,765	3,957,199	3,249,446	59,083,385
1994-95	33,514,114	14,580,883	3,812,478	171,493	3,969,603	3,208,476	59,257,047
1995-96	33,965,591	12,833,802	5,979,090	180,631	4,205,143	3,463,132	60,627,389
1996-97	33,343,099	14,279,941	7,745,404	159,642	3,513,057	3,373,676	62,414,819
1997-98	34,645,811	13,884,783	6,041,110	289,919	4,725,280	3,200,660	62,787,563
1998-99	35,653,340	13,973,915	6,311,886	649,112	3,684,976	2,125,414	62,398,643
1999-00	38,295,060	15,047,577	8,517,697	737,937	4,158,861	1,817,749	68,574,881
2000-01	41,363,701	15,391,231	9,691,569	757,563	6,215,829	2,696,553	76,116,446
2001-02	44,670,581	20,450,959	8,496,925	793,486	4,542,034	2,969,881	81,923,866
2002-03	40,776,674	24,962,026	26,201,103	942,411	3,187,073	1,921,073	97,990,360
2003-04	46,216,887	35,784,239	20,164,244	929,813	1,571,485	1,356,990	106,023,658

Source: City of Moreno Valley Finance Department

CITY OF MORENO VALLEY
PROPERTY TAX LEVIES AND COLLECTION
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Levy Collection	Delinquent Tax Collection (*)	Total Tax Collection	Percent of Total Tax Collections to Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
1995-96	\$ 25,078,994	\$ 22,513,258	89.8%	\$ 15,035	\$ 22,528,293	89.8%	\$ 2,565,735	10.2%
1996-97	24,426,904	21,764,241	89.1%	11,766	21,776,007	89.1%	2,662,663	10.9%
1997-98	19,772,462	18,491,752	93.5%	7,901	18,499,653	93.6%	1,280,710	6.5%
1998-99	19,219,429	18,408,137	95.8%	2,801	18,410,938	95.8%	811,292	4.2%
1999-00	20,369,660	19,153,769	94.0%	1,435	19,155,204	94.0%	1,215,891	6.0%
2000-01	19,628,161	19,816,928	101.0%	-	19,816,928	101.0%	-	0.0%
2001-02	21,302,107	19,936,925	93.6%	11,514	19,948,439	93.6%	1,365,182	6.4%
2002-03	22,594,477	22,876,331	101.2%	-	22,876,331	101.2%	-	0.0%
2003-04	26,353,337	24,884,530	94.4%	11,609	24,896,139	94.5%	1,468,807	5.6%
2004-05	28,865,321	26,775,299	92.8%	7,922	26,783,221	92.8%	2,090,022	7.2%

*Teeter Tax Plan began in FY 1993-94, resulting in a lower amount of subsequent delinquent tax collections.

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

CITY OF MORENO VALLEY

**ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (IN THOUSANDS)**

Fiscal Year	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less Exemptions	Net Assessed and Estimated Full Value	Percent Increase (Decrease)
1995-96	\$ 4,976,840	\$ 133,893	\$ 5,110,733	\$ (139,465)	\$ 4,971,268	(6.2)%
1996-97	4,808,107	118,629	4,926,736	(179,355)	4,747,381	(3.6)%
1997-98	4,699,974	104,666	4,804,640	(180,889)	4,623,751	(2.5)%
1998-99	4,544,120	113,113	4,657,233	(44,873)	4,612,360	(3.1)%
1999-00	4,564,738	117,409	4,682,147	(42,922)	4,639,225	0.5%
2000-01	4,792,266	133,185	4,925,451	(69,801)	4,855,650	4.7%
2001-02	5,214,728	147,427	5,362,154	(75,302)	5,286,852	8.9%
2002-03	5,653,026	147,043	5,800,069	(96,346)	5,703,723	7.9%
2003-04	6,303,887	146,026	6,449,913	(102,466)	6,347,447	11.3%
2004-05	7,323,316	144,905	7,468,221	(94,857)	7,373,364	16.2%

Source: Hinderliter, de Llamas & Associates.

CITY OF MORENO VALLEY

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS**

Fiscal Year	Basic Levy	School District	Metropolitan Water District	Eastern Municipal Water District	Other	Totals
1995-96	1.0000	0.00880	0.0089	0.0660	0.0000	1.0837
1996-97	1.0000	0.01150	0.0089	0.0710	0.0000	1.0914
1997-98	1.0000	0.00709	0.0089	0.0710	0.0000	1.0870
1998-99	1.0000	*	0.0089	0.0430	0.0000	1.0519
1999-00	1.0000	*	0.0089	0.0430	0.0000	1.0519
2000-01	1.0000	*	0.0088	0.0430	0.0000	1.0518
2001-02	1.0000	*	0.0088	0.0430	0.0000	1.0518
2002-03	1.0000	*	0.0067	0.0380	0.0000	1.0447
2003-04	1.0000	*	0.0061	0.0290	0.0000	1.0351
2004-05	1.0000	0.03395	0.0578	0.0300	0.0000	1.0878

t bond has been paid in full.

of Riverside Auditor-Controller

CITY OF MORENO VALLEY

**STATEMENT OF LEGAL GENERAL OBLIGATION DEBT MARGIN
June 30, 2005**

Historically by law, the legal debt margin established for cities by the State of California has been 15% of total assessed valuation. This rate, applied to the total assessed value, would be \$1,120,233,216.

However, as a result of the adoption of Article XIII of the State Constitution in 1978, no additional general obligation debt may be issued without a two-thirds vote of citizenry.

At June 30, 2005, the City of Moreno Valley has no general obligation bonded debt outstanding.

Source: City of Moreno Valley Finance Department

CITY OF MORENO VALLEY

**SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEB
June 30, 2005**

2004-05 Assessed Valuation: \$6,555,670,921 (after deducting \$896,104,511 redevelopment incremental valuation)

<u>Overlapping Tax and Assessment Debt</u>	<u>Percent Applicable</u>	<u>Debt June 30, 2005</u>
Metropolitan Water District	0.493%	\$ 2,061,677
Eastern Municipal Water District, I.D. No. U-3	99.367%	288,164
Eastern Municipal Water District, I.D. No. U-13	100.000%	980,000
Eastern Municipal Water District I.D. No. U-22	100.000%	3,200,000
Riverside City Community College District	15.311%	10,971,267
Moreno Valley Unified School District	94.343%	47,171,449
San Jacinto Unified School District	0.676%	26,907
Moreno Valley Unified School District Community Facilities District No. 2002-1	100.000%	8,850,000
Moreno Valley Unified School District Community Facilities District No. 2003-1	100.000%	3,715,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	100.000%	3,155,000
Moreno Valley Unified School District Community Facilities District No. 88-1	100.000%	18,525,000
Val Verde Unified School District Community Facilities District No. 98-1	100.000%	33,505,000
Val Verde Unified School District Community Facilities District No. 2003-1	100.000%	2,975,000
Eastern Municipal Water District Community Facilities District No. 2003-16	100.000%	4,230,000
City of Moreno Valley 1915 Act Bonds	100.000%	1,965,000
City of Moreno Valley Community Facilities District No. 3	100.000%	6,320,000
City of Moreno Valley Community Facilities District No. 87-1 and I.A. No. 1	100.000%	18,810,000
Riverside County Flood Control District 1915 Act Bonds	100.000%	<u>665,000</u>
 Total Gross Overlapping Tax and Assessment Debt		 167,414,464
 Less: Moreno Valley Community Facilities District No. 87-1 (100% self-supporting from tax increment revenue)		 <u>14,645,000</u>
 Total Net Overlapping Tax and Assessment Debt		 <u><u>\$ 152,769,464</u></u>

CITY OF MORENO VALLEY

**SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEB (Continued)
June 30, 2005**

<u>Direct and Overlapping General Fund Obligation Debt</u>	<u>Applicable (1)</u>	<u>Debt June 30, 2005</u>
Overlapping:		
Riverside County General Fund Obligations	6.316%	\$ 39,244,437
Riverside County Board of Education Certificates of Participation	6.316%	771,499
Mt. San Jacinto Community College District General Fund Obligations	0.021%	1,607
Moreno Valley Unified School District Certificates of Participation	94.343%	27,015,118
Val Verde Unified School District Certificates of Participation	43.759%	31,303,001
Other School Districts Certificates of Participation	Various	<u>134,997</u>
Total Gross Overlapping General Fund Obligation Debt		98,470,659
Direct:		
City of Moreno Valley General Fund Obligations	100.000%	<u>16,150,000 (1)</u>
Total Gross Direct and Overlapping General Fund Obligation Debt		114,620,659
Less: Riverside County Administrative Center Authority (100% self-supporting from tax increment revenues).		<u>1,296,818</u>
Total Net Direct and Overlapping General Fund Obligation Debt		<u>\$ 113,323,841</u>
Gross Combined Total Debt		282,035,123 (2)
Net Combined Total Debt		266,093,305

(1) Excludes lease revenue bonds in the amount of \$48,205,000 sold July 7, 2005

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004-05 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	2.25%
Total Net Overlapping Tax and Assessment Debt	2.05%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$16,150,000)	0.25%
Gross Combined Total Debt	4.30%
Net Combined Total Debt	4.06%

State School Building Aid Repayable as of June 30, 2005

\$ -

Source: California Municipal Statistics, Inc.

CITY OF MORENO VALLEY
DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Square Miles</u>	<u>Population</u>		<u>Average Annual Population Percent Change</u>
Jan-96	50	134,200	*	1.13
Jan-97	50	136,300	*	1.56
Jan-98	50	138,000	*	1.25
Jan-99	50	140,500	*	1.81
Jan-00	50	142,379	*	1.07
Jan-01	50	144,100	*	1.27
Jan-02	50	146,800		1.81
Jan-03	50	151,200		2.6
Jan-04	50	157,865		4.41
Jan-05	50	165,328		4.73

*Revised July 2001 by State of California Department of Finance

Source: California Department of Finance and City of Moreno Valley Finance Department

CITY OF MORENO VALLEY

**SCHEDULE OF PROPERTY VALUES, CONSTRUCTION ACTIVITY AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

Fiscal Year	Property Values*	Construction Activity				Bank Deposits*			
		Permits Issued	Percent Change	Estimated Valuation	Percent Change	Banks	Credit Unions	Savings and Loans	Total Deposits
1995-96	\$ 5,110,733	2,171	(21)	\$ 38,936,023	(19.00)	\$ 137,146	\$ 135,756	\$ 107,315	\$ 380,217
1996-97	4,926,736	1,786	(18)	38,885,961	0.00	136,825	140,969	110,782	380,576
1997-98	4,804,640	1,996	12	64,110,491	65.00	**	**	**	**
1998-99	4,657,233	2,079	4	41,345,430	(36.00)	186,724	430,979	115,687	733,390
1999-00	4,682,147	2,157	4	58,364,275	41.00	193,927	468,816	124,132	786,875
2000-01	4,926,100	2,423	12	94,240,011	61.00	212,054	219,679	131,171	562,904
2001-02	5,362,804	2,922	21	168,653,969	79.00	230,346	249,983	149,725	630,054
2002-03	5,800,575	4,689	60	458,238,702	172.00	253,726	291,587	158,760	704,073
2003-04	6,450,187	4,693	0	543,010,420	18.00	353,422	327,154	207,329	887,905
2004-05	7,468,495	4,999	7	560,197,331	3.00	419,486	365,993	239,983	1,025,462

*Amounts expressed in thousands.

**Information not available.

Source: City of Moreno Valley Community and Economic Development Department (Construction Activity) and The Findley Reports (Bank Deposits)

CITY OF MORENO VALLEY

**PRINCIPAL TAXPAYERS
June 30, 2005**

<u>Taxpayer</u>	<u>Property</u>	<u>Secured Assessed Full Market Valuation of Property</u>	<u>Percent of Total City Assessed Full Market Valuation</u>
Walgreen Company	Industrial	\$63,029,274	0.84%
Homart Newco Two, Inc	Commercial	40,384,967	0.54
Divi Divi Tree Limited Partnership	Residential	28,290,136	0.38
TSC	Commercial	27,168,541	0.36
Moreno Valley Plaza Limited	Commercial	25,859,701	0.34
Desert Pointe Properties	Residential	19,351,881	0.26
Lowes HIW Inc.	Commercial	15,832,566	0.21
May Company Department Stores	Commercial	15,086,961	0.2
El Corte Ingles	Commercial	14,566,065	0.19
Cardinal CG Company	Industrial	<u>13,671,409</u>	<u>0.18</u>
		<u><u>\$ 263,241,501</u></u>	<u><u>3.51%</u></u>

CITY OF MORENO VALLEY

MISCELLANEOUS STATISTICS

June 30, 2005

Date of incorporation	December 3, 1984
Form of government	Council/Manager
Area	50 square miles
Lane miles of streets	1,167
Number of street lights	9,771
Number of traffic signals	126
 Fire protection:	
Provided by the County of Riverside in cooperation with the State Department of Forestry and Fire:	
Number of stations	6
Number of sworn personnel	71
Number of volunteers	50
Number of non-sworn personnel	7
 Police protection:	
Provided through contract with the County of Riverside Sheriffs Department:	
Number of neighborhood policing/report writing stations	3
Number of sworn officers	147
Number of classified personnel	45.5
Number of City support personnel	3
Number of volunteers	99
 Building permits issued	 4,999
Planning applications processed	1,840
 Recreation and culture:	
Parks	29
Parks under construction	2
Nine-hole golf course	1
Multi-use athletic fields	36
Playgrounds	19
Recreation center	1
Senior center	1
Equestrian center	1
Community Centers	2
Sports Courts	32
Skate Parks	1
Roller Hockey Rink	1
Multi-Use Trails	7 Miles
 Employees:	
Members of City Council	5
Members of the Planning Commission	7
Full-time career status	325
Part-time career status	18

Source: City of Moreno Valley

THIS PAGE INTENTIONALLY LEFT BLANK