

Community
REDEVELOPMENT AGENCY

OF THE CITY OF MORENO VALLEY



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



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

FINANCIAL STATEMENTS

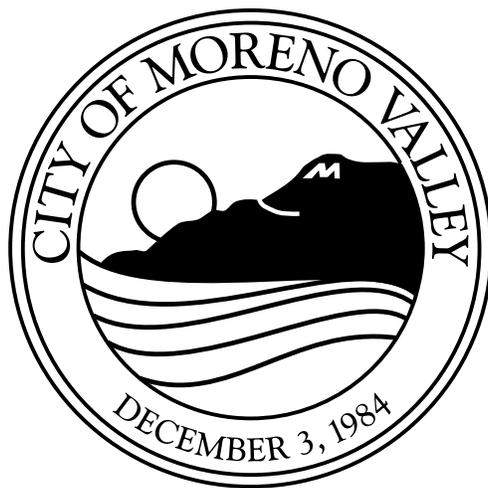
YEAR ENDED JUNE 30, 2011

COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF MORENO VALLEY, CALIFORNIA

YEAR ENDED JUNE 30,2011

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INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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



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

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

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

Lance, Soll & Lughard, LLP

Brea, California
December 22, 2011



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

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

Compliance

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

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

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

Financial Disclosure and Reporting

Redevelopment Agency Budget

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



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

Affordable Housing

Planning and Administrative Expenditures

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

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

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

Lance, Soll & Lughard, LLP

Brea, California
December 22, 2011

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

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

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

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

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

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

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

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

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

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

Fund balances of governmental funds	\$ 68,277,228
 Amounts reported for governmental activities in the statement of net assets are different because:	
 Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets not being depreciated	10,838,132
Depreciable capital assets, net of accumulated depreciation	17,216,260
 Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the statement of revenues, expenditures, and changes in fund balances. These revenues are reported as deferred revenue in the balance sheet of governmental funds.	
	480,543
 Accrued interest payable for the current portion of interest due on long-term liabilities are not reported in the funds.	
	(853,202)
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
	(78,432,152)
 Net assets of governmental activities	 <hr/> \$ 17,526,809 <hr/>

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

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

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

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2011**

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

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. (581,285)

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

Redevelopment projects that develop capital assets for the City of Moreno Valley are not recognized as assets of the Agency (construction in progress), but are reported as community development expenditures. 8,117,633

Repayment of principal on long-term debt consumes current financial resources of governmental funds, but does not have any effect of net assets in the statement of activities. 26,447,236

Accrued interest payable on long-term debt reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. 2,166

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

Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the statement of revenues, expenditures, and changes in fund balances. These revenues are reported as deferred revenue in the balance sheet of governmental funds. 237,520

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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 1: Organization and Summary of Significant Accounting

a. Policies Description of the Reporting Entity

The Community Redevelopment Agency of the City of Moreno Valley, California, is a component unit of a reporting entity that consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of Moreno Valley

Component Units:

Community Redevelopment Agency of the City of Moreno Valley

Community Services District of the City of Moreno Valley

Community Facilities Districts No. 2 and No. 3

Towngate Community Facilities District No. 87-1

Moreno Valley Public Facilities Financing Corporation

Moreno Valley Public Financing Authority

Industrial Development Authority

The attached basic financial statements contain information relative only to the Community Redevelopment Agency of the City of Moreno Valley as one component unit, which is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Community Redevelopment Agency of the City of Moreno Valley (the Agency) was created by a City Council ordinance adopted on February 18, 1986. The Agency was established pursuant to the State of California Health and Safety Code, Section 33000, entitled Community Redevelopment Law. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City of Moreno Valley (the City).

Governmental Accounting Standards define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the primary government has the ability to impose its will, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Since the City Council of the City of Moreno Valley also serves as the Governing Board of the Agency, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the Agency. Accordingly, in applying the criteria of Governmental Accounting Standards, the financial statements of the Agency are included in the City's Comprehensive Annual Financial Report. There are no other entities that are considered to be component units of the Agency. The Agency has the same fiscal year end as the City and its financial statements can be obtained from the City Clerk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

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

4. Capital Assets

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

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

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

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

Assets	Years
Building and Improvements	5 - 50
Furniture and Equipment	3 - 15
Vehicles	3 - 10
Infrastructure	25 -50

In accordance with GASB Statement No. 34, the Agency is required to report general infrastructure assets.

Buildings are depreciated using the straight-line method over the estimated useful life of 50 years.

5. Deferred Revenue

The government reports unearned revenue on its combined balance sheet. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

7. Salary Expenditures

The Agency does not employ any personnel and relies on the City of Moreno Valley (City) for administrative services. The financial statements include expenditures for salary and other benefits, which were allocated to the Agency by the City.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

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

The Agency reports the following major governmental funds:

The Project Capital Projects Fund accounts for the financing, construction and administrative activities of the Agency.

The Low and Moderate Housing Capital Projects Fund accounts for 20% of tax increment set aside for low and moderate housing activities.

The Debt Service Fund accounts for the accumulation of resources for the payment of interest and principal on long-term debt of the Agency.

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

d. Assets, Liabilities and Net Assets or Equity

1. Investments

Investments for the Agency are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

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

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

Property tax revenue attach as an enforceable lien on property as of January 1. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31. The County of Riverside bills and collects the property taxes, and remits them to the Agency in installments during the year. Property taxes received within 60 days after the Agency's fiscal year end are considered "measureable" and "available" and are accrued in the Agency's financial statements.

3. Prepaid Items

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

COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

8. Land Held for Redevelopment

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

9. Fund Equity

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

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

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

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

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

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

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

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all Governmental Fund types. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various Agency departments.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 2: Stewardship, Compliance and Accountability (Continued)

Reported budget amounts represent the original legally adopted budget as amended. The City Council, acting as the Agency Board, may approve amendments to the budget during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriations limit as imposed by Article XIII B of the State Constitution.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund types, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control for most funds is established by the amount of expenditures budgeted for each department within the fund, but management control is exercised at budgetary line item levels within the departments. Management can transfer budgeted amounts between operating programs, departments, or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council, acting as the Agency Board, approval.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are a portion of the reserved fund balance and are reappropriated the following year.

Budget Basis Accounting

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

Note 3: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investment pooled with the City	<u>\$ 51,063,099</u>
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The Agency's funds are pooled with the City of Moreno Valley's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 4: Notes and Loans Receivable

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

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

Note 5: Capital Assets

A summary of changes in capital:

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

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

Governmental Activities:

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

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

Note 6: Long-Term Liabilities

A description of the Agency's long-term liabilities outstanding is as follows:

Note Payable, Price Company

The Agency had recorded a long-term payable in the original amount of \$2,433,744 under a development and disposition agreement and promissory note with Price Company for the reimbursement of costs of construction of a 130,000 square-foot-retail store. The note bears interest at 8% per annum and is payable solely from 50% of site-generated sales tax. Any remainder payable after September 2015 will be forgiven. The amount outstanding as of June 30, 2011 was \$1,736,067.

Long-Term Liabilities to the City of Moreno Valley:

The Towngate Regional Mall notes (Sears Note), totaling \$13,000,000, originated from a participation agreement (as amended) whereby the Agency acquired certain parcels within the mall for subsequent transfer to major tenants. The notes bear interest of 7.25% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Furthermore, the Agency had covenanted to use reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. At June 30, 2011, accrued interest amounted to \$2,200,727. During 2003-2004, the City purchased the rights to the notes from the holder. These amounts are now payable to the City and were previously reported in the Project Fund and are now reported as a long-term liability in the government-wide financial statements.

In 2005, the Agency purchased improved property from the City – the Conference and Recreation Center. The purchase price was \$14,203,946. The loan note was \$11,503,946 after the initial payment of \$2,700,000. A subsequent principal payment of \$29,124 was made in 2004-2005. The term is 20 years with 12% simple interest. The Agency will make partial interest only annual payments with a balloon payment due at the end of the term. At June 30, 2011, the outstanding principal and accrued interest balances are \$11,474,822 and \$6,596,258, respectively.

The Agency owes the City a total of \$652,248 in future sales tax revenue for funds borrowed to finance redevelopment activities. \$518,520 represents monies borrowed during 2006-2007 by the Agency. \$133,728 represents monies borrowed during 2007-2008 by the Agency. The interest rate on the borrowings is 12% and repayment of the long-term payable is made when funds become available. At June 30, 2011, the outstanding accrued interest on these borrowings is \$297,030.

In November 2007, the Agency issued 2007 Series B, Subordinate Taxable Tax Allocation Bonds in the original issue amount of \$22,500,000. These bonds were purchased by the City of Moreno Valley, but were defeased in 2010-11.

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

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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 6: Long-Term Liabilities (Continued)

2007 Tax Allocation Bonds, Series A

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

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

Annual maturities for certain balances of long-term debt have not been presented, as fixed maturities have not been established.

The following is a schedule of changes in long term debt of the Agency for the fiscal year ended June 30, 2011:

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

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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 7: Interfund Receivables, Payables and Transfers

Debt Service Requirements

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

a. Advances to / from other funds

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

In June 2007, the Low and Moderate Income Housing Capital Projects Fund advanced to the Tax Increment Debt Service Fund \$4,157,976 to finance the purchase of certain properties. Repayments will be made annually in an amount equal to 5% of the principal balance. Interest payments will be made annually based on the Agency's approximate average investment returns on monies. During the year, a principal payment of \$178,247 was made. The outstanding balance as of June 30, 2011 was \$3,386,697.

b. Transfers to / from other funds

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

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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

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

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

The Tax Increment Debt Service Fund transferred \$2,185,030 and \$348,672 to the 2007 TABs Series A Debt Service Fund and the 2007 TABs Series B Debt Service Fund, respectively, to cover debt service expenditures for the year.

Note 8: Commitments and Contingencies

Riverside County Agreement

During December 1987, the City of Moreno Valley and the Agency entered into an agreement with the County of Riverside to reimburse the County for the portion of tax increment the County would have been allocated and paid had there not been a redevelopment project adopted in the City. The Agency receives these amounts up to \$7 million annually. The County will receive all annual tax increment in excess of \$7 million until the total increment reaches \$12 million and half of annual tax increment in excess of \$12 million. When total tax increment paid to the County under this agreement from increments between \$7 million and \$12 million reaches \$75 million, tax increment in excess of \$7 million annually will be split equally between the Agency and County.

During April 1988, the City of Moreno Valley and the Agency entered into an agreement with the Riverside County Flood Control and Water Conservation District (District) which specifies that the Agency shall receive 100% of the District share of the tax increment until such time the total tax increment exceeds \$12 million at which time the District shall receive at least 50% of its share.

The Agency must annually demonstrate, on a project-by-project basis, that the cumulative project costs paid by the Agency for the project improvements exceed the cumulative total of District share received by the Agency. To the extent that the cumulative project costs paid by the Agency exceed the cumulative total of District share received by the Agency, the Agency will receive the balance needed from the remaining 50% of the District share.

Beginning in 2004-2005 the Agency's tax increment exceeded \$12 million. The County deducts its proportionate share from the Agency's remittances. The amount retained by the County is included shown as a reduction in tax revenue, "pass through agreement payments" in the financial statements. An additional amount of \$5,639,404 for pass through agreements that have not yet been remitted is included in Due to Other Governments.

Community Facilities District No. 3 Agreement

In conjunction with the issuance of the Moreno Valley Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing), the Agency and the City are parties to an owner participation agreement which provides that the Agency will transmit to the District the available property tax increment it receives on parcels within the District as a credit against the special parcel taxes that otherwise would be payable by the owners. Furthermore, the City has agreed to loan the Agency available sales tax generated within the District for payment directly to the parcel owners should the increment be insufficient to offset the special parcel taxes. In addition, the Agency has agreed to pay to the parcel owners, subject to certain restrictions, certain available surplus sales tax from within the District. The obligations to remit sales tax terminate by December 1, 2010.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 8: Commitments and Contingencies (Continued)

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

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

Community Facilities District No. 87-1 Agreement

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

Self-Insurance

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

SERAF Shift

In July 2009, the California Legislature enacted ABX4-26 provides for a Supplemental Educational Revenue Augmentation Funds (SERAF). Redevelopment agencies are collectively mandated to place \$1.7 billion in fiscal year 2009-2010 and \$350 million in 2011-2012. The Agency's share of the SERAF for fiscal year 2010-2011 is \$1,082,578. The California Redevelopment Association is continuing to be actively engaged in litigation to invalidate ABX4-26.

Note 9: California Redevelopment Agency Uncertainty

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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF MORENO VALLEY**

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

Note 9: California Redevelopment Agency Uncertainty (Continued)

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

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

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

Note 10: Subsequent Events

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

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

Moreno Valley Redevelopment Project				
Capital Projects Funds				
	Administration Fund	Capital Projects Fund	2007 TABS, Series A Capital Projects	Low and Moderate Housing
Assets:				
Pooled cash and investments (note 3)	\$ 56,066	\$ 161,245	\$ 32,600,028	\$ 8,173,443
Receivables:				
Accounts	-	-	-	48,685
Notes and loans (note 4)	-	-	-	20,519,937
Interest	-	-	-	471,543
Due from other governments	-	-	-	-
Land held for redevelopment	-	3,718,466	-	197,660
Advances to other funds (note 7)	-	-	-	3,386,697
Advances to the City of Moreno Valley	-	-	-	-
Total Assets	\$ 56,066	\$ 3,879,711	\$ 32,600,028	\$ 32,797,965
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,388	\$ 78,789	\$ 1,682,008	\$ 12,527
Accrued liabilities	6,897	1,233	7,478	9,046
Due to other governments (note 8)	-	-	-	-
Due to the City of Moreno Valley	-	-	-	-
Deferred revenue	-	-	-	471,543
Advances from other funds (note 7)	-	-	-	-
Total Liabilities	11,285	80,022	1,689,486	493,116
Fund Balances:				
Nonspendable for:				
Long-term receivables	-	-	-	20,519,937
Land held for redevelopment	-	3,718,466	-	197,660
Advances	-	-	-	3,386,697
Nonspendable for:				
Low and moderate housing	-	-	-	8,200,555
Debt service	-	-	-	-
Assigned to:				
Capital projects	44,781	81,223	30,910,542	-
Total Fund Balances	44,781	3,799,689	30,910,542	32,304,849
Total Liabilities & Fund Balances	\$ 56,066	\$ 3,879,711	\$ 32,600,028	\$ 32,797,965

**Debt Service
Funds**

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

Assets:

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

Total Assets

Liabilities and Fund Balances:

Liabilities:

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

Total Liabilities

Fund Balances:

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

Total Fund Balances

Total Liabilities & Fund Balances

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

Moreno Valley Redevelopment Project				
Capital Projects Funds				
	Administration Fund	Capital Projects Fund	2007 TABS, Series A Capital Projects	Low and Moderate Housing
Revenues:				
Taxes and assessments:				
Tax increment	\$ -	\$ -	\$ -	\$ 3,522,959
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Use of money and property	-	1,959	638,619	197,807
Miscellaneous	-	155,687	1,548	1,871
Total Revenues	\$ -	\$ 157,646	\$ 640,167	\$ 3,722,637
Expenditures:				
Current:				
General government	\$ 595,865	\$ -	\$ -	\$ 648,225
Community development	-	63,082	8,056,862	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
SERAF payment	-	-	-	-
Total Expenditures	595,865	63,082	8,056,862	648,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(595,865)	94,564	(7,416,695)	3,074,412
Other Financing Sources (Uses)				
Transfers in (note 7)	595,863	-	-	-
Transfers out (note 7)	-	-	-	-
Long-term debt issued	-	-	-	-
Transfers to the City of Moreno Valley	-	-	-	-
Total Other Financing Sources (Uses)	595,863	-	-	-
Net Change in Fund Balances	(2)	94,564	(7,416,695)	3,074,412
Fund Balances, Beginning of Year	44,783	3,705,125	38,327,237	29,230,437
Fund Balances, End of Year	\$ 44,781	\$ 3,799,689	\$ 30,910,542	\$ 32,304,849

**Debt Service
Funds**

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

Revenues:

Taxes and assessments:
 Tax increment
 Property taxes in lieu
 Sales taxes
 Use of money and property
 Miscellaneous

Total Revenues

Expenditures:

Current:
 General government
 Community development
 Debt Service:
 Principal retirement
 Interest and fiscal charges
 Pass-through agreement payments
 SERAF payment

Total Expenditures

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

Other Financing Sources (Uses)

Transfers in (note 7)
 Transfers out (note 7)
 Long-term debt issued
 Transfers to the City of Moreno Valley

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Fund Balances, Beginning of Year

Fund Balances, End of Year

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

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