



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
FISCAL YEAR ENDED JUNE 30, 2009

**CITY OF MORENO VALLEY, CALIFORNIA**

**City of Moreno Valley**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2009**

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# Introductory Section



January 20, 2010

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, 2009.

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 Mayer Hoffman McCann, P.C., a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2009. 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 186,301, continues to be the second largest city in Riverside County. Though it has slowed because of the economy, the City's population continues to grow.

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

The City provides a wide range of services, which include general government, public safety (police, fire, code enforcement, animal control services, disaster preparedness, and school crossing guards), construction and maintenance of highways and streets, economic development, library, an electric utility which primarily serves the newly developed areas of the City, parks, and a wide range of recreation programs. In addition to general City activities, the Council is financially accountable for the Community Redevelopment Agency of the City of Moreno Valley, the Moreno Valley Community Services District, the Moreno Valley Public Financing Authority, and the Moreno Valley Public Facilities Financing Corporation. These entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 to the financial statements beginning on page 37.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review in April/May of each year. The Council holds a series of public meetings on the proposed budget, and generally adopts a final budget no later than June 30<sup>th</sup>. The City's fiscal year is July 1<sup>st</sup> through June 30<sup>th</sup>. The appropriated budget is prepared by fund, department and program and controlled at the department level. The City Manager can approve transfers between programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 25 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 for the major funds on pages 26 to 28, and for the non-major funds this comparison is presented beginning on page 112.

## **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 has experienced a vibrant economic environment and for several years the City experienced strong residential and commercial growth. With the current economic situation, the growth rate has slowed considerably.

Over the past six years the City has experienced double-digit growth in many of the key factors that generate revenue for the City. During this six-year period assessed valuations of property increased by 136%. However, during fiscal year 2007-08 the City began to see the developing weakness in the economy that is now evident on a national basis. Assessed valuations of property decreased in Moreno Valley in FY 2008-09 and are expected to continue their decline through fiscal years 2009-10 and 2010-11. Taxable sales also declined as consumer spending showed dramatic slowing.

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

**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, 2009 the average weighted maturity was 1.49 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 2008-09, the average yield on the investments was 3.49%.

**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 that its current assets are adequate to cover the actuarially-determined liability for general liability and workers' 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 workers' 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 8 to the financial statements beginning on page 62.

**Other post employment benefits.** In addition to pension benefits, the City provides a portion of medical benefits for qualifying retirees. In June 2009, the City established an irrevocable trust fund to administer these benefits through the California Public Employers' Retiree Benefit Trust (CERBT), which is administered by the California Public Employees' Retirement System (CalPERS). The City is currently contributing its Annual Required Contribution (ARC) as determined by actuarial valuation. As a result, the City has incurred no reportable liability for these benefits. Additional information on Other Post Employment Benefits can be found in Note 9 to the financial statements beginning on page 63.

### **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, 2008. This was the eleventh 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 Financial Operations and Treasury Operations Divisions of the Financial & Administrative Services Department. We would like to express our appreciation to all members of these divisions who assisted and contributed to its preparation. Credit also must be given to other City departments for their assistance and the City Council for their continuous support for maintaining the highest standards of professionalism in the management of the City of Moreno Valley's finances.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Elam', written in a cursive style.

Steve Elam  
Financial & Administrative Services Director

**CITY OF MORENO VALLEY**

**MUNICIPAL OFFICIALS**

June 30, 2009

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**CITY COUNCIL**

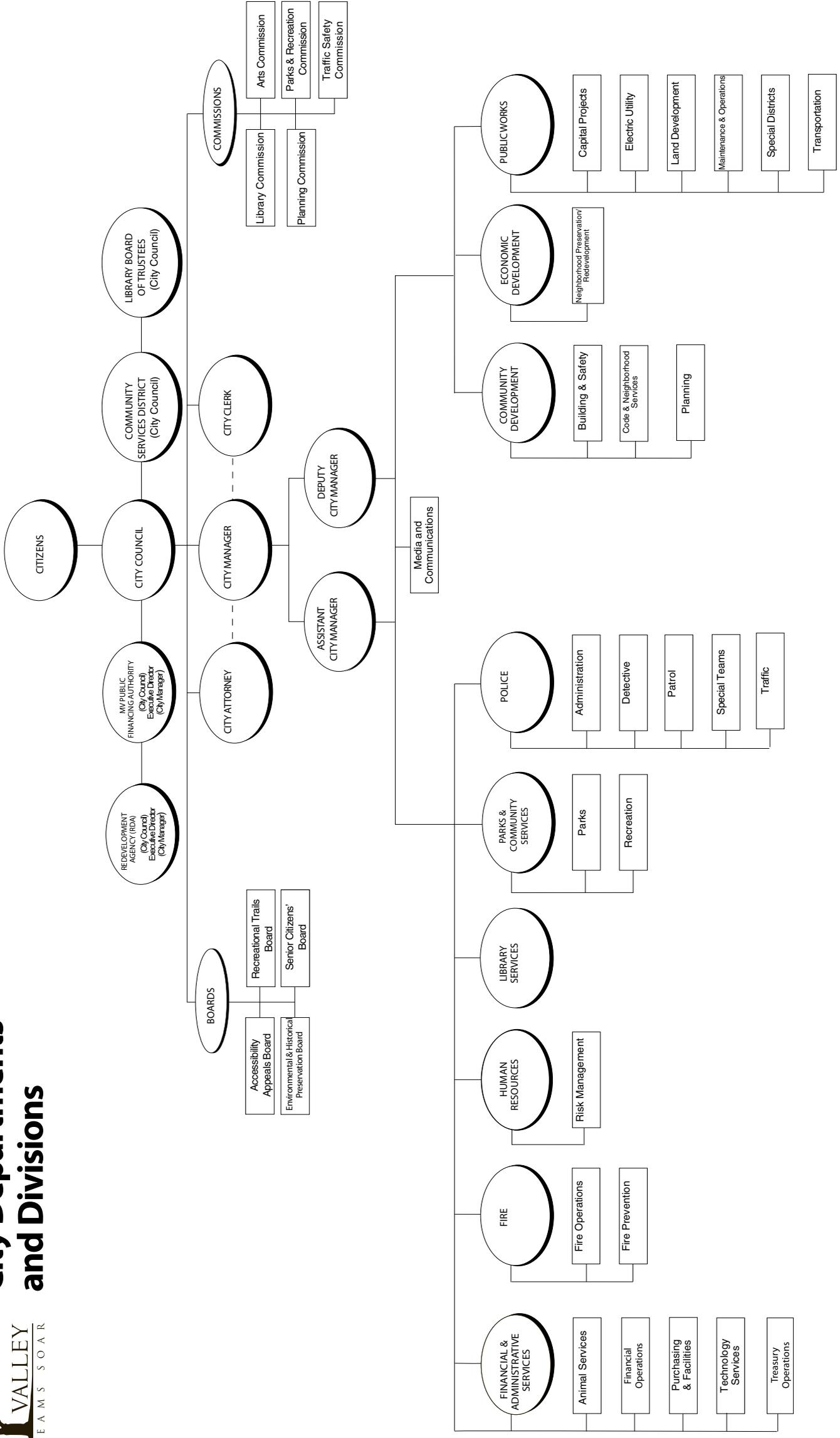
Richard A. Stewart, Mayor  
Bonnie Flickinger, Mayor Pro Tem  
William H. Batey II, Council Member  
Robin N. Hastings, Council Member  
Jesse L. Molina, Council Member

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**EXECUTIVE OFFICERS**

Robert G. Gutierrez, City Manager  
Betsy Adams, Assistant City Manager  
Rick Hartmann, Deputy City Manager  
Robert L. Hansen, Interim City Attorney  
Jane Halstead, City Clerk  
Kyle Kollar, Community Development Director  
Barry Foster, Economic Development Director  
Steve Elam, Financial & Administrative Services Director  
Steve Curley, Fire Chief  
Chris Paxton, Human Resources Director  
Becky Guillan, Library Services Manager  
Michael McCarty, Parks & Community Services Director  
John Anderson, Police Chief  
Chris A. Vogt, Public Works Director/City Engineer

# City Departments and Divisions



# 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, 2008

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



President

Executive Director

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**Financial Section**





Mayer Hoffman McCann P.C.

An Independent CPA Firm

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

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Moreno Valley. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison information for the general fund and major special revenue funds of the City of Moreno Valley, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in Note 9 to the financial statements, the City changed its method of accounting for post employment benefits for fiscal years ending on or after June 30, 2009.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayor Hoffman McGinn A.C.*

Irvine, California  
December 23, 2009

## Management's Discussion and Analysis

As management of the City of Moreno Valley (the City), we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2009. 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, 2009 by \$903.2 million (*net assets*). Of this amount, \$65.7 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's governmental activities' net assets increased by \$27.2 million, which is largely attributable to an increase in capital assets, in particular infrastructure contributed by developers during the year.
- During the year, the City (which includes the Community Redevelopment Agency of the City of Moreno Valley and the City of Moreno Valley Community Services District) had revenues that were \$25.5 million more than the \$166.2 million expenses recorded by the City in its governmental and business-type activities.
- The total debt of the City showed a net decrease of \$1.9 million (1.3%) during the current fiscal year. The decrease in debt was a result of normal maturity on existing debt.
- The General Fund had an end of year fund balance of \$51.9 million. This was a decrease of \$5.8 million and a decrease of 10.1% over FY 2007-08.

### Overview of Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Government-wide Financial Analysis

The following table presents a summarization of the City's assets, liabilities and net assets for its governmental and business-type activities as of June 30, 2009.

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

	Governmental Activities		Business-type Activities		Totals	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 319,431	\$ 298,590	\$ 13,659	\$ 12,156	\$ 333,090	\$ 310,746
Capital assets	708,022	747,453	35,179	31,745	743,201	779,288
Total assets	1,027,453	1,046,133	48,838	43,901	1,076,291	1,090,034
Current Liabilities	40,335	33,253	4,921	5,455	45,256	38,708
Long-term liabilities	118,939	117,514	31,111	30,618	150,050	148,132
Total liabilities	159,274	150,767	36,032	36,073	195,306	186,840
Net assets:						
Invested in capital assets, net of related debt	622,102	704,988	14,110	9,994	636,212	714,982
Restricted for						
Community development projects	41,908	19,961	-	-	41,908	19,961
Community & cultural	8,259	8,591	-	-	8,259	8,591
Public safety	664	280	-	-	664	280
Public works	79,746	71,336	-	-	79,746	71,336
Debt service	7,291	17,373	-	-	7,291	17,373
Other programs	3,598	3,141	-	-	3,598	3,141
Permanent funds - nonexpendable	65	66	-	-	65	66
Regulatory contingencies	-	-	948	1,767	948	1,767
Unrestricted	104,546	69,630	(2,252)	(3,933)	102,294	65,697
Total net assets	\$ 868,179	\$ 895,366	\$ 12,806	\$ 7,828	\$ 880,985	\$ 903,194

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 \$903 million at June 30, 2009.

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

The following table presents a summarization of the changes in net assets of the City's governmental and business-type activities, as of June 30, 2009.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 44,539	\$ 38,136	\$ 10,311	\$ 12,431	\$ 54,850	\$ 50,567
Operating contributions and grants	11,121	12,857	-	-	11,121	12,857
Capital contributions and grants	74,004	31,813	-	-	74,004	31,813
General Revenues:						
Property tax	30,351	28,316	-	-	30,351	28,316
Property tax in lieu	16,729	16,791	-	-	16,729	16,791
Transient occupancy tax	593	498	-	-	593	498
Sales tax	13,624	12,164	-	-	13,624	12,164
Franchise tax	4,382	4,876	-	-	4,382	4,876
Business license tax	1,111	1,052	-	-	1,111	1,052
Utility user's tax	15,187	15,081	-	-	15,187	15,081
Franchise in lieu tax	97	121	-	-	97	121
Documentary transfer tax	575	598	-	-	575	598
Other taxes	2,620	2,683	-	-	2,620	2,683
Intergovernmental	801	866	-	-	801	866
Use of money and property	16,380	9,381	-	131	16,380	9,512
Other	888	1,788	-	-	888	1,788
Total Revenues	<u>233,002</u>	<u>177,021</u>	<u>10,311</u>	<u>12,562</u>	<u>243,313</u>	<u>189,583</u>
Expenses:						
General government	14,417	14,949	-	-	14,417	14,949
Public safety	54,412	50,856	-	-	54,412	50,856
Community development	10,965	12,036	-	-	10,965	12,036
Community and cultural	33,717	27,905	-	-	33,717	27,905
Public works	29,248	36,096	-	-	29,248	36,096
Interest on long-term debt	12,082	10,335	-	-	12,082	10,335
Electric	-	-	12,282	14,067	12,282	14,067
Total Expenses	<u>154,841</u>	<u>152,177</u>	<u>12,282</u>	<u>14,067</u>	<u>167,123</u>	<u>166,244</u>
Change in net assets before transfers	78,161	24,844	(1,971)	(1,505)	76,190	23,339
Transfers	<u>62</u>	<u>654</u>	<u>(62)</u>	<u>(654)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	78,223	25,498	(2,033)	(2,059)	76,190	23,339
Restatement of Net Assets	(1,788)	1,690	(262)	(2,819)	(2,050)	(1,129)
Net Assets Beginning, as restated	<u>791,744</u>	<u>868,179</u>	<u>15,101</u>	<u>12,806</u>	<u>806,845</u>	<u>880,985</u>
Net Assets Ending	<u>\$ 868,179</u>	<u>\$ 895,367</u>	<u>\$ 12,806</u>	<u>\$ 7,828</u>	<u>\$ 880,985</u>	<u>\$ 903,195</u>

Operating contributions and grants increased \$1.7 million, 15.6%, over FY 2007-08. This increase was a result of increased operating grants from the State, in particular for traffic congestion relief.

Capital contributions and grants decreased \$42.2 million, 57.0% over FY 2007-08. This decrease was a result of developer contributed assets declining by over \$49 million, 66.3%, due to the economic recession.

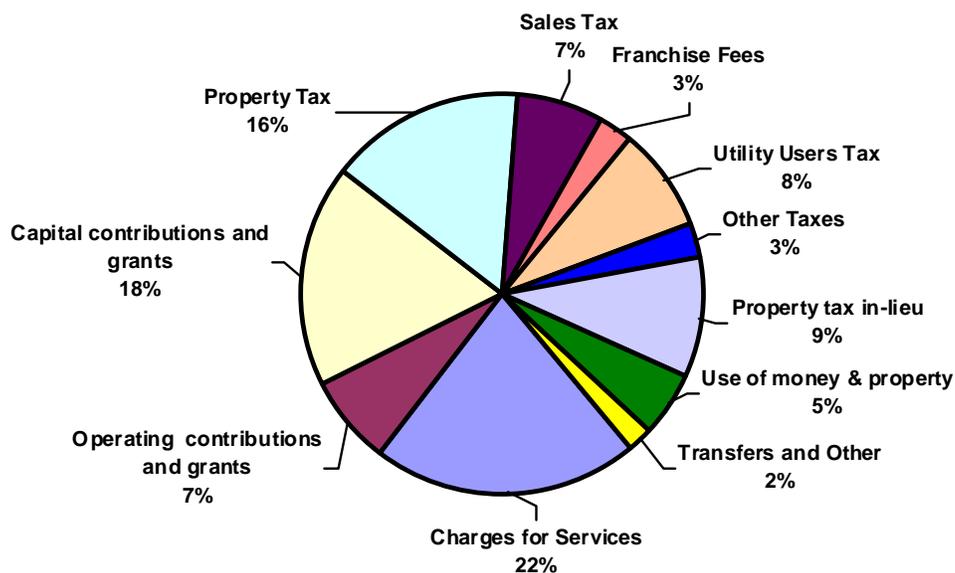
Use of money and property decreased \$6.9 million, 41.9% over FY 2007-08. This decline is a result of the annual average yield dropping from 4.57% in FY 2007-08 to 3.49% in FY 2008-09, combined with a decrease in cash and investments of \$21.3 million over FY 2007-08.

Franchise in lieu of tax increased 24.7% over FY 2007-08. This increase is a result of increased electric utility billings generating this revenue.

**Governmental Activities**

The government’s net assets increased by \$27.2 million, with total revenues of \$177.0 million, total expenses of \$152.2 million, and a restatement of previously over-reported net assets of \$1.7 million, largely attributed to adjustments to correct loans receivable and the reporting of certain capital assets and accumulated depreciation. Program revenues were \$82.8 million and general revenues were \$94.2 million, funding the net difference between program revenues and expenses. The largest single category of revenue was charges for services at \$38.1 million and is also program revenue. This revenue goes directly against expenses in recovering the costs of providing those services. This revenue category decreased by \$6.4 million over FY 2007-08 primarily due to the economic recession. The second largest single revenue category was capital contributions and grants, at \$31.8 million. This is program revenue and is primarily due to developer contributed infrastructure. This revenue category decreased by \$42.2 million from FY 2007-08. The third largest single revenue category was property tax at \$28.3 million, and is general revenue. Property tax in-lieu of vehicle license fees (VLF) was the fourth largest single revenue source at \$16.8 million, and utility user’s tax was the fifth largest revenue source at \$15.1 million. Graph 1 presents the revenues by source for governmental activities for the fiscal year ended June 30, 2009.

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



The single largest expense category was public safety at \$50.9 million, accounting for 33.4% of total expenses. Public works was the second largest expense category at \$36.1 million and 23.7% of total expenses. Community and cultural was the third largest expense category at \$27.9 million. General government was the fourth largest expense category at \$14.9 million, followed by community development at \$12.0 million, the fifth largest expense category, and interest on long-term debt at \$10.3 million, the sixth largest expense category.

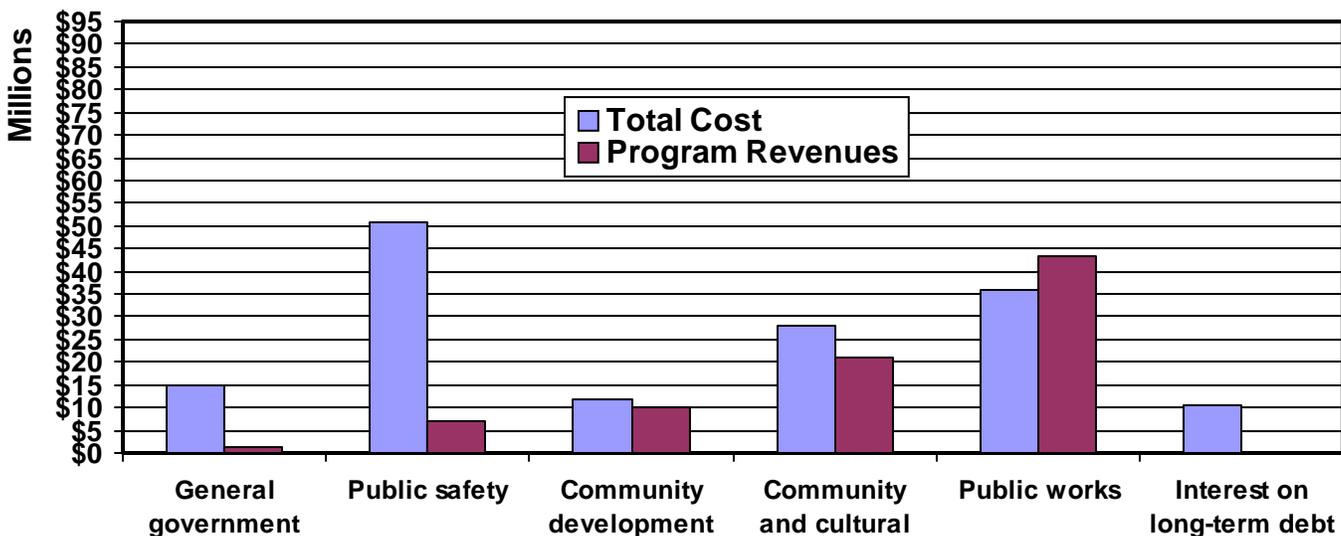
Table 3 presents the cost of each of the six major program categories, and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the financial burden that was placed on the City's taxpayers by each of the activities.

**Table 3**  
**Governmental Activities - Net Cost of Services**  
**For the year ended June 30, 2009**

	Total Cost of Services	Net Cost of Services
General government	\$ 14,948,629	\$ (13,711,327)
Public safety	50,856,440	(43,911,428)
Community development	12,036,237	(1,886,996)
Community and cultural	27,904,884	(6,746,167)
Public works	36,095,949	7,220,166
Interest on long-term debt	10,334,932	(10,334,932)
<b>TOTAL</b>	<b>\$ 152,177,071</b>	<b>\$ (69,370,684)</b>

As illustrated in the above table, program revenues recovered \$82.8 million of the cost of providing these services. The City paid for the remaining public benefit portion of these governmental activities with \$69.4 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, 2009**



## **Business-Type Activities**

The City's business-type activities include the activities of the Electric Utility. The net assets of the City's business-type activities decreased \$5.0 million primarily due to lower than expected revenues, combined with more than expected operating expenses and a restatement of infrastructure (see note 10). The Electric Utility had total revenues of \$12.4 million, total expenses of \$14.1 million, transfers out of \$653,000, and a restatement of previously overstated net assets of \$2.8 million. The restatement of net assets corrects the amount of infrastructure previously reported.

## **THE CITY'S FUNDS**

Total fund balances presented in the governmental funds balance sheet are \$208.0 million, with the General Fund representing \$51.9 million, or 24.9% of the total. The City's General Fund fund balance has reserved \$34.8 million for advances to other funds, encumbrances, and prepaid and other assets.

### **General Fund Financial Results**

The General Fund fund balance decreased by \$5.8 million over FY 2007-08. The original budget anticipated an \$8 million increase. However, the City realized revenues were not performing as anticipated. Departments received direction to take aggressive action to reduce expenditures.

At fiscal year end, only four General Fund revenues met or exceeded the amended budget, exceeding budget by \$718,000. Total revenues fell short of expectations by \$7.2 million.

General Fund actual expenditures were \$5.5 million less than the final amended budget. Major contributors to this result were in large part due to deferring some projects, delaying in hiring for open positions, and reduced program spending due to additional projected revenue shortfalls.

### **Other Major Fund Financial Results**

The fund balance of the Fire Services Special Revenue Fund increased by \$62,000 over the fiscal year. This fund accounts for the City's fire services and is subsidized by the General Fund, and therefore does not accumulate additional fund balance. The General Fund subsidy increased by \$933,000 over FY 2007-08. This is a result of less than expected property tax revenues due to the economic recession.

The fund balance of the Community Service District Zones Special Revenue Fund, after an adjustment to correct prior year accounts receivable, increased by \$326,000 over FY 2007-08. This fund accounts for the administration, operations and maintenance of the City's various service zones established by the Moreno Valley Community Services District. The increase in fund balance is primarily the result of a reduction of expenditures due to the expected decrease in property tax and charges for service revenues.

The fund balance of the Development Impact Fees Special Revenue Fund decreased by \$5.5 million over FY 2007-08. This fund accounts for the developer impact fees one-time charges used to offset the additional public-service costs of new development. The decrease in fund balance is the result of less than expected revenues, combined with transfers to capital projects funds for projects that are either partially or totally funded by these restricted revenues.

The fund balance of the Community Redevelopment Agency Capital Projects Fund increased \$29,000 over FY 2007-08. This fund accounts for the revenues and expenditures made for redevelopment operations. The increase

in fund balance is a result of less than expected redevelopment expenditures due to unexpected takeaways by the State in balancing their budget.

The net assets of the Electric Enterprise Fund, after an adjustment to correct prior year infrastructure, decreased by \$2.2 million from FY 2007-08. This fund accounts for the operations of the City’s electric utility. The decrease is primarily the result of less than expected revenues due to the economic recession, combined with more than expected operating expenses.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2009, the City’s governmental activities had \$1.003 billion (\$748 million net of depreciation) invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, vehicles, park facilities, roads, highways and bridges. The increase of \$62.1 million over FY 2007-08 is primarily attributed to the increase in infrastructure. Additionally, adjustments to certain capital assets and depreciation were made to correct prior year reporting.

At June 30, 2009, the City’s business-type activities had \$34.0 million (\$31.7 million net of depreciation) invested in capital assets, primarily utility infrastructure. The decrease of \$2.6 million over FY 2007-08 is primarily due to an adjustment to infrastructure made to correct prior year reporting, combined with a minimal increase of new utility infrastructure projects during the year.

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

**Table 4  
Capital Assets at Year End  
(Net of Depreciation)  
For the Year Ended June 30, 2009**

	Governmental Activities	Business-type Activities
Land	\$ 303,293,860	\$ 1,237,459
Buildings and improvements	67,140,444	-
Machinery and equipment	2,029,469	-
Vehicles	4,027,931	-
Construction in progress	55,975,095	1,617,422
Infrastructure	315,076,441	28,889,641
Total	\$ 747,543,240	\$ 31,744,522

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

## Long-Term Debt

At year-end, the City's governmental activities had \$117.5 million in bonds, certificates of participation, notes and accrued interest, leases and compensated absences, versus \$118.9 million last year, a decrease of \$1.4 million, or 1.2%. The decrease was the result of normal maturity on existing debt.

At June 30, 2009, the City's business-type activities had \$30.6 million in bonds and capital leases versus \$31.1 million last year, a decrease of \$493,000. The decrease was the result of normal maturity on existing debt. The City was able to meet its current debt obligations in a timely manner. The City has an active Debt Management Committee and a City Council-approved Debt Management Policy. Table 5 provides the total long-term debt by category.

**Table 5**  
**Outstanding Debt at Year End**  
**For the Year Ended June 30, 2009**

	Governmental Activities	Business-type Activities
Special tax bonds	\$ 17,265,000	\$ -
Certificates of participation	5,470,000	-
Lease revenue bonds	45,205,000	30,468,539
Tax allocation bonds	42,725,000	-
Notes (plus accrued interest)	2,234,084	-
Capital leases	41,098	102,551
Compensated absences	4,574,305	47,100
Total	<u>\$ 117,514,487</u>	<u>\$ 30,618,190</u>

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

## ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this Annual Report is on the economic condition of the City in the fiscal year that ended June 30, 2009, it is important for the City's financial management to report on current issues affecting the City and their economic impact on FY 2008-09 and future years.

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

With a population of 186,301, Moreno Valley is still experiencing population growth, albeit at a slower rate because of the economic downturn impacting California. Moreno Valley remains the second largest city in Riverside County and is presently the fourth largest city in the Inland Region. For the past few years, Moreno Valley has been consistently ranked by the U.S. Census Bureau as one of the 'fastest growing cities in the U.S.'—ranking in the Top 25 of cities with a population over 100,000 for the past four years. Though it has slowed because of the economy, population growth continues in Moreno Valley because of its strategic location at the junction of Interstate I-215 and State Route 60, along with offering a wide array of quality housing options, a family oriented lifestyle and a variety of quality of life amenities.

New housing development opportunities have long been a mainstay of Moreno Valley's growth and economic foundation. Over the years, the regional economy in the Inland Region of Riverside and San Bernardino counties has been heavily dependent on construction activity and specifically the new residential development industry. Moreno Valley was an active area for new home development and this industry peaked in FY 2004-05. Moreno Valley has not escaped the new housing construction decline that has hit the Inland Region especially hard, and residential building permit activity decreasing 90% in the City for the period from 2005 to 2009.

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

The City's assessed valuation has experienced a similar trend to that of the new housing development market. According to the Riverside County Assessor, for a six-year period from 2002 to 2008, the City of Moreno Valley's assessed valuation grew an amazing 136% from \$5.8 billion in 2002, to \$13.7 billion in 2008. With the recession officially starting in fourth quarter of 2007, property assessed valuation decreased in Moreno Valley in FY 2008-09 and will likely continue to suffer for FY 2009-10 and FY 2010-11.

For several years Moreno Valley has experienced substantial non-residential growth including significant new commercial retail and industrial development. The economy has slowed commercial development in Southern California, but Moreno Valley continues to secure new business development opportunities. In FY 2008-09 several new commercial retail projects were completed including: 1) an expansion and renovation of the Moreno Valley Mall at TownGate, 2) an expansion of Costco, 3) the opening of Sports Authority, 4) the conversion of a Wal-Mart to a full-fledged SuperCenter and 5) the completion of two new neighborhood shopping centers—Moreno Marketplace and Iris Plaza. Moreno Valley is continuing to expand its hotel market with the spring 2009 opening of Hampton Inn along with two hotels presently under construction—Ayres Suites and LaQuinta Inn. Although new retail will slow in FY 2009-10, Burlington Coat Factory and 99 Cents Only will still open new Moreno Valley locations in spring 2010.

Creating employment opportunities and job growth is important to the continued development of the community. While new office and industrial development has slowed because of the economy and challenging financing market, Moreno Valley created more than 800 new jobs in FY 2008-09 through several major projects including: BAS Recycling, Ecolite Concrete, Philips Electronics and an expansion of the Ross Distribution Center. An estimated 750 additional jobs will come to Moreno Valley in FY 2009-10 through projects underway including: Frazee Paint, MVP EV, O'Reilly Automotive, and the further expansion of Ross. Once the economy recovers, Moreno Valley is well positioned for future business development opportunities with nearly 24 million square feet of industrial building projects approved, entitled or under development.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

# Basic Financial Statements



**City of Moreno Valley**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Pooled cash and investments (note 3)	\$ 258,807,704	\$ 12,362,780	\$ 271,170,484
Receivables:			
Accounts	7,966,759	1,370,146	9,336,905
Notes and loans (note 4)	15,513,929	-	15,513,929
Accrued interest	1,906,045	-	1,906,045
Prepaid costs	74,664	3,013	77,677
Inventories	9,772	-	9,772
Due from other governments	8,790,548	-	8,790,548
Land held for redevelopment	3,916,126	-	3,916,126
Due from agency funds (note 7)	24,694	-	24,694
Advances to/from other funds (note 7)	1,579,698	(1,579,698)	-
Capital assets not being depreciated (note 5)	359,268,955	2,854,881	362,123,836
Capital assets, net of accumulated depreciation (note 5)	388,274,285	28,889,641	417,163,926
<b>Total assets</b>	<b>1,046,133,179</b>	<b>43,900,763</b>	<b>1,090,033,942</b>
<b>Liabilities:</b>			
Accounts payable	8,519,497	\$ 1,374,054	9,893,551
Accrued liabilities	1,980,029	1,805,556	3,785,585
Accrued interest	1,387,605	277,860	1,665,465
Unearned revenue	976,445	929,779	1,906,224
Deposits payable	107,553	-	107,553
Due to other governments	16,748,053	-	16,748,053
Advances from developers	-	241,005	241,005
Advances from operator	-	826,612	826,612
Accrued claims and judgments	3,533,000	-	3,533,000
Noncurrent liabilities (note 6):			
Due within one year	6,469,862	603,247	7,073,109
Due in more than one year	111,044,625	30,014,943	141,059,568
<b>Total liabilities</b>	<b>150,766,669</b>	<b>36,073,056</b>	<b>186,839,725</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	704,987,685	9,993,679	714,981,364
Restricted for:			
Community development projects	19,960,752	-	19,960,752
Community & cultural	8,590,597	-	8,590,597
Public safety	280,107	-	280,107
Public works	71,335,816	-	71,335,816
Debt service	17,373,369	-	17,373,369
Other programs	3,141,167	-	3,141,167
Permanent funds-nonexpendable	66,436	-	66,436
Restricted for regulatory contingencies	-	1,767,402	1,767,402
Unrestricted	69,630,581	(3,933,374)	65,697,207
<b>Total net assets</b>	<b>\$ 895,366,510</b>	<b>\$ 7,827,707</b>	<b>\$ 903,194,217</b>

See Notes to Basic Financial Statements.

**City of Moreno Valley**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2009**

		<b>Program Revenues</b>	
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Contributions and Grants</b>	
<b><u>Functions/Programs</u></b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ 14,948,629	\$ 1,144,983	\$ 92,319
Public safety	50,856,440	6,559,817	385,195
Community development	12,036,237	7,607,316	2,541,925
Community and cultural	27,904,884	14,982,931	5,936,040
Public works	36,095,949	7,840,754	3,901,583
Interest on long-term debt	10,334,932	-	-
	<b>\$ 152,177,071</b>	<b>\$ 38,135,801</b>	<b>\$ 12,857,062</b>
<b>Business-Type Activities:</b>			
Electric	14,067,086	12,430,482	-
	<b>14,067,086</b>	<b>12,430,482</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 166,244,157</b>	<b>\$ 50,566,283</b>	<b>\$ 12,857,062</b>

**General Revenues:**

Taxes:

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

**Transfers (note 7)**

**Total General Revenues and Transfers**

Change in Net Assets

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

**Net Assets at End of Year**

See Notes to Basic Financial Statements.

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

<b>Capital Contributions and Grants</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ -	\$ (13,711,327)	\$ -	\$ (13,711,327)
-	(43,911,428)	-	(43,911,428)
-	(1,886,996)	-	(1,886,996)
239,746	(6,746,167)	-	(6,746,167)
31,573,778	7,220,166	-	7,220,166
-	(10,334,932)	-	(10,334,932)
<b>\$ 31,813,524</b>	<b>\$ (69,370,684)</b>	<b>\$ -</b>	<b>\$ (69,370,684)</b>
-	-	(1,636,604)	(1,636,604)
-	-	(1,636,604)	(1,636,604)
<b>\$ 31,813,524</b>	<b>\$ (69,370,684)</b>	<b>\$ (1,636,604)</b>	<b>\$ (71,007,288)</b>
	28,316,208	-	28,316,208
	16,791,078	-	16,791,078
	497,936	-	497,936
	12,163,719	-	12,163,719
	4,876,055	-	4,876,055
	1,051,702	-	1,051,702
	15,081,286	-	15,081,286
	2,683,193	-	2,683,193
	120,969	-	120,969
	598,084	-	598,084
	865,718	-	865,718
	9,381,199	131,033	9,512,232
	1,787,772	-	1,787,772
	653,554	(653,554)	-
	<b>94,868,473</b>	<b>(522,521)</b>	<b>94,345,952</b>
	25,497,789	(2,159,125)	23,338,664
	869,868,721	9,986,832	879,855,553
	<b>\$ 895,366,510</b>	<b>\$ 7,827,707</b>	<b>\$ 903,194,217</b>

See Notes to Basic Financial Statements.

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## **MAJOR GOVERNMENTAL FUNDS**

### **General Fund**

This fund is used to account for all financial resources of the city traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

### **Fire Services Special Revenue Fund**

This fund is used to account for the fire operations and fire prevention functions.

### **Community Services District (CSD) Zones Special Revenue Fund**

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

### **Development Impact Fees Special Revenue Fund**

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

### **Community Redevelopment Agency Capital Projects Fund**

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

### **Other Governmental Funds**

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

**City of Moreno Valley  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2009**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Fire Services</u>	<u>CSD Zones</u>
<b>Assets:</b>			
Pooled cash and investments (note 3)	\$ 297,113	\$ 2,351,869	\$ 31,536,356
Receivables:			
Accounts	3,680,885	30,954	228,794
Notes & loans (note 4)	-	-	-
Interest	1,612,385	-	-
Prepaid costs	33,969	50	140
Due from other governments	3,080,665	865,951	1,724,960
Due from other funds (note 7)	27,161,366	-	-
Land held for redevelopment	-	-	-
Advances to other funds (note 7)	57,027,511	-	-
Inventories	2,976	-	-
<b>Total Assets</b>	<b><u>\$ 92,896,870</u></b>	<b><u>\$ 3,248,824</u></b>	<b><u>\$ 33,490,250</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,340,841	\$ 89,226	\$ 511,932
Accrued liabilities	940,222	35,949	343,087
Due to other funds (note 7)	17,666	-	23,732,567
Due to other governments	9,801,409	2,782,037	-
Deferred revenue	28,320,989	-	229,799
Unearned revenue	621,162	-	-
Advances from other funds (note 7)	-	-	-
Deposits payable	-	-	107,553
<b>Total Liabilities</b>	<b><u>41,042,289</u></b>	<b><u>2,907,212</u></b>	<b><u>24,924,938</u></b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	254,440	-	55,811
Reserved for prepaid and other assets	33,969	50	140
Reserved for debt service	1,000,000	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	28,899,289	-	-
Reserved for revolving line of credit	4,600,000	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Permanent funds	-	-	-
Designated:			
Designated for continuing appropriations	526,020	-	348,924
Designated for emergency equipment	-	184,674	-
Designated for capital improvement projects	12,291,170	156,888	3,022,711
Designated for development services	2,300,000	-	-
Designated for contingencies	-	-	1,152,381
Designated for net unrealized investment gain	1,829,693	-	-
Designated for post-employment retirement benefits	120,000	-	-
Designated for developer credits and reimbursements	-	-	-
Undesignated	-	-	3,985,345
<b>Total Fund Balances</b>	<b><u>51,854,581</u></b>	<b><u>341,612</u></b>	<b><u>8,565,312</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 92,896,870</u></b>	<b><u>\$ 3,248,824</u></b>	<b><u>\$ 33,490,250</u></b>

See Notes to Basic Financial Statements.

<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Development Impact Fees</b>	<b>Community Redevelopment Agency</b>		
\$ 14,284,781	\$ 87,392,466	\$ 89,936,190	\$ 225,798,775
-	-	4,024,662	7,965,295
-	12,115,790	3,398,139	15,513,929
-	140,482	153,178	1,906,045
-	-	32,097	66,256
-	205	3,118,767	8,790,548
3,807,745	4,500	17,666	30,991,277
-	3,916,126	-	3,916,126
-	256,499	580,657	57,864,667
-	-	-	2,976
<b><u>\$ 18,092,526</u></b>	<b><u>\$ 103,826,068</u></b>	<b><u>\$ 101,261,356</u></b>	<b><u>\$ 352,815,894</u></b>
\$ -	\$ 459,483	\$ 5,824,473	\$ 8,225,955
-	64,534	433,196	1,816,988
943,496	1,849,274	4,423,580	30,966,583
-	3,928,234	236,373	16,748,053
-	182,136	923,508	29,656,432
-	-	355,283	976,445
-	56,280,470	4,499	56,284,969
-	-	-	107,553
<b><u>943,496</u></b>	<b><u>62,764,131</u></b>	<b><u>12,200,912</u></b>	<b><u>144,782,978</u></b>
-	5,665,784	19,978,409	25,954,444
-	3,916,126	552,866	4,503,151
-	22,500,000	17,373,369	40,873,369
-	12,115,790	3,534,626	15,650,416
-	256,499	580,657	29,736,445
-	-	-	4,600,000
-	-	16,222,725	16,222,725
-	-	30,751,356	30,751,356
-	-	66,436	66,436
-	-	-	874,944
-	-	-	184,674
-	-	-	6,317,380
-	-	-	2,300,000
-	-	-	1,152,381
-	-	-	1,829,693
-	-	-	120,000
126,184	-	-	126,184
17,022,846	(3,392,262)	-	26,769,318
<b><u>17,149,030</u></b>	<b><u>41,061,937</u></b>	<b><u>89,060,444</u></b>	<b><u>208,032,916</u></b>
<b><u>\$ 18,092,526</u></b>	<b><u>\$ 103,826,068</u></b>	<b><u>\$ 101,261,356</u></b>	<b><u>\$ 352,815,894</u></b>

See Notes to Basic Financial Statements.

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City of Moreno Valley

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Fund balances of governmental funds \$ 208,032,916

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 (excludes internal service capital assets).

Capital assets 983,943,082  
Accumulated depreciation (245,740,380)

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

Long-term debt payable (112,940,182)  
Compensated absences (excludes internal service compensated absences) (4,099,558)

Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. (1,387,605)

Certain items are reported as revenues in the statement of activities, but do not meet the revenue recognition criteria in order to be reported as revenues in the statement of revenues, expenditures and change in fund balances, and consequently, are reported as deferred revenue in the balance sheet of governmental funds. 29,656,432

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. 37,901,805

Net assets of governmental activities \$ 895,366,510

See Notes to Basic Financial Statements.

**City of Moreno Valley  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2009**

	<b>General</b>	<b>Special Revenue Fund</b>
		<b>Fire Services</b>
<b>Revenues:</b>		
Taxes:		
Property taxes	\$ 6,388,412	\$ 6,401,783
Property taxes in lieu	16,791,078	-
Utility taxes	15,081,286	-
Sales taxes	10,451,942	-
Other taxes	7,144,746	-
Licenses and permits	1,930,884	21
Intergovernmental	1,619,141	20,909
Charges for services	8,581,233	53,626
Use of money and property	4,671,999	53,708
Fines and forfeitures	1,206,711	-
Miscellaneous	512,985	6
	<b>74,380,417</b>	<b>6,530,053</b>
<b>Expenditures:</b>		
Current:		
General government	12,429,826	-
Public safety	42,609,565	14,648,137
Community development	7,286,897	-
Public works	5,352,134	-
Community and cultural	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<b>67,678,422</b>	<b>14,648,137</b>
	<i>Excess (Deficiency) of Revenue</i>	
	<i>Over(Under) Expenditures</i>	<i>(8,118,084)</i>
	<b>6,701,995</b>	<b>(8,118,084)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in (note 7)	1,597,161	8,179,627
Transfers out (note 7)	(14,134,584)	-
	<b>(12,537,423)</b>	<b>8,179,627</b>
	<i>Net Change in Fund Balances</i>	<i>61,543</i>
	<b>(5,835,428)</b>	<b>61,543</b>
<b>Fund Balances, Beginning of Year, As Restated (note 10)</b>	<b>57,690,009</b>	<b>280,069</b>
<b>Fund Balances, End of Year</b>	<b>\$ 51,854,581</b>	<b>\$ 341,612</b>

See Notes to Basic Financial Statements.

<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>		
<u>CSD Zones</u>	<u>Development Impact Fees</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>TOTAL</u>
\$ 4,266,289		\$ 11,250,461	\$ 9,263	\$ 28,316,208
-	-	-	-	16,791,078
-	-	-	-	15,081,286
-	-	862,963	848,814	12,163,719
1,017,266	-	-	1,665,927	9,827,939
-	-	-	-	1,930,905
110,643	-	-	30,891,461	32,642,154
11,016,851	725,672	-	1,499,007	21,876,389
612,496	403,591	2,314,780	1,324,625	9,381,199
56,001	-	-	-	1,262,712
218,735	1,507	565,990	\$ 488,549	1,787,772
<b>17,298,281</b>	<b>1,130,770</b>	<b>14,994,194</b>	<b>36,727,646</b>	<b>151,061,361</b>
-	-	1,770,111	625,076	14,825,013
-	-	-	608,647	57,866,349
-	-	4,385,990	2,222,276	13,895,163
-	97,323	-	39,879,230	45,328,687
17,176,357	-	-	10,155,369	27,331,726
-	-	969,660	3,185,000	4,154,660
-	-	5,561,595	4,820,485	10,382,080
<b>17,176,357</b>	<b>97,323</b>	<b>12,687,356</b>	<b>61,496,083</b>	<b>173,783,678</b>
<b>121,924</b>	<b>1,033,447</b>	<b>2,306,838</b>	<b>(24,768,437)</b>	<b>(22,722,317)</b>
635,248	-	-	16,872,360	27,284,396
(431,041)	(6,557,840)	(2,277,726)	(1,525,319)	(24,926,510)
<b>204,207</b>	<b>(6,557,840)</b>	<b>(2,277,726)</b>	<b>15,347,041</b>	<b>2,357,886</b>
<b>326,131</b>	<b>(5,524,393)</b>	<b>29,112</b>	<b>(9,421,396)</b>	<b>(20,364,431)</b>
8,239,181	22,673,423	41,032,825	98,481,840	228,397,347
<b>\$ 8,565,312</b>	<b>\$ 17,149,030</b>	<b>\$ 41,061,937</b>	<b>\$ 89,060,444</b>	<b>\$ 208,032,916</b>

See Notes to Basic Financial Statements.

City of Moreno Valley

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds	\$ (20,364,431)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	37,899,743
Depreciation expense	(22,239,423)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(439,510)
Capital assets contributed by developers	24,068,862
Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	4,179,318
Accrued interest expense on long-term debt is reported on the government-wide statements, but does not require the use of current financial resources; therefore accrued interest is not reported as expenditures in the fund financial statements. This is the net change in accrued interest for the current period.	47,148
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the net change in compensated absences for the period.	(2,460,009)
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.	1,891,083
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.	<u>2,915,008</u>
<b>Change in net assets of governmental activities</b>	<u><u>\$ 25,497,789</u></u>

See Notes to Basic Financial Statements.

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 6,900,000	\$ 6,900,000	\$ 6,388,412	\$ (511,588)
Property taxes in lieu	17,400,000	17,400,000	16,791,078	(608,922)
Utility Taxes	16,500,000	16,500,000	15,081,286	(1,418,714)
Sales Taxes	13,000,000	13,000,000	10,451,942	(2,548,058)
Other Taxes	7,000,000	7,000,000	7,144,746	144,746
Licenses and permits	1,976,256	1,976,256	1,930,884	(45,372)
Intergovernmental	1,511,000	1,511,000	1,619,141	108,141
Charges for services	10,193,408	10,667,507	8,581,233	(2,086,274)
Use of money and property	5,381,377	5,381,377	4,671,999	(709,378)
Fines and forfeitures	1,108,000	1,108,000	1,206,711	98,711
Miscellaneous	146,756	146,756	512,985	366,229
<b>Total Revenues</b>	<b>81,116,797</b>	<b>81,590,896</b>	<b>74,380,417</b>	<b>(7,210,479)</b>
<b>Expenditures:</b>				
Current:				
General government				
City Council	759,710	757,880	600,077	157,803
City Manager	2,196,797	1,939,208	1,611,851	327,357
City Clerk	962,111	958,638	675,502	283,136
City Attorney	1,236,342	1,382,692	1,231,971	150,721
Economic Development	929,368	942,055	643,617	298,438
Financial & Administrative Svcs	4,847,288	4,532,079	4,296,823	235,256
Human Resources	1,291,055	1,285,279	996,659	288,620
Non-Departmental	509,532	2,096,227	2,373,328	(277,101)
Public safety				
Police	39,829,942	39,903,612	38,370,806	1,532,806
Fire	533,479	533,348	440,322	93,026
Animal Control	2,810,460	2,693,362	2,507,528	185,834
Emergency Ops/Volunteer Svcs	734,822	774,067	658,130	115,937
Crossing Guards	670,516	669,906	632,775	37,131
Community development	8,411,387	8,138,077	7,286,897	851,180
Public works	6,628,641	6,556,876	5,352,136	1,204,740
<b>Total Expenditures</b>	<b>72,351,450</b>	<b>73,163,306</b>	<b>67,678,422</b>	<b>5,484,884</b>
<i>Excess (Deficiency) of Revenue Over(Under) Expenditures</i>	<b>8,765,347</b>	<b>8,427,590</b>	<b>6,701,995</b>	<b>(1,725,595)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	173,045	1,347,005	1,597,161	250,156
Transfers out	(6,486,356)	(6,016,839)	(14,134,584)	(8,117,745)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,313,311)</b>	<b>(4,669,834)</b>	<b>(12,537,423)</b>	<b>(7,867,589)</b>
<i>Net Change in Fund Balances</i>	<b>2,452,036</b>	<b>3,757,756</b>	<b>(5,835,428)</b>	<b>(9,593,184)</b>
<b>Fund Balances, Beginning of Year</b>	57,690,009	57,690,009	57,690,009	-
<b>Fund Balances, End of Year</b>	<b>\$ 60,142,045</b>	<b>\$ 61,447,765</b>	<b>\$ 51,854,581</b>	<b>\$ (9,593,184)</b>

See Notes to Basic Financial Statements.

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**FIRE SERVICES SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 7,400,000	\$ 7,400,000	\$ 6,401,783	\$ (998,217)
Licenses and permits	-	-	21	21
Intergovernmental	28,000	28,000	20,909	(7,091)
Charges for services	17,600	17,600	53,626	36,026
Use of money and property	52,618	52,618	53,708	1,090
Miscellaneous	-	-	6	6
<b>Total Revenues</b>	<b>7,498,218</b>	<b>7,498,218</b>	<b>6,530,053</b>	<b>(968,165)</b>
<b>Expenditures:</b>				
Current:				
Public safety	16,954,011	16,978,700	14,648,137	2,330,563
<b>Total Expenditures</b>	<b>16,954,011</b>	<b>16,978,700</b>	<b>14,648,137</b>	<b>2,330,563</b>
<i>Excess (Deficiency) of Revenue Over(Under) Expenditures</i>	<i>(9,455,793)</i>	<i>(9,480,482)</i>	<i>(8,118,084)</i>	<i>1,362,398</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	8,179,627	8,179,627
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>8,179,627</b>	<b>8,179,627</b>
<i>Net Change in Fund Balances</i>	<i>(9,455,793)</i>	<i>(9,480,482)</i>	<i>61,543</i>	<i>9,542,025</i>
<b>Fund Balances, Beginning of Year</b>	<b>280,069</b>	<b>280,069</b>	<b>280,069</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ (9,175,724)</b>	<b>\$ (9,200,413)</b>	<b>\$ 341,612</b>	<b>\$ 9,542,025</b>

See Notes to Basic Financial Statements.

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**CSD ZONES SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 4,621,700	\$ 4,621,700	\$ 4,266,289	\$ (355,411)
Other Taxes	930,342	930,342	1,017,266	86,924
Intergovernmental	65,000	65,000	110,643	45,643
Charges for services	11,324,648	11,325,848	11,016,851	(308,997)
Use of money and property	686,281	709,081	612,496	(96,585)
Fines and forfeitures	50,000	50,000	56,001	6,001
Miscellaneous	38,580	38,580	218,735	180,155
<b>Total Revenues</b>	<b>17,716,551</b>	<b>17,740,551</b>	<b>17,298,281</b>	<b>(442,270)</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	20,319,274	20,680,592	17,176,357	3,504,235
<b>Total Expenditures</b>	<b>20,319,274</b>	<b>20,680,592</b>	<b>17,176,357</b>	<b>3,504,235</b>
<i>Excess (Deficiency) of Revenue Over(Under) Expenditures</i>	<i>(2,602,723)</i>	<i>(2,940,041)</i>	<i>121,924</i>	<i>3,061,965</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,036,026	726,118	635,248	(90,870)
Transfers out	(20,500)	(420,500)	(431,041)	(10,541)
<b>Total Other Financing Sources (Uses)</b>	<b>1,015,526</b>	<b>305,618</b>	<b>204,207</b>	<b>(101,411)</b>
<i>Net Change in Fund Balances</i>	<i>(1,587,197)</i>	<i>(2,634,423)</i>	<i>326,131</i>	<i>2,960,554</i>
<b>Fund Balances, Beginning of Year, As Restated</b>	8,239,181	8,239,181	8,239,181	-
<b>Fund Balances, End of Year</b>	<b>\$ 6,651,984</b>	<b>\$ 5,604,758</b>	<b>\$ 8,565,312</b>	<b>\$ 2,960,554</b>

See Notes to Basic Financial Statements.

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**DEVELOPMENT IMPACT FEES SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 2,470,800	\$ 2,470,800	\$ 725,672	\$ (1,745,128)
Use of money and property	1,329,200	1,329,200	403,591	(925,609)
Miscellaneous	-	-	1,507	1,507
<b>Total Revenues</b>	<b>3,800,000</b>	<b>3,800,000</b>	<b>1,130,770</b>	<b>(2,669,230)</b>
<b>Expenditures:</b>				
Current:				
Public works	-	-	97,323	(97,323)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>97,323</b>	<b>(97,323)</b>
<i>Excess (Deficiency) of Revenue Over(Under) Expenditures</i>	<b>3,800,000</b>	<b>3,800,000</b>	<b>1,033,447</b>	<b>(2,766,553)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(6,631,839)	(6,631,839)	(6,557,840)	(73,999)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,631,839)</b>	<b>(6,631,839)</b>	<b>(6,557,840)</b>	<b>(73,999)</b>
<i>Net Change in Fund Balances</i>	<b>(2,831,839)</b>	<b>(2,831,839)</b>	<b>(5,524,393)</b>	<b>(2,840,552)</b>
<b>Fund Balances, Beginning of Year</b>	<b>22,673,423</b>	<b>22,673,423</b>	<b>22,673,423</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 19,841,584</b>	<b>\$ 19,841,584</b>	<b>\$ 17,149,030</b>	<b>\$ (2,840,552)</b>

See Notes to Basic Financial Statements.

## **ENTERPRISE FUND**

### **Electric Fund**

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

**City of Moreno Valley**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2009**

	<u>Enterprise Fund - Electric</u>	<u>Governmental Activities - Internal Service Funds</u>
<b>Assets:</b>		
Current:		
Pooled cash and investments (note 3)	\$ 12,362,780	\$ 33,008,929
Receivables:		
Accounts	1,370,146	1,464
Prepaid expenses	3,013	8,408
Inventories	<u>-</u>	<u>6,796</u>
<b>Total Current Assets</b>	<b><u>13,735,939</u></b>	<b><u>33,025,597</u></b>
Noncurrent:		
Capital assets, net of accumulated depreciation (note 5)	<u>31,744,522</u>	<u>9,340,552</u>
<b>Total Noncurrent Assets</b>	<b><u>31,744,522</u></b>	<b><u>9,340,552</u></b>
<b>Total Assets</b>	<b><u>\$ 45,480,461</u></b>	<b><u>\$ 42,366,149</u></b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 1,374,054	\$ 293,542
Accrued liabilities	1,805,556	163,041
Interest payable	277,860	-
Deposits payable	929,779	-
Due to the other funds (note 7)	-	-
Compensated Absences - current (note 6)	47,100	-
Bonds, notes, and loans payable - current (note 6)	<u>556,147</u>	<u>-</u>
<b>Total Current Liabilities</b>	<b><u>4,990,496</u></b>	<b><u>456,583</u></b>
Noncurrent:		
Advances from other funds (note 7)	1,579,698	-
Advances from developers	241,005	-
Advances from operator	826,612	-
Self-insurance payable	-	3,533,000
Compensated Absences - noncurrent (note 6)	-	474,747
Bonds, notes and loans payable - noncurrent (note 6)	<u>30,014,943</u>	<u>-</u>
<b>Total Noncurrent Liabilities</b>	<b><u>32,662,258</u></b>	<b><u>4,007,747</u></b>
<b>Total Liabilities</b>	<b><u>37,652,754</u></b>	<b><u>4,464,330</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	9,993,679	9,340,552
Restricted for regulatory contingencies	1,767,402	-
Unrestricted	<u>(3,933,374)</u>	<u>28,561,267</u>
<b>Total Net Assets</b>	<b><u>7,827,707</u></b>	<b><u>37,901,819</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 45,480,461</u></b>	<b><u>\$ 42,366,149</u></b>

See Notes to Basic Financial Statements.

**City of Moreno Valley**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Enterprise Fund - Electric</u>	<u>Governmental Activities - Internal Service Funds</u>
<b>Operating Revenues:</b>		
Sales and service charges	\$ 11,835,128	\$ 14,276,013
Miscellaneous	311,287	63,656
	<u>12,146,415</u>	<u>14,339,669</u>
<b>Operating Expenses:</b>		
Electricity purchased	7,310,827	-
Services and supplies	2,755,685	-
Distribution Share	1,504,077	-
Cost of services	-	8,088,110
Self-insurance claims and charges	-	717,452
Depreciation	793,199	866,035
	<u>12,363,788</u>	<u>9,671,597</u>
Operating Income (Loss)	<u>(217,373)</u>	<u>4,668,072</u>
<b>Nonoperating Revenues (Expenses):</b>		
Investment earnings	131,033	-
Interest expense	(1,703,298)	-
Engineering plan check fees	284,067	-
Gain (Loss) on sale of capital assets	-	(48,718)
	<u>(1,288,198)</u>	<u>(48,718)</u>
<b>Income (Loss) Before Transfers</b>	<b>(1,505,571)</b>	<b>4,619,354</b>
Transfers in (note 7)	112,731	-
Transfers out (note 7)	(766,285)	(1,704,332)
Changes in Net Assets	<u>(2,159,125)</u>	<u>2,915,022</u>
<b>Net Assets:</b>		
Beginning of fiscal year, as restated	<u>9,986,832</u>	<u>34,986,797</u>
<b>Net assets at end of year</b>	<b>\$ <u>7,827,707</u></b>	<b>\$ <u>37,901,819</u></b>

See Notes to Basic Financial Statements.

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**City of Moreno Valley**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<b>Enterprise Fund - Electric</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 12,051,966	\$ 14,276,673
Cash payments to suppliers for goods and services	(10,423,773)	(4,212,582)
Cash payments for claims	-	(995,452)
Cash payments to employees for services	(875,705)	(3,943,616)
Other operating revenues (expenses)	311,287	63,656
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,063,775</b>	<b>5,188,679</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Cash received from other funds	81,231	-
Cash paid to other funds	(766,285)	(1,704,332)
Advances received from operator	289,475	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(395,579)</b>	<b>(1,704,332)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(177,861)	(228,584)
Proceeds from disposal of capital assets	-	25,385
Engineering plan check fees	284,067	-
Advances repaid to developers	-	-
Capital contributions	-	-
Proceeds from capital-related debt	-	-
Principal paid on capital-related debt	(233,379)	-
Interest and fiscal charges on capital-related debt	(1,693,023)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,820,196)</b>	<b>(203,199)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	131,033	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>131,033</b>	<b>-</b>
Net Increase (Decrease) in Cash and Investments	(1,020,967)	3,281,148
Cash and Cash Equivalents at Beginning of Year, as Restated	13,383,747	29,727,781
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,362,780</b>	<b>\$ 33,008,929</b>
<b>Reconciliation of Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (217,373)	\$ 4,668,071
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	793,199	866,035
Decrease (increase) in accounts receivable	198,965	661
Decrease (increase) in prepaid expenses	(3,013)	27,791
Decrease (increase) in inventories	-	14,408
Increase (decrease) in accounts payable	251,172	(91,374)
Increase (decrease) in accrued liabilities	(24,148)	(285,197)
Increase (decrease) in due to the City of Moreno Valley	-	(40,723)
Increase (decrease) in deposits payable	17,873	-
Increase (decrease) in liability payable from restricted assets	-	-
Increase (decrease) in compensated absences	47,100	307,007
Increase (decrease) in self-insurance payable	-	(278,000)
<b>Total Adjustments</b>	<b>1,281,148</b>	<b>520,608</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,063,775</b>	<b>\$ 5,188,679</b>

**Schedule of Noncash Investing, Capital and Noncapital Financing Activities:**

There were no significant noncash investing, capital and noncapital financing activities for the year ended June 30, 2009.

See Notes to Basic Financial Statements.

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**City of Moreno Valley**  
**STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2009**

	<u>Totals</u>
<b>Assets:</b>	
Pooled cash and investments (note 3)	\$ 8,345,927
Receivables:	
Accounts	1,540
Interest	3
Due from other governments	<u>28,799</u>
<b>Total Assets</b>	<b><u>\$ 8,376,269</u></b>
 <b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 118,444
Other accrued liabilities	1,919
Due to Moreno Valley (note 7)	24,694
Deposits payable	7,586,112
Payable to trustee	<u>645,100</u>
<b>Total Liabilities</b>	<b><u>\$ 8,376,269</u></b>

See Notes to Basic Financial Statements.

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**Notes to Basic  
Financial  
Statements**



**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

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

**a. Description of the Reporting Entity**

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

Reporting Entity

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

- The Community Redevelopment Agency of the City of Moreno Valley (the Agency) was established pursuant to the State of California Health and Safety Code, Section 53601, entitled Community Redevelopment Law. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City of Moreno Valley.
- The Moreno Valley Community Services District (the District) was established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Its purpose is to finance the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts.
- Community Facilities District No. 2 (Moreno Valley Auto Mall), Community Facilities District No. 3 (Auto Mall Refinancing), and Community Facilities District No. 87-1 and 87-1, IA#1 (Towngate) were established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Their purpose is to finance the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts and they are governed by City Council.
- Moreno Valley Public Facilities Financing Corporation (MVPFFC) and the Moreno Valley Public Financing Authority (MVPFA) are nonprofit public benefit corporations, formed for the purpose of providing public facility financing to the City. The Corporations' Boards of Directors are each composed of the five elected City Council members. Both Corporations may acquire, construct, rehabilitate, remodel, improve, install and finance or lease various facilities, land and equipment for the benefit of the City.
- 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.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**a. Description of the Reporting Entity (continued)**

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 120 days.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

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

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.

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

The City reports the following major governmental funds:

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

The 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 community service facilities and programs.
- CSD Zone B - operations necessary to process and administer the residential street lighting program.
- CSD Zone C - operations necessary to process and administer the arterial street lighting program.
- CSD Zone D - operations necessary to provide landscaping in and around residential developments.
- CSD Zone E - operations necessary to provide high-service level landscape maintenance in and around specific major residential developments.
- CSD Zone L - operations necessary to process and administer the library service program.
- CSD Zone M - operations necessary to provide orderly development and maintenance of medians within the City of Moreno Valley designated as Zone M.
- CFD #1 - provides funding for maintenance of new neighborhood parks, trails and Class-I bikeways.
- CSD Zone S – provides orderly development and maintenance of extensive landscape services for commercial sites on Sunnymead Boulevard.
- CFD #4M – provides for the maintenance and administration costs of the detention basins within Centerpointe Business Park.

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

- Arterial Street development impact fees
- Traffic Signal development impact fees
- Fire Facility development impact fees

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

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

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

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

The 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 includes assets held on behalf of customers and trustees for the Assessment Districts, TUMF and MSHCP Trust funds.

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

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

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

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

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

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

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

Deposits, Investments, Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value except for investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "advances to/from from other funds".

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

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

Inventory and Prepaid Items

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

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

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

Capital Assets

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

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

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

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

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

Deferred Revenue and Unearned Revenue

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

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

Compensated Absences

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

Long-Term Obligations

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

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

Long-Term Obligations (Continued)

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.

Property Taxes

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

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

**a. Budgetary Information**

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

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

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

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 3: Cash and Investments**

As of June 30, 2009, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities:	
Governmental Funds	\$ 225,798,775
Internal Service Funds	33,008,929
Business-Type Activities	12,362,780
Fiduciary Funds	<u>8,345,927</u>
 Total Cash and Investments	 <u>\$ 279,516,411</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash and Cash Equivalents:	
Petty cash and change boxes	\$ 9,473
Demand deposit	1,785,152
Investments	249,130,261
Cash and Investments with fiscal agents	<u>28,591,525</u>
 Total Cash and Investments	 <u>\$ 279,516,411</u>

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

**Deposits**

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

**Investments**

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

- U.S. Treasury Bills, Notes and Bonds
- Government Sponsored Enterprises (GSE's) or U.S. Agencies
- California State Local Agency Investment Fund (LAIF)
- Bonds, notes or other indebtedness of the State of California
- Bonds, notes or other indebtedness of local agencies in California
- Bankers Acceptances
- Commercial Paper
- Commercial Paper issued under the Temporary Liquidity Guarantee Program (TLGP)

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

Investments (Continued)

- Time Deposits and Non-negotiable Certificates of Deposit
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Corporate Obligations (Medium-term Notes)
- Corporate Obligations (Medium-term Notes) issued under the Temporary Liquidity Guarantee Program (TLGP)
- Mutual Funds and Money Market Accounts
- Other Government Sponsored Investment Pools

Investments Authorized by Debt Agreements

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

Investments in State Investment Pool

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

GASB Statement No. 31

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

Credit Risk

The City's investment policy limits investments in medium term notes (MTN's) to those rated in the top category by two of the three largest nationally recognized rating services at the time of purchase (with split ratings, the lower rating must meet the standard). As of June 30, 2009, the City's investment in medium term notes consisted of investments with American General Finance Corp., Bank of America, Berkshire Hathaway, Citibank, Citigroup, Credit Suisse, General Electric Capital Corp., Goldman Sachs, HSBC Finance Corp., JP Morgan, Lehman Bros, Morgan Stanley, U.S. Bankcorp, and Wells Fargo Bank. At June 30, 2009, all MTN's were rated "Aaa" or higher by Moody's with the exception of American General Finance Corp., Citigroup, Credit Suisse, Goldman Sachs, HSBC Finance Corp., Lehman Bros, and Morgan Stanley. During the fiscal year, the City revised its investment policy to increase the quality level of MTN purchases from A1 to Aaa by Moody's. The MTN's below the "Aaa" rating were purchased prior to the change in the investment policy and all have a rating of A1 or higher. All securities were investment grade and legal under State and City law at their time of purchase. The City's investment portfolio includes a \$1 million corporate note from Washington Mutual and three (3) \$1 million corporate notes from Lehman Brothers. Since both companies filed for Chapter 11 bankruptcy in September 2008, these investments totaling \$4 million are at risk. The City continues to pursue recovery through various means, although the amount of recovery that will be ultimately realized from these two cases is unknown. Federal agency

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

Credit Risk (Continued)

securities are rated AAA. Investments in U.S. Treasury securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2009, the City's investments in external investment pools and investment agreements are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The carrying amount of the City's demand deposits was \$1,785,152 at June 30, 2009. Bank balances before reconciling items were \$5,476,606 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed above under "Deposits". The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, all investments are held by third-party custodians for safekeeping, with the securities in the City's name. This is the lowest level of custodial credit risk exposure.

Interest Rate Risk

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

Concentration of Credit Risk

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

<u>Investment Types</u>	<u>Maturity Limit</u>	<u>Maximum Portfolio Percentage</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury bills, notes and bonds	5 years	70%	None
GSE's or U.S. Agencies	5 years	70%	50%
California State Local Agency Investment Fund	3 years	50%	None
Bonds, notes or other indebtedness of the State of California	5 years	10%	None
Bonds, notes or other indebtedness of local agencies in CA.	5 years	10%	5%
Bankers Acceptances	180 days	10%	10%
Commercial Paper	270 days	15%	10%*
Commercial Paper issued under TLGP	270 days	15%	10%*
Time Deposits and Non-negotiable Certificates of Deposit	2 years	20%	\$500,000
Negotiable Certificates of Deposits	5 years	30%	10%
Repurchase Agreements	3 months	20%	None
Medium-term Notes (MTN's)	3 years	20%	10%*
Medium-term Notes (MTN's) issued under TLGP	June 30, 2012	20%	10%*
Mutual Funds and Money Market Accounts	3 years	15%	10%
Other Governmental Sponsored Investment Pools	3 years	20%	10%

\*10% issuer limit in combination with commercial paper and Medium-term Notes

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

Concentration of Credit Risk (Continued)

As of June 30, 2009, the City is in compliance with the investment policy restriction.

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

California State Local Agency Investment Fund (LAIF)	41.252 %
Federal Farm Credit	6.989 %
Federal Home Loan Bank	11.330 %
Federal Home Loan Mortgage Corp	8.412 %
Federal National Mortgage Assn	11.991 %

As of June 30, 2009, the City had the following investments and original maturities:

<u>Investment Type</u>	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Fair Value
Local Agency Investment Fund	\$ 114,565,824	\$ -	\$ -	\$ -	\$ -	\$114,565,824
Money Market Funds	3,078,917	-	-	-	-	3,078,917
Medium Term Notes	-	2,820,600	18,096,220	1,027,980	-	21,944,800
Federal Agricultural Mortgage Corp.	-	-	1,043,110	-	-	1,043,110
Federal Farm Credit Banks	2,026,880	2,053,120	4,147,820	11,220,020	-	19,447,840
Federal Farm Loan Banks	1,009,690	2,045,630	15,324,070	13,304,390	-	31,683,780
Federal Home Loan Mortgage Corp.	1,006,130	-	8,061,710	14,091,260	-	23,159,100
Federal National Mortgage Assn.	-	-	12,050,970	21,038,960	-	33,089,930
Tennessee Valley Authority	-	-	-	1,116,960	-	1,116,960
Held by Bond Trustee:						
Money Market Funds	<u>28,591,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,591,525</u>
<b>Totals</b>	<u>\$ 150,278,966</u>	<u>\$ 6,919,350</u>	<u>\$ 58,723,900</u>	<u>\$ 61,799,570</u>	<u>\$ -</u>	<u>\$ 277,721,786</u>

**Note 4: Notes and Loans Receivables**

Notes and loans receivables of \$15,513,929 consist primarily of revolving home improvement loans and are due beyond one year.

A summary of amounts owed at June 30, 2009 follows:

	<u>Community Redevelopment Agency Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Cottonwood Properties	\$ 3,870,402	\$ 2,050,000
Sheila Street Rehabilitation	2,651,875	-
RHDC Properties	1,911,764	796,189
CVHC	1,639,450	-
Crippled Children	824,917	-
Bay Family Apartments	755,000	-
Others	<u>462,382</u>	<u>551,950</u>
<b>Totals</b>	<u>\$ 12,115,790</u>	<u>\$ 3,398,139</u>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 5: Capital Assets**

General government capital asset activity for the year ended June 30, 2009 follows:

	Balance July 1, 2008	Adjustments	Balance July 1, 2008 as Adjusted	Additions	Deletions	Balance June 30, 2009
<b>Non-Depreciable Assets:</b>						
Land	\$ 303,283,370	\$ -	\$ 303,283,370	\$ 450,000	\$ (439,510)	\$ 303,293,860
Construction In Progress	<u>39,826,727</u>	<u>-</u>	<u>39,826,727</u>	<u>34,485,000</u>	<u>(18,336,632)</u>	<u>55,975,095</u>
Subtotal: Non-Depreciable Assets	343,110,097	-	343,110,097	34,935,000	(18,776,142)	359,268,955
<b>Depreciable Assets:</b>						
Buildings & Improvements	94,395,300	900,000	95,295,300	6,542,264	-	101,837,564
Machinery & Equipment	10,663,239	31,376	10,694,615	366,545	(43,165)	11,017,995
Vehicles	9,755,332	-	9,755,332	595,575	(570,725)	9,780,182
Infrastructure	<u>483,260,396</u>	<u>-</u>	<u>483,260,396</u>	<u>38,094,416</u>	<u>-</u>	<u>521,354,812</u>
Subtotal: Depreciable Assets	598,074,267	931,376	599,005,643	45,598,800	(613,890)	643,990,553
<b>Total Capital Assets</b>	<b>941,184,364</b>	<b>931,376</b>	<b>942,115,740</b>	<b>80,533,800</b>	<b>(19,390,032)</b>	<b>1,003,259,508</b>
<b>Less Accumulated Depreciation for:</b>						
Buildings & Improvements	(31,584,997)	(9,000)	(31,593,997)	(3,103,123)	-	(34,697,120)
Machinery & Equipment	(8,145,918)	2	(8,145,916)	(874,478)	31,868	(8,988,526)
Vehicles	(5,213,015)	-	(5,213,015)	(1,047,155)	507,919	(5,752,251)
Infrastructure	<u>(188,218,713)</u>	<u>21,030</u>	<u>(188,197,683)</u>	<u>(18,080,688)</u>	<u>-</u>	<u>(206,278,371)</u>
Total Accumulated Depreciation	(233,162,643)	12,032	(233,150,611)	(23,105,444)	539,787	(255,716,268)
<b>Total Net Capital Assets</b>	<b><u>\$ 708,021,721</u></b>	<b><u>\$ 943,408</u></b>	<b><u>\$ 708,965,129</u></b>	<b><u>\$ 57,428,356</u></b>	<b><u>\$ (18,850,245)</u></b>	<b><u>\$ 747,543,240</u></b>

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

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

**Governmental Activities:**

General government	\$ 71,735
Public safety	1,158,099
Community development	727,700
Community and cultural	2,004,285
Public works	18,277,604
Internal service funds	<u>866,021</u>
<b>Total</b>	<b><u>\$23,105,444</u></b>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 5: Capital Assets (Continued)**

Business-type capital asset activity for the year ended June 30, 2009 follows:

	Balance July 1, 2008	Adjustments	Balance July 1, 2008 as Adjusted	Additions	Deletions	Balance June 30, 2009
Non-Depreciable Assets:						
Land	\$ 1,237,459	\$ -	\$ 1,237,459	\$ -	\$ -	\$ 1,237,459
Construction In Progress	<u>16,524,860</u>	<u>-</u>	<u>16,524,860</u>	<u>923,040</u>	<u>(15,830,478)</u>	<u>1,617,422</u>
Subtotal: Non-Depreciable Assets	17,762,319	-	17,762,319	923,040	(15,830,478)	2,854,881
Depreciable Assets:						
Infrastructure	<u>18,868,856</u>	<u>(2,819,209)</u>	<u>16,079,647</u>	<u>15,998,570</u>	<u>(913,271)</u>	<u>31,164,946</u>
Subtotal: Depreciable Assets	18,868,856	(2,819,209)	16,079,647	15,998,570	(913,271)	31,164,946
 Total Capital Assets	 36,661,175	 (2,819,209)	 33,841,966	 16,921,610	 (16,743,749)	 34,019,827
Less Accumulated Depreciation for:						
Infrastructure	<u>(1,482,106)</u>	<u>-</u>	<u>(1,482,106)</u>	<u>(793,199)</u>	<u>-</u>	<u>(2,275,305)</u>
Total Accumulated Depreciation	(1,482,106)	-	(1,482,106)	(793,199)	-	(2,275,305)
 Total Net Capital Assets	 <u>\$ 35,179,069</u>	 <u>\$ (2,819,209)</u>	 <u>\$ 32,359,860</u>	 <u>\$ 16,128,411</u>	 <u>\$ (16,743,749)</u>	 <u>\$ 31,744,522</u>

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

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

Electric Utility \$ 793,199

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt**

Changes in Long-Term Debt - Governmental Activities

The following is a schedule of changes in long-term debt of the entity for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Towngate Community Facilities District No. 87-1:					
2007 Towngate Special Tax Refunding Bonds	\$ 10,665,000	\$ -	\$ (575,000)	\$ 10,090,000	\$ 600,000
2007 Towngate Improvement Tax Refunding Bonds	4,075,000	-	(220,000)	3,855,000	190,000
Community Facilities District No. 3:					
Auto Mall Special Tax Bonds	4,185,000	-	(865,000)	3,320,000	950,000
Moreno Valley Public Facilities Financing Corporation:					
Refunding Certificates of Participation, Series 1997	6,040,000	-	(570,000)	5,470,000	595,000
Moreno Valley Public Financing Authority:					
Lease Revenue Bonds, 1997	4,085,000	-	(185,000)	3,900,000	195,000
Lease Revenue Bonds, 2005	42,075,000	-	(770,000)	41,305,000	805,000
City:					
Compensated Absences:					
Governmental Funds	1,639,547	5,431,417	(2,971,406)	4,099,558	2,705,162
Internal Service Funds	179,466	608,358	(313,077)	474,747	285,041
Child Development Portable Classrooms	65,756	-	(24,658)	41,098	24,659
Community Redevelopment Agency:					
Notes Payable, Price Company	2,433,744	-	(199,660)	2,234,084	-
RDA – 2007 Tax Allocation Bonds Series A	<u>43,495,000</u>	<u>-</u>	<u>(770,000)</u>	<u>42,725,000</u>	<u>120,000</u>
Totals	<u>\$ 118,938,513</u>	<u>\$ 6,039,775</u>	<u>\$ (7,463,801)</u>	<u>\$ 117,514,487</u>	<u>\$ 6,469,862</u>

**2007 Towngate Special Tax Refunding Bonds**

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

**2007 Towngate Improvement Tax Refunding Bonds**

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt (Continued)**

Auto Mall Special Tax Bonds

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

Refunding Certificates of Participation, Series 1997

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

Lease Revenue Bonds, 1997

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

Lease Revenue Bonds, 2005

Lease Revenue Bonds 2005 in the original issue amount of \$48,205,000 were issued for the purpose of financing a portion of the cost of the expansion of the public safety building, electric utility infrastructure, construction of a fire station, various public works and redevelopment projects, to fund a reserve for the bonds and to pay issuance costs. Of the \$48,205,000 originally issued, the portion for the electric utility infrastructure (\$5,105,000) has been separated and is shown as long-term debt for business-type activities. The bonds mature

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt (Continued)**

Lease Revenue Bonds, 2005 (Continued)

in serial and term fashion through November 1, 2035 and bear interest ranging from 3% to 4.375%. The bonds are subject to both optional and mandatory redemption beginning November 1, 2006. The bonds are payable from lease payments made by the City under a project lease dated May 1, 1997, between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the Public Safety Building and the City Hall. This issue is fully insured in the event of nonpayment by the City.

Compensated Absences

At June 30, 2009, the amount of compensated absences liability was \$4,574,305. This amount consists of \$4,099,558 for governmental funds, principally paid by the general fund, and \$474,747 for internal service funds.

Portable Classroom Loans

In January 1999, the City entered into two agreements with the California Department of Education to finance the purchase and construction of two portable classrooms. Under the terms of the agreements, the City was granted two non-interest bearing loans totaling \$246,585. The loans are payable in monthly installments of \$2,055 beginning February 2001, for 10 years. The amount outstanding as of June 30, 2009 was \$41,098.

Note Payable - Price Company

The Redevelopment Agency had recorded a long-term payable in the original amount of \$2,433,744 under a development and disposition agreement and promissory note with Price Company for the reimbursement of costs of construction of a 130,000-square-foot retail store. The note bears interest at 8% per annum and is payable solely from 50% of site-generated sales tax. Any remainder payable after September 2015 will be forgiven. The amount outstanding as of June 30, 2009 was \$2,237,083.

RDA 2007 Tax Allocation Bonds Series A

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

Conduit Debt

The Moreno Valley Public Financing Authority issued \$5,548,000 Assisted Living Housing Revenue Bonds, Series 2000A. The bonds and interest thereon are limited obligations of the issuer, payable solely from the revenues and the trust estate, which are assigned and pledged to such purposes. Consequently, no liability is reported in these accompanying financial statements. The outstanding balance at June 30, 2009 was \$5,328,000.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt (Continued)**

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 amount outstanding as of June 30, 2009 was \$300,000. The City is no way liable for repayment but is only acting as an agent for the property owners in collecting the assessments and forwarding the collections to bondholders. The bonds final maturity date will be September 2, 2009.

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

The annual maturities and the annual debt service requirements to amortize the outstanding debt as of June 30, 2009 are as follows:

Year Ending June 30,	<u>Moreno Valley Public Financing Authority</u>		<u>Community Facilities Districts</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,000,000	\$ 2,044,434	\$ 1,740,000	\$ 783,187
2011	1,045,000	1,995,207	1,870,000	678,895
2012	1,110,000	1,943,313	875,000	610,279
2013	1,145,000	1,888,992	905,000	577,338
2014	1,210,000	1,831,776	940,000	542,291
2015 – 2019	6,945,000	8,233,965	5,395,000	2,041,892
2020 – 2024	8,340,000	6,403,887	4,725,000	740,404
2025 – 2029	8,650,000	4,465,601	525,000	214,690
2030 – 2034	10,770,000	2,313,417	290,000	22,105
2035 – 2036	<u>5,000,000</u>	<u>221,150</u>	-	-
Totals	<u>\$ 5,205,000</u>	<u>\$ 31,341,742</u>	<u>\$ 17,265,000</u>	<u>\$ 6,211,081</u>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt (Continued)**

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

Year Ending June 30,	Moreno Valley Public Facilities Financing Authority		City of Moreno Valley	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 595,000	\$ 155,175	\$ 24,659	\$ -
2011	615,000	137,025	16,439	-
2012	645,000	118,125	-	-
2013	665,000	98,475	-	-
2014	695,000	78,075	-	-
2015 - 2017	<u>2,255,000</u>	<u>103,125</u>	-	-
Totals	<u>\$ 5,470,000</u>	<u>\$ 690,000</u>	<u>\$ 41,098</u>	<u>\$ -</u>

Year Ending June 30,	Community Redevelopment Agency	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 120,000	\$ 2,055,284
2011	130,000	2,050,284
2012	210,000	2,043,484
2013	220,000	2,034,884
2014	230,000	2,025,884
2015 – 2019	1,220,000	9,996,704
2020 – 2024	3,510,000	9,641,114
2025 – 2029	9,185,000	8,101,814
2030 – 2034	12,085,000	5,547,125
2035 – 2039	<u>15,815,000</u>	<u>2,054,380</u>
Totals	<u>\$ 42,725,000</u>	<u>\$ 45,550,957</u>

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

**Changes in Long-Term Debt - Business-Type Activities**

The following is a schedule of changes in business-type activities long-term debt of the entity for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Electrical Cabinet Capital Leases	\$ 240,930	\$ -	\$ (138,379)	\$ 102,551	\$ 66,147
Lease Revenue Bonds, 2005	5,105,000	-	(95,000)	5,010,000	100,000
Lease Revenue Bonds, 2007	25,765,000	-	-	25,765,000	390,000
Less Deferred Issuance	(317,406)	-	10,945	(306,461)	-
Long-term Compensated	<u>-</u>	<u>127,572</u>	<u>(80,472)</u>	<u>47,100</u>	<u>47,100</u>
Totals	<u>\$ 30,793,524</u>	<u>\$ 127,572</u>	<u>\$ (302,906)</u>	<u>\$ 30,618,190</u>	<u>\$ 603,247</u>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt (Continued)**

Electrical Cabinets Capital Lease

Between January 2004 and August 2006, the City entered into nine separate lease purchase agreements to lease electrical cabinets in the amount of \$65,000 each. The term of each lease is for 60 months. The outstanding balance as of June 30, 2009 was \$102,551.

Lease Revenue Bonds, 2005

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

Lease Revenue Bonds, 2007

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

Compensated Absences

At June 30, 2009, the amount of compensated absences liability totaled \$47,100. Based on the current trend of usage, this entire amount is expected to be paid within one year.

The annual maturities and the annual debt service requirements to amortize the outstanding debt as of June 30, 2009 were as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 66,147	\$ 3,853
2011	33,922	1,078
2012	<u>2,482</u>	<u>18</u>
Totals	<u>\$ 102,551</u>	<u>\$ 4,949</u>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 6: Long-Term Debt (Continued)**

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

Year Ending June 30,	<u>Lease Revenue Bonds, 2005</u>		<u>Lease Revenue Bonds, 2007</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 100,000	\$ 222,962	\$ 390,000	\$ 1,441,801
2011	100,000	218,212	405,000	1,421,974
2012	105,000	213,337	430,000	1,401,383
2013	110,000	208,237	450,000	1,379,522
2014	120,000	202,762	475,000	1,356,644
2015 – 2019	675,000	926,660	2,750,000	6,394,672
2020 – 2024	840,000	756,590	3,585,000	5,559,375
2025 – 2029	1,050,000	541,540	4,700,000	4,445,921
2030 – 2034	1,305,000	280,041	6,205,000	2,943,425
2035 - 2039	<u>605,000</u>	<u>26,807</u>	<u>6,375,000</u>	<u>941,851</u>
Totals	<u>\$ 5,010,000</u>	<u>\$ 3,597,148</u>	<u>\$ 25,765,000</u>	<u>\$ 27,286,568</u>

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

**Note 7: Interfund Receivables, Payables and Transfers**

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

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 27,161,366	\$ 17,666
Special Revenue Funds:		
CSD Zones	-	23,732,567
Development Impact Fees Fund	3,087,745	943,496
Capital Projects Fund:		
Community Redevelopment Agency	4,500	1,849,274
Nonmajor Governmental Funds	17,666	4,423,580
Fiduciary Funds	<u>-</u>	<u>24,694</u>
Totals	<u>\$ 30,991,277</u>	<u>\$ 30,991,277</u>

The City of Moreno Valley utilizes the State of California Local Agency Investment Fund (LAIF) as a short-term investment tool. In June 2006, the General Fund LAIF account reached the LAIF threshold and as an alternative for investing, the remaining funds were loaned to CSD Zone A, in the CSD Zones Fund, and the Community Redevelopment Agency Capital Projects Fund for investment into LAIF. The amounts of the loans outstanding at June 30, 2009 were \$23,732,567 and \$1,849,274, respectively.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**a. Due To/From Other Funds (Continued)**

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

Development Impact Fees Fund	\$ 943,496
Law Enforcement Fund	41,394
Community Development Block Grant Fund	146,118
Used Oil Recycling Fund	48,373
Storm Water Maintenance Fund	183,494
Beverage Container Recycling Fund	334
Emergency Management Preparedness Grant Fund	70,073
ASES Program Grant Fund	60,879
Box Springs EPA Water Grant Fund	51,577
TCA2-06-22 Local Gov't Waste TI Fund	2,284
Neighborhood Stabilization Program Fund	198
FHWA Transmission Fund	6,297
Towngate Capital/Administration Fund	314
MSHCP Trust Fiduciary (Agency Fund)	24,694

Arterial Street Development Impact Fees, in the Development Impact Fees Fund, made a short-term loan of \$3,807,745 to the TUMF Capital Projects Fund to eliminate negative cash.

The Community Redevelopment Agency Capital Projects Fund made a loan to the Warner Ranch Capital/Development Projects Fund to finance Warner Ranch alleyway improvements. The total outstanding loan is \$8,999 of which the current portion is \$4,500 and the long-term portion is \$4,499. The loan was made in 1995-1996. Repayments are made annually and will be complete in 2010-2011.

The Special Districts Administration Fund made a short-term loan of \$17,666 to the General Fund for administrative charges that were not yet paid as of year-end.

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

<u>Funds</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
Major Governmental Funds:		
General Fund	\$ 57,027,511	\$ -
Capital Projects Fund:		
Community Redevelopment Agency	256,499	56,280,470
Nonmajor Governmental Funds	580,657	4,499
Proprietary Fund:		
Electric	-	1,579,698
Totals	<u>\$ 57,864,667</u>	<u>\$ 57,864,667</u>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**b. Advances To/From Other Funds (Continued)**

The long-term payable to the General Fund from the Community Redevelopment Agency Capital Projects Fund includes \$714,470 representing monies borrowed in prior fiscal years by the Agency to finance redevelopment activities. The monies loaned to the Agency bear an interest rate of 12%. Repayment of the long-term payable will be made when funds becomes available. At June 30, 2009, accrued interest amounts to \$78,269.

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, 2009, accrued interest amounts to \$4,082,277.

The Community Redevelopment Agency purchased improved property from the City – the Conference and Recreation Center. The purchase price was \$14,203,946. The loan note is \$11,474,822 after the initial payments of \$2,700,000 and \$29,124. The term is 20 years with 12% simple interest. The Agency will make interest only annual payments with a balloon payment due at the end of the term. At June 30, 2009, accrued interest amounts to \$4,430,632.

Community Redevelopment Agency 2007 Series B, Subordinate Taxable Tax Allocation Bonds in the original issue amount of \$22,500,000 were issued in November 2007. All of the bonds were purchased by the General Fund. The General Fund will make a reservation of fund balance for these bonds. The proceeds of the bonds will remain unspent pending the outcome of litigation between the Agency and the County of Riverside concerning the interpretation of a pass-through agreement between the Agency and the County. The Agency will pay interest only debt service payments to the General Fund. The interest rate is variable and is expected to approximate a rate of return the Agency achieves from investing the bond proceeds. During the year, the amount of interest earned and paid to the City was \$721,949. If the Agency is successful in its litigation, it would begin receiving additional tax increment revenue to pay all or part of the debt service on the bonds. At that point, the bonds will be remarketed within five years and the proceeds used for the purpose of financing various redevelopment improvement projects. The bonds may be redeemed in total or in part at any time.

The General Fund has loaned \$747,041 to the Electric Fund for start-up costs. The loan will be repaid when revenue becomes available.

The Community Redevelopment Agency Capital Projects Fund made a loan to the Warner Ranch Capital/Development Projects Fund to finance Warner Ranch alleyway improvements. The total outstanding loan is \$8,999 of which the current portion is \$4,500 and the long-term portion is \$4,499. The loan was made in 1995-1996. Repayments are made annually and will be complete in 2010-11.

The Community Redevelopment Agency Capital Projects Fund advanced \$300,000 to the Electric Fund for construction of electrical infrastructure. The loan has a ten year term and a five percent annual interest rate. The outstanding balance as of June 30, 2009 is \$252,000.

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**c. Interfund Transfers**

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 1,597,161	\$ 14,134,584
Special Revenue Funds:		
Fire Services	8,179,627	-
CSD Zones	635,248	431,041
Development Impact Fees Fund	-	6,557,840
Capital Projects Fund:		
Community Redevelopment Agency	-	2,227,726
Nonmajor Governmental Funds	16,872,360	1,525,319
Proprietary Funds:		
Electric	112,731	766,285
Internal Service Funds	<u>-</u>	<u>1,704,332</u>
Totals	<u>\$ 27,397,127</u>	<u>\$ 27,397,127</u>

The General Fund transferred a total of \$10,814,261 to several funds to provide subsidies to cover the operating deficits.

The transfer amounts by fund are as follows:

Fire Services Fund	\$ 7,991,016
State Gasoline Tax Fund	1,778,258
CSD Zone L Library Service	338,008
Public Education/Government Access Program Fund	368,404
Emergency Management Preparedness Grant Fund	111,090
Storm Water Maintenance Fund	227,485

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

The General Fund transferred \$107,834 to CSD Zone A Parks and Community Services in accordance with the Conference and Recreation Center financing agreement.

The General Fund transferred \$137,175 to the NPDES CSA Fund to cover the expenditures for the year for the Regulatory Permits & Agreements Program.

The General Fund transferred \$22,500 to the FHWA Transmission Fund for the grant's matching requirement.

The General Fund transferred \$2,511,992 to the City Hall Capital/Administration Fund to support the Emergency Operations Center project.

The General Fund transferred \$185,000 to the Lease Revenue Bonds 2005 Capital Projects Fund to support the Fire Station # 58 replacement project.

The principal and interest payments for 2008-09 in the Public Safety Lease Revenue Bonds 1997 Debt Service Fund totaled \$400,422. The General Fund transferred \$250,422 and the Community Redevelopment Agency Capital Projects Fund transferred \$150,000 to the Public Safety Lease Revenue Bonds 1997 Fund for these debt service payments.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**c. Interfund Transfers (Continued)**

The General Fund transferred an additional \$2,000 to the Public Safety Lease Revenue Bonds 1997 Debt Service Fund for bond administration fees.

CSD Zone A Parks and Community Services transferred \$400,000 to the General Fund for a budgeted commitment.

CSD Zone A Parks and Community Services transferred \$31,041 to the Child Care Grant Fund to subsidized operating expenditures.

Arterial Street Development Impact Fees were transferred in the amount of \$1,123,974 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

Fire Facility Development Impact Fees were transferred in the amount of \$256,015 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

Police Facility Development Impact Fees were transferred in the amount of \$675,005 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

During the 2008-2009 budget process and subsequently, Arterial Streets Development Impact Fees were committed to supporting several capital projects. Transfers totaling \$4,216,228 were made to the DIF Capital Projects Fund for these commitments:

Reche Vista Realignment – Perris / Heacock North City Limits	\$ 170,000
Permanent Frederick Street Median - CSJDLL to Alessandro	382,596
Pigeon Pass Road Widening - Climbing Rose to North City Limits	1,044,372
Perris Blvd Widening - Ironwood to Manzanita	203,760
Ironwood Avenue – Heacock Street to Perris Blvd	116,000
Lasselle / Bay Street Improvement Design	209,100
Iris Avenue Street Improvement – Indian to Perris	650,000
Lasselle / Cottonwood Street Improvement Design	233,600
Cottonwood / Elsworth Street Improvement Design	242,000
Kitching / Eucalyptus Street Improvement Design	133,800
Cactus Avenue East Bound 3 <sup>rd</sup> Lane Improvement – Veterans Way to Heacock	431,000
Moreno Beach Widening – Cactus Avenue to Auto Mall	400,000

During the 2008-2009 budget process and subsequently, Traffic Signal Development Impact Fees were committed to supporting several capital projects. Transfers totaling \$360,618 were made to the DIF Capital Projects Fund for these commitments:

Cottonwood Avenue / Elsworth Traffic Signal	\$ 8,806
Lasselle / Cottonwood Traffic Signal	5,000
Heacock Avenue / Iris Street Traffic Signal	25,000
Perris Blvd. Traffic Signal Relocation – Ramona Expressway to Cactus	20,000
Elsworth/ Dracaea Modern Roundabout	50,000
Kitching Street / Eucalyptus Traffic Signal	5,000
Fir Avenue / Lasselle Street Traffic Signal	38,571
Lasselle / Bay Traffic Signal	5,000
Indian Street / Eucalyptus Avenue Traffic Signal	38,571
Oliver Street / John F Kennedy Traffic Signal	41,550
Transportation Management Center	123,120

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**c. Interfund Transfers (Continued)**

The Parks and Recreation Capital Projects Fund transferred back \$74,000 of Park Land Facility Development Fees as a reduction in the subsidy for support of projects.

The Community Redevelopment Agency Capital Projects Fund transferred a total of \$2,127,726 to fund the following debt service obligations:

2007 Towngate Refunding Debt Service Fund	\$ 1,152,574
2007 Towngate Improvement Refunding Debt Service Fund	281,153
Lease Revenue Bonds 2005 Debt Service Fund	590,973
Auto Mall Special Tax Bonds Debt Service Fund	103,026

The State Gasoline Tax Fund transferred \$439,000 to the General Fund as a reduction in the Parkway Improvement Partnership subsidy.

The Lease Revenue Bonds 2005 Debt Service Fund transferred \$112,731 to the Electric Fund for its portion of debt service during the fiscal year.

The 2007 Towngate Improvement Refunding Debt Service Fund transferred \$3,700 to the Towngate Capital/Administration Fund for reimbursement of administrative charges for the fiscal year.

The 2007 Towngate Refunding Debt Service Fund transferred \$392,244 to the Towngate Capital/Administration Fund for reimbursement of administrative and fiscal charges.

The Auto Mall Special Tax Bonds Debt Service Fund transferred \$148,446 to the Auto Mall Capital/Administration Fund for a budgeted commitment.

The CFD# 5 Stoneridge Debt Service Fund transferred \$50,000 to the Stoneridge Capital/Administration Fund for a budgeted commitment.

The City Hall Capital/Administration Fund transferred \$67,040 to CSD Zone L Library Services to support the Library Master Plan project.

The Lease Revenue Bonds 2005 Capital Projects Fund transferred \$309,120 to the Lease Revenue Bonds 2005 Debt Service Fund for arbitrage payments.

The Towngate Capital/Administration Fund transferred \$3,038 to the 2007 Towngate Improvement Refunding Debt Service Fund for administrative charges.

The Electric Fund transferred \$466,285 to the Lease Revenue Bonds 2005 Debt Service Fund for debt service for the fiscal year.

The Electric Fund transferred \$300,000 to General Fund for a budgeted commitment.

The City Hall Facility Internal Service Fund transferred \$645,569 to the City Hall COPs Series 1997 Debt Service Fund to fund the appropriated budget.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

**c. Interfund Transfers (Continued)**

The Equipment Replacement Reserve Internal Service Fund transferred a total of \$1,058,763 to several funds for the replacement of various equipment. The amounts transferred to these funds are as follows:

General Fund	\$ 458,161
Fire Services Fund	188,611
CSD Zone A Parks and Community Services	18,966
Public Education/Government Access Program Fund	13,025
Storm Water Maintenance Fund	380,000

**Note 8: Employee Pension Plan**

Plan Description

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

Funding Policy

Active plan members in PERS are required to contribute 8.00% of their annual covered salary as of January 2007. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate is 14.898% for fiscal year 2008-2009. 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 2008-2009, the City's annual pension cost was \$4,438,856. The City also contributed \$2,389,723 on behalf of the employees for the employee contribution. The required contribution for the fiscal year 2008-2009 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) projected salary increases for employees that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and c) 3.25% cost-of-living adjustment. Both a) and b) include an inflation component of 3.00%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15-year period. The PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was 21 years.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 8: Employee Pension Plan (Continued)**

Annual Pension Cost (Continued)

<u>Ended June 30,</u>	<u>Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Pension Obligation</u>
2007	\$ 3,162,870	100 %	\$ -
2008	4,374,893	100 %	-
2009	4,438,856	100 %	-

Required Supplementary Information – Funded Status of Plan

Latest Information Available

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value Of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as Percent of Payroll</u>
06/30/06	\$ 61,187,066	\$ 47,837,803	\$ 13,349,263	78.2 %	\$ 22,018,967	60.6%
06/30/07	75,316,003	58,733,315	16,582,688	78.0 %	26,023,541	63.7%
06/30/08	90,939,749	69,197,682	21,742,067	76.1 %	30,739,388	70.7%

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

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

Plan Description

The City's defined benefit postemployment healthcare plan provides a portion of certain health care for retired employees. In accordance with City policy, employees who retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability) and are not temporary employees, are eligible for these benefits. In June 2009, the City established an irrevocable trust fund to begin funding the City's unfunded liability through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

Funding Policy

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

Annual OPEB Cost

For fiscal year 2008-2009, the City's annual OPEB cost was \$1,785,573. The required contribution for the fiscal year was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), and b) projected salary increases for employees of 3.25. Both a) and b) include an inflation component of 3.00%.

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

Annual required contribution	\$	1,785,573
Interest on net OPEB obligation		-
Adjustment to annual required contribution		<u>-</u>
Annual OPEB cost (expense)		1,785,573
Contributions (including premiums/benefits paid)		<u>(1,785,573)</u>
Increase in net OPEB obligation		-
Net OPEB obligation – beginning of year		<u>-</u>
Net OPEB obligation - end of year	\$	<u><u>-</u></u>

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

Actuarial Methods and Assumptions

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

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

Annual OPEB Cost (Continued)

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

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/07	*	*	*
06/30/08	*	*	*
06/30/09	\$ 1,785,573	100 %	-

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

Required Supplementary Information – Funded Status of Plan

Latest Information Available

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

**Note 10: Prior Period Adjustments**

- (a) During the year ended June 30, 2009, the City discovered that in the Electric Enterprise Fund incorrectly overstated infrastructure by \$2,819,209. To correct this oversight, an adjustment was made to reduce infrastructure and adjust beginning net assets.
- (b) During the year ended June 30, 2009, the City discovered that a loan owed to the Housing Assistance Programs Fund in the amount of \$795,000 had not been recorded. To correct this oversight, an adjustment was made to increase loans receivable, and adjust beginning net assets and fund balance.
- (c) During the year ended June 30, 2009, the City discovered that in the Community Service District Zones Fund overstated accounts receivable by \$20,000. To correct this oversight, an adjustment was made to reduce accounts receivable, and adjust beginning net assets and fund balance.
- (d) During the year ended June 30, 2009, the City discovered that the Child Care Grant's unearned revenue was understated by \$28,708. To correct this oversight, an adjustment was made to increase unearned revenue, and adjust beginning net assets and fund balance.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 10: Prior Period Adjustments (Continued)**

- (e) During the year ended June 30, 2009, the City discovered that \$317,406 of bond issuance discount had been incorrectly reported as a reduction in cash. To correct this oversight, cash and cash equivalents and long-term debt was reduced.
- (f) During the year ended June 30, 2009, the City discovered that certain capital assets and accumulated depreciation were incorrectly reported. To correct this oversight, adjustments of \$943,408 were made to the beginning net capital assets and the government-wide beginning net assets.

Government-wide Financial Statements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets at beginning of year, as previously reported	\$ 868,179,021	\$ 12,806,041
Adjustment (a)	-	(2,819,209)
Adjustment (b)	795,000	-
Adjustment (c)	(20,000)	-
Adjustment (d)	(28,708)	-
Adjustment (f)	<u>943,408</u>	<u>-</u>
Net assets at beginning of year, as restated	<u>\$ 869,868,721</u>	<u>\$ 9,986,832</u>

Fund Financial Statements:

Governmental Funds:	<u>CSD Zones</u>	<u>Housing Assistance Programs</u>	<u>Child Care Grant</u>
Net assets at beginning of year, as previously reported	\$ 8,259,181	\$ 2,871,438	\$ (16,474)
Adjustment (b)	-	795,000	-
Adjustment (c)	(20,000)	-	-
Adjustment (d)	<u>-</u>	<u>-</u>	<u>(28,708)</u>
Net assets at beginning of year, as restated	<u>\$ 8,239,181</u>	<u>\$ 3,666,438</u>	<u>\$ (45,182)</u>

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 10: Prior Period Adjustments (Continued)**

Proprietary Funds:

	<u>Electric</u>
Net assets at beginning of year, as previously reported	\$ 12,806,041
Adjustment (a)	<u>(2,819,209)</u>
Net assets at beginning of year, as restated	<u>\$ 9,986,832</u>

Proprietary Funds:

	<u>Electric</u>
Cash and Cash Equivalents at beginning of year, as previously reported	\$ 13,701,153
Adjustment (e)	<u>(317,406)</u>
Cash and Cash Equivalents at beginning of year, as restated	<u>\$ 13,383,747</u>

**Note 11: Fund Deficits**

The following funds contained a deficit fund balance as of June 30, 2009:

Non-Major Governmental Funds:

Special Revenue Funds:

Child Care Grant Fund	\$ 14,140
Beverage Container Recycling	1,136
Neighborhood Stabilization Program	321

Capital Projects Funds:

Towngate Capital/Administration	371
TUMF Capital Projects	3,005,334

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 12: Expenditures In Excess of Appropriation**

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

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
Nondepartmental	\$ 2,096,227	\$ 2,373,329	\$ 277,102
Development Impact Fees Special Revenue Fund:			
Public works	-	97,323	97,323
ASES Program Grant Special Revenue Fund:			
Community and cultural	5,498,547	8,917,142	3,418,595
Neighborhood Stabilization Program Special Revenue Fund:			
Community development	-	321	321
Capital Improvements Capital Projects Fund:			
Public works	-	38,487	38,487
Towngate Capital/Administration Capital Projects Fund:			
Public works	-	4,071	4,071
Stoneridge Capital/Administration Capital Projects Fund:			
Public works	50,000	2,228,521	2,178,521
OPA Sales Tax Agreements Debt Service Fund:			
Interest and fiscal charges	320,000	394,359	74,359
Auto Mall Special Tax Bonds Debt Service Fund:			
Interest and fiscal charges	239,025	269,300	30,275
CFD #5 Stoneridge Debt Service Fund:			
Interest and fiscal charges	288,615	291,872	3,257
Certificates of Participation Series 1993 Debt Service Fund:			
Interest and fiscal charges	2,000	5,000	3,000
Public Safety Lease Revenue Bonds 1997 Debt Service Fund:			
Interest and fiscal charges	217,422	219,322	1,900

**Note 13: Commitments and Contingencies**

*Riverside County Agreements*

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

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 13: Commitments and Contingencies (Continued)**

*Riverside County Agreements (Continued)*

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

During April 1988, the City of Moreno Valley and the Agency entered into an agreement (the "Flood Agreement") with the Riverside County Flood Control and Water Conservation District (District), which provides generally that the Agency shall receive 100% of the District's share of the tax increment until such time the total tax increment exceeds \$12 million at which time the District shall receive at least 50% of its share. Under the Flood Agreement, the Agency is to demonstrate, as more particularly provided in the Flood Agreement, that the cumulative project costs paid by the Agency for the project improvements exceed the cumulative total of District share received by the Agency. To the extent that the cumulative project costs paid by the Agency exceed the cumulative total of District share received by the Agency, the Agency may retain the balance needed from the remaining 50% of the District share. Beginning in 2005-06, the Agency's tax increment exceeded \$12 million, with remittance not having been made of amounts to the District. The financial statements show the amount of \$3,928,234 (the amount that was not remitted to the District) as Due to Other Governments.

*Community Facilities District No. 3 Agreement*

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

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

The amounts remitted during the year under the replacement and previous agreement to parcel owners totaled \$848,814.

*Community Facilities District No. 87-1 Agreement*

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

*Other Agreements*

On May 10, 2005, the Community Redevelopment Agency and the Community Services District entered into a lease agreement for the Conference and Recreation Center. The Community Services District occupied the building during June 2005 although construction was still in progress. Upon completion of construction during

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 13: Commitments and Contingencies (Continued)**

*Other Agreements (Continued)*

fiscal year 2005-2006 the lease agreement became effective for a base rent of \$1.00 per month. The Community Services District has responsibility for facility maintenance and provides programming that serves the residents of the Project Area.

*Self-Insurance Pool*

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

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

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

*Self-Insurance Payable*

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

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$2,315,000 and \$1,218,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$3,533,000. Of these amounts, the current year's adjustment is a decrease of \$278,000.

**City of Moreno Valley**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009 (Continued)**

**Note 13: Commitments and Contingencies (Continued)**

*Self-Insurance Payable (Continued)*

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, 2007	\$ 1,350,000	\$ 1,825,000	\$ 3,175,000
 Incurred claims, representing the total of a provision for events for the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates.	 454,482	 871,778	 1,326,260
 Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	 <u>(320,482)</u>	 <u>(369,778)</u>	 <u>(690,260)</u>
 Amount of accrued claims at June 30, 2008	 <u>\$ 1,484,000</u>	 <u>\$ 2,327,000</u>	 <u>\$ 3,811,000</u>
 Incurred claims, representing the total of a provision for events for the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates.	 (182,313)	 203,912	 21,599
 Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	 <u>(83,687)</u>	 <u>(215,912)</u>	 <u>(299,599)</u>
 Amount of accrued claims at June 30, 2009	 <u>\$ 1,218,000</u>	 <u>\$ 2,315,000</u>	 <u>\$ 3,533,000</u>

*Litigation*

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

**Note 14: Subsequent Events**

Subsequent events are those events and transactions that occur after the end of the fiscal period but prior to issuance of the financial statements that are important for readers of the financial statements to be aware of. The District does not have any subsequent events to report.

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**Non-major  
Governmental  
Funds**



## NONMAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS:**

#### **State Gasoline Tax Fund**

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

#### **Article 3 Transportation Fund**

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

#### **Measure A Fund**

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

#### **Law Enforcement Fund**

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

#### **Public Education/Government Access Program Fund**

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

#### **Air Quality Management Fund**

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

#### **Community Development Block Grant Fund**

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

#### **Special Districts Administration Fund**

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

#### **NPDES CSA Fund**

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

**NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**SPECIAL REVENUE FUNDS (Continued):**

**Housing Assistance Programs Fund**

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

**Child Care Grant Fund**

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

**Parks and Community Services PAL Grant Fund**

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

**Used Oil Recycling Fund**

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

**Storm Water Maintenance Fund**

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

**Traffic Congestion Relief Fund**

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

**Disaster Fund**

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

**Beverage Container Recycling Fund**

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

**Emergency Management Preparedness Grant Fund**

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

**NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**SPECIAL REVENUE FUNDS (Continued):**

**ASES Program Grant**

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

**Box Springs Water EPA Grant**

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

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

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

**TRI16-06-1 Targeted Rubberized Asphalt Concrete Incentive Grant**

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

**Prop 1B**

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

**Neighborhood Stabilization Program**

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

**FHWA TRANSIMS**

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

**CAPITAL PROJECTS FUNDS:**

**City Hall Capital/Administration Fund**

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

**Capital Improvements Fund**

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

**NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**CAPITAL PROJECTS FUNDS (Continued):**

**Public Works Capital Projects Fund**

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

**Traffic Signal Mitigation Fund**

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

**Fire Services Capital Projects Fund**

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

**Park Acquisition and Development Fund**

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

**Lease Revenue Bonds 2005 Capital Projects Fund**

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

**Towngate Capital/Administration Fund**

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

**Centerpointe Capital/Administration Fund**

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

**Warner Ranch Capital/Development Fund**

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

**Auto Mall Capital/Administration Fund**

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

**NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**CAPITAL PROJECTS FUNDS (Continued):**

**Parks and Community Services Capital Projects Fund**

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

**TUMF Capital Projects Fund**

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

**DIF Capital Projects Fund**

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

**Stoneridge Capital/Administration Fund**

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

**DEBT SERVICE FUNDS:**

**OPA Sales Tax Agreements Fund**

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

**City Hall COPs Series 1997 Debt Service Fund**

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

**Auto Mall Special Tax Bonds Debt Service Fund**

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

**CFD # 5 Stoneridge Debt Service Fund**

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Community Facilities District # 5 special tax bonds.

**NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**DEBT SERVICE FUNDS (Continued):**

**Certificates of Participation Series 1993 Debt Service Fund**

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

**Public Safety Lease Revenue Bonds 1997 Debt Service Fund**

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

**Lease Revenue Bonds 2005 Debt Service Fund**

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

**2007 Towngate Improvement Refunding Debt Service Fund**

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

**2007 Towngate Refunding Debt Service Fund**

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

**PERMANENT FUNDS:**

**Celebration Park Endowment Fund**

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

**Equestrian Trail Endowment Fund**

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

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**City of Moreno Valley**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2009**

	<u>Special Revenue Funds</u>		
	<u>State Gasoline Tax</u>	<u>Article 3 Transportation</u>	<u>Measure A</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 707,651	\$ 362,102	\$ 12,695,824
Receivables:			
Accounts	8,324	-	632,281
Notes & loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	469,942	-	831,661
Due from other funds	-	-	-
Advances to other funds	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,185,917</u></b>	<b><u>\$ 362,102</u></b>	<b><u>\$ 14,159,766</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	57,701	-	952,565
Accrued liabilities	97,252	-	66,438
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b><u>154,953</u></b>	<b><u>-</u></b>	<b><u>1,019,003</u></b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	-	3,460,898
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	5,000	6,149,045
Designated for capital improvement projects	-	-	-
Undesignated	1,030,964	357,102	3,530,820
<b>Total Fund Balances</b>	<b><u>1,030,964</u></b>	<b><u>362,102</u></b>	<b><u>13,140,763</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 1,185,917</u></b>	<b><u>\$ 362,102</u></b>	<b><u>\$ 14,159,766</u></b>

**Special Revenue Funds**

<b>Law Enforcement</b>	<b>Public Education/ Government Access Program</b>	<b>Air Quality Management</b>	<b>Community Development Block Grant</b>
\$ 651,119	\$ 1,868,000	\$ 447,716	\$ 57,444
-	78,696	-	-
-	-	-	130,000
-	-	-	601
-	-	-	-
112,575	-	-	349,054
-	-	-	-
-	-	-	-
<b>\$ 763,694</b>	<b>\$ 1,946,696</b>	<b>\$ 447,716</b>	<b>\$ 537,099</b>
24,900	-	-	175,650
-	10,575	4,458	19,891
41,394	-	-	146,118
186,636	-	-	-
34,887	-	-	601
160,883	-	-	-
-	-	-	-
<b>448,700</b>	<b>10,575</b>	<b>4,458</b>	<b>342,260</b>
76,311	-	19,912	267,986
-	-	-	-
-	-	-	-
-	-	-	130,000
-	-	-	-
-	-	54,657	1,457,971
-	-	-	-
238,683	1,936,121	368,689	(1,661,118)
<b>314,994</b>	<b>1,936,121</b>	<b>443,258</b>	<b>194,839</b>
<b>\$ 763,694</b>	<b>\$ 1,946,696</b>	<b>\$ 447,716</b>	<b>\$ 537,099</b>

(Continued)

**City of Moreno Valley**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
**(Continued)**

	<b>Special Revenue Funds</b>		
	<b>Special Districts Administration</b>	<b>NPDES CSA</b>	<b>Housing Assistance Programs</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 748,515	\$ 341,889	\$ 490,683
Receivables:			
Accounts	44,863	51,645	-
Notes & loans	-	-	3,268,139
Interest	-	-	152,510
Prepaid costs	15,658	-	-
Due from other governments	-	57,957	16,144
Due from other funds	17,666	-	-
Advances to other funds	580,657	-	-
	<b>\$ 1,407,359</b>	<b>\$ 451,491</b>	<b>\$ 3,927,476</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	1,699	7,235	-
Accrued liabilities	29,996	26,187	1,657
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	152,511
Unearned revenue	-	-	-
Advances from other funds	-	-	-
	<b>31,695</b>	<b>33,422</b>	<b>154,168</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	9,950	59,340	697,000
Reserved for prepaid and other assets	15,658	520,769	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	3,268,139
Reserved for advances to other funds	580,657	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Designated for capital improvement projects	769,399	-	-
Undesignated	-	(162,040)	(191,831)
	<b>1,375,664</b>	<b>418,069</b>	<b>3,773,308</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,407,359</b>	<b>\$ 451,491</b>	<b>\$ 3,927,476</b>

**Special Revenue Funds**

<b>Child Care Grant</b>	<b>Parks and Community Services PAL Grant</b>	<b>Used Oil Recycling</b>	<b>Storm Water Maintenance</b>
\$ 200,384	\$ 17,414	\$ 369	\$ 35,119
-	-	-	172,901
-	-	-	-
-	-	-	-
16,439	-	-	-
44,340	-	49,457	-
-	-	-	-
-	-	-	-
<b><u>\$ 261,163</u></b>	<b><u>\$ 17,414</u></b>	<b><u>\$ 49,826</u></b>	<b><u>\$ 208,020</u></b>
587	-	505	5,158
30,579	-	948	10,562
-	-	48,373	183,494
49,737	-	-	-
-	-	-	-
194,400	-	-	-
-	-	-	-
<b><u>275,303</u></b>	<b><u>-</u></b>	<b><u>49,826</u></b>	<b><u>199,214</u></b>
-	-	-	-
16,439	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(30,579)	17,414	-	8,806
<b><u>(14,140)</u></b>	<b><u>17,414</u></b>	<b><u>-</u></b>	<b><u>8,806</u></b>
<b><u>\$ 261,163</u></b>	<b><u>\$ 17,414</u></b>	<b><u>\$ 49,826</u></b>	<b><u>\$ 208,020</u></b>

(Continued)

**City of Moreno Valley**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
**(Continued)**

	<b>Special Revenue Funds</b>		
	<b>Traffic Congestion Relief</b>	<b>Disaster</b>	<b>Beverage Container Recycling</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 942,612	\$ 340,453	\$ 1,268
Receivables:			
Accounts	-	-	-
Notes & loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	375,432	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,318,044</u></b>	<b><u>\$ 340,453</u></b>	<b><u>\$ 1,268</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	12,951	-	-
Accrued liabilities	96	-	2,070
Due to other funds	-	-	334
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
	-	-	-
<b>Total Liabilities</b>	<b><u>13,047</u></b>	<b><u>-</u></b>	<b><u>2,404</u></b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	29,273	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	1,275,724	-	-
Designated for capital improvement projects	-	-	-
Undesignated	-	340,453	(1,136)
	-	340,453	(1,136)
<b>Total Fund Balances</b>	<b><u>1,304,997</u></b>	<b><u>340,453</u></b>	<b><u>(1,136)</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 1,318,044</u></b>	<b><u>\$ 340,453</u></b>	<b><u>\$ 1,268</u></b>

**Special Revenue Funds**

<b>Emergency Management Preparedness Grant</b>	<b>ASES Program Grant</b>	<b>Box Springs Water EPA Grant</b>	<b>TCA2-06-22 Local Gov't Waste TI</b>
\$ 4,402	\$ -	\$ 1	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
73,641	399,966	124,540	2,284
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>\$ 78,043</u></b>	<b><u>\$ 399,966</u></b>	<b><u>\$ 124,541</u></b>	<b><u>\$ 2,284</u></b>
-	24,038	72,617	-
3,568	63,239	133	-
70,073	60,879	51,577	2,284
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>73,641</u></b>	<b><u>148,156</u></b>	<b><u>124,327</u></b>	<b><u>2,284</u></b>
16,798	-	46,258	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(12,396)	251,810	(46,044)	-
<u>4,402</u>	<u>251,810</u>	<u>214</u>	<u>-</u>
<b><u>\$ 78,043</u></b>	<b><u>\$ 399,966</u></b>	<b><u>\$ 124,541</u></b>	<b><u>\$ 2,284</u></b>

(Continued)

City of Moreno Valley  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
(Continued)

	Special Revenue Funds		
	TRI16-06-1 Targeted Rubberized	Prop 1B	Neighborhood Stabilization Program
<b>Assets:</b>			
Pooled cash and investments	\$ -	\$ 2,869,355	\$ -
Receivables:			
Accounts	-	-	-
Notes & loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 2,869,355</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	-	448,121	-
Accrued liabilities	-	2,090	123
Due to other funds	-	-	198
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>450,211</b>	<b>321</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	1,861,485	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	557,659	-
Designated for capital improvement projects	-	-	-
Undesignated	-	-	(321)
	-	-	(321)
<b>Total Fund Balances</b>	<b>-</b>	<b>2,419,144</b>	<b>(321)</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ -</b>	<b>\$ 2,869,355</b>	<b>\$ -</b>

<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>		
<u>FHWA TRANSIMS</u>	<u>City Hall Capital/ Administration</u>	<u>Capital Improvements</u>	<u>Public Works Capital Projects</u>
\$ -	\$ 14,366,376	\$ 176,852	\$ 43,536
28,800	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>28,800</u>	<u>14,366,376</u>	<u>176,852</u>	<u>43,536</u>
1,785	147,940	-	-
6,486	3,095	-	20
6,297	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>14,568</u>	<u>151,035</u>	<u>-</u>	<u>20</u>
36,359	2,159,274	-	6,287
-	-	-	-
-	-	-	-
-	-	38,487	-
-	-	-	-
-	7,915,406	-	3,437
-	4,140,661	138,365	33,792
(22,127)	-	-	-
<u>14,232</u>	<u>14,215,341</u>	<u>176,852</u>	<u>43,516</u>
<u>\$ 28,800</u>	<u>\$ 14,366,376</u>	<u>\$ 176,852</u>	<u>\$ 43,536</u>

(Continued)

**City of Moreno Valley**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
**(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Traffic Signal Mitigation</b>	<b>Fire Services Capital Projects</b>	<b>Park Acquisition and Development</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 137,578	\$ 1,906,261	\$ 230
Receivables:			
Accounts	-	-	-
Notes & loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
<b>Total Assets</b>	<b>\$ 137,578</b>	<b>\$ 1,906,261</b>	<b>\$ 230</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	10,000	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	98,000	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Designated for capital improvement projects	137,578	1,798,261	-
Undesignated	-	-	230
	-	-	230
<b>Total Fund Balances</b>	<b>137,578</b>	<b>1,906,261</b>	<b>230</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 137,578</b>	<b>\$ 1,906,261</b>	<b>\$ 230</b>

**Capital Projects Funds**

<u>Lease Revenue Bonds 2005 Capital Projects</u>	<u>Towngate Capital/ Administration</u>	<u>Centerpointe Capital/ Administration</u>	<u>Warner Ranch Capital/ Development</u>
\$ 14,757,141	\$ -	\$ -	\$ 11,083
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>\$ 14,757,141</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,083</u></b>
1,771,255	57	-	-
28,518	-	-	-
-	314	-	4,500
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,499</u>
<b><u>1,799,773</u></b>	<b><u>371</u></b>	<b><u>-</u></b>	<b><u>8,999</u></b>
9,602,378	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,354,990	-	-	-
-	-	-	-
<u>-</u>	<u>(371)</u>	<u>-</u>	<u>2,084</u>
<b><u>12,957,368</u></b>	<b><u>(371)</u></b>	<b><u>-</u></b>	<b><u>2,084</u></b>
<b><u>\$ 14,757,141</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,083</u></b>

(Continued)

**City of Moreno Valley**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
**(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Auto Mall Capital/ Administration</b>	<b>Parks and Community Services Capital Projects</b>	<b>TUMF Capital Projects</b>
<b>Assets:</b>			
Pooled cash and investments	\$ -	\$ 6,391,532	\$ -
Receivables:			
Accounts	-	-	3,006,089
Notes & loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	208,086	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 6,599,618</b>	<b>\$ 3,006,089</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	-	31,144	1,457,162
Accrued liabilities	-	708	11,007
Due to other funds	-	-	3,807,745
Due to other governments	-	-	-
Deferred revenue	-	-	735,509
Unearned revenue	-	-	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>31,852</b>	<b>6,011,423</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	96,280	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	6,471,486	-
Designated for capital improvement projects	-	-	-
Undesignated	-	-	(3,005,334)
<b>Total Fund Balances</b>	<b>-</b>	<b>6,567,766</b>	<b>(3,005,334)</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ -</b>	<b>\$ 6,599,618</b>	<b>\$ 3,006,089</b>

<u>Capital Projects Funds</u>		<u>Debt Service Funds</u>	
<u>DIF Capital Projects</u>	<u>Stoneridge Capital/ Administration</u>	<u>OPA Sales Tax Agreements</u>	<u>City Hall COPs Series 1997</u>
\$ 11,320,826	\$ 457,457	\$ 79,991	\$ 752,714
-	1,063	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>\$ 11,320,826</b>	<b>\$ 458,520</b>	<b>\$ 79,991</b>	<b>\$ 752,714</b>
481,392	1,063	79,991	-
13,500	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>494,892</b>	<b>1,063</b>	<b>79,991</b>	<b>-</b>
1,522,620	-	-	-
-	-	-	-
-	-	-	752,714
-	-	-	-
-	-	-	-
3,205,392	-	-	-
6,097,922	-	-	-
<u>-</u>	<u>457,457</u>	<u>-</u>	<u>-</u>
<b>10,825,934</b>	<b>457,457</b>	<b>-</b>	<b>752,714</b>
<b>\$ 11,320,826</b>	<b>\$ 458,520</b>	<b>\$ 79,991</b>	<b>\$ 752,714</b>

(Continued)

**City of Moreno Valley**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
**(Continued)**

	<b>Debt Service Funds</b>		
	<b>Auto Mall Special Tax Bonds</b>	<b>CFD # 5 Stoneridge</b>	<b>Certificates of Participation Series 1993</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 2,240,200	\$ 711,394	\$ 425,209
Receivables:			
Accounts	-	-	-
Notes & loans	-	-	-
Interest	20	10	-
Prepaid costs	-	-	-
Due from other governments	18	2,875	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
<b>Total Assets</b>	<b>\$ 2,240,238</b>	<b>\$ 714,279</b>	<b>\$ 425,209</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	67,207	-	1,250
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Unearned revenue	-	-	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>67,207</b>	<b>-</b>	<b>1,250</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaid and other assets	-	-	-
Reserved for debt service	2,173,031	714,279	423,959
Reserved for long-term receivables	-	-	-
Reserved for advances to other funds	-	-	-
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	-
Designated for capital improvement projects	-	-	-
Undesignated	-	-	-
<b>Total Fund Balances</b>	<b>2,173,031</b>	<b>714,279</b>	<b>423,959</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 2,240,238</b>	<b>\$ 714,279</b>	<b>\$ 425,209</b>

**Debt Service Funds**

<b>Public Safety Lease Revenue Bonds 1997</b>	<b>Lease Revenue Bonds 2005 Debt Service</b>	<b>2007 Towngate Improvement Refunding</b>	<b>2007 Towngate Refunding</b>
\$ 761,718	\$ 8,791,841	\$ 840,729	\$ 2,914,766
-	-	-	-
-	-	-	-
-	-	7	30
-	-	-	-
-	-	795	-
-	-	-	-
-	-	-	-
<u>\$ 761,718</u>	<u>\$ 8,791,841</u>	<u>\$ 841,531</u>	<u>\$ 2,914,796</u>
250	250	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
761,468	8,791,591	841,531	2,914,796
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>761,468</u>	<u>8,791,591</u>	<u>841,531</u>	<u>2,914,796</u>
<u>\$ 761,718</u>	<u>\$ 8,791,841</u>	<u>\$ 841,531</u>	<u>\$ 2,914,796</u>

(Continued)

City of Moreno Valley  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
(Continued)

	Permanent Funds		
	Celebration Park Endowment	Equestrian Trail Endowment	Totals
<b>Assets:</b>			
Pooled cash and investments	\$ 54,971	\$ 11,465	\$ 89,936,190
Receivables:			
Accounts	-	-	4,024,662
Notes & loans	-	-	3,398,139
Interest	-	-	153,178
Prepaid costs	-	-	32,097
Due from other governments	-	-	3,118,767
Due from other funds	-	-	17,666
Advances to other funds	-	-	580,657
	-	-	580,657
<b>Total Assets</b>	<b>\$ 54,971</b>	<b>\$ 11,465</b>	<b>\$ 101,261,356</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	-	-	5,824,473
Accrued liabilities	-	-	433,196
Due to other funds	-	-	4,423,580
Due to other governments	-	-	236,373
Deferred revenue	-	-	923,508
Unearned revenue	-	-	355,283
Advances from other funds	-	-	4,499
	-	-	4,499
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>12,200,912</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	-	19,978,409
Reserved for prepaid and other assets	-	-	552,866
Reserved for debt service	-	-	17,373,369
Reserved for long-term receivables	-	-	3,534,626
Reserved for advances to other funds	-	-	580,657
Unreserved:			
Designated:			
Designated for continuing appropriations	-	-	31,553,737
Designated for capital improvement projects	-	-	13,115,978
Undesignated	54,971	11,465	2,370,802
	54,971	11,465	2,370,802
<b>Total Fund Balances</b>	<b>54,971</b>	<b>11,465</b>	<b>89,060,444</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 54,971</b>	<b>\$ 11,465</b>	<b>\$ 101,261,356</b>

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**City of Moreno Valley**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>		
	<b>State Gasoline Tax</b>	<b>Article 3 Transportation</b>	<b>Measure A</b>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	2,902,069	69,090	5,181,127
Charges for services	306	-	-
Use of money and property	7,124	8,916	374,032
Miscellaneous	20,922	1,903	6,728
	<b>2,930,421</b>	<b>79,909</b>	<b>5,561,887</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	3,760,870	68,250	8,016,016
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<b>3,760,870</b>	<b>68,250</b>	<b>8,016,016</b>
<i>Excess (Deficiency) of Revenue Over (Under)</i> <i>Expenditures</i>	<b>(830,449)</b>	<b>11,659</b>	<b>(2,454,129)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,778,258	-	-
Transfers out	(439,000)	-	-
	<b>1,339,258</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>508,809</b>	<b>11,659</b>	<b>(2,454,129)</b>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>522,155</b>	<b>350,443</b>	<b>15,594,892</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,030,964</b>	<b>\$ 362,102</b>	<b>\$ 13,140,763</b>

**Special Revenue Funds**

<b>Law Enforcement</b>	<b>Public Education/ Government Access Program</b>	<b>Air Quality Management</b>	<b>Community Development Block Grant</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
349,477	-	155,925	2,133,981
-	-	-	-
(2,843)	-	15,118	(2)
-	359,991	343	2,085
<b>346,634</b>	<b>359,991</b>	<b>171,386</b>	<b>2,136,064</b>
-	532,905	-	-
329,420	-	-	-
47,405	-	-	2,072,153
-	-	-	-
-	-	486,637	-
-	-	-	-
-	-	-	-
<b>376,825</b>	<b>532,905</b>	<b>486,637</b>	<b>2,072,153</b>
<b>(30,191)</b>	<b>(172,914)</b>	<b>(315,251)</b>	<b>63,911</b>
-	381,429	-	-
-	-	-	-
-	<b>381,429</b>	-	-
<b>(30,191)</b>	<b>208,515</b>	<b>(315,251)</b>	<b>63,911</b>
345,185	1,727,606	758,509	130,928
<b>\$ 314,994</b>	<b>\$ 1,936,121</b>	<b>\$ 443,258</b>	<b>\$ 194,839</b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009  
(Continued)**

	<b>Special Revenue Funds</b>		
	<b>Special Districts Administration</b>	<b>NPDES CSA</b>	<b>Housing Assistance Program</b>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	-	117,565	198,921
Charges for services	888,566	522,336	-
Use of money and property	30,839	-	10,346
Miscellaneous	47,814	-	-
<b>Total Revenues</b>	<b>967,219</b>	<b>639,901</b>	<b>209,267</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	102,397
Community and cultural	-	-	-
Public works	1,269,256	791,844	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>1,269,256</b>	<b>791,844</b>	<b>102,397</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>(302,037)</i>	<i>(151,943)</i>	<i>106,870</i>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	137,175	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>137,175</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(302,037)</i>	<i>(14,768)</i>	<i>106,870</i>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>1,677,701</b>	<b>432,837</b>	<b>3,666,438</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,375,664</b>	<b>\$ 418,069</b>	<b>\$ 3,773,308</b>

**Special Revenue Funds**

<u>Child Care Grant</u>	<u>Parks and Community Services PAL Grant</u>	<u>Used Oil Recycling</u>	<u>Storm Water Maintenance</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
674,204	-	44,977	393,587
26,542	-	-	-
-	-	-	-
-	-	-	-
<b>700,746</b>	<b>-</b>	<b>44,977</b>	<b>393,587</b>
-	-	44,977	-
-	-	-	-
-	-	-	-
700,745	-	-	-
-	-	-	938,567
-	-	-	-
-	-	-	-
<b>700,745</b>	<b>-</b>	<b>44,977</b>	<b>938,567</b>
<b>1</b>	<b>-</b>	<b>-</b>	<b>(544,980)</b>
31,041	-	-	607,485
-	-	-	-
<b>31,041</b>	<b>-</b>	<b>-</b>	<b>607,485</b>
<b>31,042</b>	<b>-</b>	<b>-</b>	<b>62,505</b>
(45,182)	17,414	-	(53,699)
<b>\$ (14,140)</b>	<b>\$ 17,414</b>	<b>\$ -</b>	<b>\$ 8,806</b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009  
(Continued)**

	<b>Special Revenue Funds</b>		
	Traffic Congestion Relief	Disaster	Beverage Container Recycling
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	1,560,599	-	47,342
Charges for services	-	-	-
Use of money and property	24,080	-	-
Miscellaneous	-	-	-
	<b>1,584,679</b>	<b>-</b>	<b>47,342</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	47,194
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	279,439	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<b>279,439</b>	<b>-</b>	<b>47,194</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>1,305,240</b>	<b>-</b>	<b>148</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>1,305,240</b>	<b>-</b>	<b>148</b>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>(243)</b>	<b>340,453</b>	<b>(1,284)</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,304,997</b>	<b>\$ 340,453</b>	<b>\$ (1,136)</b>

**Special Revenue Funds**

<b>Emergency Management Preparedness Grant</b>	<b>ASES Program Grant</b>	<b>Box Springs Water EPA Grant</b>	<b>TCA2-06-22 Local Gov't Waste TI</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
83,123	8,968,378	124,540	-
-	-	-	-
-	26,902	1,363	-
-	24,850	-	-
<b>83,123</b>	<b>9,020,130</b>	<b>125,903</b>	<b>-</b>
-	-	-	-
157,804	-	-	-
-	-	-	-
-	8,917,142	-	-
-	-	182,166	-
-	-	-	-
-	-	-	-
<b>157,804</b>	<b>8,917,142</b>	<b>182,166</b>	<b>-</b>
<b>(74,681)</b>	<b>102,988</b>	<b>(56,263)</b>	<b>-</b>
111,090	-	-	-
-	-	-	-
<b>111,090</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>36,409</b>	<b>102,988</b>	<b>(56,263)</b>	<b>-</b>
(32,007)	148,822	56,477	-
<b>\$ 4,402</b>	<b>\$ 251,810</b>	<b>\$ 214</b>	<b>\$ -</b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2009**  
(Continued)

	<b>Special Revenue Funds</b>		
	<b>TR116-06-01 Target Rubberized</b>	<b>Prop 1B</b>	<b>Neighborhood Stabilization Program</b>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	47,950	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>47,950</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	321
Community and cultural	-	-	-
Public works	47,950	483,529	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>47,950</b>	<b>483,529</b>	<b>321</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>-</i>	<i>(483,529)</i>	<i>(321)</i>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(483,529)</i>	<i>(321)</i>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>-</b>	<b>2,902,673</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 2,419,144</b>	<b>\$ (321)</b>

<b>Special Revenue Fund</b>	<b>Capital Projects Funds</b>		
<b>FHWA TRANSIMS</b>	<b>City Hall Capital/Administratio n</b>	<b>Capital Improvements</b>	<b>Public Works Capital Projects</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
93,944	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,100
<b>93,944</b>	<b>-</b>	<b>-</b>	<b>1,100</b>
-	-	-	-
-	-	-	-
-	-	-	-
102,212	445,457	38,487	289,447
-	-	-	-
-	-	-	-
<b>102,212</b>	<b>445,457</b>	<b>38,487</b>	<b>289,447</b>
<b>(8,268)</b>	<b>(445,457)</b>	<b>(38,487)</b>	<b>(288,347)</b>
22,500	2,511,992	-	-
-	(67,040)	-	-
<b>22,500</b>	<b>2,444,952</b>	<b>-</b>	<b>-</b>
<b>14,232</b>	<b>1,999,495</b>	<b>(38,487)</b>	<b>(288,347)</b>
-	12,215,846	215,339	331,863
<b>\$ 14,232</b>	<b>\$ 14,215,341</b>	<b>\$ 176,852</b>	<b>\$ 43,516</b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009  
(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Traffic Signal Mitigation</b>	<b>Fire Services Capital Projects</b>	<b>Park Acquisition and Development</b>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	121,423	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>121,423</b>	<b>-</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>-</i>	<i>(121,423)</i>	<i>-</i>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(121,423)</i>	<i>-</i>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>137,578</b>	<b>2,027,684</b>	<b>230</b>
<b>Fund Balances, End of Year</b>	<b>\$ 137,578</b>	<b>\$ 1,906,261</b>	<b>\$ 230</b>

**Capital Projects Funds**

<u>Lease Revenue Bonds 2005 Capital Projects</u>	<u>Towngate Capital / Administration</u>	<u>Centerpointe Capital / Administration</u>	<u>Warner Ranch Capital Development</u>
\$ -	\$ -	\$ -	\$ 9,263
-	-	-	-
-	-	-	-
-	-	-	-
-	-	58,787	-
309,287	-	-	-
12,459	-	-	-
<b>321,746</b>	<b>-</b>	<b>58,787</b>	<b>9,263</b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
8,595,251	4,071	58,787	2,695
-	-	-	-
-	-	-	-
<b>8,595,251</b>	<b>4,071</b>	<b>58,787</b>	<b>2,695</b>
<b>(8,273,505)</b>	<b>(4,071)</b>	<b>-</b>	<b>6,568</b>
185,000	395,944	-	-
(309,120)	(3,038)	-	-
<b>(124,120)</b>	<b>392,906</b>	<b>-</b>	<b>-</b>
<b>(8,397,625)</b>	<b>388,835</b>	<b>-</b>	<b>6,568</b>
21,354,993	(389,206)	-	(4,484)
<b>\$ 12,957,368</b>	<b>\$ (371)</b>	<b>\$ -</b>	<b>\$ 2,084</b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2009**  
(Continued)

	<b>Capital Projects Funds</b>		
	<b>Auto Mall Capital Administration Fund</b>	<b>Parks and Community Services Capital Projects</b>	<b>TUMF Capital Projects</b>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	-	239,746	7,504,916
Charges for services	-	-	2,470
Use of money and property	-	-	1,532
Miscellaneous	-	204	6,633
<b>Total Revenues</b>	<b>-</b>	<b>239,950</b>	<b>7,515,551</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	537,482	-
Public works	148,446	-	8,619,492
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>148,446</b>	<b>537,482</b>	<b>8,619,492</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>(148,446)</i>	<i>(297,532)</i>	<i>(1,103,941)</i>
<b>Other Financing Sources (Uses)</b>			
Transfers in	148,446	(74,000)	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>148,446</b>	<b>(74,000)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(371,532)</i>	<i>(1,103,941)</i>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>-</b>	<b>6,939,298</b>	<b>(1,901,393)</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 6,567,766</b>	<b>\$ (3,005,334)</b>

<b>Capital Projects Funds</b>		<b>Debt Service Funds</b>	
<b>DIF Capital Projects</b>	<b>Stoneridge Capital / Administration</b>	<b>OPA Sales Tax Agreements</b>	<b>City Hall COPs Series 1997</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	22,768	394,359	-
3,517	-	-	-
<b>3,517</b>	<b>22,768</b>	<b>394,359</b>	<b>-</b>
-	-	-	-
-	-	-	-
-	-	-	-
3,021,840	2,228,521	-	-
-	-	-	570,000
-	-	394,359	125,960
<b>3,021,840</b>	<b>2,228,521</b>	<b>394,359</b>	<b>695,960</b>
<b>(3,018,323)</b>	<b>(2,205,753)</b>	<b>-</b>	<b>(695,960)</b>
4,576,846	50,000	-	645,569
-	-	-	-
<b>4,576,846</b>	<b>50,000</b>	<b>-</b>	<b>645,569</b>
<b>1,558,523</b>	<b>(2,155,753)</b>	<b>-</b>	<b>(50,391)</b>
9,267,411	2,613,210	-	803,105
<b>\$ 10,825,934</b>	<b>\$ 457,457</b>	<b>\$ -</b>	<b>\$ 752,714</b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2009**  
(Continued)

	<b>Debt Service Funds</b>		
	Auto Mall Special Tax Bonds	CFD # 5 Stoneridge	Certificates of Participation Series 1993
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	848,814	-	-
Other taxes	1,212,731	344,701	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	11,711	344	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>2,073,256</b>	<b>345,045</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	865,000	-	-
Interest and fiscal charges	1,118,114	291,872	5,000
<b>Total Expenditures</b>	<b>1,983,114</b>	<b>291,872</b>	<b>5,000</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>90,142</b>	<b>53,173</b>	<b>(5,000)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	103,026	-	-
Transfers out	(148,446)	(50,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(45,420)</b>	<b>(50,000)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>44,722</b>	<b>3,173</b>	<b>(5,000)</b>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>2,128,309</b>	<b>711,106</b>	<b>428,959</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,173,031</b>	<b>\$ 714,279</b>	<b>\$ 423,959</b>

**Debt Service Funds**

<u>Public Safety Lease Revenue Bonds 1997</u>	<u>Lease Revenue Bonds 2005 Debt Service</u>	<u>2007 Towngate Improvement Refunding</u>	<u>2007 Towngate Refunding</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	108,495	-
-	-	-	-
-	-	-	-
3,804	59,700	4,908	18,593
-	-	-	-
<b><u>3,804</u></b>	<b><u>59,700</u></b>	<b><u>113,403</u></b>	<b><u>18,593</u></b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
185,000	770,000	220,000	575,000
219,322	1,881,338	210,359	574,161
<b><u>404,322</u></b>	<b><u>2,651,338</u></b>	<b><u>430,359</u></b>	<b><u>1,149,161</u></b>
<b><u>(400,518)</u></b>	<b><u>(2,591,638)</u></b>	<b><u>(316,956)</u></b>	<b><u>(1,130,568)</u></b>
402,422	3,421,372	284,191	1,152,574
-	(112,731)	(3,700)	(392,244)
<b><u>402,422</u></b>	<b><u>3,308,641</u></b>	<b><u>280,491</u></b>	<b><u>760,330</u></b>
<b><u>1,904</u></b>	<b><u>717,003</u></b>	<b><u>(36,465)</u></b>	<b><u>(370,238)</u></b>
759,564	8,074,588	877,996	3,285,034
<b><u>\$ 761,468</u></b>	<b><u>\$ 8,791,591</u></b>	<b><u>\$ 841,531</u></b>	<b><u>\$ 2,914,796</u></b>

(Continued)

City of Moreno Valley  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Permanent Funds</u>		
	<u>Celebration Park Endowment</u>	<u>Equestrian Trail Endowment</u>	<u>TOTAL</u>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ 9,263
Sales taxes	-	-	848,814
Other taxes	-	-	1,665,927
Intergovernmental	-	-	30,891,461
Charges for services	-	-	1,499,007
Use of money and property	1,385	359	1,324,625
Miscellaneous	-	-	488,549
	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>	<b>1,385</b>	<b>359</b>	<b>36,727,646</b>
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
General government	-	-	625,076
Public safety	-	-	608,647
Community development	-	-	2,222,276
Community and cultural	-	-	10,155,369
Public works	-	-	39,879,230
Debt service:			
Principal retirement	-	-	3,185,000
Interest and fiscal charges	-	-	4,820,485
	<hr/>	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>61,496,083</b>
	<hr/>	<hr/>	<hr/>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>1,385</b>	<b>359</b>	<b>(24,768,437)</b>
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	16,872,360
Transfers out	-	-	(1,525,319)
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>15,347,041</b>
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Balances</i>	<b>1,385</b>	<b>359</b>	<b>(9,421,396)</b>
	<hr/>	<hr/>	<hr/>
<b>Fund Balances, Beginning of Year, as restated</b>	<b>53,586</b>	<b>11,106</b>	<b>98,481,840</b>
	<hr/>	<hr/>	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 54,971</b>	<b>\$ 11,465</b>	<b>\$ 89,060,444</b>
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City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**STATE GASOLINE TAX SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 2,887,000	\$ 2,887,000	\$ 2,902,069	\$ 15,069
Charges for services	-	-	306	306
Use of money and property	25,000	25,000	7,124	(17,876)
Miscellaneous	2,000	2,000	20,922	18,922
<b>Total Revenues</b>	<b>2,914,000</b>	<b>2,914,000</b>	<b>2,930,421</b>	<b>16,421</b>
<b>Expenditures:</b>				
Current:				
Public works	4,858,412	4,170,187	3,760,870	409,317
<b>Total Expenditures</b>	<b>4,858,412</b>	<b>4,170,187</b>	<b>3,760,870</b>	<b>409,317</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(1,944,412)</u>	<u>(1,256,187)</u>	<u>(830,449)</u>	<u>425,738</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,030,227	1,778,258	1,778,258	-
Transfers out	-	(439,000)	(439,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,030,227</b>	<b>1,339,258</b>	<b>1,339,258</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>85,815</b>	<b>83,071</b>	<b>508,809</b>	<b>425,738</b>
<b>Fund Balances, Beginning of Year</b>	<u>522,155</u>	<u>522,155</u>	<u>522,155</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<b>\$ 607,970</b>	<b>\$ 605,226</b>	<b>\$ 1,030,964</b>	<b>\$ 425,738</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**ARTICLE 3 TRANSPORTATION SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 102,050	\$ 102,050	\$ 69,090	\$ (32,960)
Use of money and property	9,000	9,000	8,916	(84)
Miscellaneous	-	-	1,903	1,903
<b>Total Revenues</b>	<b>111,050</b>	<b>111,050</b>	<b>79,909</b>	<b>(31,141)</b>
<b>Expenditures:</b>				
Current:				
Public works	-	94,200	68,250	25,950
<b>Total Expenditures</b>	<b>-</b>	<b>94,200</b>	<b>68,250</b>	<b>25,950</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>111,050</b>	<b>16,850</b>	<b>11,659</b>	<b>(5,191)</b>
<i>Net Change in Fund Balances</i>	<b>111,050</b>	<b>16,850</b>	<b>11,659</b>	<b>(5,191)</b>
<b>Fund Balances, Beginning of Year</b>	350,443	350,443	350,443	-
<b>Fund Balances, End of Year</b>	<b>\$ 461,493</b>	<b>\$ 367,293</b>	<b>\$ 362,102</b>	<b>\$ (5,191)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**MEASURE A SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 6,769,174	\$ 7,119,994	\$ 5,181,127	\$ (1,938,867)
Use of money and property	302,000	302,000	374,032	72,032
Miscellaneous	1,000	1,000	6,728	5,728
<b>Total Revenues</b>	<b><u>7,072,174</u></b>	<b><u>7,422,994</u></b>	<b><u>5,561,887</u></b>	<b><u>(1,861,107)</u></b>
<b>Expenditures:</b>				
Current:				
Public works	5,087,225	20,374,260	8,016,016	12,358,244
<b>Total Expenditures</b>	<b><u>5,087,225</u></b>	<b><u>20,374,260</u></b>	<b><u>8,016,016</u></b>	<b><u>12,358,244</u></b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b><u>1,984,949</u></b>	<b><u>(12,951,266)</u></b>	<b><u>(2,454,129)</u></b>	<b><u>10,497,137</u></b>
<i>Net Change in Fund Balances</i>	<b><u>1,984,949</u></b>	<b><u>(12,951,266)</u></b>	<b><u>(2,454,129)</u></b>	<b><u>10,497,137</u></b>
<b>Fund Balances, Beginning of Year</b>	<u>15,594,892</u>	<u>15,594,892</u>	<u>15,594,892</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 17,579,841</u></b>	<b><u>\$ 2,643,626</u></b>	<b><u>\$ 13,140,763</u></b>	<b><u>\$ 10,497,137</u></b>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**LAW ENFORCEMENT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 575,019	\$ 798,252	\$ 349,477	\$ (448,775)
Use of money and property	5,700	5,700	(2,843)	(8,543)
<b>Total Revenues</b>	<b>580,719</b>	<b>803,952</b>	<b>346,634</b>	<b>(457,318)</b>
<b>Expenditures:</b>				
Current:				
Public safety	593,536	677,814	329,420	348,394
Community development	71,000	71,000	47,405	23,595
<b>Total Expenditures</b>	<b>664,536</b>	<b>748,814</b>	<b>376,825</b>	<b>371,989</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(83,817)</u>	<u>55,138</u>	<u>(30,191)</u>	<u>(85,329)</u>
<i>Net Change in Fund Balances</i>	<u>(83,817)</u>	<u>55,138</u>	<u>(30,191)</u>	<u>(85,329)</u>
<b>Fund Balances, Beginning of Year</b>	<u>345,185</u>	<u>345,185</u>	<u>345,185</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ 261,368</b></u>	<u><b>\$ 400,323</b></u>	<u><b>\$ 314,994</b></u>	<u><b>\$ (85,329)</b></u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**PUBLIC EDUCATION/GOVERNMENT ACCESS PROGRAM SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Miscellaneous	\$ 300,000	\$ 300,000	\$ 359,991	\$ 59,991
<b>Total Revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>359,991</b>	<b>59,991</b>
<b>Expenditures:</b>				
Current:				
General government	688,666	688,408	532,905	155,503
<b>Total Expenditures</b>	<b>688,666</b>	<b>688,408</b>	<b>532,905</b>	<b>155,503</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>(388,666)</b>	<b>(388,408)</b>	<b>(172,914)</b>	<b>215,494</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	404,429	381,429	381,429	-
<b>Total Other Financing Sources (Uses)</b>	<b>404,429</b>	<b>381,429</b>	<b>381,429</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>15,763</b>	<b>(6,979)</b>	<b>208,515</b>	<b>215,494</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,727,606</b>	<b>1,727,606</b>	<b>1,727,606</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,743,369</b>	<b>\$ 1,720,627</b>	<b>\$ 1,936,121</b>	<b>\$ 215,494</b>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**AIR QUALITY MANAGEMENT FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 155,925	\$ (44,075)
Use of money and property	5,000	5,000	15,118	10,118
Miscellaneous	-	-	343	343
<b>Total Revenues</b>	<b>205,000</b>	<b>205,000</b>	<b>171,386</b>	<b>(33,614)</b>
<b>Expenditures:</b>				
Current:				
Public works	75,300	579,415	486,637	92,778
<b>Total Expenditures</b>	<b>75,300</b>	<b>579,415</b>	<b>486,637</b>	<b>92,778</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>129,700</b>	<b>(374,415)</b>	<b>(315,251)</b>	<b>59,164</b>
<i>Net Change in Fund Balances</i>	<b>129,700</b>	<b>(374,415)</b>	<b>(315,251)</b>	<b>59,164</b>
<b>Fund Balances, Beginning of Year</b>	758,509	758,509	758,509	-
<b>Fund Balances, End of Year</b>	<b>\$ 888,209</b>	<b>\$ 384,094</b>	<b>\$ 443,258</b>	<b>\$ 59,164</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 3,409,537	\$ 3,888,829	\$ 2,133,981	\$ (1,754,848)
Use of money and property	-	-	(2)	(2)
Miscellaneous	-	-	2,085	2,085
<b>Total Revenues</b>	<b><u>3,409,537</u></b>	<b><u>3,888,829</u></b>	<b><u>2,136,064</u></b>	<b><u>(1,752,765)</u></b>
<b>Expenditures:</b>				
Current:				
Community development	3,363,203	4,381,649	2,072,153	2,309,496
<b>Total Expenditures</b>	<b><u>3,363,203</u></b>	<b><u>4,381,649</u></b>	<b><u>2,072,153</u></b>	<b><u>2,309,496</u></b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>46,334</u>	<u>(492,820)</u>	<u>63,911</u>	<u>556,731</u>
<i>Net Change in Fund Balances</i>	46,334	(492,820)	63,911	556,731
<b>Fund Balances, Beginning of Year</b>	<u>130,928</u>	<u>130,928</u>	<u>130,928</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 177,262</u></b>	<b><u>\$ (361,892)</u></b>	<b><u>\$ 194,839</u></b>	<b><u>\$ 556,731</u></b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**SPECIAL DISTRICTS ADMINISTRATION SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 953,771	\$ 953,771	\$ 888,566	\$ (65,205)
Use of money and property	76,485	76,485	30,839	(45,646)
Miscellaneous	-	-	47,814	47,814
<b>Total Revenues</b>	<b>1,030,256</b>	<b>1,030,256</b>	<b>967,219</b>	<b>(63,037)</b>
<b>Expenditures:</b>				
Current:				
Public works	1,326,625	1,326,496	1,269,256	57,240
<b>Total Expenditures</b>	<b>1,326,625</b>	<b>1,326,496</b>	<b>1,269,256</b>	<b>57,240</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(296,369)</u>	<u>(296,240)</u>	<u>(302,037)</u>	<u>(5,797)</u>
<i>Net Change in Fund Balances</i>	(296,369)	(296,240)	(302,037)	(5,797)
<b>Fund Balances, Beginning of Year</b>	1,677,701	1,677,701	1,677,701	-
<b>Fund Balances, End of Year</b>	<b>\$ 1,381,332</b>	<b>\$ 1,381,461</b>	<b>\$ 1,375,664</b>	<b>\$ (5,797)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**NPDES CSA SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 128,955	\$ 128,955	\$ 117,565	\$ (11,390)
Charges for services	951,306	951,306	522,336	(428,970)
<b>Total Revenues</b>	<b>1,080,261</b>	<b>1,080,261</b>	<b>639,901</b>	<b>(440,360)</b>
<b>Expenditures:</b>				
Current:				
Public works	1,073,803	1,148,704	791,844	356,860
<b>Total Expenditures</b>	<b>1,073,803</b>	<b>1,148,704</b>	<b>791,844</b>	<b>356,860</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>6,458</b>	<b>(68,443)</b>	<b>(151,943)</b>	<b>(83,500)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	159,275	137,175	137,175	-
<b>Total Other Financing Sources (Uses)</b>	<b>159,275</b>	<b>137,175</b>	<b>137,175</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>165,733</b>	<b>68,732</b>	<b>(14,768)</b>	<b>(83,500)</b>
<b>Fund Balances, Beginning of Year</b>	432,837	432,837	432,837	-
<b>Fund Balances, End of Year</b>	<b>\$ 598,570</b>	<b>\$ 501,569</b>	<b>\$ 418,069</b>	<b>\$ (83,500)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**HOUSING ASSISTANCE PROGRAMS SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 1,216,988	\$ 1,216,988	\$ 198,921	\$ (1,018,067)
Use of money and property	-	-	10,346	10,346
<b>Total Revenues</b>	<b><u>1,216,988</u></b>	<b><u>1,216,988</u></b>	<b><u>209,267</u></b>	<b><u>(1,007,721)</u></b>
<b>Expenditures:</b>				
Current:				
Community development	1,272,914	1,292,914	102,397	1,190,517
<b>Total Expenditures</b>	<b><u>1,272,914</u></b>	<b><u>1,292,914</u></b>	<b><u>102,397</u></b>	<b><u>1,190,517</u></b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(55,926)</u>	<u>(75,926)</u>	<u>106,870</u>	<u>182,796</u>
<i>Net Change in Fund Balances</i>	<u>(55,926)</u>	<u>(75,926)</u>	<u>106,870</u>	<u>182,796</u>
<b>Fund Balances, Beginning of Year, As restated</b>	3,666,438	3,666,438	3,666,438	-
<b>Fund Balances, End of Year</b>	<b><u>\$ 3,610,512</u></b>	<b><u>\$ 3,590,512</u></b>	<b><u>\$ 3,773,308</u></b>	<b><u>\$ 182,796</u></b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CHILD CARE GRANT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 708,092	\$ 710,740	\$ 674,204	\$ (36,536)
Charges for services	31,380	31,380	26,542	(4,838)
<b>Total Revenues</b>	<b>739,472</b>	<b>742,120</b>	<b>700,746</b>	<b>(41,374)</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	857,890	855,488	700,745	154,743
<b>Total Expenditures</b>	<b>857,890</b>	<b>855,488</b>	<b>700,745</b>	<b>154,743</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(118,418)</u>	<u>(113,368)</u>	<u>1</u>	<u>113,369</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	31,041	31,041
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>31,041</u>	<u>31,041</u>
<i>Net Change in Fund Balances</i>	<u>(118,418)</u>	<u>(113,368)</u>	<u>31,042</u>	<u>144,410</u>
<b>Fund Balances, Beginning of Year, as restated</b>	<u>(45,182)</u>	<u>(45,182)</u>	<u>(45,182)</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ (163,600)</u></u>	<u><u>\$ (158,550)</u></u>	<u><u>\$ (14,140)</u></u>	<u><u>\$ 144,410</u></u>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**PARKS & COMMUNITY SERVICES PAL GRANT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Fund Balances, Beginning of Year</b>	<u>17,414</u>	<u>17,414</u>	<u>17,414</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ 17,414</b></u>	<u><b>\$ 17,414</b></u>	<u><b>\$ 17,414</b></u>	<u><b>\$ -</b></u>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**USED OIL RECYCLING SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 62,157	\$ 62,157	\$ 44,977	\$ (17,180)
<b>Total Revenues</b>	<b>62,157</b>	<b>62,157</b>	<b>44,977</b>	<b>(17,180)</b>
<b>Expenditures:</b>				
Current:				
General government	63,475	63,475	44,977	18,498
<b>Total Expenditures</b>	<b>63,475</b>	<b>63,475</b>	<b>44,977</b>	<b>18,498</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>(1,318)</b>	<b>(1,318)</b>	-	<b>1,318</b>
<i>Net Change in Fund Balances</i>	<b>(1,318)</b>	<b>(1,318)</b>	-	<b>1,318</b>
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	<b>\$ (1,318)</b>	<b>\$ (1,318)</b>	<b>\$ -</b>	<b>\$ 1,318</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**STORM WATER MAINTENANCE SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 412,800	\$ 412,800	\$ 393,587	\$ (19,213)
<b>Total Revenues</b>	<b>412,800</b>	<b>412,800</b>	<b>393,587</b>	<b>(19,213)</b>
<b>Expenditures:</b>				
Current:				
Public works	635,283	967,869	938,567	29,302
<b>Total Expenditures</b>	<b>635,283</b>	<b>967,869</b>	<b>938,567</b>	<b>29,302</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(222,483)</u>	<u>(555,069)</u>	<u>(544,980)</u>	<u>10,089</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	227,485	607,485	607,485	-
<b>Total Other Financing Sources (Uses)</b>	<b>227,485</b>	<b>607,485</b>	<b>607,485</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>5,002</b>	<b>52,416</b>	<b>62,505</b>	<b>10,089</b>
<b>Fund Balances, Beginning of Year</b>	<u>(53,699)</u>	<u>(53,699)</u>	<u>(53,699)</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ (48,697)</b></u>	<u><b>\$ (1,283)</b></u>	<u><b>\$ 8,806</b></u>	<u><b>\$ 10,089</b></u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**TRAFFIC CONGESTION RELIEF SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 1,737,271	\$ 1,737,271	\$ 1,560,599	\$ (176,672)
Use of money and property	90,000	90,000	24,080	(65,920)
<b>Total Revenues</b>	<b>1,827,271</b>	<b>1,827,271</b>	<b>1,584,679</b>	<b>(242,592)</b>
<b>Expenditures:</b>				
Current:				
Public works	2,235,000	3,799,728	279,439	3,520,289
<b>Total Expenditures</b>	<b>2,235,000</b>	<b>3,799,728</b>	<b>279,439</b>	<b>3,520,289</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(407,729)</u>	<u>(1,972,457)</u>	<u>1,305,240</u>	<u>3,277,697</u>
<i>Net Change in Fund Balances</i>	<u>(407,729)</u>	<u>(1,972,457)</u>	<u>1,305,240</u>	<u>3,277,697</u>
<b>Fund Balances, Beginning of Year</b>	<u>(243)</u>	<u>(243)</u>	<u>(243)</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ (407,972)</b></u>	<u><b>\$ (1,972,700)</b></u>	<u><b>\$ 1,304,997</b></u>	<u><b>\$ 3,277,697</b></u>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**DISASTER SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

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

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**BEVERAGE CONTAINER RECYCLING SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 47,342	\$ 47,342	\$ 47,342	\$ -
<b>Total Revenues</b>	<b>47,342</b>	<b>47,342</b>	<b>47,342</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	47,349	47,349	47,194	155
<b>Total Expenditures</b>	<b>47,349</b>	<b>47,349</b>	<b>47,194</b>	<b>155</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(7)</u>	<u>(7)</u>	<u>148</u>	<u>155</u>
<i>Net Change in Fund Balances</i>	(7)	(7)	148	155
<b>Fund Balances, Beginning of Year</b>	<u>(1,284)</u>	<u>(1,284)</u>	<u>(1,284)</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ (1,291)</u></u>	<u><u>\$ (1,291)</u></u>	<u><u>\$ (1,136)</u></u>	<u><u>\$ 155</u></u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**EMERGENCY MANAGEMENT PREPAREDNESS GRANT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 83,123	\$ 3,123
<b>Total Revenues</b>	<b>80,000</b>	<b>80,000</b>	<b>83,123</b>	<b>3,123</b>
<b>Expenditures:</b>				
Current:				
Public safety	194,935	194,935	157,804	37,131
<b>Total Expenditures</b>	<b>194,935</b>	<b>194,935</b>	<b>157,804</b>	<b>37,131</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>(114,935)</b>	<b>(114,935)</b>	<b>(74,681)</b>	<b>40,254</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	111,090	111,090
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>111,090</b>	<b>111,090</b>
<i>Net Change in Fund Balances</i>	<b>(114,935)</b>	<b>(114,935)</b>	<b>36,409</b>	<b>151,344</b>
<b>Fund Balances, Beginning of Year</b>	<b>(32,007)</b>	<b>(32,007)</b>	<b>(32,007)</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ (146,942)</b>	<b>\$ (146,942)</b>	<b>\$ 4,402</b>	<b>\$ 151,344</b>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**ASES PROGRAM GRANT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 5,274,324	\$ 5,274,324	\$ 8,968,378	\$ 3,694,054
Use of money and property	-	-	26,902	26,902
Miscellaneous	-	-	24,850	24,850
<b>Total Revenues</b>	<b>5,274,324</b>	<b>5,274,324</b>	<b>9,020,130</b>	<b>3,745,806</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	5,498,563	5,498,547	8,917,142	(3,418,595)
<b>Total Expenditures</b>	<b>5,498,563</b>	<b>5,498,547</b>	<b>8,917,142</b>	<b>(3,418,595)</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>(224,239)</i>	<i>(224,223)</i>	<i>102,988</i>	<i>327,211</i>
<i>Net Change in Fund Balances</i>	<i>(224,239)</i>	<i>(224,223)</i>	<i>102,988</i>	<i>327,211</i>
<b>Fund Balances, Beginning of Year</b>	148,822	148,822	148,822	-
<b>Fund Balances, End of Year</b>	<b>\$ (75,417)</b>	<b>\$ (75,401)</b>	<b>\$ 251,810</b>	<b>\$ 327,211</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**BOX SPRINGS WATER EPA GRANT SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 149,854	\$ 149,854	\$ 124,540	\$ (25,314)
Use of money and property	4,000	4,000	1,363	(2,637)
<b>Total Revenues</b>	<b>153,854</b>	<b>153,854</b>	<b>125,903</b>	<b>(27,951)</b>
<b>Expenditures:</b>				
Current:				
Public works	-	228,732	182,166	46,566
<b>Total Expenditures</b>	<b>-</b>	<b>228,732</b>	<b>182,166</b>	<b>46,566</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>153,854</b>	<b>(74,878)</b>	<b>(56,263)</b>	<b>18,615</b>
<i>Net Change in Fund Balances</i>	<b>153,854</b>	<b>(74,878)</b>	<b>(56,263)</b>	<b>18,615</b>
<b>Fund Balances, Beginning of Year</b>	56,477	56,477	56,477	-
<b>Fund Balances, End of Year</b>	<b>\$ 210,331</b>	<b>\$ (18,401)</b>	<b>\$ 214</b>	<b>\$ 18,615</b>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**TCA-06-22 LOCAL GOV'T WASTE TI SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

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

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**TRI16-06-1 Target Rubberized Asphalt Concrete Incentive Grant**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 47,950	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>47,950</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Public works	-	-	47,950	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>47,950</b>	<b>-</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	-	-	-	-
<i>Net Change in Fund Balances</i>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**PROPR 1B SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Current:				
Public works	\$ 2,902,673	\$ 2,902,673	\$ 483,529	\$ 2,419,144
<b>Total Expenditures</b>	<b>2,902,673</b>	<b>2,902,673</b>	<b>483,529</b>	<b>2,419,144</b>
<i>Excess (Deficiency) of Revenue Over     (Under) Expenditures</i>	<u>(2,902,673)</u>	<u>(2,902,673)</u>	<u>(483,529)</u>	<u>2,419,144</u>
<i>Net Change in Fund Balances</i>	(2,902,673)	(2,902,673)	(483,529)	2,419,144
<b>Fund Balances, Beginning of Year</b>	<u>2,902,673</u>	<u>2,902,673</u>	<u>2,902,673</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,419,144</u>	<u>\$ 2,419,144</u>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Current:				
Community development	\$ -	\$ -	\$ 321	\$ (321)
<b>Total Expenditures</b>	-	-	321	(321)
<i>Excess (Deficiency) of Revenue Over     (Under) Expenditures</i>	-	-	(321)	(321)
<i>Net Change in Fund Balances</i>	-	-	(321)	(321)
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	\$ -	\$ -	\$ (321)	\$ (321)

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**FHWA TRANSIMS**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 276,556	\$ 93,944	\$ (182,612)
<b>Total Revenues</b>	<b>-</b>	<b>276,556</b>	<b>93,944</b>	<b>(182,612)</b>
<b>Expenditures:</b>				
Current:				
Public works	-	299,056	102,212	196,844
<b>Total Expenditures</b>	<b>-</b>	<b>299,056</b>	<b>102,212</b>	<b>196,844</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>-</i>	<i>(22,500)</i>	<i>(8,268)</i>	<i>14,232</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	22,500	22,500	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>22,500</b>	<b>22,500</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>-</i>	<i>14,232</i>	<i>14,232</i>
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,232</b>	<b>\$ 14,232</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CITY HALL CAPITAL/ADMINISTRATION CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Miscellaneous	\$ 320,000	\$ 320,000	\$ -	\$ (320,000)
<b>Total Revenues</b>	<b>320,000</b>	<b>320,000</b>	<b>-</b>	<b>(320,000)</b>
<b>Expenditures:</b>				
Current:				
Public works	2,511,992	13,060,728	445,457	12,615,271
<b>Total Expenditures</b>	<b>2,511,992</b>	<b>13,060,728</b>	<b>445,457</b>	<b>12,615,271</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>(2,191,992)</b>	<b>(12,740,728)</b>	<b>(445,457)</b>	<b>12,295,271</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,511,992	2,511,992	2,511,992	-
Transfers out	-	(67,040)	(67,040)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,511,992</b>	<b>2,444,952</b>	<b>2,444,952</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>320,000</b>	<b>(10,295,776)</b>	<b>1,999,495</b>	<b>12,295,271</b>
<b>Fund Balances, Beginning of Year</b>	12,215,846	12,215,846	12,215,846	-
<b>Fund Balances, End of Year</b>	<b>\$ 12,535,846</b>	<b>\$ 1,920,070</b>	<b>\$ 14,215,341</b>	<b>\$ 12,295,271</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Current:				
Public works	\$ -	\$ -	\$ 38,487	\$ (38,487)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>38,487</b>	<b>(38,487)</b>
 <i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	-	-	(38,487)	(38,487)
 <i>Net Change in Fund Balances</i>	-	-	(38,487)	(38,487)
<b>Fund Balances, Beginning of Year</b>	215,339	215,339	215,339	-
<b>Fund Balances, End of Year</b>	<b>\$ 215,339</b>	<b>\$ 215,339</b>	<b>\$ 176,852</b>	<b>\$ (38,487)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**PUBLIC WORKS CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Miscellaneous	\$ -	\$ -	\$ 1,100	\$ 1,100
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>1,100</b>
<b>Expenditures:</b>				
Current:				
Public works	-	299,171	289,447	9,724
<b>Total Expenditures</b>	<b>-</b>	<b>299,171</b>	<b>289,447</b>	<b>9,724</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>-</i>	<i>(299,171)</i>	<i>(288,347)</i>	<i>10,824</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(299,171)</i>	<i>(288,347)</i>	<i>10,824</i>
<b>Fund Balances, Beginning of Year</b>	<b>331,863</b>	<b>331,863</b>	<b>331,863</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 331,863</b>	<b>\$ 32,692</b>	<b>\$ 43,516</b>	<b>\$ 10,824</b>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**TRAFFIC SIGNAL MITIGATION CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

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

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**FIRE SERVICES CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Miscellaneous	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
<b>Total Revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>
<b>Expenditures:</b>				
Current:				
Public safety	1,110,600	5,061,944	121,423	4,940,521
<b>Total Expenditures</b>	<b>1,110,600</b>	<b>5,061,944</b>	<b>121,423</b>	<b>4,940,521</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(1,109,600)</u>	<u>(5,060,944)</u>	<u>(121,423)</u>	<u>4,939,521</u>
<i>Net Change in Fund Balances</i>	<u>(1,109,600)</u>	<u>(5,060,944)</u>	<u>(121,423)</u>	<u>4,939,521</u>
<b>Fund Balances, Beginning of Year</b>	2,027,684	2,027,684	2,027,684	-
<b>Fund Balances, End of Year</b>	<u><u>\$ 918,084</u></u>	<u><u>\$ (3,033,260)</u></u>	<u><u>\$ 1,906,261</u></u>	<u><u>\$ 4,939,521</u></u>

**City of Moreno Valley**  
**BUDGETARY COMPARISON STATEMENT**  
**PARK ACQUISITION AND DEVELOPMENT CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

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

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**LEASE REVENUE BONDS 2005 CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 1,200,000	\$ 1,200,000	\$ 309,287	\$ (890,713)
Miscellaneous	-	-	12,459	12,459
<b>Total Revenues</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>321,746</b>	<b>(878,254)</b>
<b>Expenditures:</b>				
Current:				
Public works	11,774,028	23,112,908	8,595,251	14,517,657
<b>Total Expenditures</b>	<b>11,774,028</b>	<b>23,112,908</b>	<b>8,595,251</b>	<b>14,517,657</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>(10,574,028)</b>	<b>(21,912,908)</b>	<b>(8,273,505)</b>	<b>13,639,403</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	185,000	185,000	-
Transfers out	-	-	(309,120)	(309,120)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>185,000</b>	<b>(124,120)</b>	<b>(309,120)</b>
<i>Net Change in Fund Balances</i>	<b>(10,574,028)</b>	<b>(21,727,908)</b>	<b>(8,397,625)</b>	<b>13,330,283</b>
<b>Fund Balances, Beginning of Year</b>	21,354,993	21,354,993	21,354,993	-
<b>Fund Balances, End of Year</b>	<b>\$ 10,780,965</b>	<b>\$ (372,915)</b>	<b>\$ 12,957,368</b>	<b>\$ 13,330,283</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**TOWNGATE CAPITAL/ADMINISTRATION CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Current:				
Public works	\$ -	\$ -	\$ 4,071	\$ (4,071)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>4,071</b>	<b>(4,071)</b>
<i>Excess (Deficiency) of Revenue Over     (Under) Expenditures</i>	-	-	(4,071)	(4,071)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	395,944	395,944
Transfers out	-	-	(3,038)	(3,038)
<b>Total Other Financing       Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>392,906</b>	<b>392,906</b>
<i>Net Change in Fund Balances</i>	-	-	388,835	388,835
<b>Fund Balances, Beginning of Year</b>	(389,206)	(389,206)	(389,206)	-
<b>Fund Balances, End of Year</b>	<b>\$ (389,206)</b>	<b>\$ (389,206)</b>	<b>\$ (371)</b>	<b>\$ 388,835</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CENTERPOINTE CAPITAL/ADMINISTRATION CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 58,787	\$ 58,787
Use of money and property	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>58,787</b>	<b>58,787</b>
<b>Expenditures:</b>				
Current:				
Public works	59,500	59,500	58,787	713
<b>Total Expenditures</b>	<b>59,500</b>	<b>59,500</b>	<b>58,787</b>	<b>713</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(59,500)</u>	<u>(59,500)</u>	<u>-</u>	<u>59,500</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	55,000	-	(55,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
<i>Net Change in Fund Balances</i>	<u>(59,500)</u>	<u>(4,500)</u>	<u>-</u>	<u>4,500</u>
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ (59,500)</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ 4,500</u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**WARNER RANCH CAPITAL/DEVELOPMENT CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 8,300	\$ 8,300	\$ 9,263	\$ 963
<b>Total Revenues</b>	<b>8,300</b>	<b>8,300</b>	<b>9,263</b>	<b>963</b>
<b>Expenditures:</b>				
Current:				
Public works	7,188	7,188	2,695	4,493
<b>Total Expenditures</b>	<b>7,188</b>	<b>7,188</b>	<b>2,695</b>	<b>4,493</b>
 <i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	 <b>1,112</b>	 <b>1,112</b>	 <b>6,568</b>	 <b>5,456</b>
 <i>Net Change in Fund Balances</i>	 <b>1,112</b>	 <b>1,112</b>	 <b>6,568</b>	 <b>5,456</b>
<b>Fund Balances, Beginning of Year</b>	(4,484)	(4,484)	(4,484)	-
<b>Fund Balances, End of Year</b>	<b>\$ (3,372)</b>	<b>\$ (3,372)</b>	<b>\$ 2,084</b>	<b>\$ 5,456</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**AUTO MALL CAPITAL/ADMINISTRATION FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Current:				
Public works	\$ 153,440	\$ 153,440	\$ 148,446	\$ 4,994
<b>Total Expenditures</b>	<b>153,440</b>	<b>153,440</b>	<b>148,446</b>	<b>4,994</b>
<i>Excess (Deficiency) of Revenue Over     (Under) Expenditures</i>	<u>(153,440)</u>	<u>(153,440)</u>	<u>(148,446)</u>	<u>4,994</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	148,940	148,940	148,446	(494)
<b>Total Other Financing       Sources (Uses)</b>	<b>148,940</b>	<b>148,940</b>	<b>148,446</b>	<b>(494)</b>
<i>Net Change in Fund Balances</i>	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>	<u>4,500</u>
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ (4,500)</u></u>	<u><u>\$ (4,500)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,500</u></u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**PARKS & COMMUNITY SERVICES CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 239,746	\$ 239,746
Miscellaneous	-	-	204	204
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>239,950</b>	<b>239,950</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	3,626,000	13,477,443	537,482	12,939,961
<b>Total Expenditures</b>	<b>3,626,000</b>	<b>13,477,443</b>	<b>537,482</b>	<b>12,939,961</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>(3,626,000)</i>	<i>(13,477,443)</i>	<i>(297,532)</i>	<i>13,179,911</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	(74,000)	(74,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(74,000)</b>	<b>(74,000)</b>
<i>Net Change in Fund Balances</i>	<i>(3,626,000)</i>	<i>(13,477,443)</i>	<i>(371,532)</i>	<i>13,105,911</i>
<b>Fund Balances, Beginning of Year</b>	<b>6,939,298</b>	<b>6,939,298</b>	<b>6,939,298</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,313,298</b>	<b>\$ (6,538,145)</b>	<b>\$ 6,567,766</b>	<b>\$ 13,105,911</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**TUMF CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 18,401,000	\$ 7,504,916	\$ (10,896,084)
Charges for services	-	-	2,470	2,470
Use of money and property	-	-	1,532	1,532
Miscellaneous	-	-	6,633	6,633
<b>Total Revenues</b>	<b>-</b>	<b>18,401,000</b>	<b>7,515,551</b>	<b>(10,885,449)</b>
<b>Expenditures:</b>				
Current:				
Public works	-	31,294,856	8,619,492	22,675,364
<b>Total Expenditures</b>	<b>-</b>	<b>31,294,856</b>	<b>8,619,492</b>	<b>22,675,364</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>-</i>	<i>(12,893,856)</i>	<i>(1,103,941)</i>	<i>11,789,915</i>
<i>Net Change in Fund Balances</i>	<i>-</i>	<i>(12,893,856)</i>	<i>(1,103,941)</i>	<i>11,789,915</i>
<b>Fund Balances, Beginning of Year</b>	<b>(1,901,393)</b>	<b>(1,901,393)</b>	<b>(1,901,393)</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ (1,901,393)</b>	<b>\$ (14,795,249)</b>	<b>\$ (3,005,334)</b>	<b>\$ 11,789,915</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**DIF CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 3,517	\$ 1,517
<b>Total Revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>3,517</b>	<b>1,517</b>
<b>Expenditures:</b>				
Current:				
Public works	4,576,846	11,081,344	3,021,840	8,059,504
<b>Total Expenditures</b>	<b>4,576,846</b>	<b>11,081,344</b>	<b>3,021,840</b>	<b>8,059,504</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(4,574,846)</u>	<u>(11,079,344)</u>	<u>(3,018,323)</u>	<u>8,061,021</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,576,846	4,576,846	4,576,846	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,576,846</b>	<b>4,576,846</b>	<b>4,576,846</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>2,000</b>	<b>(6,502,498)</b>	<b>1,558,523</b>	<b>8,061,021</b>
<b>Fund Balances, Beginning of Year</b>	9,267,411	9,267,411	9,267,411	-
<b>Fund Balances, End of Year</b>	<b>\$ 9,269,411</b>	<b>\$ 2,764,913</b>	<b>\$ 10,825,934</b>	<b>\$ 8,061,021</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**STONERIDGE CAPITAL ADMINISTRATION CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 100,000	\$ 100,000	\$ 22,768	\$ (77,232)
<b>Total Revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>22,768</b>	<b>(77,232)</b>
<b>Expenditures:</b>				
Current:				
Public works	50,000	50,000	2,228,521	(2,178,521)
<b>Total Expenditures</b>	<b>50,000</b>	<b>50,000</b>	<b>2,228,521</b>	<b>(2,178,521)</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<b>50,000</b>	<b>50,000</b>	<b>(2,205,753)</b>	<b>(2,255,753)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	50,000	50,000	50,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>100,000</b>	<b>100,000</b>	<b>(2,155,753)</b>	<b>(2,255,753)</b>
<b>Fund Balances, Beginning of Year</b>	2,613,210	2,613,210	2,613,210	-
<b>Fund Balances, End of Year</b>	<b>\$ 2,713,210</b>	<b>\$ 2,713,210</b>	<b>\$ 457,457</b>	<b>\$ (2,255,753)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**OPA SALES TAX AGREEMENTS DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 320,000	\$ 320,000	\$ 394,359	\$ 74,359
<b>Total Revenues</b>	<b>320,000</b>	<b>320,000</b>	<b>394,359</b>	<b>74,359</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	320,000	320,000	394,359	(74,359)
<b>Total Expenditures</b>	<b>320,000</b>	<b>320,000</b>	<b>394,359</b>	<b>(74,359)</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	-	-	-	-
<i>Net Change in Fund Balances</i>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CITY HALL COPS SERIES 1997 DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 570,000	\$ 570,000	\$ 570,000	\$ -
Interest and fiscal charges	321,000	321,000	125,960	195,040
<b>Total Expenditures</b>	<b>891,000</b>	<b>891,000</b>	<b>695,960</b>	<b>195,040</b>
 <i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	 <u>(891,000)</u>	 <u>(891,000)</u>	 <u>(695,960)</u>	 <u>195,040</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	891,000	891,000	645,569	(245,431)
<b>Total Other Financing Sources (Uses)</b>	<b>891,000</b>	<b>891,000</b>	<b>645,569</b>	<b>(245,431)</b>
 <i>Net Change in Fund Balances</i>	 -	 -	 (50,391)	 (50,391)
<b>Fund Balances, Beginning of Year</b>	<u>803,105</u>	<u>803,105</u>	<u>803,105</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 803,105</u></b>	<b><u>\$ 803,105</u></b>	<b><u>\$ 752,714</u></b>	<b><u>\$ (50,391)</u></b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**AUTO MALL SPECIAL TAX BONDS DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Sales Taxes	\$ 1,500,000	\$ 1,500,000	\$ 848,814	\$ (651,186)
Other Taxes	1,189,025	1,189,025	1,212,731	23,706
Use of money and property	45,105	45,105	11,711	(33,394)
<b>Total Revenues</b>	<b>2,734,130</b>	<b>2,734,130</b>	<b>2,073,256</b>	<b>(660,874)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	2,139,025	2,139,025	865,000	1,274,025
Interest and fiscal charges	239,025	239,025	1,118,114	(879,089)
<b>Total Expenditures</b>	<b>2,378,050</b>	<b>2,378,050</b>	<b>1,983,114</b>	<b>394,936</b>
 <i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	 <b>356,080</b>	 <b>356,080</b>	 <b>90,142</b>	 <b>(265,938)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	215,651	215,651	103,026	(112,625)
Transfers out	(148,940)	(148,940)	(148,446)	494
<b>Total Other Financing Sources (Uses)</b>	<b>66,711</b>	<b>66,711</b>	<b>(45,420)</b>	<b>(112,131)</b>
 <i>Net Change in Fund Balances</i>	 <b>422,791</b>	 <b>422,791</b>	 <b>44,722</b>	 <b>(378,069)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,128,309</b>	<b>2,128,309</b>	<b>2,128,309</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,551,100</b>	<b>\$ 2,551,100</b>	<b>\$ 2,173,031</b>	<b>\$ (378,069)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CFD# 5 STONERIDGE DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Other Taxes	\$ 353,615	\$ 353,615	\$ 344,701	\$ (8,914)
Use of money and property	24,270	24,270	344	(23,926)
<b>Total Revenues</b>	<b>377,885</b>	<b>377,885</b>	<b>345,045</b>	<b>(32,840)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	15,000	15,000	-	15,000
Interest and fiscal charges	288,615	288,615	291,872	(3,257)
<b>Total Expenditures</b>	<b>303,615</b>	<b>303,615</b>	<b>291,872</b>	<b>11,743</b>
 <i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	 <b>74,270</b>	 <b>74,270</b>	 <b>53,173</b>	 <b>(21,097)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>
 <i>Net Change in Fund Balances</i>	 <b>24,270</b>	 <b>24,270</b>	 <b>3,173</b>	 <b>(21,097)</b>
<b>Fund Balances, Beginning of Year</b>	<b>711,106</b>	<b>711,106</b>	<b>711,106</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 735,376</b>	<b>\$ 735,376</b>	<b>\$ 714,279</b>	<b>\$ (21,097)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CERTIFICATE OF PARTICIPATION SERIES 1993 DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures:</b>				
Debt service:				
Interest and fiscal charges	\$ 2,000	\$ 2,000	\$ 5,000	\$ (3,000)
<b>Total Expenditures</b>	<b>2,000</b>	<b>2,000</b>	<b>5,000</b>	<b>(3,000)</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	(2,000)	(2,000)	(5,000)	(3,000)
<i>Net Change in Fund Balances</i>	(2,000)	(2,000)	(5,000)	(3,000)
<b>Fund Balances, Beginning of Year</b>	428,959	428,959	428,959	-
<b>Fund Balances, End of Year</b>	<b>\$ 426,959</b>	<b>\$ 426,959</b>	<b>\$ 423,959</b>	<b>\$ (3,000)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**PUBLIC SAFETY LEASE REVENUE BONDS 1997 DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 18,000	\$ 18,000	\$ 3,804	\$ (14,196)
<b>Total Revenues</b>	<b>18,000</b>	<b>18,000</b>	<b>3,804</b>	<b>(14,196)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	185,000	185,000	185,000	-
Interest and fiscal charges	217,422	217,422	219,322	(1,900)
<b>Total Expenditures</b>	<b>402,422</b>	<b>402,422</b>	<b>404,322</b>	<b>(1,900)</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(384,422)</u>	<u>(384,422)</u>	<u>(400,518)</u>	<u>(16,096)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	402,422	402,422	402,422	-
<b>Total Other Financing Sources (Uses)</b>	<b>402,422</b>	<b>402,422</b>	<b>402,422</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<b>18,000</b>	<b>18,000</b>	<b>1,904</b>	<b>(16,096)</b>
<b>Fund Balances, Beginning of Year</b>	<u>759,564</u>	<u>759,564</u>	<u>759,564</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ 777,564</b></u>	<u><b>\$ 777,564</b></u>	<u><b>\$ 761,468</b></u>	<u><b>\$ (16,096)</b></u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**LEASE REVENUE BONDS 2005 DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 155,000	\$ 155,000	\$ 59,700	\$ (95,300)
<b>Total Revenues</b>	<b>155,000</b>	<b>155,000</b>	<b>59,700</b>	<b>(95,300)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	865,000	865,000	770,000	95,000
Interest and fiscal charges	2,106,065	2,106,215	1,881,338	224,877
<b>Total Expenditures</b>	<b>2,971,065</b>	<b>2,971,215</b>	<b>2,651,338</b>	<b>319,877</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(2,816,065)</u>	<u>(2,816,215)</u>	<u>(2,591,638)</u>	<u>224,577</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,645,966	2,645,966	3,421,372	775,406
Transfers out	-	-	(112,731)	(112,731)
<b>Total Other Financing Sources (Uses)</b>	<b>2,645,966</b>	<b>2,645,966</b>	<b>3,308,641</b>	<b>662,675</b>
<i>Net Change in Fund Balances</i>	<b>(170,099)</b>	<b>(170,249)</b>	<b>717,003</b>	<b>887,252</b>
<b>Fund Balances, Beginning of Year</b>	8,074,588	8,074,588	8,074,588	-
<b>Fund Balances, End of Year</b>	<u><b>\$ 7,904,489</b></u>	<u><b>\$ 7,904,339</b></u>	<u><b>\$ 8,791,591</b></u>	<u><b>\$ 887,252</b></u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**2007 TOWNGATE IMPROVEMENT REFUNDING DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Other Taxes	\$ 129,064	\$ 129,064	\$ 108,495	\$ (20,569)
Use of money and property	7,000	7,000	4,908	(2,092)
<b>Total Revenues</b>	<b>136,064</b>	<b>136,064</b>	<b>113,403</b>	<b>(22,661)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	220,000	220,000	220,000	-
Interest and fiscal charges	214,559	214,559	210,359	4,200
<b>Total Expenditures</b>	<b>434,559</b>	<b>434,559</b>	<b>430,359</b>	<b>4,200</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<i>(298,495)</i>	<i>(298,495)</i>	<i>(316,956)</i>	<i>(18,461)</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	305,495	305,495	284,191	(21,304)
Transfers out	-	-	(3,700)	(3,700)
<b>Total Other Financing Sources (Uses)</b>	<b>305,495</b>	<b>305,495</b>	<b>280,491</b>	<b>(25,004)</b>
<i>Net Change in Fund Balances</i>	<i>7,000</i>	<i>7,000</i>	<i>(36,465)</i>	<i>(43,465)</i>
<b>Fund Balances, Beginning of Year</b>	<b>877,996</b>	<b>877,996</b>	<b>877,996</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 884,996</b>	<b>\$ 884,996</b>	<b>\$ 841,531</b>	<b>\$ (43,465)</b>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**2007 TOWNGATE IMPROVEMENT REFUNDING DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 55,000	\$ 55,000	\$ 18,593	\$ (36,407)
<b>Total Revenues</b>	<b>55,000</b>	<b>55,000</b>	<b>18,593</b>	<b>(36,407)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	575,000	575,000	575,000	-
Interest and fiscal charges	574,756	574,756	574,161	595
<b>Total Expenditures</b>	<b>1,149,756</b>	<b>1,149,756</b>	<b>1,149,161</b>	<b>595</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>(1,094,756)</u>	<u>(1,094,756)</u>	<u>(1,130,568)</u>	<u>(35,812)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,163,256	1,163,256	1,152,574	(10,682)
Transfers out	-	-	(392,244)	(392,244)
<b>Total Other Financing Sources (Uses)</b>	<b>1,163,256</b>	<b>1,163,256</b>	<b>760,330</b>	<b>(402,926)</b>
<i>Net Change in Fund Balances</i>	<b>68,500</b>	<b>68,500</b>	<b>(370,238)</b>	<b>(438,738)</b>
<b>Fund Balances, Beginning of Year</b>	3,285,034	3,285,034	3,285,034	-
<b>Fund Balances, End of Year</b>	<u>\$ 3,353,534</u>	<u>\$ 3,353,534</u>	<u>\$ 2,914,796</u>	<u>\$ (438,738)</u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**CELEBRATION PARK ENDOWMENT FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 2,000	\$ 2,000	\$ 1,385	\$ (615)
<b>Total Revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>1,385</b>	<b>(615)</b>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	<u>2,000</u>	<u>2,000</u>	<u>1,385</u>	<u>(615)</u>
<i>Net Change in Fund Balances</i>	2,000	2,000	1,385	(615)
<b>Fund Balances, Beginning of Year</b>	<u>53,586</u>	<u>53,586</u>	<u>53,586</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 55,586</u>	<u>\$ 55,586</u>	<u>\$ 54,971</u>	<u>\$ (615)</u>

City of Moreno Valley  
**BUDGETARY COMPARISON STATEMENT**  
**EQUESTRIAN TRAIL ENDOWMENT FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 400	\$ 400	\$ 359	\$ (41)
<b>Total Revenues</b>	<b>400</b>	<b>400</b>	<b>359</b>	<b>(41)</b>
<i>Excess (Deficiency) of Revenue Over(Under) Expenditures</i>	<b>400</b>	<b>400</b>	<b>359</b>	<b>(41)</b>
<i>Net Change in Fund Balances</i>	<b>400</b>	<b>400</b>	<b>359</b>	<b>(41)</b>
<b>Fund Balances, Beginning of Year</b>	11,106	11,106	11,106	-
<b>Fund Balances, End of Year</b>	<b>\$ 11,506</b>	<b>\$ 11,506</b>	<b>\$ 11,465</b>	<b>\$ (41)</b>

**Internal Service  
Funds**



## **INTERNAL SERVICE FUNDS**

### **General Liability Insurance Fund**

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

### **Workers' Compensation Insurance Fund**

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

### **Technology Services Fund**

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

### **Central Services Fund**

This fund is used to account for the costs of centralized receiving and distribution of mail and purchased goods. The fund recovers costs through charges to benefiting funds.

### **Facilities Maintenance Fund**

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

### **Equipment Maintenance Fund**

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

### **Equipment Replacement Reserve Fund**

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

**City of Moreno Valley**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2009**

	<u>General Liability Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Technology Services</u>
<b>Assets:</b>			
Current:			
Pooled cash and investments	\$ 2,690,253	\$ 4,193,983	\$ 7,536,576
Receivables:			
Accounts	1,098	186	-
Prepaid costs	-	-	-
Inventories	-	-	-
	<u>2,691,351</u>	<u>4,194,169</u>	<u>7,536,576</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	988,157
	<u>2,691,351</u>	<u>4,194,169</u>	<u>8,524,733</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 33,118	\$ 6,053	\$ 139,609
Accrued payroll liabilities	4,540	1,748	101,122
	<u>37,658</u>	<u>7,801</u>	<u>240,731</u>
Long-Term:			
Compensated absences	14,002	6,622	328,371
Self-insurance payable	1,218,000	2,315,000	-
	<u>1,232,002</u>	<u>2,321,622</u>	<u>328,371</u>
	<u>1,269,660</u>	<u>2,329,423</u>	<u>569,102</u>
<b>Net Assets:</b>			
Invested in capital assets	-	-	988,157
Unrestricted	1,421,691	1,864,746	6,967,474
	<u>1,421,691</u>	<u>1,864,746</u>	<u>7,955,631</u>
	<u>2,691,351</u>	<u>4,194,169</u>	<u>8,524,733</u>

<u>Central Services</u>	<u>Facilities Maintenance</u>	<u>Equipment Maintenance</u>	<u>Equipment Replacement Reserve</u>	<u>Totals</u>
\$ -	\$ 4,681,299	\$ 229,293	\$ 13,677,525	\$ 33,008,929
-	180	-	-	1,464
-	8,408	-	-	8,408
-	-	6,796	-	6,796
<u>-</u>	<u>4,689,887</u>	<u>236,089</u>	<u>13,677,525</u>	<u>33,025,597</u>
<u>-</u>	<u>7,418,906</u>	<u>93,687</u>	<u>839,802</u>	<u>9,340,552</u>
<u>-</u>	<u>12,108,793</u>	<u>329,776</u>	<u>14,517,327</u>	<u>42,366,149</u>
\$ -	\$ 92,820	\$ 21,942	\$ -	\$ 293,542
-	40,966	14,665	-	163,041
<u>-</u>	<u>133,786</u>	<u>36,607</u>	<u>-</u>	<u>456,583</u>
-	112,192	13,560	-	474,747
-	-	-	-	3,533,000
<u>-</u>	<u>112,192</u>	<u>13,560</u>	<u>-</u>	<u>4,007,747</u>
<u>-</u>	<u>245,978</u>	<u>50,167</u>	<u>-</u>	<u>4,464,330</u>
-	7,418,906	93,687	839,802	9,340,552
-	4,443,909	185,922	13,677,525	28,561,267
<u>-</u>	<u>11,862,815</u>	<u>279,609</u>	<u>14,517,327</u>	<u>37,901,819</u>
<u>\$ -</u>	<u>\$ 12,108,793</u>	<u>\$ 329,776</u>	<u>\$ 14,517,327</u>	<u>\$ 42,366,149</u>

**City of Moreno Valley**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<u>General Liability Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Technology Services</u>
<b>Operating Revenues:</b>			
Sales and service charges	\$ 1,289,728	\$ 1,344,853	\$ 3,873,741
Miscellaneous	<u>2,746</u>	<u>-</u>	<u>52,373</u>
<b>Total Operating Revenues</b>	<b><u>1,292,474</u></b>	<b><u>1,344,853</u></b>	<b><u>3,926,114</u></b>
<b>Operating Expenses:</b>			
Cost of services	300,414	165,894	3,662,824
Self-insurance claims and charges	360,518	356,934	-
Depreciation	<u>-</u>	<u>-</u>	<u>303,435</u>
<b>Total Operating Expenses</b>	<b><u>660,932</u></b>	<b><u>522,828</u></b>	<b><u>3,966,259</u></b>
Operating Income (Loss)	<u>631,542</u>	<u>822,025</u>	<u>(40,145)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Gain (Loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	631,542	822,025	(40,145)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	631,542	822,025	(40,145)
<b>Net Assets:</b>			
Beginning of Fiscal Year, as restated	<u>790,149</u>	<u>1,042,721</u>	<u>7,995,776</u>
<b>Net assets at end of year</b>	<b><u>\$ 1,421,691</u></b>	<b><u>\$ 1,864,746</u></b>	<b><u>\$ 7,955,631</u></b>

<u>Central Services</u>	<u>Facilities Maintenance</u>	<u>Equipment Maintenance</u>	<u>Equipment Replacement Reserve</u>	<u>Totals</u>
\$ 36,731	\$ 4,602,060	\$ 822,229	\$ 2,306,671	\$ 14,276,013
<u>-</u>	<u>4,792</u>	<u>3,745</u>	<u>-</u>	<u>63,656</u>
<b><u>36,731</u></b>	<b><u>4,606,852</u></b>	<b><u>825,974</u></b>	<b><u>2,306,671</u></b>	<b><u>14,339,669</u></b>
-	3,173,863	785,115	-	8,088,110
-	-	-	-	717,452
<u>-</u>	<u>237,060</u>	<u>36,416</u>	<u>289,124</u>	<u>866,035</u>
<b><u>-</u></b>	<b><u>3,410,923</u></b>	<b><u>821,531</u></b>	<b><u>289,124</u></b>	<b><u>9,671,597</u></b>
<u>36,731</u>	<u>1,195,929</u>	<u>4,443</u>	<u>2,017,547</u>	<u>4,668,072</u>
<u>(74,103)</u>	<u>-</u>	<u>-</u>	<u>25,385</u>	<u>(48,718)</u>
<b><u>(74,103)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>25,385</u></b>	<b><u>(48,718)</u></b>
(37,372)	1,195,929	4,443	2,042,932	4,619,354
<u>-</u>	<u>(645,569)</u>	<u>-</u>	<u>(1,058,763)</u>	<u>(1,704,332)</u>
(37,372)	550,360	4,443	984,169	2,915,022
<u>37,372</u>	<u>11,312,455</u>	<u>275,166</u>	<u>13,533,158</u>	<u>34,986,797</u>
<b><u>\$ -</u></b>	<b><u>\$ 11,862,815</u></b>	<b><u>\$ 279,609</u></b>	<b><u>\$ 14,517,327</u></b>	<b><u>\$ 37,901,819</u></b>

**City of Moreno Valley**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<u>General Liability Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Technology Services</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 1,289,005	\$ 1,345,792	\$ 3,873,771
Cash payments to suppliers for goods and services	(215,964)	(66,920)	(1,373,618)
Cash payments for claims	(626,518)	(368,934)	-
Cash payments to employees for services	(133,063)	(127,925)	(2,174,356)
Other operating revenues (expenses)	<u>2,746</u>	<u>-</u>	<u>52,373</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>316,206</u></b>	<b><u>782,013</u></b>	<b><u>378,170</u></b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	-	(92,576)
Proceeds from disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(92,576)</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	316,206	782,013	285,594
Cash and Cash Equivalents at Beginning of Year	<u>2,374,047</u>	<u>3,411,970</u>	<u>7,250,982</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 2,690,253</u></b>	<b><u>\$ 4,193,983</u></b>	<b><u>\$ 7,536,576</u></b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 631,542	\$ 822,025	\$ (40,145)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	303,435
(Increase) decrease in accounts receivable	(723)	939	30
(Increase) decrease in prepaids	-	-	1,258
(Increase) decrease in inventories	-	-	-
Increase (decrease) in accounts payable	(49,819)	3,526	59,180
Increase (decrease) in other accrued liabilities	(14,976)	(20,246)	(148,906)
Increase (decrease) in due to Moreno Valley	-	-	-
Increase (decrease) in compensated absences	16,182	(12,231)	203,318
Increase (decrease) in self-insurance payable	<u>(266,000)</u>	<u>(12,000)</u>	<u>-</u>
<b>Total Adjustments</b>	<b><u>(315,336)</u></b>	<b><u>(40,012)</u></b>	<b><u>418,315</u></b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 316,206</u></b>	<b><u>\$ 782,013</u></b>	<b><u>\$ 378,170</u></b>

**Schedule of Noncash Investing, Capital and Noncapital Financing Activities:**

There were no significant noncash investing, capital and noncapital financing activities for the year ended June 30, 2009.

Central Services	City Hall Facility	Equipment Maintenance	Equipment Replacement Reserve	Totals
\$ 36,731	\$ 4,602,059	\$ 822,645	\$ 2,306,670	\$ 14,276,673
(25,730)	(2,121,112)	(409,238)	-	(4,212,582)
-	-	-	-	(995,452)
(11,001)	(1,112,713)	(384,558)	-	(3,943,616)
-	4,792	3,745	-	63,656
<b>-</b>	<b>1,373,026</b>	<b>32,594</b>	<b>2,306,670</b>	<b>5,188,679</b>
-	(645,569)	-	(1,058,763)	(1,704,332)
<b>-</b>	<b>(645,569)</b>	<b>-</b>	<b>(1,058,763)</b>	<b>(1,704,332)</b>
-	(136,008)	-	-	(228,584)
-	-	-	25,385	25,385
<b>-</b>	<b>(136,008)</b>	<b>-</b>	<b>25,385</b>	<b>(203,199)</b>
-	591,449	32,594	1,273,292	3,281,148
-	4,089,850	196,699	12,404,233	29,727,781
<b>\$ -</b>	<b>\$ 4,681,299</b>	<b>\$ 229,293</b>	<b>\$ 13,677,525</b>	<b>\$ 33,008,929</b>
\$ 36,731	\$ 1,195,929	\$ 4,443	\$ 2,017,546	\$ 4,668,071
-	237,060	36,416	289,124	866,035
-	(1)	416	-	661
27,449	(916)	-	-	27,791
4,657	-	9,751	-	14,408
(17,113)	(70,627)	(16,521)	-	(91,374)
(9,284)	(66,768)	(25,017)	-	(285,197)
(40,723)	-	-	-	(40,723)
(1,717)	78,349	23,106	-	307,007
-	-	-	-	(278,000)
<b>(36,731)</b>	<b>177,097</b>	<b>28,151</b>	<b>289,124</b>	<b>520,608</b>
<b>\$ -</b>	<b>\$ 1,373,026</b>	<b>\$ 32,594</b>	<b>\$ 2,306,670</b>	<b>\$ 5,188,679</b>

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## Agency Funds



## **AGENCY FUNDS**

### **AGENCY FUNDS:**

#### **Deposit Liability Fund**

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

#### **Assessment District 87-4 Fund**

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

#### **Assessment District 98-1 Fund**

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

#### **TUMF Trust Fund**

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

#### **MSHCP Trust Fund**

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

#### **Moreno Valley Employees Assistance Fund**

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

#### **Moreno Valley Foundation Donations Fund**

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

#### **Arts Commission Fund**

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

**City of Moreno Valley  
COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2009**

	<u>Deposit Liability</u>	<u>Assessment District 87-4</u>	<u>Assessment District 98-1</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 7,474,418	\$ 419,968	\$ 3,817
Receivables:			
Accounts	1,540	-	-
Interest	-	3	-
Due from other governments	<u>-</u>	<u>2,383</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 7,475,958</u></b>	<b><u>\$ 422,354</u></b>	<b><u>\$ 3,817</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 113,909	\$ -	\$ 2,813
Other accrued liabilities	1,919	-	-
Due to Moreno Valley	-	-	-
Deposits payable	7,360,130	-	-
Payable to trustee	<u>-</u>	<u>422,354</u>	<u>1,004</u>
<b>Total Liabilities</b>	<b><u>7,475,958</u></b>	<b><u>422,354</u></b>	<b><u>3,817</u></b>

<b>TUMF Trust</b>	<b>MSHCP Trust</b>	<b>Moreno Valley Employees Assistance</b>	<b>Moreno Valley Foundation Donations</b>
\$ 225,659	\$ -	\$ 323	\$ 221,650
-	-	-	-
-	-	-	-
-	26,416	-	-
<b><u>\$ 225,659</u></b>	<b><u>\$ 26,416</u></b>	<b><u>\$ 323</u></b>	<b><u>\$ 221,650</u></b>
\$ -	\$ 1,722	\$ -	\$ -
-	-	-	-
-	24,694	-	-
225,659	-	323	-
-	-	-	221,650
<b><u>225,659</u></b>	<b><u>26,416</u></b>	<b><u>323</u></b>	<b><u>221,650</u></b>

(Continued)

**City of Moreno Valley  
 COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2009  
 (Continued)**

	<b>Arts Commission</b>	<b>Totals</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 92	\$ 8,345,927
Receivables:		
Accounts	-	1,540
Interest	-	3
Due from other governments	-	28,799
<b>Total Assets</b>	<b>\$ 92</b>	<b>\$ 8,376,269</b>
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 118,444
Other accrued liabilities	-	1,919
Due to Moreno Valley	-	24,694
Deposits payable	-	7,586,112
Payable to trustee	92	645,100
<b>Total Liabilities</b>	<b>92</b>	<b>8,376,269</b>

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**City of Moreno Valley**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2009</b>
<b><u>Deposit Liability</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 10,927,798	\$ 16,533,535	\$ 19,986,915	\$ 7,474,418
Accounts receivable	14,142	181,540	194,142	1,540
<b>Total Assets</b>	<b><u>\$ 10,941,940</u></b>	<b><u>\$ 16,715,075</u></b>	<b><u>\$ 20,181,057</u></b>	<b><u>\$ 7,475,958</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 13,969	\$ 4,073,869	\$ 3,973,929	\$ 113,909
Other accrued liabilities	1,770	7,021	6,872	1,919
Due to Moreno Valley	8,028	-	8,028	-
Deposits payable	10,918,173	4,245,713	7,803,756	7,360,130
<b>Total Liabilities</b>	<b><u>\$ 10,941,940</u></b>	<b><u>\$ 8,326,603</u></b>	<b><u>\$ 11,792,585</u></b>	<b><u>\$ 7,475,958</u></b>
<b><u>Assessment District 87-4</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 31,092	\$ 1,251,269	\$ 1,227,187	\$ 55,174
Cash and investments with fiscal agents	533,134	301,268	469,608	364,794
Interest receivable	800	3	800	3
Due from other governments	13,934	2,383	13,934	2,383
<b>Total Assets</b>	<b><u>\$ 578,960</u></b>	<b><u>\$ 1,554,923</u></b>	<b><u>\$ 1,711,529</u></b>	<b><u>\$ 422,354</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 6,730	\$ 6,730	\$ -
Payable to trustee	578,960	1,561,653	1,718,259	422,354
<b>Total Liabilities</b>	<b><u>\$ 578,960</u></b>	<b><u>\$ 1,568,383</u></b>	<b><u>\$ 1,724,989</u></b>	<b><u>\$ 422,354</u></b>
<b><u>Assessment District 98-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 4,042	\$ 225	\$ 3,817
Due from other governments	175	-	175	-
<b>Total Assets</b>	<b><u>\$ 175</u></b>	<b><u>\$ 4,042</u></b>	<b><u>\$ 400</u></b>	<b><u>\$ 3,817</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,813	\$ -	\$ 2,813
Due to Moreno Valley	175	-	175	-
Payable to trustee	-	4,217	3,213	1,004
<b>Total Liabilities</b>	<b><u>\$ 175</u></b>	<b><u>\$ 7,030</u></b>	<b><u>\$ 3,388</u></b>	<b><u>\$ 3,817</u></b>

**City of Moreno Valley**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2009**  
**(Continued)**

	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2009</b>
<b><u>TUMF Trust</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 376,647	\$ 1,890,681	\$ 2,041,669	\$ 225,659
<b>Total Assets</b>	<b><u>\$ 376,647</u></b>	<b><u>\$ 1,890,681</u></b>	<b><u>\$ 2,041,669</u></b>	<b><u>\$ 225,659</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 376,647	\$ 1,537,881	\$ 1,688,869	\$ 225,659
<b>Total Liabilities</b>	<b><u>\$ 376,647</u></b>	<b><u>\$ 1,537,881</u></b>	<b><u>\$ 1,688,869</u></b>	<b><u>\$ 225,659</u></b>
 <b><u>MSHCP Trust</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 21,569	\$ 207,654	\$ 229,223	\$ -
Due from other governments	26,416	-	-	26,416
<b>Total Assets</b>	<b><u>\$ 47,985</u></b>	<b><u>\$ 207,654</u></b>	<b><u>\$ 229,223</u></b>	<b><u>\$ 26,416</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 230,945	\$ 229,223	\$ 1,722
Due to Moreno Valley	-	24,694	-	24,694
Deposits payable	47,985	353,524	401,509	-
<b>Total Liabilities</b>	<b><u>\$ 47,985</u></b>	<b><u>\$ 609,163</u></b>	<b><u>\$ 630,732</u></b>	<b><u>\$ 26,416</u></b>
 <b><u>Moreno Valley Employees Assistance</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 646	\$ -	\$ 323	\$ 323
<b>Total Assets</b>	<b><u>\$ 646</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 323</u></b>	<b><u>\$ 323</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 323	\$ 323	\$ -
Deposits payable	646	-	323	323
<b>Total Liabilities</b>	<b><u>\$ 646</u></b>	<b><u>\$ 323</u></b>	<b><u>\$ 646</u></b>	<b><u>\$ 323</u></b>

**City of Moreno Valley**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2009**  
**(Continued)**

	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2009</b>
<b><u>Moreno Valley Foundation Donations</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 168,582	\$ 10,321,097	\$ 10,268,029	\$ 221,650
<b>Total Assets</b>	<b><u>\$ 168,582</u></b>	<b><u>\$ 10,321,097</u></b>	<b><u>\$ 10,268,029</u></b>	<b><u>\$ 221,650</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,523	\$ 20,750	\$ 22,273	\$ -
Payable to trustee	167,059	10,343,370	10,288,779	221,650
<b>Total Liabilities</b>	<b><u>\$ 168,582</u></b>	<b><u>\$ 10,364,120</u></b>	<b><u>\$ 10,311,052</u></b>	<b><u>\$ 221,650</u></b>
<b><u>Arts Commission</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 12,224	\$ 12,132	\$ 92
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 12,224</u></b>	<b><u>\$ 12,132</u></b>	<b><u>\$ 92</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 450	\$ 450	\$ -
Payable to trustee	-	12,224	12,132	92
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 12,674</u></b>	<b><u>\$ 12,582</u></b>	<b><u>\$ 92</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 11,526,334	\$ 30,220,502	\$ 33,765,703	\$ 7,981,133
Cash and investments with fiscal agents	533,134	301,268	469,608	364,794
Accounts receivable	14,142	181,540	194,142	1,540
Interest receivable	800	3	800	3
Due from other governments	40,525	2,383	14,109	28,799
<b>Total Assets</b>	<b><u>\$ 12,114,935</u></b>	<b><u>\$ 30,705,696</u></b>	<b><u>\$ 34,444,362</u></b>	<b><u>\$ 8,376,269</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 15,492	\$ 4,335,880	\$ 4,232,928	\$ 118,444
Other accrued liabilities	1,770	7,021	6,872	1,919
Due to Moreno Valley	8,203	24,694	8,203	24,694
Deposits payable	11,343,451	6,137,118	9,894,457	7,586,112
Payable to trustee	746,019	11,921,464	12,022,383	645,100
<b>Total Liabilities</b>	<b><u>\$ 12,114,935</u></b>	<b><u>\$ 22,426,177</u></b>	<b><u>\$ 26,164,843</u></b>	<b><u>\$ 8,376,269</u></b>

## Capital Assets



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**City of Moreno Valley**  
**SCHEDULE OF GENERAL CAPITAL ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2009**

	<u>Land</u>	<u>CIP</u>	<u>Buildings &amp; Improvements</u>
<b>Function and Activity:</b>			
General Government:			
Administrative & Policy	\$ -	\$ 309,148	\$ -
City Attorney	-	-	-
Communications	-	-	-
Human Resources	-	-	-
Finance	-	-	-
Other- Unclassified	45,642,917	36,900	1,209,148
<b>Total General Government</b>	<b>45,642,917</b>	<b>346,048</b>	<b>1,209,148</b>
Public Safety:			
Police	137,173	-	8,094,911
Fire	893,270	-	17,017,353
Animal Control	590,127	-	3,040,333
Emergency Operations/Volunteer Services	-	-	15,937
<b>Total Public Safety</b>	<b>1,620,570</b>	<b>-</b>	<b>28,168,534</b>
Public Works	251,134,384	45,189,475	-
Community Development	-	-	272,787
Community Services District	-	146,225	49,973,475
Redevelopment Agency	4,895,989	9,752,966	12,191,837
Internal Service Funds	-	540,381	10,021,783
<b>Totals</b>	<b>256,030,373</b>	<b>55,629,047</b>	<b>72,459,882</b>
<b>Grand Total</b>	<b>\$ 303,293,860</b>	<b>\$ 55,975,095</b>	<b>\$ 101,837,564</b>

<b>Furniture &amp; Equipment</b>	<b>Vehicles</b>	<b>Infrastructure</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ 309,148
12,068	-	-	12,068
203,255	84,428	-	287,683
16,467	-	-	16,467
23,534	62,805	-	86,339
21,832	-	-	46,910,797
<b>277,156</b>	<b>147,233</b>	<b>-</b>	<b>47,622,502</b>
952,569	1,070,234	-	10,254,887
853,925	2,100,719	-	20,865,267
93,064	314,556	-	4,038,080
40,906	170,667	-	227,510
<b>1,940,464</b>	<b>3,656,176</b>	<b>-</b>	<b>35,385,744</b>
857,354	2,504,184	520,003,713	819,689,110
364,889	388,770	-	1,026,446
1,250,323	503,398	-	51,873,421
352,837	-	1,152,231	28,345,860
5,974,972	2,580,421	198,868	19,316,425
<b>8,800,375</b>	<b>5,976,773</b>	<b>521,354,812</b>	<b>920,251,262</b>
<b>\$ 11,017,995</b>	<b>\$ 9,780,182</b>	<b>\$ 521,354,812</b>	<b>\$ 1,003,259,508</b>

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## Statistical Section



This part of the City of Moreno Valley's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page #</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	184
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its key revenues	191
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future	195
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and help make comparisons over time and with other governments.	200
<b>Operating Information</b>	
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	203

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b><u>Governmental activities</u></b>							
Invested in capital assets, net of related debt	\$ 447,696,730	\$ 465,542,271	\$ 475,642,146	\$ 523,083,597	\$ 594,870,636	\$ 622,102,140	\$704,987,685
Restricted for:							
Community development projects	9,974,997	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752
Community and cultural	-	-	-	-	-	8,259,181	-
Public safety	1,838,076	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107
Capital projects	42,698,617	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816
Debt service	10,972,696	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369
Other Programs	-	-	-	-	14,863,573	3,598,110	11,731,764
Permanent funds-nonexpendable	-	-	-	59,359	62,537	64,692	66,436
Unrestricted	29,118,995	32,744,174	46,215,255	73,846,697	101,941,651	104,545,617	69,630,581
Total Governmental activities net assets	<u>\$ 542,300,111</u>	<u>\$ 572,070,846</u>	<u>\$ 600,026,259</u>	<u>\$ 682,395,386</u>	<u>\$ 791,744,201</u>	<u>\$ 868,179,021</u>	<u>\$ 895,366,510</u>
<b><u>Business-type activities</u></b>							
Invested in capital assets, net of related debt	\$ -	\$ 709,310	\$ 1,815,311	\$ 18,151,135	\$ 14,130,659	\$ 14,110,399	\$ 10,083,679
Restricted							
Regulatory contingencies	-	-	-	-	1,604,444	948,207	1,767,402
Unrestricted	-	(575,790)	(799,941)	(3,713,053)	(634,406)	(2,252,565)	(4,023,374)
Total Business-type activities net assets	<u>\$ -</u>	<u>\$ 133,520</u>	<u>\$ 1,015,370</u>	<u>\$ 14,438,082</u>	<u>\$ 15,100,697</u>	<u>\$ 12,806,041</u>	<u>\$ 7,827,707</u>
<b><u>Primary government</u></b>							
Invested in capital assets, net of related debt	\$ 447,696,730	\$ 466,251,581	\$ 477,457,457	\$ 541,234,732	\$ 609,001,295	\$ 636,212,539	\$ 715,071,364
Restricted for:							
Community development projects	9,974,997	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752
Community and cultural	-	-	-	-	-	8,259,181	-
Public safety	1,838,076	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107
Capital projects	42,698,617	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816
Debt service	10,972,696	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369
Other Programs	-	-	-	-	14,863,573	3,598,110	11,731,764
Permanent funds-nonexpendable	-	-	-	59,359	62,537	64,692	66,436
Regulatory contingencies	-	-	-	-	1,604,444	948,207	1,767,402
Unrestricted	29,118,995	32,168,384	45,415,314	70,133,644	101,307,245	102,293,052	65,607,207
Total primary government net assets	<u>\$ 542,300,111</u>	<u>\$ 572,204,366</u>	<u>\$ 601,041,629</u>	<u>\$ 696,833,468</u>	<u>\$ 806,844,898</u>	<u>\$ 880,985,062</u>	<u>\$ 903,194,217</u>

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

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

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses							
Governmental activities:							
General government	\$ 11,792,961	\$ 10,902,771	\$ 18,583,987	\$ 12,817,483	\$ 10,796,963	\$ 14,416,941	\$ 14,948,628
Public safety	29,059,953	39,563,567	42,797,971	47,282,305	43,415,662	54,412,284	50,856,439
Community development	6,069,282	8,198,449	10,041,715	13,666,378	9,643,084	10,964,507	12,036,237
Community and cultural	7,112,868	13,789,758	14,132,146	15,999,800	21,181,096	33,717,135	27,904,884
Public works	11,097,843	10,287,806	11,352,870	10,273,707	30,750,411	29,247,892	36,095,949
Interest on long-term debt	5,243,788	5,869,952	5,514,358	8,079,935	8,724,134	12,081,884	10,334,932
Total Governmental activities expenses	<u>70,376,695</u>	<u>88,612,303</u>	<u>102,423,047</u>	<u>108,119,608</u>	<u>124,511,350</u>	<u>154,840,643</u>	<u>152,177,069</u>
Business-type activities:							
Electric	-	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086
Total business-type activities expenses	-	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086
Total primary government expenses	<u>\$ 70,376,695</u>	<u>\$ 88,688,409</u>	<u>\$ 103,503,636</u>	<u>\$ 111,793,117</u>	<u>\$ 132,810,305</u>	<u>\$ 167,122,804</u>	<u>\$ 166,244,155</u>
Program revenues							
Governmental activities:							
Charges for services:							
General government	\$ 1,855,048	\$ 1,699,588	\$ 1,855,342	\$ 2,447,730	\$ 2,994,550	\$ 1,329,861	\$ 1,144,983
Public safety	753,098	922,986	1,158,745	2,040,725	1,212,229	4,948,923	6,559,817
Community development	4,162,811	7,964,124	10,814,238	12,576,280	12,947,546	6,962,389	7,607,316
Community and cultural	7,884,845	8,397,842	9,012,514	10,067,509	10,963,716	12,163,575	14,982,931
Public works	9,957,309	16,113,736	14,639,669	20,523,959	10,612,170	19,134,172	7,840,754
Operating contributions and grants:							
General government	5,260,233	2,315,147	2,121,229	422,310	622,513	-	92,319
Public safety	774,529	973,642	773,875	838,921	931,062	704,324	385,195
Community development	1,018,351	866,940	1,586,824	3,252,611	4,023,295	2,873,752	2,541,925
Community and cultural	472,825	1,216	68,396	133,325	100,777	6,911,186	5,936,040
Public works	909,427	626,074	887,750	2,985,031	460,787	631,830	3,901,583
Capital contributions and grants							
Public safety	41,516	221,729	-	-	-	-	-
Community and cultural	-	-	-	-	-	-	239,746
Public works	2,257,121	1,157,085	2,160,498	24,442,306	74,752,980	74,004,139	31,573,778
Total governmental activities program revenues	<u>35,347,113</u>	<u>41,260,109</u>	<u>45,079,080</u>	<u>79,730,707</u>	<u>119,621,625</u>	<u>129,664,151</u>	<u>82,806,387</u>
Business-type activities:							
Charges for services							
Electric	-	319,135	1,356,555	11,445,287	8,712,097	10,311,654	12,430,482
Capital contributions and grants	-	-	-	-	1,604,577	-	-
Total business-type activities program revenues	-	319,135	1,356,555	11,445,287	10,316,674	10,311,654	12,430,482
Total primary government program revenues	<u>35,347,113</u>	<u>41,579,244</u>	<u>46,435,635</u>	<u>91,175,994</u>	<u>129,938,299</u>	<u>139,975,805</u>	<u>95,236,869</u>

(Continued)

Net (Expense)/Revenue

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities	(35,029,582)	(47,352,194)	(57,343,967)	(28,388,901)	(4,889,725)	(25,176,492)	(69,370,682)
Business-type activities	-	243,029	275,966	7,771,778	2,017,719	(1,970,507)	(1,636,604)
Total primary government net (expense)/revenue	<u>\$ (35,029,582)</u>	<u>\$ (47,109,165)</u>	<u>\$ (57,068,001)</u>	<u>\$ (20,617,123)</u>	<u>\$ (2,872,006)</u>	<u>\$ (27,146,999)</u>	<u>\$ (71,007,286)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 10,950,053	\$ 12,897,208	\$ 19,678,253	\$ 18,001,808	\$ 23,379,735	\$ 30,351,211	\$ 28,316,208
Property taxes in lieu	-	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078
Transient occupancy tax	358,530	455,009	519,193	582,307	586,383	593,009	497,936
Sales tax	13,547,375	15,469,300	18,054,078	12,275,626	15,701,460	13,623,654	12,163,719
Franchise taxes	3,253,708	3,599,486	3,791,547	4,099,859	4,349,870	4,381,882	4,876,055
Business license taxes	1,144,428	1,289,434	1,457,521	1,240,764	1,315,039	1,111,021	1,051,702
Utility users tax	9,718,667	10,980,848	12,527,514	13,811,740	15,463,291	15,186,616	15,081,286
Other taxes	7,359,328	7,963,160	4,497,323	5,448,829	6,320,978	2,620,059	2,683,193
Franchise in lieu taxes	-	-	9,699	42,788	78,573	96,816	120,969
Documentary transfer tax	599,128	1,055,205	1,391,199	1,548,205	972,995	575,003	598,084
Intergovernmental-motor vehicle in lieu, unrestricted	9,244,049	7,288,137	3,484,623	11,899,563	16,054,145	800,667	865,718
Use of property and money	3,192,284	1,608,126	5,295,415	6,959,412	13,467,580	16,380,462	9,381,199
Gain on sale of capital assets	-	-	-	-	-	2,575	-
Miscellaneous	3,287,271	14,427,133	5,435,103	1,820,976	405,679	885,602	1,787,772
Transfers	-	193,000	(16,857)	(1,257,370)	(75,851)	61,817	653,554
Total governmental activities	<u>62,654,821</u>	<u>77,226,046</u>	<u>84,769,445</u>	<u>88,542,577</u>	<u>112,169,877</u>	<u>103,398,994</u>	<u>94,868,473</u>
Business-type activities							
Other	-	83,491	589,027	-	-	-	131,033
Transfers	-	(193,000)	16,857	1,257,370	75,851	(61,817)	(653,554)
Total business-type activities	<u>-</u>	<u>(109,509)</u>	<u>605,884</u>	<u>1,257,370</u>	<u>75,851</u>	<u>(61,817)</u>	<u>(522,521)</u>
Total primary government	<u>\$ 62,654,821</u>	<u>\$ 77,116,537</u>	<u>\$ 85,375,329</u>	<u>\$ 89,799,947</u>	<u>\$ 112,245,728</u>	<u>\$ 103,337,177</u>	<u>\$ 94,345,952</u>
Change in Net Assets							
Government activities	27,625,239	29,873,852	27,425,478	60,153,676	107,280,152	78,222,502	25,497,791
Business-type activities	-	133,520	881,850	9,029,148	2,093,570	(2,032,324)	(2,159,125)
Total primary government	<u>\$ 27,625,239</u>	<u>\$ 30,007,372</u>	<u>\$ 28,307,328</u>	<u>\$ 69,182,824</u>	<u>\$ 109,373,722</u>	<u>\$ 76,190,178</u>	<u>\$ 23,338,666</u>

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

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

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund							
Reserved	1,739,505	6,654,472	6,052,320	11,808,994	13,580,492	35,752,164	34,787,698
Unreserved	13,760,886	11,943,948	24,992,976	25,920,111	39,494,188	21,937,845	17,066,883
Total General Fund	<u>15,500,391</u>	<u>18,598,420</u>	<u>31,045,296</u>	<u>37,729,105</u>	<u>53,074,680</u>	<u>57,690,009</u>	<u>51,854,581</u>
All Other Funds							
Reserved	20,129,052	26,685,317	21,994,729	49,040,215	49,559,718	90,143,820	86,530,127
Unreserved reported in:							
Special revenue funds	26,948,201	37,493,168	44,049,195	47,464,569	48,534,518	50,516,963	42,222,678
Capital projects funds	18,703,575	(6,891,945)	(2,959,368)	27,383,018	36,453,807	29,300,262	27,359,094
Debt service funds	-	4,304,047	917,262	949,518	-	-	-
Permanent funds	-	-	-	59,359	-	-	66,436
Total all other funds	<u>65,780,828</u>	<u>61,590,587</u>	<u>64,001,818</u>	<u>124,896,679</u>	<u>134,548,043</u>	<u>169,961,045</u>	<u>156,178,335</u>

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenue</b>							
Taxes	\$ 40,776,674	\$ 46,216,887	\$ 54,463,821	\$ -	\$ -	\$ -	\$ -
Property tax	-	-	-	14,342,099	26,854,009	30,351,211	28,316,208
Property taxes in lieu	-	-	-	12,068,070	14,150,000	16,728,600	16,791,078
Utility taxes	-	-	-	13,811,740	15,463,291	15,186,616	15,081,286
Sales taxes	-	-	-	12,275,627	15,701,460	13,623,654	12,163,719
Other taxes	-	-	-	16,622,460	9,637,850	9,377,790	9,827,939
Assessments	82,842	41,683	-	-	-	-	-
Licenses, fees and permits	4,945,682	8,868,460	12,159,692	13,041,187	13,552,983	2,650,530	1,930,905
Charges for services	19,933,502	26,874,096	25,755,085	18,574,210	25,046,576	24,745,073	21,876,389
Intergovernmental	26,201,103	20,164,244	27,037,053	33,213,048	16,703,254	31,497,898	32,642,154
Use of property and money	3,187,073	1,571,485	4,438,468	7,199,105	13,466,716	16,380,462	9,381,199
Fines and forfeitures	942,411	929,813	1,097,508	1,205,173	1,159,350	1,293,056	1,262,712
Miscellaneous	1,921,073	1,393,391	4,078,406	2,652,320	1,089,949	885,602	1,787,772
<b>Total revenues</b>	<b>97,990,360</b>	<b>106,060,059</b>	<b>129,030,033</b>	<b>145,005,039</b>	<b>152,825,438</b>	<b>162,720,492</b>	<b>151,061,361</b>
<b>Expenditures</b>							
General government	12,009,132	8,937,124	14,983,932	10,723,374	12,060,789	14,681,999	14,825,012
Public Safety	29,024,897	32,300,542	36,806,865	43,478,949	50,276,192	56,361,973	57,866,348
Community development	6,235,962	6,790,803	8,711,599	24,608,096	10,116,658	18,144,115	13,895,163
Community and cultural	7,761,494	11,492,361	12,331,683	14,889,677	19,286,807	32,683,219	27,331,726
Public works	11,826,893	8,724,368	9,999,497	21,262,923	31,391,248	34,616,617	45,328,685
Capital outlay	12,746,605	14,647,639	19,885,754	-	-	-	-
Debt service							
Principal retirement	3,770,781	20,472,246	2,723,847	2,896,585	3,095,000	18,538,387	4,154,660
Interest and fiscal charges	5,267,169	5,897,812	5,381,740	7,334,361	8,476,750	9,213,625	10,382,080
Bond issuance costs	-	-	-	664,638	326,385	2,413,464	-
<b>Total expenditures</b>	<b>88,642,933</b>	<b>109,262,895</b>	<b>110,824,917</b>	<b>125,858,603</b>	<b>135,029,829</b>	<b>186,653,399</b>	<b>173,783,674</b>
Excess of revenues over/ (under) expenditures	9,347,427	(3,202,836)	18,205,116	19,146,436	17,795,609	(23,932,907)	(22,722,313)
<b>Other Financing Sources (Uses)</b>							
Issuance of debt	-	-	-	48,205,000	5,870,000	58,412,429	-
Transfers in	15,442,256	13,058,959	24,871,852	37,201,043	33,422,242	38,016,856	27,284,397
Transfers out	(14,606,672)	(12,125,059)	(24,165,709)	(38,480,919)	(30,526,931)	(36,688,115)	(24,926,511)
Sale of capital assets	-	-	-	-	-	442,085	-
Premium on debt issued	-	-	-	570,840	-	-	-
Discount on debt issued	-	-	-	(385,640)	-	-	-
Payment to refunded bond escrow agents	-	-	(5,006,586)	-	-	-	-
Other debts issued	1,200,669	1,199,343	250,767	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,036,253</b>	<b>2,133,243</b>	<b>(4,049,676)</b>	<b>47,110,324</b>	<b>8,765,311</b>	<b>60,183,255</b>	<b>2,357,886</b>
<b>Net change in fund balances</b>	<b>11,383,680</b>	<b>(1,069,593)</b>	<b>14,155,440</b>	<b>66,256,760</b>	<b>26,560,920</b>	<b>36,250,348</b>	<b>(20,364,427)</b>
Debt service as a percentage of noncapital expenditures	11.91%	27.87%	8.91%	10.54%	10.56%	19.40%	10.65%

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

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

Fiscal Year	Property Tax In-Lieu of Vehicle		Utility Users	Sales & Use	Transient Occupancy	Franchise	Motor Vehicle In-Lieu	Business License Gross Receipt	Documentary Transfer	Total
	Property	License Fees (2)								
2003	\$ 5,710,105	\$ -	\$ 9,718,667	\$ 8,171,861	\$ 358,530	\$ 3,253,708	\$ 9,239,894	\$ 806,462	\$ 599,128	\$ 37,858,355
2004	6,354,247	-	10,980,848	9,100,608	455,009	3,599,485	7,283,124 (1)	920,928	1,055,205	39,749,454
2005	7,230,082	8,644,834 (2)	12,527,514	11,753,794	519,193	3,791,546	3,478,877 (2)	1,059,009	1,391,200	50,396,049
2006	11,930,618	12,068,070	13,811,740	11,317,841 (4)	582,307	4,142,646	1,275,342	1,240,764	1,548,205	57,917,533
2007	14,022,135	14,150,000	15,463,291	13,116,271	586,383	4,349,870	943,313	1,315,039	972,995 (5)	64,919,297
2008	14,361,253	16,728,600	15,186,616	11,694,525	593,009	4,478,698	800,667	1,111,021	575,003	65,529,392
2009	12,790,196	16,791,078	15,081,286	10,202,384	497,936	4,997,024	865,718	1,051,701	598,084	62,875,407
Change 2003 to 2009	124.00% (3)	100.00% (3)	55.00% (3)	25.00% (3)	39.00%	54.00%	-91.00%	30.00%	0.00%	66.00%

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

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

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

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

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

Source: City of Moreno Valley Finance Department

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Utility Users Tax	\$ 7,758,480	\$ 8,755,772	\$ 9,078,814	\$ 9,718,667	\$10,980,848	\$12,527,514	\$13,811,740	\$ 15,463,291	\$15,186,616	\$15,081,286
Property Tax	4,714,663	5,098,438	5,192,833	5,710,105	6,354,247	7,230,082	11,930,618	14,022,135	14,361,253	12,790,196
Property Tax In-Lieu of VLF	-	-	-	-	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078
Vehicle License In-Lieu Fees	7,061,247	7,879,602	8,459,660	9,239,894	7,283,124	3,478,877	1,275,342	943,313	800,667	865,718
Sales Tax	6,244,153	6,929,184	7,194,055	8,171,861	9,100,608	8,696,776	8,623,390	9,472,304	7,942,982	7,135,246
Property Tax In-Lieu of Sales Tax	-	-	-	-	-	3,057,018	2,694,451	3,643,967	3,751,543	3,067,138
Development Services	1,600,636	1,876,496	4,186,830	5,478,729	7,992,934	10,968,374	12,592,569	12,976,965	9,092,514	7,442,475

Notes:

In late FY 2003-04 due to budget constraints the State of California discontinued the back-fill of the Vehicle In-Lieu fees which accounted for approximately two-thirds of the total amount paid to local government. In 2005 this "gap" amount was repaid to local agencies which for the City of Moreno Valley amounted to \$2,547,036.

The FY 2003-04 State of California budget withheld a portion of the Vehicle License Fee backfill owed to cities. Under the terms of the borrowing the Vehicle License Fee gap loan, as it was known, was to be repaid in FY 2006-07. The City of Moreno Valley, along with a number of other cities, sold the rights to the receivable to a third party, California Communities, in order to receive the cash on a more timely basis. The agreement resulted in the city receiving a discounted amount of \$2,347,317 of the original receivable amount of \$2,547,036 in FY2004-05.

In FY 2004-05 in order to provide collateral for the Budget Deficit Bonds the State of California began withholding twenty five percent of the city's sales tax and replaced it with a like amount from the ERAF fund. This switch was one of the components of the "Triple-flip" and unlike the switch of vehicle license fees, which is permanent, only lasts until the bonds are repaid or mature.

Source: City of Moreno Valley Finance Department

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

Fiscal Year Ended June 30,	City						Redevelopment Agency						
	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Total Direct Tax Rate
2000	4,564,738	117,409	4,682,147	(42,922)	4,639,225	(1)						(1)	(1)
2001	4,792,266	133,185	4,925,451	(69,801)	4,855,650	(1)						(1)	(1)
2002	5,652,986	147,086	5,800,072	(96,346)	5,703,726	0.00133	1,073,616	91,783	1,165,399	(23,802)	1,141,597	0.00472	0.00189
2003	6,303,862	146,028	6,449,890	(102,466)	6,347,424	0.00131	1,205,730	81,997	1,287,727	(28,489)	1,259,238	0.00483	0.00189
2004	7,323,326	144,893	7,468,219	(94,858)	7,373,361	0.00124	1,382,232	86,290	1,468,522	(28,117)	1,440,405	0.00517	0.00188
2005	9,182,553	154,604	9,337,157	(109,759)	9,227,398	0.00116	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	0.00187
2006	11,327,235	165,133	11,492,368	(118,051)	11,374,317	0.00131	2,028,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	0.00210
2007	13,419,168	198,776	13,617,944	(147,891)	13,470,053	0.00140	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	0.00226
2008	13,491,161	232,774	13,723,935	(194,693)	13,529,242	0.00143	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	0.00264
2009	13,132,444	243,521	13,375,965	(154,973)	13,220,992	0.00131	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	0.00265

Source: Riverside County Auditor/Controller

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

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

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

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

Fiscal Year	(1)	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
City Direct Rates:		\$0.00124	\$0.00116	\$0.00131	\$0.00140	\$0.00143	\$0.00131
Redevelopment Agency Direct Rate:		0.00517	0.00572	0.00643	0.00672	0.00838	0.01045
Total City Direct Rate:		0.00188	0.00187	0.00210	0.00226	0.00264	0.00265
Eastern Municipal Water Imp Dist U-13		0.02900	0.03000	0.01400	0.00900	0.00800	0.00000
Metro Water Dist East-1301999		0.00610	0.05780	0.00520	0.00470	0.00450	0.00430
Moreno Valley Unified School District		0.00000	0.03395	0.00000	0.02271	0.03066	0.03081
Riverside Community College		0.00000	0.00000	0.01800	0.01800	0.01259	0.01254
Total Tax Rate		\$0.03698	\$0.12362	\$0.03930	\$0.05667	\$0.05839	\$0.05776

NOTE:

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

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

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

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

Taxpayer	Fiscal Year 2008/09			Fiscal Year 1999/2000		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Walgreen Company	\$ 137,065,344	1	1.01%	\$ -		0.00%
Stonegate 552, LLC	111,780,000	2	0.83%	-		0.00%
Ridge Moreno Valley	100,490,106	3	0.74%	-		0.00%
Ross Dress for Less, Inc.	75,224,265	4	0.56%	-		0.00%
Moreno Valley Day St. Apartment	70,530,959	5	0.52%	-		0.00%
Homart Newco Two, Inc.	64,502,887	6	0.48%	44,648,678	1	0.97%
Moreno Valley Properties	61,781,741	7	0.46%	-		0.00%
WNRA Moreno Valley	56,591,246	8	0.42%	-		0.00%
Knickerbocker Properties, Inc.	48,450,000	9	0.36%	-		0.00%
SP4 Heacock LP	46,230,145	10	0.34%	-		0.00%
Secretary of Housing & Urban Development	-		0.00%	36,819,824	2	0.80%
TSC	-		0.00%	23,369,754	3	0.51%
Department of Veteran's Affairs	-		0.00%	23,097,748	4	0.51%
Atsugi Kokusai Kando USA, Inc.	-		0.00%	15,427,693	5	0.34%
Mervyns	-		0.00%	15,357,572	6	0.34%
TE3 Asset Corporation	-		0.00%	15,284,578	7	0.33%
Felicita Associates	-		0.00%	14,257,351	8	0.31%
May Department Stores Company	-		0.00%	13,152,476	9	0.29%
Price Company	-		0.00%	12,688,107	10	0.28%
	<u>\$ 772,646,693</u>		<u>5.72%</u>	<u>\$ 214,103,781</u>		<u>4.68%</u>

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

Source: Hdl Coren & Cone

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2000	20,369,660	19,153,769	94.03%	1,435	19,155,204	94.04%
2001	19,628,161	19,816,928	100.96%	-	19,816,928	100.96%
2002	21,302,107	19,936,925	93.59%	11,514	19,948,439	93.65%
2003	22,594,477	22,876,331	101.25%	-	22,876,331	101.25%
2004	26,353,337	24,884,530	94.43%	11,609	24,896,139	94.47%
2005	28,865,321	26,775,299	92.76%	7,922	26,783,221	92.79%
2006	30,426,678	32,347,436	106.31%	37,812	32,385,248	106.44%
2007	35,606,935	39,141,295	109.93%	64,980	39,206,275	110.11%
2008	41,349,349	43,457,010	105.10%	104,898	43,561,908	105.35%
2009	51,812,334	41,165,168	79.45%	119,943	41,285,111	79.68%

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

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

City of Moreno Valley  
Direct and Overlapping Debt

Fiscal Year 2008/09 Assessed Valuation	\$ 13,530,938,298
Redevelopment Incremental Valuation	2,424,631,119
Adjusted Assessed Valuation	<u>\$ 11,106,307,179</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/2009	% Applicable(1)	City's Share of Debt 6/30/09
Metropolitan Water District	\$ 293,425,000	0.602%	\$ 1,766,419
Eastern Municipal Water District I.D. No U-13	131,000	100.	131,000
Eastern Municipal Water District I.D. No U-22	3,028,000	100.	3,028,000
Riverside Community College District	141,316,109	16.580	23,430,211
Moreno Valley Unified School District	47,763,521	93.685	44,747,255
San Jacinto Unified School District	44,710,431	0.519	232,047
Val Verde Unified School District	30,000,000	43.365	13,009,500
Moreno Valley Unified School District Community Facilities District No. 88-1	12,765,000	100.	12,765,000
Moreno Valley Unified School District Community Facilities District No. 2002-1	8,295,000	100.	8,295,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	10,945,000	100.	10,945,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	3,125,000	100.	3,125,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,535,000	100.	5,535,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,980,000	100.	3,980,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	4,985,000	100.	4,985,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	27,765,000	100.	27,765,000
Moreno Valley Unified School District Community Facilities District No. 2005 2&3	15,435,000	100.	15,435,000
Val Verde Unified School District Community Facilities District No. 98-1	28,670,000	100.	28,670,000
Val Verde Unified School District Community Facilities District No. 2003-1	2,775,000	100.	2,775,000
Eastern Municipal Water District Community Facilities District	12,870,000	100.	12,870,000
City of Moreno Valley 1915 Act Bonds	300,000	100.	300,000
City of Moreno Valley Community Facilities District No. 3	3,320,000	100.	3,320,000
City of Moreno Valley Community Facilities District No. 5	5,870,000	100.	5,870,000
City of Moreno Valley Community Facilities District No. 87-1	10,090,000	100.	10,090,000
City of Moreno Valley Community Facilities District No. 87-1 and I.A. No. 1	3,855,000	100.	3,855,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 246,924,431</u>
Less: Moreno Valley Community Facilities District No. 3 & 87-1 (100% self-supporting from tax increment revenues)			13,410,000
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 233,514,431</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$ 760,794,659	6.420%	\$ 48,843,017
Riverside County Pension Obligations	382,090,000	6.420	24,530,178
Riverside County Board of Education Certificates of Participation	8,270,000	6.420	530,934
Mt. San Jacinto Community College District General Fund Obligations	12,720,000	0.020	2,544
Moreno Valley Unified School District Certificates of Participation	22,225,000	93.685	20,821,491
San Jacinto Unified School District Certificates of Participation	45,895,000	0.519	238,195
Val Verde Unified School District Certificates of Participation	99,825,000	43.365	43,289,111
City of Moreno Valley General Fund Obligations	81,450,000	100.	81,450,000 (1)
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 219,705,471</u>
Less: Riverside County self-supporting obligations			1,049,952
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 218,655,519</u>
GROSS COMBINED TOTAL DEBT			\$ 466,629,902 (2)
NET COMBINED DEBT			\$ 452,169,950

Notes:

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

Ratios to FY 2008-09 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	1.82%
Total Net Overlapping Tax and Assessment Debt	1.73%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$81,450,000)	0.73%
Gross Combined Total Debt	4.20%
Net Combined Total Debt	4.07%

State School Building Aid Repayable as of 6/30/09	\$ -
AB: (\$425)	

Source: California Municipal Statistics

City of Moreno Valley  
 Legal Debt Margin  
 Last Five Fiscal Years  
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed Value	\$ 13,375,965
Debt Limit (15% of assessed value)	2,006,395
Debt applicable to limit:	
General Obligation Bonds	-
Less: Amount set aside for repayment of general obligation debt	-
<b>Total net debt applicable to limit</b>	<b>\$ -</b>

	Fiscal Year <sup>(1)</sup>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Valuation (in thousands)	\$ 7,227,360	\$ 9,075,495	\$ 11,220,188	\$ 13,374,229	\$ 13,375,965
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	\$ 1,806,840	\$ 2,268,874	\$ 2,805,047	\$ 3,343,557	\$ 3,343,991
Debt limit percentage	15%	15%	15%	15%	15%
Debt Limit (in thousands)	\$ 271,026	\$ 340,331	\$ 420,757	\$ 501,534	\$ 501,599
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin (in thousands)	\$ 271,026	\$ 340,331	\$ 420,757	\$ 501,534	\$ 501,599
Total net debt applicable to the limit as a percentage of the debt limit	\$ -	\$ -	\$ -	\$ -	\$ -

1) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

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

City of Moreno Valley  
Ratios of Outstanding Debt by Type  
Last Five Fiscal Years

Fiscal Year Ended June 30 <sup>(2)</sup>	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt per Capita <sup>1</sup>
	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	Notes and Other	Governmental Activities	Lease Revenue Bonds			
2005	\$ 25,130,000	\$ 7,625,000	\$ 4,590,000	\$ 4,660,558	\$ 42,005,558	\$ -	\$ 42,005,558	1.40%	\$ 254
2006	23,345,000	7,115,000	47,988,000	4,866,378	83,314,378	4,647,000	87,961,378	2.77%	504
2007	21,415,000	6,590,000	47,393,000	4,696,689	80,094,689	30,367,000	110,461,689	3.38%	612
2008	18,925,000	6,040,000	42,157,472	36,300,136	103,422,608	29,767,528	133,190,136	3.89%	724
2009	17,265,000	5,470,001	41,297,426	28,615,688	92,648,115	29,672,574	122,320,689	3.30%	657

Notes:

1) These ratios are calculated using personal income and population for the prior year.

2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

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

City of Moreno Valley  
Ratio of Bonded Debt  
Last Five Fiscal Years

Fiscal Year Ended June 30, <sup>(2)</sup>	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	Total Governmental Activities	Percent of Assessed Value <sup>(1)</sup>	Per Capita
2005	\$ 25,130,000	\$ 7,625,000	\$ 4,590,000	\$ 37,345,000	0.52%	\$ 226
2006	23,345,000	7,115,000	47,988,000	78,448,000	0.86%	449
2007	21,415,000	6,590,000	47,393,000	75,398,000	0.67%	418
2008	18,925,000	6,040,000	42,157,472	67,122,472	0.50%	365
2009	17,265,000	5,470,001	41,297,426	64,032,427	0.48%	344

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the City has none).

1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California

2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Data Source: City of Moreno Valley Finance Department

City of Moreno Valley  
Pledged Revenue Coverage  
Last Ten Years

Fiscal Year Ended June 30,	Community Facilities District No. 3, AutoMall Refinancing					Community Facilities District No. 5 of the City of Moreno Valley (Stoneridge)				Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds				Towngate Community Facilities District No. 87-1, Improvement No. 1 Special Tax Refunding Bonds			
	Special Tax Levy	Property Tax	Debt Service		Coverage	Special Tax Levy	Debt Service		Coverage	Property Tax Increment	Debt Service		Coverage	Special Tax Levy	Debt Service		Coverage
			Principal	Interest			Principal	Interest			Principal	Interest			Principal	Interest	
2000	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
2001	751,542	129,858	200,000	561,400	1.16	-	-	-	-	-	-	-	-	-	-	-	-
2002	1,029,290	135,550	465,000	550,900	1.15	-	-	-	-	-	-	-	-	-	-	-	-
2003	1,074,499	114,766	515,000	525,325	1.14	-	-	-	-	-	-	-	-	-	-	-	-
2004	1,067,950	145,265	575,000	489,275	1.14	-	-	-	-	-	-	-	-	-	-	-	-
2005	1,121,094	116,871	640,000	449,025	1.14	-	-	-	-	-	-	-	-	-	-	-	-
2006	1,189,465	73,700	710,000	404,225	1.13	-	-	-	-	-	-	-	-	-	-	-	-
2007	1,179,479	108,986	785,000	354,525	1.13	-	-	-	-	-	-	-	-	-	-	-	-
2008	1,088,427	190,425	865,000	299,575	1.10	198,306	-	217,261	0.91	-	-	-	-	-	-	-	-
2009	1,212,713	103,026	865,000	269,300	1.16	-	-	288,613	0.00	2,072,568	575,000	435,881	2.05	281,153	220,000	175,859	0.71

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Community Redevelopment Agency 2007 Tax Allocation Bonds				
Fiscal Year Ended June 30,	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2008	\$23,890,555	\$ -	\$ 359,683	66.42
2009	\$23,775,956	\$ 770,000	\$2,073,084	8.36

1) The interest payment related to the CFD 5 - Stoneridge was paid from the capitalized interest account but in future years this will be paid from the special tax

Data Source: City of Moreno Valley Finance Department  
City of Moreno Valley Community Redevelopment Agency  
City of MorenoValley Special Districts

City of Moreno Valley  
 Demographic and Economic Statistics  
 Last five years

<u>Calendar Year</u>	<u>Population</u> (1)	<u>Personal Income (in thousands)</u> (2)	<u>Per Capita Personal Income</u> (2)	<u>Unemployment Rate</u> (2)
2005	165,328	2,998,568	18,137	5.30% (3),A
2006	174,565	3,176,449	18,196	4.90% (3),A
2007	180,466	3,264,593	17,257	5.34% B
2008	183,860	3,423,011	17,997	5.34% B
2009	186,301	3,702,458	18,898	5.31% B

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Source: 1- California Department of Finance

2-City of Moreno Valley Economic Development Department

3-California Employment Development Department

A- This data is for the Riverside, San Bernardino, Ontario Metro area.

B- This data is for the Moreno Valley area.

City of Moreno Valley  
Principal Employers  
Current Year and Two Years Ago

Employer	Sector	Business Type	2009		2007	
			Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	9,000	26.67%	8,482	24.71%
Moreno Valley Unified School District	Public Sector	Public Schools	3,752	11.12%	3,519	10.25%
Riverside County Regional Medical Center	Medical Facilities	County Hospital	2,215	6.56%	1,700	4.95%
Moreno Vally Mall/General Growth	Retail	Retail Mall	1,669	4.95%	1,669	4.86%
City of Moreno Valley/Police/Fire Depts	Public Sector	Municipal Government	1,183	3.51%	875	2.55%
Riverside Community College/Moreno Valley Campus	Public Sector	Higher Education	1,038	3.08%	1,038	3.02%
Val Verde Unified School District (MV only)	Public Sector	Public Schools	734	2.18%	721	2.10%
Walgreens Co.	Distribution	Retail Merchandise	650	1.93%	650	1.89%
Ross Dress For Less/ DD's Discounts	Distribution	Retail Merchandise	600	1.78%	-	-
Wal-Mart Super Center	Retail	Discount Dept. Store	465	1.38%	-	-

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

Source: City of Moreno Valley Economic Development Department

City of Moreno Valley  
 Full-time and Part-time City Employees by Function  
 Past Five Years

Function	Fiscal Year <sup>(2)</sup>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	132	143	153	150	142
Public Works	118	126	134	141	151
Community Development	66	71	74	74	72
Parks and Community Services	119	123	184 <sup>(2)</sup>	240	238
Animal Services	21	24	26	27	29
Redevelopment Agency	16	17	17	18	16
Public Safety <sup>(1)</sup>	306	329	356	383	393
Total	<u>778</u>	<u>833</u>	<u>944</u>	<u>1033</u>	<u>1041</u>

This data represents a count of people employed by the City not the number of approved full time equivalents.

(1) The City contracts with the County of Riverside for Police and Fire services

2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Source: City of Moreno Valley Finance Department

(2) In 2007 the Parks and Community Services Department received a grant from the State of California related to the After School Education and Safety Grant. This grant resulted in an increase in staffing to achieve the grant growth objectives.

City of Moreno Valley  
Capital Asset Statistics  
Last Five Fiscal Years

	2005	2006	2007	2008	2009
Lane miles of streets	-	1,081	1,127	1,076	1,076
Number of street lights	9,771	10,041	10,710	11,027	11,037
Number of traffic signals	126	138	148	162	167
Fire protection:					
Number of stations	6	6	6	6	6
Police protection:					
Number of policing stations	3	3	3	5	5
Recreation and culture:					
Parks	29	32	36	38	39
Maintained acreage of parks	353	377	519.94	529.55	531.48
Parks under construction	2	1	6	7	6
Acreage of parks under construction	24	1.3	19.97	27.07	25.14
Multi-use athletic fields	21	21	21	21	21
Conference/Recreation centers	1	1	1	1	1
Square footage of recreation centers	42,413	42,413	42,413	42,413	42,413
Senior Centers	1	1	1	1	1
Square footage of senior centers	14,700	14,700	14,700	14,700	14,700
Equestrian centers	1	1	1	1	1
Maintained acreage of equestrian centers	45	45	45	45	45
Multi-use equestrian trails maintained	7 Miles	8 Miles	10 Miles	10 Miles	10 Miles
Community centers	4	4	4	4	4
Square footage of community centers	38,758	38,758	38,758	38,758	38,758
Sports courts	44	44	44	44	44
Skate parks/Roller hockey rinks	1	1	1	1	1
Square footage of skate parks	850	850	850	850	850
Nine-hole golf courses	1	1	1	1	1
Play apparatus	23	23	23	23	24
Water play features	2	2	2	2	2
Utilities:					
Residential utility meters	1,807	3,327	4,229	4,702	4,802
Commercial utility meters	67	279	383	499	565

1) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

City of Moreno Valley  
 Operating Indicators by Function  
 Last Five Fiscal Years

	2005	2006	2007	2008	2009
Square mileage of area	50	50	51	52	52
Fire protection:					
Provided by the County of Riverside in cooperation with the State Department of Forestry and Fire:					
Sworn personnel	71	73	70	85	81
Volunteers	50	30	30	25	25
Non-sworn personnel	7	7	11	10	7
Responses to emergency calls	12,162	12,155	12,525	13,011	12,971
Inspections and Permits	5,358	5,257	4,834	4,269	3,522
Plan checks	1,647	1,442	1,445	1,482	664
Counter/Public inquiries	2,456	5,172	8,264	7,932	7,249
Police protection:					
Provided through contract with the County of Riverside Sheriff's Department:					
Sworn officers	147	162	174	211	185
Classified personnel	45.5	47.5	49.5	56	55
City support personnel	3.0	3.5	3.5	4	3
Volunteers	99	30	25	39	56
Responses to Calls:					
Priority 1	391	579	891	429	572
Priority 1A	949	1,095	1,210	1,271	1,110
Priority 2	23,662	24,774	25,046	24,819	24,967
Priority 3	24,673	23,613	25,295	24,859	26,466
Priority 4	15,311	16,869	17,304	16,932	17,592
Priority 5	103	38	276	2	91
Priority 6	0	0	0	0	0
Priority 7	0	0	0	0	0
Priority 8	0	0	0	0	0
Priority 9	25	10	76	174	248
Cancelled	6,185	5,628	6,826	5,983	5,359
Disp/Arr Time Missing	8,146	7,836	9,841	9,437	8,540
Same Disp/Arr Time	40,920	39,857	49,490	50,516	60,510
T. R. U. Calls	44	22	54	32	43
Building and Safety:					
Building permits issued	4,999	4,608	3,363	2,413	2,058
Counter requests for service	13,426	14,289	12,276	11,249	8,922
Planning:					
Planning applications processed	1,840	1,440	1,261	1,100	894
Counter requests for service	8,696	10,191	8,639	6,550	4,669
Recreation and culture:					
Rounds of golf played	17,027	17,453	14,008	12,000	6,123
Facility rentals	1,438	2,148	1,302	971	893
Participants in recreation programs	34,479	48,027	64,006	57,139	46,075
Utilities:					
Average residential daily consumption (kilowatt hours)	11.5	14.4	19.2	18	19.8
Average commercial daily consumption (kilowatt hours)	61.1	219.1	396.0	171	254.8
New residential connections	1,753	1,620	1,033	473	123
New commercial connections	64	215	78	118	65
Employees:					
Members of City Council	5	5	5	5	5
Members of the Planning Commission	7	7	7	7	7
Full-time career status (FTE)	325	360	388	406	324
Part-time career status (FTE)	18	16	15	18	14

3) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.



**Community  
Redevelopment  
Agency**

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

**FINANCIAL AND COMPLIANCE REPORT**

**YEAR ENDED JUNE 30, 2009**  
**(With Independent Auditors' Report Thereon)**

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

**FINANCIAL AND COMPLIANCE REPORT**

**YEAR ENDED JUNE 30, 2009**

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Board of Directors  
Community Redevelopment Agency of the City of Moreno Valley  
Moreno Valley, California

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Community Redevelopment Agency of the City of Moreno Valley ("Agency"), a component unit of the City of Moreno Valley, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the Community Redevelopment Agency of the City of Moreno Valley. Our responsibility is to express opinions on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and each major fund of the Community Redevelopment Agency of the City of Moreno Valley at June 30, 2009, and the respective changes in financial position of the Agency for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Agency has not presented *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Community Redevelopment Agency of the City of Moreno Valley's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Directors  
Community Redevelopment Agency of the City of Moreno Valley  
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2009 on our consideration of the Community Redevelopment Agency of the City of Moreno Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayor Hoffman McGinnis, P.C.*

Irvine, California  
December 23, 2009

## COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

## STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>	
<b>Assets:</b>		
Cash and investments (note 3)	\$	87,392,466
Receivables:		
Interest	\$	140,482
Loans (note 4)		<u>12,115,790</u>
Total receivables		12,256,272
Due from the City of Moreno Valley		4,500
Due from other governments		205
Land held for redevelopment		3,916,126
Advances to the City of Moreno Valley		256,499
Capital assets not being depreciated (note 5):		14,198,954
Depreciable capital assets, net of accumulated depreciation (note 5)		<u>11,663,394</u>
<b>Total Assets</b>		<b><u>129,688,416</u></b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses		459,483
Accrued interest		857,368
Due to the City of Moreno Valley		1,849,274
Due to other governments (note 7)		3,928,234
Other current liabilities		64,534
Long-term liabilities (note 6):		
Due within one year	409,819	
Due in more than one year	<u>100,829,735</u>	
Total long-term liabilities		<u>101,239,554</u>
<b>Total Liabilities</b>		<b><u>108,398,447</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt		9,956,894
Restricted for:		
Low & Moderate Housing		26,063,774
Unrestricted (deficit)		<u>(14,730,699)</u>
<b>Total Net Assets</b>	<b>\$</b>	<b><u>21,289,969</u></b>

See Notes to the Basic Financial Statements

## COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Governmental Activities
		Charges for Services	Contributions and Grants	Contributions and Grants	
<b>Governmental Activities:</b>					
General government	\$ 1,770,111	\$ -	\$ -	\$ -	\$ (1,770,111)
Community development	1,405,500	-	-	-	(1,405,500)
Interest on long-term debt	<u>5,722,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,722,802)</u>
<b>Total Governmental Activities</b>	<b><u>\$ 8,898,413</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>(8,898,413)</u></b>

**General Revenues:**

Taxes (net of pass-through payments)	12,113,424
Intergovernmental	24,156
Use of money and property	2,314,780
Miscellaneous revenue	<u>126,480</u>
<b>Total General Revenues</b>	<b><u>14,578,840</u></b>
Transfers to the City of Moreno Valley	<u>(2,277,726)</u>
Change in Net Assets	3,402,701
Net assets at beginning of year	<u>17,887,268</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 21,289,969</u></b>

See Notes to the Basic Financial Statements

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY  
GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2009

	<b>Moreno Valley Redevelopment Project</b>		
	<b>Capital Projects</b>		
	<b>Project</b>	<b>Low and Moderate Housing</b>	<b>Total Governmental Funds</b>
Cash and investments (note 3)	\$ 77,491,581	\$ 9,900,885	\$ 87,392,466
Receivables:			
Interest	-	140,482	140,482
Loans (note 4)	-	12,115,790	12,115,790
Due from other governments	205	-	205
Due from the City of Moreno Valley	4,500	-	4,500
Land held for redevelopment	3,718,466	197,660	3,916,126
Advances to the City of Moreno Valley	256,499	-	256,499
Advances to other funds (note 6)	-	3,752,573	3,752,573
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$ 81,471,251</u></b>	<b><u>\$ 26,107,390</u></b>	<b><u>\$ 107,578,641</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 447,410	\$ 12,073	\$ 459,483
Due to other governments (note 7)	3,928,234	-	3,928,234
Due to City of Moreno Valley	1,849,274	-	1,849,274
Deferred revenue	12,000	170,136	182,136
Accrued payroll	32,991	31,543	64,534
Advances from other funds (note 6)	3,752,573	-	3,752,573
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<b><u>10,022,482</u></b>	<b><u>213,752</u></b>	<b><u>10,236,234</u></b>
<b>Fund Balances:</b>			
Reserved:			
Encumbrances	1,964,659	3,701,125	5,665,784
Long term receivables	-	12,115,790	12,115,790
Land held for redevelopment	3,718,466	197,660	3,916,126
Advances to the City of Moreno Valley	256,499	-	256,499
Advances to other funds	-	3,752,573	3,752,573
Debt service	22,500,000	-	22,500,000
Unreserved:			
Designated:			
Continuing appropriations	36,027,579	4,402,217	40,429,796
Undesignated	6,981,566	1,724,273	8,705,839
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Fund Balances</b>	<b><u>71,448,769</u></b>	<b><u>25,893,638</u></b>	<b><u>97,342,407</u></b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 81,471,251</u></b>	<b><u>\$ 26,107,390</u></b>	<b><u>\$ 107,578,641</u></b>

See Notes to the Basic Financial Statements

## COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

Fund balances of governmental funds	\$ 97,342,407
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital Assets	27,895,859
Accumulated Depreciation	(2,033,511)
Deferred revenue is presented in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated.	
	182,136
Accrued interest payable for the current portion of interest due on long term debt has not been reported in the governmental funds.	
	(857,368)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Developer loans	(2,234,084)
Tax Allocation Bonds	(42,725,000)
Loans from City	<u>(56,280,470)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 21,289,969</u></b>

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY  
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 2009

	<u>Moreno Valley Redevelopment Project</u>		<u>Total Governmental Funds</u>
	<u>Capital Projects</u>		
	<u>Project</u>	<u>Low and Moderate Housing</u>	
<b>Revenues:</b>			
Taxes and assessments:			
Tax increment	\$ 19,229,318	\$ 4,546,638	\$ 23,775,956
Sales and use tax	862,963	-	862,963
Use of money and property	1,996,989	317,791	2,314,780
Intergovernmental	-	-	-
Other revenue	459,719	106,271	565,990
<b>Total Revenues</b>	<b><u>22,548,989</u></b>	<b><u>4,970,700</u></b>	<b><u>27,519,689</u></b>
<b>Expenditures:</b>			
Current:			
General government	1,116,418	653,693	1,770,111
Public Safety	-	-	-
Community development	824,215	-	824,215
Capital outlay	3,042,515	519,260	3,561,775
Debt service:			
Principal retirement	969,660	-	969,660
Interest and fiscal charges	3,913,828	-	3,913,828
Bond issuance costs	-	-	-
<b>Total Expenditures</b>	<b><u>9,866,636</u></b>	<b><u>1,172,953</u></b>	<b><u>11,039,589</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>12,682,353</u></b>	<b><u>3,797,747</u></b>	<b><u>16,480,100</u></b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from advances	-	-	-
Transfers to the City of Moreno Valley	(2,277,726)	-	(2,277,726)
Pass-through agreement payments	(12,525,495)	-	(12,525,495)
Sale of capital assets	-	-	-
Loss on sale of land held for redevelopment	-	-	-
Issuance of bonds	-	-	-
Issuance of advances from the City of Moreno Valley	-	-	-
Miscellaneous	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>(14,803,221)</u></b>	<b><u>-</u></b>	<b><u>(14,803,221)</u></b>
Change in fund balance	(2,120,868)	3,797,747	1,676,879
<b>Fund Balances:</b>			
Fund Balances, Beginning of Year	73,569,637	22,095,891	95,665,528
Restatements	-	-	-
Beginning of Year, as restated	73,569,637	22,095,891	95,665,528
<b>End of Year</b>	<b><u>\$ 71,448,769</u></b>	<b><u>\$ 25,893,638</u></b>	<b><u>\$ 97,342,407</u></b>

See Notes to the Basic Financial Statements

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$ 1,676,879
different because:	
Governmental funds report sales of capital assets as revenue. However in the statement of activities, the revenue is reduced by the book value of the capitalized asset.	(439,510)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.	
Principal retirement	969,660
Accrued interest expense on long-term debt is reported on the government-wide statements, but does not require the use of current financial resources; therefore, accrued interest is not reported as expenditures in the fund financial statements.	
Change in accrued interest on long-term debt	(1,808,974)
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.	
Capital Outlay	3,561,775
Depreciation Expense	(581,285)
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.	<u>24,156</u>
<b>Changes in net assets of governmental activities</b>	<b><u>\$ 3,402,701</u></b>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

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

**a. Description of the Reporting Entity**

The Community Redevelopment Agency of the City of Moreno Valley, California, is a component unit of a reporting entity that consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of Moreno Valley

Component Units:

Community Redevelopment Agency of the City of Moreno Valley  
Community Services District of the City of Moreno Valley  
Community Facilities Districts No. 2 and No. 3  
Towngate Community Facilities District No. 87-1  
Moreno Valley Public Facilities Financing Corporation  
Moreno Valley Public Financing Authority  
Industrial Development Authority

The attached basic financial statements contain information relative only to the Community Redevelopment Agency of the City of Moreno Valley as one component unit, which is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Community Redevelopment Agency of the City of Moreno Valley (the Agency) was created by a City Council ordinance adopted on February 18, 1986. The Agency was established pursuant to the State of California Health and Safety Code, Section 33000, entitled Community Redevelopment Law. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City of Moreno Valley (the City).

Governmental Accounting Standards define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the primary government has the ability to impose its will, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Since the City Council of the City of Moreno Valley also

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

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

**a. Description of the Reporting Entity (Continued)**

serves as the Governing Board of the Agency, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the Agency. Accordingly, in applying the criteria of Governmental Accounting Standards, the financial statements of the Agency are included in the City's Comprehensive Annual Financial Report. There are no other entities that are considered to be component units of the Agency. The Agency has the same fiscal year end as the City and its financial statements can be obtained from the City Clerk.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Agency reports the following major governmental funds:

The Project Fund accounts for the tax increment received, and the debt service and rehabilitation expenditures made by the Agency.

The Low and Moderate Housing Fund accounts for 20% of the tax increment that is set aside for low and moderate housing activities.

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

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

**1. Investments**

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

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

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

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

2. Receivables and Payables

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

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

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

Property tax revenue attach as an enforceable lien on property as of January 1. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31. The County of Riverside bills and collects the property taxes, and remits them to the Agency in installments during the year. Property taxes received within 60 days after the Agency’s fiscal year end are considered “measureable” and “available” and are accrued in the Agency’s financial statements.

3. Prepaid Items

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

4. Capital Assets

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

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

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

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

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

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

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

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

In accordance with GASB Statement No. 34, the Agency is required to report general infrastructure assets.

Buildings are depreciated using the straight-line method over the estimated useful life of 50 years.

**5. Deferred Revenue**

The government reports unearned revenue on its combined balance sheet. Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

**7. Salary Expenditures**

The Agency does not employ any personnel and relies on the City of Moreno Valley (City) for administrative services. The financial statements include expenditures for salary and other benefits, which were allocated to the Agency by the City.

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

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

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

8. Fund Equity

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

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

**a. Budgetary Data**

General Budget Policies

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all Governmental Fund types. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various Agency departments.

Reported budget amounts represent the original legally adopted budget as amended. The City Council, acting as the Agency Board, may approve amendments to the budget during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriations limit as imposed by Article XIII B of the State Constitution.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund types, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control for most funds is established by the amount of expenditures budgeted for each department within the fund, but management control is exercised at budgetary line item levels within the departments. Management can transfer budgeted amounts between operating programs, departments, or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council, acting as the Agency Board, approval.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

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

**b. Budgetary Data (Continued)**

Encumbrances (Continued)

formal budgetary integration in the governmental funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are a portion of the reserved fund balance and are reappropriated the following year.

Budget Basis Accounting

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

**Note 3: Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	<u>\$87,392,466</u>
---	---------------------

The Agency's funds are pooled with the City of Moreno Valley's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

**Note 4: Loans Receivable**

Loans receivable of \$12,115,790 consisted primarily of loans and advances to developers for various projects.

A summary of amounts owed to the Agency at June 30, 2009 follows:

Cottonwood Properties	\$ 3,870,402
Sheila Street Rehabilitation	2,651,875
RHDC Properties	1,911,764
CVHC	1,639,450
Crippled Children	824,917
Bay Family Apartments	755,000
Others	<u>462,382</u>
Total	<u>\$ 12,115,790</u>

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

**Note 5: Capital Assets**

A summary of changes in general capital assets follows:

	Balance at 7/1/08	Additions	Deletions	Balances 06/30/09
<b>Non-Depreciable Assets:</b>				
Land	\$ 4,885,499		\$ (439,510)	\$ 4,445,989
Construction in Progress	\$ 6,191,190	\$ 3,561,775		\$ 9,752,965
<b>Total Non-Depreciable Assets</b>	<b>\$ 11,076,689</b>	<b>\$ 3,561,775</b>	<b>\$ (439,510)</b>	<b>\$ 14,198,954</b>
<b>Depreciable Assets:</b>				
Buildings and Improvements	\$ 12,191,837	\$ -	\$ -	\$ 12,191,837
Furniture and Equipment	\$ 352,837	\$ -	\$ -	\$ 352,837
Infrastructure	\$ 1,152,231		\$ -	\$ 1,152,231
<b>Total Depreciable Assets</b>	<b>\$ 13,696,905</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,696,905</b>
<b>Accumulated Depreciation:</b>				
Buildings and Improvements	\$ (1,218,196)	\$ (487,673)	\$ -	\$ (1,705,869)
Furniture and Equipment	\$ (176,418)	\$ (70,567)	\$ -	\$ (246,985)
Infrastructure	\$ (57,612)	\$ (23,045)	\$ -	\$ (80,657)
<b>Total Accumulated Depreciation</b>	<b>\$ (1,452,226)</b>	<b>\$ (581,285)</b>	<b>\$ -</b>	<b>\$ (2,033,511)</b>
<b>Depreciable Assets, Net of Depreciation</b>	<b>\$ 12,244,679</b>	<b>\$ (581,285)</b>	<b>\$ -</b>	<b>\$ 11,663,394</b>
<b>Total Net Capital Assets</b>	<b>\$ 23,321,368</b>	<b>\$ 2,980,490</b>	<b>\$ (439,510)</b>	<b>\$ 25,862,348</b>

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

<b>Governmental Activities:</b>	
Community development	<u><u>\$ 581,285</u></u>

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

**Note 6: Long-Term Liabilities**

- a. A description of the Agency's long-term liabilities outstanding as of June 30, 2009 is as follows:

Note Payable, Price Company

The Agency has recorded a long-term payable in the amount of \$2,334,084 under a development and disposition agreement and promissory note with Price Company for the reimbursement of costs of construction of a 130,000 square-foot-retail store. The note bears interest at 8% per annum and is payable solely from 50% of site-generated sales tax. Any remainder payable after September 2015 will be forgiven. The amount outstanding as of June 30, 2009 was \$2,234,084.

Long-Term Liabilities to the City of Moreno Valley:

The Towngate Regional Mall notes (Sears Note), totaling \$13,000,000, originated from a participation agreement (as amended) whereby the Agency acquired certain parcels within the mall for subsequent transfer to major tenants. The notes bear interest of 7.25% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Furthermore, the Agency had covenanted to use reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. At June 30, 2009, accrued interest amounted to \$4,082,277. During 2003-2004, the City purchased the rights to the notes from the holder. These amounts are now payable to the City and were previously reported in the Project Fund and are now reported as a long-term liability in the government-wide financial statements.

In 2005, the Agency purchased improved property from the City – the Conference and Recreation Center. The purchase price was \$14,203,946. The loan note was \$11,503,946 after the initial payment of \$2,700,000. A subsequent principal payment of \$29,124 was made in 2004-2005. The term is 20 years with 12% simple interest. The Agency will make partial interest only annual payments with a balloon payment due at the end of the term. At June 30, 2009, the outstanding principal and accrued interest balances are \$11,474,822 and \$4,430,632, respectively.

The Agency owes the City a total of \$652,248 in future sales tax revenue for funds borrowed to finance redevelopment activities. \$518,520 represents monies borrowed during 2006/07 by the Agency. \$133,728 represents monies borrowed during 2007/08 by the Agency. The interest rate on the borrowings is 12% and repayment of the long-term payable is made when funds become available. At June 30, 2009, the outstanding accrued interest on these borrowings is \$140,491.

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

**Note 6: Long-Term Liabilities (Continued)**

In December 2007, the Agency issued 2007 Series B, Subordinate Taxable Tax Allocation Bonds in the original issue amount of \$22,500,000. These bonds were purchased by the City of Moreno Valley. The proceeds of the bonds will remain unspent pending the outcome of litigation between the Agency and the County of Riverside concerning the interpretation of a pass-through agreement between the Agency and the County. The Agency will pay monthly interest only debt service payments to the City of Moreno Valley. The interest rate is variable and is expected to approximate a rate of return the Agency achieves from investing the bond proceeds. During the year, the amount of interest earned and paid to the City was \$721,949. If the Agency is successful in its litigation, it would begin receiving additional tax increment revenue to pay all or part of the debt service on the bonds. At that point, the bonds will be remarketed within five years and the proceeds used for the purpose of financing various redevelopment improvement projects. The bonds may be redeemed in total or in part at any time. At June 30, 2009, the outstanding principal balance is \$22,500,000.

A summary of amounts owed to the City at June 30, 2009 follows:

<u>Borrowing Purpose</u>	<u>Principal</u>	<u>Interest</u>
Sears	\$13,000,000	\$4,082,277
Recreation Center	11,474,822	4,430,632
2007 TABs Series B	22,500,000	-
Redevelopment	<u>652,248</u>	<u>140,491</u>
Total	<u>\$47,627,070</u>	<u>\$8,653,400</u>

**2007 Tax Allocation Bonds, Series A**

In December 2007, the Agency issued 2007 Tax Allocation Bonds, Series A, in the original issue amount of \$43,495,000 for the purpose of financing various redevelopment activities and other undertakings permitted under the Redevelopment Law, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial and term fashion through August 1, 2038 and bear interest ranging from 3.5% to 4.625%. During the year, the amount of interest earned and paid to the City was \$ 2,073,083.75. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on August 1, 2017. The bonds are payable solely from Tax Revenues and other funds and amounts pledged therefore pursuant to the Indenture. This issue is fully insured in the event of nonpayment by the Agency.

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

**Note 6: Long-Term Liabilities (Continued)**

2007 Series A  
Tax Allocation Bonds

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 120,000	\$ 2,055,284
2011	130,000	2,050,284
2012	210,000	2,043,484
2013	220,000	2,034,884
2014	230,000	2,025,884
2015-2019	1,220,000	9,996,706
2020-2024	3,510,000	9,641,116
2025-2029	9,185,000	8,101,816
2030-2034	12,085,000	5,547,125
2035-2039	<u>15,815,000</u>	<u>2,054,375</u>
	<u>\$ 42,725,000</u>	<u>\$ 45,550,958</u>

- b. The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30, 2009:

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Repayments</u>	Balance <u>June 30, 2009</u>	Due within <u>One Year</u>
Tax Allocation Bonds	\$ 43,495,000	\$ -	\$ 770,000	\$ 42,725,000	\$ 120,000
City Loans - Principal	47,627,070	-	-	47,627,070	-
City Loans - Unpaid Interest	7,005,633	3,119,697	1,471,930	8,653,400	289,819
Price Company Note	2,433,744	-	199,660	2,234,084	-
Price Company matured interest	-	<u>194,699</u>	<u>194,699</u>	-	-
Total Long-Term debt	<u>\$ 100,561,447</u>	<u>\$ 3,314,396</u>	<u>\$ 2,636,289</u>	<u>\$ 101,239,554</u>	<u>\$ 409,819</u>

Annual maturities for certain balances of long-term debt have not been presented, as fixed maturities have not been established.

- c. Advances to / from other funds

In June 2007, the Low and Moderate Income Housing Fund advanced to the Capital Projects Fund \$4,157,976 to finance the purchase of certain properties. Repayments will be made annually in an amount equal to 5% of the principal balance. Interest payments will be made annually based on the Agency's approximate average investment returns on monies. During the year, the initial principal payment of \$197,504 was made. The outstanding balance as of June 30, 2009 was \$3,752,573.

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

**Note 7: Commitments and Contingencies**

Riverside County Agreement

During December 1987, the City of Moreno Valley and the Agency entered into an agreement with the County of Riverside to reimburse the County for the portion of tax increment the County would have been allocated and paid had there not been a redevelopment project adopted in the City. The Agency receives these amounts up to \$7 million annually. The County will receive all annual tax increment in excess of \$7 million until the total increment reaches \$12 million and half of annual tax increment in excess of \$12 million. When total tax increment paid to the County under this agreement from increments between \$7 million and \$12 million reaches \$75 million, tax increment in excess of \$7 million annually will be split equally between the Agency and County.

During April 1988, the City of Moreno Valley and the Agency entered into an agreement with the Riverside County Flood Control and Water Conservation District (District) which specifies that the Agency shall receive 100% of the District share of the tax increment until such time the total tax increment exceeds \$12 million at which time the District shall receive at least 50% of its share.

The Agency must annually demonstrate, on a project by project basis, that the cumulative project costs paid by the Agency for the project improvements exceed the cumulative total of District share received by the Agency. To the extent that the cumulative project costs paid by the Agency exceed the cumulative total of District share received by the Agency, the Agency will receive the balance needed from the remaining 50% of the District share.

Beginning in 2004-2005 the Agency's tax increment exceeded \$12 million. The County deducts its proportionate share from the Agency's remittances. The amount retained by the County is included in Other Financing Sources – Pass Through Agreement Payments in the financial statements. An additional amount of \$3,928,234 for pass through agreements which have not yet been remitted is included in Due to Other Governments.

Community Facilities District No. 3 Agreement

In conjunction with the issuance of the Moreno Valley Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing), the Agency and the City are parties to an owner participation agreement which provides that the Agency will transmit to the District the available property tax increment it receives on parcels within the District as a credit against the special parcel taxes that otherwise would be payable by the owners. Furthermore, the City has agreed to loan the Agency available sales tax generated within the District for payment directly to the parcel owners should the increment be insufficient to offset the special parcel taxes. In addition, the Agency has agreed to pay to the parcel owners, subject to certain restrictions, certain available surplus sales tax from within the District. The obligations to remit sales tax terminate by December 1, 2010.

**Community Redevelopment Agency of the City of Moreno Valley  
Notes to the Basic Financial Statements (Continued)**

**Note 7: 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 \$ 848,814.

**Community Facilities District No. 87-1 Agreement**

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

**Self-Insurance**

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

**ERAF Shift**

When adopting its budget for fiscal year 2009-10, the State of California reflected in that budget a shift of a significant portion of tax increment revenue from redevelopment agencies to school districts for fiscal years 2009-10 and 2010-11. The California Redevelopment Association has filed a lawsuit challenging the legality of this tax shift. The outcome of that lawsuit is not certain at this time.

**Note 8: Subsequent Events**

Subsequent events are those events and transactions that occur after the end of the fiscal period but prior to issuance of the financial statements that are important for readers of the financial statements to be aware of. The District does not have any subsequent events to report.

## COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

## COMBINING PROJECT AREA BALANCE SHEET

JUNE 30, 2009

	<u>Moreno Valley Redevelopment Project</u>		
	<u>Capital Projects</u>		
		<b>Low and Moderate</b>	
<b>ASSETS</b>			
Cash and investments	\$ 77,491,581	\$ 9,900,885	\$ 87,392,466
Receivables:			
Interest	-	140,482	140,482
Loans	-	12,115,790	12,115,790
Due from other governments	205	-	205
Due from the City of Moreno Valley	4,500	-	4,500
Land held for redevelopment	3,718,466	197,660	3,916,126
Advances to the City of Moreno Valley	256,499	-	256,499
Advances to other funds	-	3,752,573	3,752,573
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$ 81,471,251</u></b>	<b><u>\$ 26,107,390</u></b>	<b><u>\$ 107,578,641</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 447,410	\$ 12,073	\$ 459,483
Due to other governments	3,928,234	-	3,928,234
Due to the City of Moreno Valley	1,849,274	-	1,849,274
Deferred revenue	12,000	170,136	182,136
Accrued payroll	32,991	31,543	64,534
Advances from other funds	3,752,573	-	3,752,573
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<b><u>10,022,482</u></b>	<b><u>213,752</u></b>	<b><u>10,236,234</u></b>
<b>Fund Balances:</b>			
Reserved:			
Encumbrances	1,964,659	3,701,125	5,665,784
Long term receivables	-	12,115,790	12,115,790
Land held for redevelopment	3,718,466	197,660	3,916,126
Advances to the City of Moreno Valley	256,499	-	256,499
Advances to other funds	-	3,752,573	3,752,573
Debt service	22,500,000	-	22,500,000
Unreserved:			
Designated:			
Continuing appropriations	36,027,579	4,402,217	40,429,796
Undesignated	6,981,566	1,724,273	8,705,839
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<b><u>71,448,769</u></b>	<b><u>25,893,638</u></b>	<b><u>97,342,407</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 81,471,251</u></b>	<b><u>\$ 26,107,390</u></b>	<b><u>\$ 107,578,641</u></b>

## COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2009

	Moreno Valley Redevelopment Project		TOTAL
	Capital Projects		
	Project	Low and Moderate Housing	
<b>Revenues:</b>			
Taxes and assessments:			
Tax increment	\$ 19,229,318	\$ 4,546,638	\$ 23,775,956
Sales and use tax	862,963	-	862,963
Use of money and property:			
Interest income	1,996,989	317,791	2,314,780
Other revenue:			
Miscellaneous revenue	459,719	106,271	565,990
<b>Total Revenues</b>	<b>22,548,989</b>	<b>4,970,700</b>	<b>27,519,689</b>
<b>Expenditures:</b>			
Current:			
General government:			
Administrative costs	1,116,418	653,693	1,770,111
Community development:			
Project improvement costs	824,215	-	824,215
Capital outlay:	3,042,515	519,260	3,561,775
Debt service:			
Principal retirement	969,660	-	969,660
Interest expense	3,913,828	-	3,913,828
Bond issuance costs	-	-	-
<b>Total Expenditures</b>	<b>9,866,636</b>	<b>1,172,953</b>	<b>11,039,589</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>12,682,353</b>	<b>3,797,747</b>	<b>16,480,100</b>
<b>Other Financing Sources (Uses)</b>			
Transfers to the City of Moreno Valley	(2,277,726)	-	(2,277,726)
Pass through agreement payments	(12,525,495)	-	(12,525,495)
<b>Total Other Financing Sources (Uses)</b>	<b>(14,803,221)</b>	<b>-</b>	<b>(14,803,221)</b>
Change in fund balance	(2,120,868)	3,797,747	1,676,879
Fund Balances, Beginning of Year	73,569,637	22,095,891	95,665,528
<b>Fund Balances, End of Year</b>	<b>\$ 71,448,769</b>	<b>\$ 25,893,638</b>	<b>\$ 97,342,407</b>





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Board of Directors  
Community Redevelopment Agency of the City of Moreno Valley  
Moreno Valley, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Community Redevelopment Agency of the City of Moreno Valley ("Agency") as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability

to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

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

We noted other matters that we reported to the management of the City of Moreno Valley in a separate letter dated December 23, 2009.

This report is intended for the information of the Board of Directors, management of the Community Redevelopment Agency of the City of Moreno Valley, State Controller, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mayor Hoffmann Moreno P.C.*

Irvine, California  
December 23, 2009



**Community  
Services District**

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2009  
(With Independent Auditors' Report Thereon)**

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CITY OF MORENO VALLEY, CALIFORNIA  
COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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CITY OF MORENO VALLEY, CALIFORNIA  
COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

(Continued)

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

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, Community Services District ("District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison information for the major special revenue funds of the District for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Community Services District of the City of Moreno Valley's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Directors  
City of Moreno Valley, California  
Community Services District  
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In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Margaret Hoffman Malcom P.C.*

Irvine, California  
December 23, 2009

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

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments (note 2)	\$ 31,536,356
Receivables:	
Accounts	228,794
Prepaid Costs	140
Due from other governments	1,724,960
Capital assets not being depreciated (note 3)	596,225
Depreciable capital assets, net of accumulated depreciation: (note 3)	24,155,191
<b>Total Assets</b>	<b>\$ 58,241,666</b>
 <b>Liabilities:</b>	
Accounts payable	\$ 511,932
Accrued liabilities	343,087
Deposits payable	107,553
Due to the City of Moreno Valley	23,732,567
<b>Total Liabilities</b>	<b>24,695,139</b>
 <b>Net Assets:</b>	
Investment in capital assets	24,751,416
Restricted for special zones	8,795,111
<b>Total Net Assets</b>	<b>\$ 33,546,527</b>

See Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Contributions and Grants</b>	<b>Capital Contributions and Grants</b>	<b>Total</b>
Governmental activities:					
Community and cultural	\$ 19,059,112	\$ 11,072,852	\$ 118,208	\$ 450,000	\$ (7,418,052)
<b>Total governmental activities</b>	<b>\$ 19,059,112</b>	<b>\$ 11,072,852</b>	<b>\$ 118,208</b>	<b>\$ 450,000</b>	<b>(7,418,052)</b>
 <b>General Revenues and Transfers:</b>					
Property taxes					4,266,289
Other taxes					1,017,266
Investment income					612,496
Miscellaneous					218,735
Transfers from the City of Moreno Valley					204,207
<b>Total General Revenues and Transfers</b>					<b>6,318,993</b>
Change in Net Assets					(1,099,059)
Net assets, beginning as restated (note 6)					34,645,586
<b>Net assets, ending</b>					<b>\$ 33,546,527</b>

See Notes to Financial Statements.

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

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2009**

	<b>Special Revenue Funds</b>	
	<b>Zone A Parks and Community Services</b>	<b>Zone B Residential Street Lights Administration</b>
<b>Assets:</b>		
Cash and investments (note 2)	\$ 24,877,467	\$ 366,007
Receivables:		
Accounts	221,966	-
Prepaid costs	-	-
Due from other governments	838,371	116,011
<b>Total Assets</b>	<b>\$ 25,937,804</b>	<b>\$ 482,018</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 161,986	\$ 94,804
Accrued liabilities	200,403	7,116
Deposits payable	107,553	-
Deferred revenue	229,799	-
Due to the City of Moreno Valley	23,732,567	-
<b>Total Liabilities</b>	<b>24,432,308</b>	<b>101,920</b>
<b>Fund Balances:</b>		
Reserved:		
Reserved for encumbrances	1,923	-
Reserved for prepaid costs	-	-
Unreserved:		
Designated for continuing appropriations	-	51,612
Designated for contingencies	1,152,381	-
Designated for capital improvement projects	-	-
Undesignated	351,192	328,486
<b>Total Fund Balances</b>	<b>1,505,496</b>	<b>380,098</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,937,804</b>	<b>\$ 482,018</b>

See Notes to Financial Statements.

<b>Zone E Extensive Landscaping Administration</b>	<b>Zone L Library Service Fund</b>	<b>Non-major Governmental Funds</b>	<b>Totals</b>
\$ 3,973,337	\$ 218,192	\$ 2,101,353	\$ 31,536,356
1,776	1,096	3,956	228,794
70	-	70	140
<u>247,479</u>	<u>240,330</u>	<u>282,769</u>	<u>1,724,960</u>
<b><u>\$ 4,222,662</u></b>	<b><u>\$ 459,618</u></b>	<b><u>\$ 2,388,148</u></b>	<b><u>\$ 33,490,250</u></b>
\$ 143,908	\$ 4,849	\$ 106,385	\$ 511,932
31,190	69,961	34,417	343,087
-	-	-	107,553
-	-	-	229,799
-	-	-	<u>23,732,567</u>
<b><u>175,098</u></b>	<b><u>74,810</u></b>	<b><u>140,802</u></b>	<b><u>24,924,938</u></b>
825	30,888	22,175	55,811
70	-	70	140
267,312	30,000	-	348,924
-	-	-	1,152,381
2,799,332	-	223,379	3,022,711
<u>980,025</u>	<u>323,920</u>	<u>2,001,722</u>	<u>3,985,345</u>
<b><u>4,047,564</u></b>	<b><u>384,808</u></b>	<b><u>2,247,346</u></b>	<b><u>8,565,312</u></b>
<b><u>\$ 4,222,662</u></b>	<b><u>\$ 459,618</u></b>	<b><u>\$ 2,388,148</u></b>	<b><u>\$ 33,490,250</u></b>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

**June 30, 2009**

Fund balances of governmental funds \$ 8,565,312

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

Capital assets, net of depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	52,323,421
Accumulated depreciation	(27,572,005)

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.

229,799

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**Net assets of governmental activities** **\$ 33,546,527**

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

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>	
	<b>Zone A</b>	<b>Zone B</b>
	<b>Parks and Community Services</b>	<b>Residential Street Lights Administration</b>
<b>Revenues:</b>		
Property taxes	\$ 2,238,827	\$ 114,516
Other taxes	-	-
Intergovernmental	-	-
Charges for services	5,874,456	932,416
Use of money and property	477,061	11,029
Fines and forfeitures	-	-
Miscellaneous	207,992	-
<b>Total Revenues</b>	8,798,336	1,057,961
<b>Expenditures:</b>		
Current:		
Community and cultural	8,299,602	1,460,256
<b>Total Expenditures</b>	8,299,602	1,460,256
Excess (Deficiency) of Revenues Over (Under) Expenditures	498,734	(402,295)
<b>Other Financing Sources (Uses):</b>		
Transfers in (note 4)	-	-
Transfers out (note 4)	-	-
Transfers from the City of Moreno Valley	126,800	-
Transfers to the City of Moreno Valley	(431,041)	-
<b>Total Other Financing Sources (Uses)</b>	(304,241)	-
Net Change in Fund Balances	194,493	(402,295)
Fund Balances, Beginning of Year, as restated (note 6)	1,311,003	782,393
<b>Fund Balances, End of Year</b>	\$ 1,505,496	\$ 380,098

See Notes to Financial Statements.

<b>Zone E Extensive Landscaping Administration</b>	<b>Zone L Library Service Fund</b>	<b>Non-major Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 1,769,151	\$ 143,795	\$ 4,266,289
-	-	1,017,266	1,017,266
-	110,643	-	110,643
2,391,657	41,460	1,776,862	11,016,851
108,795	-	15,611	612,496
-	56,001	-	56,001
3,704	6,559	480	218,735
<u>2,504,156</u>	<u>1,983,814</u>	<u>2,954,014</u>	<u>17,298,281</u>
<u>2,518,141</u>	<u>2,112,524</u>	<u>2,785,834</u>	<u>17,176,357</u>
<u>2,518,141</u>	<u>2,112,524</u>	<u>2,785,834</u>	<u>17,176,357</u>
<u>(13,985)</u>	<u>(128,710)</u>	<u>168,180</u>	<u>121,924</u>
-	-	20,500	20,500
(20,500)	-	-	(20,500)
-	405,048	103,400	635,248
-	-	-	(431,041)
<u>(20,500)</u>	<u>405,048</u>	<u>123,900</u>	<u>204,207</u>
(34,485)	276,338	292,080	326,131
<u>4,082,049</u>	<u>108,470</u>	<u>1,955,266</u>	<u>8,239,181</u>
<u>\$ 4,047,564</u>	<u>\$ 384,808</u>	<u>\$ 2,247,346</u>	<u>\$ 8,565,312</u>

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

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

**YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds \$ 326,131

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	121,529
Contributed Land	450,000
Depreciation expense	(2,004,284)

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 balance.

7,565

**Changes in net assets of governmental activities \$ (1,099,059)**

See Notes to the Basic Financial Statements

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

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE A PARKS AND COMMUNITY SERVICES  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 2,531,000	\$ 2,531,000	\$ 2,238,827	\$ (292,173)
Charges for services	5,887,568	5,887,568	5,874,456	(13,112)
Use of money and property	432,769	455,569	477,061	21,492
Miscellaneous	36,080	36,080	207,992	171,912
<b>Total Revenues</b>	<b>8,887,417</b>	<b>8,910,217</b>	<b>8,798,336</b>	<b>(111,881)</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	9,717,481	9,733,251	8,299,602	1,433,649
<b>Total Expenditures</b>	<b>9,717,481</b>	<b>9,733,251</b>	<b>8,299,602</b>	<b>1,433,649</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(830,064)	(823,034)	498,734	1,321,768
<b>Other Financing Sources (Uses):</b>				
Transfers from the City of Moreno Valley	396,377	197,170	126,800	(70,370)
Transfers to the City of Moreno Valley	(400,000)	(400,000)	(431,041)	(31,041)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,623)</b>	<b>(202,830)</b>	<b>(304,241)</b>	<b>(101,411)</b>
Net Change in Fund Balances	(833,687)	(1,025,864)	194,493	1,220,357
Fund Balances, Beginning of Year, as restated (note 6)	1,311,003	1,311,003	1,311,003	-
<b>Fund Balances, End of Year</b>	<b>\$ 477,316</b>	<b>\$ 285,139</b>	<b>\$ 1,505,496</b>	<b>\$ 1,220,357</b>

See Notes to Financial Statements.

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

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE B RESIDENTIAL STREET LIGHTS ADMINISTRATION  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 109,200	\$ 109,200	\$ 114,516	\$ 5,316
Charges for services	960,628	960,628	932,416	(28,212)
Use of money and property	40,000	40,000	11,029	(28,971)
<b>Total Revenues</b>	<b>1,109,828</b>	<b>1,109,828</b>	<b>1,057,961</b>	<b>(51,867)</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	1,700,381	1,751,993	1,460,256	291,737
<b>Total Expenditures</b>	<b>1,700,381</b>	<b>1,751,993</b>	<b>1,460,256</b>	<b>291,737</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(590,553)	(642,165)	(402,295)	239,870
Net Change in Fund Balances	(590,553)	(642,165)	(402,295)	239,870
Fund Balances, Beginning of Year	782,393	782,393	782,393	-
<b>Fund Balances, End of Year</b>	<b>\$ 191,840</b>	<b>\$ 140,228</b>	<b>\$ 380,098</b>	<b>\$ 239,870</b>

See Notes to Financial Statements.

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

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE E EXTENSIVE LANDSCAPING ADMINISTRATION  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>(Negative)</b>
<b>Revenues:</b>				
Charges for services	\$ 2,544,605	\$ 2,544,605	\$ 2,391,657	\$ (152,948)
Use of money and property	148,012	148,012	108,795	(39,217)
Miscellaneous	2,400	2,400	3,704	1,304
<b>Total Revenues</b>	<b>2,695,017</b>	<b>2,695,017</b>	<b>2,504,156</b>	<b>(190,861)</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	3,064,038	3,376,943	2,518,141	858,802
<b>Total Expenditures</b>	<b>3,064,038</b>	<b>3,376,943</b>	<b>2,518,141</b>	<b>858,802</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,021)	(681,926)	(13,985)	667,941
<b>Other Financing Sources (Uses):</b>				
Transfers out	(20,500)	(20,500)	(20,500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(20,500)</b>	<b>(20,500)</b>	<b>(20,500)</b>	<b>-</b>
Net Change in Fund Balances	(389,521)	(702,426)	(34,485)	667,941
Fund Balances, Beginning of Year	4,082,049	4,082,049	4,082,049	-
<b>Fund Balances, End of Year</b>	<b>\$ 3,692,528</b>	<b>\$ 3,379,623</b>	<b>\$ 4,047,564</b>	<b>\$ 667,941</b>

See Notes to Financial Statements.

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

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE L LIBRARY SERVICE FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 1,850,000	\$ 1,850,000	\$ 1,769,151	\$ (80,849)
Intergovernmental	65,000	65,000	110,643	45,643
Charges for services	55,000	55,000	41,460	(13,540)
Fines and forfeitures	50,000	50,000	56,001	6,001
Miscellaneous	100	100	6,559	6,459
<b>Total Revenues</b>	2,020,100	2,020,100	1,983,814	(36,286)
<b>Expenditures:</b>				
Current:				
Community and cultural	2,459,816	2,365,847	2,112,524	253,323
<b>Total Expenditures</b>	2,459,816	2,365,847	2,112,524	253,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439,716)	(345,747)	(128,710)	217,037
<b>Other Financing Sources (Uses):</b>				
Transfers in from the City of Moreno Valley	515,749	405,048	405,048	-
<b>Total Other Financing Sources (Uses)</b>	515,749	405,048	405,048	-
Net Change in Fund Balances	76,033	59,301	276,338	217,037
Fund Balances, Beginning of Year	108,470	108,470	108,470	-
<b>Fund Balances, End of Year</b>	<b>\$ 184,503</b>	<b>\$ 167,771</b>	<b>\$ 384,808</b>	<b>\$ 217,037</b>

See Notes to Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies**

**a. Reporting Entity**

The City of Moreno Valley, California Community Services District (the District), was created by a City Council ordinance adopted on December 3, 1984. Its purpose is to act as a legal entity, separate and distinct from the City of Moreno Valley (the City), even though the City Council is currently serving as the District's Governing Board. The District is broadly empowered to engage in the general maintenance and administration of the City's community programs.

Governmental Accounting Standards define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the primary government has the ability to impose its will, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary government. Since the City Council of the City of Moreno Valley also serves as the Governing Board of the District, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the District. Accordingly, in applying the criteria of Governmental Accounting Standards, the financial statements of the District are included in the City's Comprehensive Annual Financial Report. The District has the same fiscal year end as the City and its financial statements can be obtained from the City Clerk.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the component unit. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase,

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies  
(Continued)**

use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they have been levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers operating revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 150 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies  
(Continued)**

The District reports the following major governmental funds:

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

Zone B Residential Street Lights Administration accounts for the operations necessary to process and administer the residential street lighting program.

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

Zone L Library Service Fund accounts for the operations necessary to process and administer the library service program.

**d. Budgetary Reporting**

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the governmental activities. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles (GAAP). From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various District departments.

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

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund type, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control for most funds is established by the amount of expenditures budgeted for each department within the fund, but management control is exercised at budgetary line item levels within the departments. Management can transfer budgeted amounts between line items within each department provided that they do not increase or decrease total department appropriations. Expenditures may not legally exceed budgeted appropriations at the department and fund levels.

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies  
(Continued)**

**e. Use of Restricted/Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

**f. Deferred Revenue**

In the government-wide financial statements, deferred revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as deferred revenues in the government-wide financial statements are prepaid charges for services.

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The District records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, long-term loans receivables, and prepaid charges for services.

**g. Fund Balance**

Reservations of fund balance indicate those portions of fund balance unavailable for appropriation or amounts legally segregated for a specific future use. Designations of fund balance indicate tentative management plans for future uses of financial resources.

**h. Net Assets**

In the government-wide financial statements, net assets are classified in the following categories:

*Investment in Capital Assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. Currently, the District does not have any debt attributed to capital assets.

*Restricted Net Assets* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies  
(Continued)**

**i. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund type. Unexpended and unencumbered appropriations of the Governmental Fund automatically lapse at the end of the fiscal year. Encumbrances at year-end are a portion of the reserved fund balance and are reappropriated the following year.

**j. Capital Assets**

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

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

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

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

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

**k. Investments**

The District records all investments at fair value. The current year's changes in fair value are recognized in the statement of revenues, expenditures and changes in fund balances as use of money and property. *Use of money and property* includes interest earnings, changes in fair value, rental income and any gains or losses.

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 1: Reporting Entity, Description of Funds and Significant Accounting Policies  
(Continued)**

**l. Salary Expenditures**

The District does not employ any personnel and relies on the City for administrative services. The financial statements include expenditures for salary and other benefits, which were allocated to the District by the City.

**m. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Secured property taxes are levied on August 10 and are payable in two installments on November 1 and February 1. Unsecured personal property taxes are due in a single installment on July 1. The County of Riverside bills and collects the property taxes and remits them to the District in installments during the year. Property taxes received within 60 days after the District's fiscal year-end are considered "measurable" and "available" and are accrued in the District's financial statements.

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

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

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

**o. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 2: Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City \$31,536,356

The District has no separate bank accounts or investments other than the District's equity in the cash and investment pool managed by the City. The District is a voluntary participant in the City's investment pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The District has not adopted an investment policy separate from that of the City. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

**Note 3: Capital Assets**

	Balances*			Balances
	<u>6/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/09</u>
Non-depreciable Assets:				
Land	\$ -	450,000	-	450,000
Construction in progress	<u>101,457</u>	<u>44,768</u>	<u>-</u>	<u>146,225</u>
Totals	<u>101,457</u>	<u>494,768</u>	<u>-</u>	<u>596,225</u>
Depreciable Assets:				
Buildings and improvements	\$ 49,896,714	76,761	-	49,973,475
Machinery and equipment	1,250,323	-	-	1,250,323
Vehicles	<u>503,398</u>	<u>-</u>	<u>-</u>	<u>503,398</u>
Totals	<u>51,650,435</u>	<u>76,761</u>	<u>-</u>	<u>51,727,196</u>
Less Accumulated				
Depreciation for:				
Building and Improvements	(24,347,947)	(1,857,038)	-	(26,204,985)
Machinery and equipment	(928,028)	(79,115)	-	(1,007,143)
Vehicles	<u>(291,746)</u>	<u>(68,131)</u>	<u>-</u>	<u>(359,877)</u>
Total Accumulated				
Depreciation	<u>(25,567,721)</u>	<u>(2,004,284)</u>	<u>-</u>	<u>(27,572,005)</u>
Total Net Capital				
Assets	<u>\$ 26,184,171</u>	<u>(1,432,755)</u>	<u>-</u>	<u>24,751,416</u>

\* Beginning Capital Assets were restated, see explanation in note 6.

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 4: Interfund Transfers**

Transfers in and out for the year ended June 30, 2009 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
Zone E Extensive Landscaping Administration Fund		\$20,500
Nonmajor Funds:		
CFD# 1 Fund	\$20,500	

CSD Zone E Extensive Landscaping Administration Fund transferred \$20,500 to the CFD #1 Fund for that fund's share of parcel fees collected and business unit charges.

**Note 5: Commitments and Contingencies**

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

**Note 6: Restatement of Beginning Net Assets**

During the year ended June 30, 2009, the District discovered that accounts receivable had been overstated by \$20,000 in Zone A Parks and Community Services. An adjustment was made to reduce the accounts receivable balance, which decreased the beginning fund balance and net assets for the fiscal year. In addition, certain capital assets and depreciation were not properly reported in the prior year. Adjustments were made to increase capital assets and increase depreciation.

**City of Moreno Valley, California  
Community Services District  
Notes to Financial Statements (Continued)**

**Note 6: Restatement to Beginning Net Assets (Continued)**

	<u>Government-Wide</u>	<u>Zone A Parks and Community Services</u>
Net assets at beginning of year, as previously reported	\$33,774,586	\$1,331,003
Adjustment to correct capital assets and depreciation	891,000	-
Adjustment to reduce accounts receivable	<u>(20,000)</u>	<u>(20,000)</u>
Net assets at beginning of year, as restated	<u>\$34,645,586</u>	<u>\$ 1,311,003</u>

**Note 7: Subsequent Events**

Subsequent events are those events and transactions that occur after the end of the fiscal period but prior to issuance of the financial statements that are important for readers of the financial statements to be aware of. The District does not have any subsequent events to report.

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

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2009**

	<b>Special Revenue Funds</b>	
	<b>Zone C</b>	<b>Zone D</b>
	<b>Arterial Street Lights Administration</b>	<b>Standard Landscaping Administration</b>
<b>Assets:</b>		
Cash and investments (note 2)	\$ 637,586	\$ 248,352
Receivables:		
Accounts	-	3,956
Prepaid costs	-	70
Due from other governments	67,459	127,157
<b>Total Assets</b>	<b>\$ 705,045</b>	<b>\$ 379,535</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 40,974	\$ 36,578
Accrued liabilities	1,947	15,107
<b>Total Liabilities</b>	<b>42,921</b>	<b>51,685</b>
<b>Fund Balances:</b>		
Reserved:		
Reserved for encumbrances	-	-
Reserved for prepaid costs	-	70
Unreserved:		
Designated for capital improvement projects	223,379	-
Undesignated	438,745	327,780
<b>Total Fund Balances</b>	<b>662,124</b>	<b>327,850</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 705,045</b>	<b>\$ 379,535</b>

<b>Zone M Median Fund</b>	<b>CFD #1 Fund</b>	<b>Zone S Sunnymead Boulevard Maintenance</b>	<b>CFD #4M Fund</b>	<b>Total Non-major Funds</b>
\$ 208,608	\$ 871,518	\$ 73,709	\$ 61,580	\$ 2,101,353
-	-	-	-	3,956
-	-	-	-	70
<u>5,941</u>	<u>80,492</u>	<u>1,720</u>	<u>-</u>	<u>282,769</u>
<b><u>\$ 214,549</u></b>	<b><u>\$ 952,010</u></b>	<b><u>\$ 75,429</u></b>	<b><u>\$ 61,580</u></b>	<b><u>\$ 2,388,148</u></b>
\$ 5,259	\$ 22,816	\$ 758	\$ -	\$ 106,385
<u>2,143</u>	<u>13,827</u>	<u>595</u>	<u>798</u>	<u>34,417</u>
<b><u>7,402</u></b>	<b><u>36,643</u></b>	<b><u>1,353</u></b>	<b><u>798</u></b>	<b><u>140,802</u></b>
22,175	-	-	-	22,175
-	-	-	-	70
-	-	-	-	223,379
<u>184,972</u>	<u>915,367</u>	<u>74,076</u>	<u>60,782</u>	<u>2,001,722</u>
<b><u>207,147</u></b>	<b><u>915,367</u></b>	<b><u>74,076</u></b>	<b><u>60,782</u></b>	<b><u>2,247,346</u></b>
<b><u>\$ 214,549</u></b>	<b><u>\$ 952,010</u></b>	<b><u>\$ 75,429</u></b>	<b><u>\$ 61,580</u></b>	<b><u>\$ 2,388,148</u></b>

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

**COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue Funds</u>	
	<u>Zone C</u>	<u>Zone D</u>
	<u>Arterial Street Lights Administration</u>	<u>Standard Landscaping Administration</u>
<b>Revenues:</b>		
Property taxes	\$ 143,795	\$ -
Other taxes	-	-
Charges for services	434,292	1,148,099
Use of money and property	18,534	(21,638)
Miscellaneous	-	480
	<u>596,621</u>	<u>1,126,941</u>
<b>Total Revenues</b>		
<b>Expenditures:</b>		
Current:		
Community and cultural	<u>678,469</u>	<u>1,200,117</u>
	<u>678,469</u>	<u>1,200,117</u>
<b>Total Expenditures</b>		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(81,848)</u>	<u>(73,176)</u>
<b>Other Financing Sources (Uses):</b>		
Transfers in	-	-
Transfers in from the City of Moreno Valley	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(81,848)	(73,176)
Fund Balances, Beginning of Year	<u>743,972</u>	<u>401,026</u>
<b>Fund Balances, End of Year</b>	<u>\$ 662,124</u>	<u>\$ 327,850</u>

<b>Zone M Median Fund</b>	<b>CFD #1 Fund</b>	<b>Zone S Sunnymead Boulevard Maintenance</b>	<b>CFD #4M Fund</b>	<b>Total Non-major Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 143,795
-	1,017,266	-	-	1,017,266
133,200	-	26,271	35,000	1,776,862
-	15,833	1,672	1,210	15,611
-	-	-	-	480
<u>133,200</u>	<u>1,033,099</u>	<u>27,943</u>	<u>36,210</u>	<u>2,954,014</u>
<u>163,888</u>	<u>715,272</u>	<u>6,163</u>	<u>21,925</u>	<u>2,785,834</u>
<u>163,888</u>	<u>715,272</u>	<u>6,163</u>	<u>21,925</u>	<u>2,785,834</u>
<u>(30,688)</u>	<u>317,827</u>	<u>21,780</u>	<u>14,285</u>	<u>168,180</u>
-	20,500	-	-	20,500
<u>103,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,400</u>
<u>103,400</u>	<u>20,500</u>	<u>-</u>	<u>-</u>	<u>123,900</u>
72,712	338,327	21,780	14,285	292,080
<u>134,435</u>	<u>577,040</u>	<u>52,296</u>	<u>46,497</u>	<u>1,955,266</u>
<u>\$ 207,147</u>	<u>\$ 915,367</u>	<u>\$ 74,076</u>	<u>\$ 60,782</u>	<u>\$ 2,247,346</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE C ARTERIAL STREET LIGHTS ADMINISTRATION  
YEAR ENDED JUNE 30, 2009**

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Property taxes	\$ 131,500	\$ 143,795	\$ 12,295
Charges for services	438,540	434,292	(4,248)
Use of money and property	<u>33,500</u>	<u>18,534</u>	<u>(14,966)</u>
<b>Total Revenues</b>	<u>603,540</u>	<u>596,621</u>	<u>(6,919)</u>
<b>Expenditures:</b>			
Current:			
Community and cultural	<u>769,628</u>	<u>678,469</u>	<u>91,159</u>
<b>Total Expenditures</b>	<u>769,628</u>	<u>678,469</u>	<u>91,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(166,088)</u>	<u>(81,848)</u>	<u>84,240</u>
Net Change in Fund Balances	(166,088)	(81,848)	84,240
Fund Balances, Beginning of Year	<u>743,972</u>	<u>743,972</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 577,884</u>	<u>\$ 662,124</u>	<u>\$ 84,240</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE D STANDARD LANDSCAPING ADMINISTRATION  
YEAR ENDED JUNE 30, 2009**

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services	\$ 1,238,475	\$ 1,148,099	\$ (90,376)
Use of money and property	12,000	(21,638)	(33,638)
Miscellaneous	<u>-</u>	<u>480</u>	<u>480</u>
<b>Total Revenues</b>	<u>1,250,475</u>	<u>1,126,941</u>	<u>(123,534)</u>
<b>Expenditures:</b>			
Current:			
Community and cultural	<u>1,398,171</u>	<u>1,200,117</u>	<u>198,054</u>
<b>Total Expenditures</b>	<u>1,398,171</u>	<u>1,200,117</u>	<u>198,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(147,696)</u>	<u>(73,176)</u>	<u>74,520</u>
Net Change in Fund Balances	(147,696)	(73,176)	74,520
Fund Balances, Beginning of Year	<u>401,026</u>	<u>401,026</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 253,330</u></u>	<u><u>\$ 327,850</u></u>	<u><u>\$ 74,520</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE M MEDIAN FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services	\$ 138,660	\$ 133,200	\$ (5,460)
<b>Total Revenues</b>	<u>138,660</u>	<u>133,200</u>	<u>(5,460)</u>
<b>Expenditures:</b>			
Current:			
Community and cultural	<u>234,449</u>	<u>163,888</u>	<u>70,561</u>
<b>Total Expenditures</b>	<u>234,449</u>	<u>163,888</u>	<u>70,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,789)</u>	<u>(30,688)</u>	<u>65,101</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in from the City of Moreno Valley	<u>103,400</u>	<u>103,400</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>103,400</u>	<u>103,400</u>	<u>-</u>
Net Change in Fund Balances	7,611	72,712	65,101
Fund Balances, Beginning of Year	<u>134,435</u>	<u>134,435</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 142,046</u>	<u>\$ 207,147</u>	<u>\$ 65,101</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CFD #1 FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Final Budget Amounts</b>	<b>Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Other taxes	\$ 930,342	\$ 1,017,266	\$ 86,924
Use of money and property	20,000	15,833	(4,167)
<b>Total Revenues</b>	950,342	1,033,099	82,757
<b>Expenditures:</b>			
Current:			
Community and cultural	963,050	715,272	247,778
<b>Total Expenditures</b>	963,050	715,272	247,778
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,708)	317,827	330,535
<b>Other Financing Sources (Uses):</b>			
Transfers in	20,500	20,500	-
<b>Total Other Financing Sources (Uses)</b>	20,500	20,500	-
Net Change in Fund Balances	7,792	338,327	330,535
Fund Balances, Beginning of Year	577,040	577,040	-
<b>Fund Balances, End of Year</b>	<b>\$ 584,832</b>	<b>\$ 915,367</b>	<b>\$ 330,535</b>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
ZONE S SUNNYMEAD BOULEVARD MAINTENANCE  
YEAR ENDED JUNE 30, 2009**

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services	\$ 26,172	\$ 26,271	\$ 99
Use of money and property	-	1,672	1,672
<b>Total Revenues</b>	<u>26,172</u>	<u>27,943</u>	<u>1,771</u>
<b>Expenditures:</b>			
Current:			
Community and cultural	<u>52,260</u>	<u>6,163</u>	<u>46,097</u>
<b>Total Expenditures</b>	<u>52,260</u>	<u>6,163</u>	<u>46,097</u>
Net Change in Fund Balances	(26,088)	21,780	47,868
Fund Balances, Beginning of Year	<u>52,296</u>	<u>52,296</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 26,208</u></u>	<u><u>\$ 74,076</u></u>	<u><u>\$ 47,868</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CFD #4M FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Final Budget Amounts</b>	<b>Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Charges for services	35,000	35,000	-
Use of money and property	-	1,210	1,210
<b>Total Revenues</b>	<b>35,000</b>	<b>36,210</b>	<b>1,210</b>
<b>Expenditures:</b>			
Current:			
Community and cultural	35,000	21,925	13,075
<b>Total Expenditures</b>	<b>35,000</b>	<b>21,925</b>	<b>13,075</b>
Net Change in Fund Balances	-	14,285	14,285
Fund Balances, Beginning of Year	46,497	46,497	-
<b>Fund Balances, End of Year</b>	<b>\$ 46,497</b>	<b>\$ 60,782</b>	<b>\$ 14,285</b>

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

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, Community Services District ("District") as of and for the year ended June 30, 2009, which collectively comprise the District's financial statements and have issued our report thereon dated December 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

We noted other matters that were reported to the management of the City of Moreno Valley in a separate letter dated December 23, 2009.

This report is intended solely for the information and use of the Board of Directors and District's management and is not intended to be and should not be used by anyone other than these specified parties.

*Mayor Hoffmann M. Linn P.C.*

Irvine, California  
December 23, 2009



MORENO VALLEY

WHERE DREAMS SOAR