MOORPARK REDEVELOPMENT AGENCY

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

Chairperson	Janice S. Parvin
Agency Members	Roseann Mikos Keith Millhouse David Pollock Mark Van Dam
Executive Director	Steven Kueny
Assistant Executive Director	Hugh Riley

Report Prepared by:
Ron Ahlers, Agency Treasurer
Irmina Lumbad, Budget & Finance Manager
Debbie Burdorf, Accountant I

Moorpark Redevelopment Agency
Annual Financial Report
Year Ended June 30, 2011

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December 6, 2011

Honorable Chair and Members
of the Moorpark Redevelopment Agency
City of Moorpark
Moorpark, CA 93021

INTRODUCTION

California (State) law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants 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. Pursuant to the requirement, we hereby issue the annual financial report of the Moorpark Redevelopment Agency (Agency) for the fiscal year ended June 30, 2011.

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

Teaman, Ramirez & Smith, Inc., a firm of certified public accountants, has audited the Agency's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE MOORPARK REDEVELOPMENT AGENCY

The Agency was created by the Moorpark City Council Ordinance No. 87, adopted March 18, 1987. The City Council appointed the Board of Directors and established bylaws of the Agency on May 20, 1987, by Resolution No. 87-387. The Agency was established pursuant to the Community Redevelopment Law of California as modified in Part I of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City of Moorpark (City) even though the City Council has the authority to appoint the Agency's Governing Board. The Agency has a Redevelopment Plan which was adopted by the Moorpark City Council Ordinance No. 110, on July 5, 1989.

At present, the Moorpark City Council serves as the governing body of the Agency with the authority to carry out redevelopment activities. The City Manager serves as Executive Director; the Finance Director serves as the Treasurer of the Agency; the City Clerk serves as Secretary of the Agency; and the City Attorney serves as Agency Counsel.

The Agency currently has one project area:

1. The Project Area consists of one large contiguous area consisting of approximately 1,217 acres. The Project Area is comprised of a mixture of residential, commercial, industrial and institutional land uses along with parcels that are undeveloped and/or under-utilized, parking areas, and public rights-of-way.

The actions of the Agency are binding, and its appointed representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a blighted condition, as defined under State law.

The Community Redevelopment Law of California provides that, pursuant to the adoption of a redevelopment plan, the Agency is entitled to a proportional amount based on tax-sharing agreements for all future incremental property tax revenues attributable to increases in the property tax base within the Project Area. Property taxes levied for the fiscal year ended on June 30 are payable in equal installments due on November 1 and February 1 and collectible December 10 and April 10, respectively.
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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 Agency operates.

STATE OF CALIFORNIA

On June 29, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, ABx1 26 ("Dissolution Act") and ABx1 27 ("Voluntary Alternative Redevelopment Program" (VARP)), into law. The legislation became effective on June 29, 2011. ABx1 26 eliminates redevelopment agencies as of October 1, 2011. ABx1 27 provides an opportunity for cities to voluntarily "opt-in" and continue to have their redevelopment agencies operate and function "only upon the enactment of an ordinance enacted by the community to comply with this part on or before November 1, 2011".

The California Redevelopment Association ("CRA") and the California League of Cities filed a lawsuit in the California Supreme Court challenging the constitutionality of ABx1 26 and ABx1 27. On August 11, 2011, the California Supreme Court announced it would hear the lawsuit, which requests that the Court declare ABx1 26 and ABx1 27 unconstitutional. The court established an expedited briefing schedule designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.

The Court also issued a partial stay regarding suspension of the effectiveness of ABx1 26 and ABx1 27 until it can rule on the constitutionality of these two bills. The Court allowed the first statute to remain in effect insofar as it precludes existing redevelopment agencies from incurring new indebtedness, transferring assets, acquiring real property, entering into new contracts or modifying existing contracts or entering into new partnerships, adopting or amending redevelopment plans, but it stayed enforcement of both statutes in all other respects.

While the case is being litigated, the City prudently elected to opt-in and continues to operate the Agency simply to preserve the Agency's authority in the event the CRA and League prevail in the litigation and redevelopment agencies remain in place. Because the City adopted the Ordinance authorizing the City to participate in VARP, the payment for FY 2011-12 is $1,606,569 and $381,000 (estimate) for FY 2012-13 and ever increasing amounts in the following years.

LOCAL ECONOMY

Economic growth in the City is relatively flat. During the last year, there has been a minimal decline in property tax revenue due to real estate sales and property tax reassessments. This trend is expected to continue with the on-going housing crisis and lower values for properties being sold. Overall, sales tax revenue increased by 10.7% versus the prior year. Sales tax revenue is greater than the pre-recession levels.

AGENCY LOANS
As of June 30, 2011, the Agency's outstanding loan total is $616,384. The Agency's loan to Mission Bell Partners in the amount of $1,704,786 was assigned to the City in March 2011 and is no longer a receivable of the Agency. During this past year the Agency received a complete loan payoff totaling $349,607 from Moorpark 20, LP, which represents the short-term loan to the Ventura County Area Housing Authority (AHA) for a low and moderate income housing project on Charles Street. Additionally, the Agency loaned $600,000 to the AHA for this same project for a period of 30 years at a rate of 2.5% interest. The Agency operates rehabilitation loan programs for the renovation of low and moderate income housing; total outstanding is in the amount of $16,384. Please refer to Note 3 for further detailed information.

CASH MANAGEMENT POLICIES AND PRACTICES
Cash temporarily idle during the year was invested in the City Treasurer's portfolio, mainly with the State of California Local Agency Investment Fund (LAIF). The average yield is less than ½ of one percent for the fiscal year. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

RISK MANAGEMENT
As a component unit of the City, the Agency is covered under the City's policies for general liability, property insurance and workers compensation coverage. Additional information on the Agency's risk management can be found in Note 12 of the financial statements.

SUMMARY

In conclusion, I would like to take this opportunity to express my appreciation to the staff of the Finance Department and Redevelopment Agency, led by the efforts of the Budget and Finance Manager, Irmina Lumbad and Accountant I, Debbie Burdorf, whose hard work and dedication have made the preparation of this report possible. I would like to express my appreciation to the Agency Members, Steve Kueny as Executive Director and Hugh Riley as Assistant Executive Director, for their support and responsible planning of the Agency's financial affairs.

Respectfully submitted,

Ron Ahlers

RON AHLERS
AGENCY TREASURER

TRS TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Honorable Chair and Members of the Agency
Moorpark Redevelopment Agency
Moorpark, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Moorpark (Agency), a component unit of the City of Moorpark, California (City), 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 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 and each major fund 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.

As described in Note 1 to the financial statements, the Agency adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as of June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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 to provide an opinion on compliance but not on internal control over financial reporting. 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.

Richard A. Teaman, CPA • Greg W. Fankhanel, CPA • David M. Ramirez, CPA • Javier H. Carrillo, CPA
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii through xii and the budgetary information on pages 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financials statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The letter of transmittal and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement 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 the financial statements as a whole. The letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Teaman Ramirez & Smith, Inc.

December 6, 2011

As management of the Moorpark Redevelopment Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2011. Readers are highly encouraged to consider the information presented here in conjunction with the accompanying basic financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by $3,552,000(*net assets*).

- The Agency's total debt decreased by $544,000 during the current fiscal year due to the normal pay down of the principal.

- The Agency's governmental funds reported combined ending fund balances of $30,719,000, a decrease of $3,174,000 from the prior year.

- The Agency's gross property tax increment revenue during the current fiscal year decreased by $109,000 to $6,756,000.

- The Agency paid $396,000 into the State of California Supplemental Educational Revenue Augmentation Fund (SERAF). Last year's payment was $1,925,000.

- The Agency paid $2,943,000 in pass-through payments to other government agencies.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *Statement of Activities* presents information on how the Agency's net assets changed during the 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; (i.e., uncollected taxes).

The government-wide financial statements include only the Agency itself.

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 Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The Agency uses only governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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. Such information may be useful in evaluating a government's near-term financing requirements.

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 Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains seven individual governmental funds and all of them are considered to be major funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for:

Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Low & Moderate Income Housing	1999 Tax Allocation Bond	2001 Bond Proceeds
MRA Operating	2001 Tax Allocation Bond	2006 Bond Proceeds
	2006 Tax Allocation Bond	

The Agency adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

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.

Supplementary Information. All of the governmental funds listed above are shown Budget and Actual for the Schedule of Revenues, Expenditures and Changes in Fund Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $3.6 million at the close of the most recent fiscal year. Of the $32.8 million in total liabilities, $27.9 million is outstanding debt for the 1999 Tax Allocation Bonds, 2001 Tax Allocation Bonds and 2006 Tax Allocation Bonds.

Table 1
Net Assets
Governmental Activities
As of June 30, 2011 and 2010

	2011	2010
Assets:		
Current and other assets	$ 15,567,178	$ 21,403,711
Capital assets	20,795,867	19,428,853
Total Assets	**36,363,045**	**40,832,564**
Liabilities:		
Long-term debt outstanding	27,309,257	27,878,410
Other liabilities	5,501,889	4,071,921
Total Liabilities	**32,811,146**	**31,950,331**
Net Assets:		
Restricted	7,630,017	7,407,798
Unrestricted	(4,078,118)	1,474,435
Total Net Assets	**$ 3,551,899**	**$ 8,882,233**

The Agency's net assets decreased by $5.3 million during the 2010/11 fiscal year.

Table 2
Changes in Net Assets
Governmental Activities
As of June 30, 2011 and 2010

	2011	2010
Revenues		
Property tax - Redevelopment Tax Increment	$ 6,755,960	$ 6,864,776
Investment income	227,238	254,316
Other/Rentals	10,727	68,115
Total Revenues, Transfers & Special Items	**6,993,925**	**7,187,207**
Expenses		
Public Services	10,831,656	7,722,700
Interest on long-term debt	1,492,603	1,504,500
Total Expenses	**12,324,259**	**9,227,200**
Increase/(decrease) in net assets	**(5,330,334)**	**(2,039,993)**
Net Assets, beginning	**8,882,233**	**10,522,079**
Prior Period Adjustment	0	400,147
Net Assets, ending	**$ 3,551,899**	**$ 8,882,233**

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of $30,719,000, with Nonspendable fund balance of $11,968,000; Restricted fund balance of $17,838,000; Assigned fund balance of $968,000 and Unassigned fund balance of negative ($56,000).

The Low and Moderate Income Housing Fund, a special revenue fund, is used to account for funds that are set aside for low and moderate income housing, as well as related expenditures. At the end of the current fiscal year, the fund balance was $8,246,000, with Land held for resale or development at $8,302,000.

The MRA Operating Fund, special revenue fund, is the chief operating fund of the Agency. At June 30, 2011, the fund balance of the MRA Operating Fund was $7,005,000; the majority is in Land held for resale or development at $6,856,000.

The three debt service funds account for the accumulation of resources to be used for the repayment of Agency debt. Their fund balances are mainly for the contractual reserves for the bond indentures of the 1999, 2001 and 2006 bond issuances.

The Agency has two Capital Projects Funds which account for the expenditures of the 2001 and 2006 bond proceeds. Their fund balances are approximately $13.3 million, with Land held for resale or development at $5.6 million.

BUDGETARY HIGHLIGHTS

Capital projects budgeted during the year: Ruben Castro Human Services Complex, 81 First Street Building and the Aszkenazy Project revitalizing High Street. Supplemental appropriations were approved during the 2010/11 fiscal year for the: purchase of 450 High Street, purchase and demolition of 124 First Street, demolition of 1083 Walnut Canyon Road, Area Housing Authority Loan, Ruben Castro Human Service Complex and High Street Streetscape.

LONG-TERM DEBT

At the end of the current fiscal year, the Agency had total debt outstanding of $27.9 million.

Agency Outstanding Debt

	Governmental Activities June 30. 2011	Governmental Activities June 30. 2010
1999 Tax Allocation Bonds	$ 4,995,000	$ 5,495,000
2001 Tax Allocation Bonds	11,505,000	11,520,000
2006 Tax Allocation Bonds	11,378,410	11,407,563
Total	$ 27,878,410	$ 28,422,563

The Agency's total debt decreased by $544,000during the current fiscal year, due to the normal pay down of the principal.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The State of California passed ABx1 26 and ABx1 27 on June 29, 2011. These two laws abolish redevelopment agencies and grant local governments the ability to resurrect those same redevelopment agencies if they agree to a permanent payment to their associated school districts, respectively. The payment amount for 2011/12 is $1,606,569 and the estimate for 2012/13 and subsequent years are $381,000 annually.

- The Agency shall pay over $3 million in pass-through payments to other government entities.

- In addition to various Capital Improvement Projects, the Agency budgeted $210,000 for the High Street Arts Center expenditure in the upcoming fiscal year. The estimated revenue is approximately $130,000, resulting in a net loss of approximately $80,000. This loss will be absorbed by the MRA Operating Fund and is part of the revitalization efforts in the downtown area.

- Assessed property values are expected to have a nominal decrease. Therefore, property tax increment revenue shall decrease.

- Interest income should decrease, reflecting the decrease in interest rates.

All of these factors were considered in preparing the Agency's budget for fiscal year 2011/12.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Moorpark Redevelopment Agency, Finance Department, 799 Moorpark Avenue, Moorpark, California 93021.

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

Moorpark Redevelopment Agency
Statement of Net Assets
June 30, 2011

	Governmental Activities
ASSETS	
Cash and Investments	$ 12,595,695
Receivables:	
Accounts	19,830
Interest	20,745
Notes	616,384
Property Held for Resale/Development	20,795,867
Restricted Cash and Investments	1,884,771
Debt Issuance Costs	429,753
Total Assets	36,363,045
LIABILITIES	
Accounts Payable and Accrued Liabilities	3,821,939
Interest Payable	334,413
Deposits	11,750
Due to the City of Moorpark	764,634
Noncurrent Liabilities:	
Due Within One Year	569,153
Due in More Than One Year	27,309,257
Total Liabilities	32,811,146
NET ASSETS	
Restricted for:	
Low and Moderate Income Housing	7,630,017
Unrestricted	(4,078,118)
Total Net Assets	$ 3,551,899

The accompanying notes are an integral part of this statement.

Moorpark Redevelopment Agency
Statement of Activities
Year Ended June 30, 2011

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental Activities:					
Public Services	$ 10,948,164	$ 116,508	$ -	$ -	$ (10,831,656)
Interest on Long-Term Debt	1,492,603	-	-	-	(1,492,603)
Total Governmental Activities	$ 12,440,767	$ 116,508	$ -	$ -	(12,324,259)
	General Revenues:				
	Taxes:				
	Property Tax, Redevelopment Agency Tax Increment				6,755,960
	Investment Income				227,238
	Other				10,727
	Total General Revenues				6,993,925
	Change in Net Assets				(5,330,334)
	Total Net Assets, Beginning				8,882,233
	Total Net Assets, Ending				$ 3,551,899

The accompanying notes are an integral part of this statement.

Moorpark Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2011

	Special Revenue Funds		Debt Service Funds	
	Low and Moderate Income Housing	MRA Operating	1999 Tax Allocation Bonds	2001 Tax Allocation Bonds
ASSETS				
Cash and Investments	$ 571,499	$ 3,499,902	$ 325,486	$
Imprest Cash		1,500		
Cash with Fiscal Agent			771,148	584,675
Receivables				
Accounts	7,252	12,578		
Interest	546	7,676		
Notes	616,384			
Due from Other Funds				
Property Held for Resale/Development	8,302,304	6,856,424		
Total Assets	$ 9,497,985	$ 10,378,080	$ 1,096,634	$ 584,675
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 629	$ 3,289,078	$	$
Accrued Wages and Withholdings	7,930	9,740		
Due to the City of Moorpark	614,891	73,968		
Due to other Funds				
Deferred Revenue	616,384			
Deposits	11,750			
Total Liabilities	1,251,584	3,372,786	-	-
Fund Balances:				
Nonspendable:				
Property Held for Resale/Development		6,856,424		
Restricted:				
Low and Moderate Income Housing	8,302,304			
Debt Service			771,148	584,675
Construction of Human Services Center				
Redevelopment Activities		148,870	325,486	
Unassigned	(55,903)			
Total Fund Balances	8,246,401	7,005,294	1,096,634	584,675
Total Liabilities and Fund Balances	$ 9,497,985	$ 10,378,080	$ 1,096,634	$ 584,675

The accompanying notes are an integral part of this statement.

Moorpark Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2011

Debt Service Fund	Capital Projects Funds		
2006 Tax Allocation Bonds	2001 Bond Proceeds	2006 Bond Proceeds	Total Governmental Funds
$	$ 494,370	$ 7,702,938	$ 12,594,195
			1,500
528,948			1,884,771
			19,830
	718	11,805	20,745
			616,384
			-
	5,111,349	525,790	20,795,867
$ 528,948	$ 5,606,437	$ 8,240,533	$ 35,933,292
$	$	$ 514,562	$ 3,804,269
			17,670
	1,320	74,455	764,634
			-
			616,384
			11,750
-	1,320	589,017	5,214,707
	5,111,349		11,967,773
			8,302,304
528,948			1,884,771
		7,651,516	7,651,516
	493,768		968,124
			(55,903)
528,948	5,605,117	7,651,516	30,718,585
$ 528,948	$ 5,606,437	$ 8,240,533	$ 35,933,292

The accompanying notes are an integral part of this statement.

Moorpark Redevelopment Agency
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds	$ 30,718,585
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. Therefore, they were not reported in the Governmental Funds Balance Sheet.	-
Long-term loans and notes receivable are not current financial resources. Therefore, they are deferred in the governmental funds.	616,384
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(334,413)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds Payable	(28,155,000)
Less: Issuance Discount	276,590
Issuance costs net of accumulated amortization were recorded as expenditures in the governmental funds.	429,753
Net assets of governmental activities	$ 3,551,899

The accompanying notes are an integral part of this statement.

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Moorpark Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds		Debt Service Funds	
	Low and Moderate Income Housing	MRA Operating	1999 Tax Allocation Bonds	2001 Tax Allocation Bonds
REVENUES				
Taxes	$ 1,351,192	$ 3,651,369	$ 603,219	$ 602,743
Fines and Forfeitures		4,490		
Use of Money and Property	36,936	107,415	32,668	
Integovernmental	1,176,500			
Other Revenues	356,409	120,433		
Total Revenues	2,921,037	3,883,707	635,887	602,743
EXPENDITURES				
Current:				
Public Services:				
Pass-Thru Agreements		2,942,683		
SERAF Payment to State		396,345		
Administration	363,064	919,143		
Community Development	1,896,419	702,629		
Capital Outlay				
Debt Service:				
Principal Retirement			500,000	15,000
Interest on Bonds	20,642		255,694	587,743
Interest on Short-term Loan from City		100,000		
Total Expenditures	2,280,125	5,060,800	755,694	602,743
Excess (Deficiency) of Revenues over Expenditures	640,912	(1,177,093)	(119,807)	-
OTHER FINANCING SOURCES (USES)				
Transfers In			151,139	
Transfers Out	(151,139)			
Total Other Financing Sources (Uses)	(151,139)	-	151,139	-
Net Change in Fund Balances	489,773	(1,177,093)	31,332	-
Fund Balances, Beginning of Year	7,756,628	8,182,387	1,065,302	584,675
Fund Balances, End of Year	$ 8,246,401	$ 7,005,294	$ 1,096,634	$ 584,675

The accompanying notes are an integral part of this statement.

Moorpark Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

Debt Service Fund	Capital Projects Funds		
2006 Tax Allocation Bonds	2001 Bond Proceeds	2006 Bond Proceeds	Total Governmental Funds
$ 547,437	$	$	$ 6,755,960
			4,490
	3,713	46,506	227,238
			1,176,500
			476,842
547,437	3,713	46,506	8,641,030
			2,942,683
			396,345
	1,320		1,283,527
			2,599,048
	491,943	2,074,802	2,566,745
40,000			555,000
507,437			1,371,516
			100,000
547,437	493,263	2,074,802	11,814,864
-	(489,550)	(2,028,296)	(3,173,834)
			151,139
			(151,139)
-	-	-	-
-	(489,550)	(2,028,296)	(3,173,834)
528,948	6,094,667	9,679,812	33,892,419
$ 528,948	$ 5,605,117	$ 7,651,516	$ 30,718,585

Moorpark Redevelopment Agency
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2011

Net change in fund balances-total governmental funds	$ (3,173,834)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report revenues when notes receivable are repaid and expenditures when new notes are funded. These changes in notes receivable are not reflected in the Statement of Activities. This amount represents the current year change in notes receivable.	(2,690,413)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	-
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The detail of these differences in the treatment of long-term debt is as follows:	
Debt Issued or Incurred:	
Principal Repayments	555,000
Amortization of Issuance Costs	(16,852)
Amortization of Bond Discounts	(10,847)
Accrued Interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period.	6,612
Change in Net Assets of Governmental Activities	$ (5,330,334)

The accompanying notes are an integral part of this statement.

Moorpark Redevelopment Agency
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Moorpark Redevelopment Agency (Agency) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A) Reporting Entity

The Agency is a separate governmental entity created in 1987, pursuant to the Community Redevelopment Law of the State of California Health and Safety Code. It has been included as a component unit of the City of Moorpark (City) for purposes of the City's annual financial report. The Agency has responsibility for elimination of blight within the limits of the project area by preparing and carrying out redevelopment plans for area improvements and rehabilitation.

The Agency's primary source of revenue comes from property taxes (tax increment), referred to in the accompanying financial statements as "taxes". The assessed valuation of all property within the project area is determined on the date of adoption of the Redevelopment Plan. Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Agency; all taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts.

The Agency has no power to levy and collect taxes and any legislative property tax de-emphasis might reduce the amount of tax revenues that would otherwise be available to pay the principal and interest on debt. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would increase the amount of tax revenues that would be available to pay principal and interest on debt.

Members of the City Council act as the governing body of the Agency. The Agency is also staffed by employees of the City.

B) Basis of Presentation

<u>Government-Wide Financial Statements</u>
The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) 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

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Basis of Presentation - Continued

statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All Agency activities are governmental; no business-type activities are reported in these financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the Agency 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 that are not properly included among program revenues are reported instead as general revenues.

<u>Fund Financial Statements</u>
Separate financial statements are provided for governmental funds. 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 providers 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 collected within the current period or soon enough thereafter to pay liabilities of the current period.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual, and is therefore recognized as revenue of the current fiscal period.

The Agency reports the following major governmental funds:

Special Revenue Funds

<u>Low and Moderate Income Housing Fund</u> - To account for 20% tax increment set aside required under redevelopment laws of the State of California for low and moderate income housing activities.

<u>MRA Operating Fund</u> - To account for tax increment and other monies received and expended within the project area in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California.

Debt Service Funds

<u>1999 Tax Allocation Bonds Fund</u> - To accumulate monies for the payment of interest and principal of the 1999 Tax Allocation Refunding Bonds. Debt service is financed via the incremental property tax from the Agency.

<u>2001 Tax Allocation Bonds Fund</u> - To accumulate monies for the payment of interest and principal of the 2001 Tax Allocation Bonds. Debt service is financed via the incremental property tax from the Agency.

<u>2006 Tax Allocation Bonds Fund</u> - To accumulate monies for the payment of interest and principal of the 2006 Tax Allocation Bonds. Debt service is financed via the incremental property tax from the Agency.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Capital Projects Funds

2001 Bond Proceeds Fund - Development fund for the 2001 Tax Allocation Bonds proceeds.

2006 Bond Proceeds Fund - Development fund for the 2006 Tax Allocation Bonds proceeds.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated, if any.

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

D) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E) Investments

The Agency has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Agency has adjusted certain investments to fair value (when material).

F) Property Held for Resale/Development

Property held for resale/development represents land and buildings (properties) purchased by the Agency. Such properties are valued at the lower of cost or estimated net realizable value (as determined by a disposition and development agreement between the Agency and a developer) and

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F) Property Held for Resale/Development - Continued

has been offset by nonspendable or restricted fund balance to indicate that assets constitute future capital projects and are restricted or not available spendable resources. The balance outstanding at June 30, 2011 was $20,795,867.

G) Capital Assets

Capital assets, if any, are reported in Governmental Activities column of the Government-wide Financial Statements. Capital assets are defined by the Agency as vehicles, computers and equipment with an initial individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

H) Fund Equity

The Agency implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Agency considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Agency considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

<u>Nonspendable Fund Balance</u> - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

<u>Restricted Fund Balance</u> - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H) Fund Equity - Continued

Committed Fund Balance - Amounts that may be specified by the Board of Directors by ordinance or resolution to formally commit part of the Agency's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Board of Directors' action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Board's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. It is the policy of the Agency's Board of Directors that assignment of fund balances must be approved by the Board prior to the fiscal year end.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

I) Net Assets

Net assets are the differences between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Agency legislation or external restrictions by other governments, creditors or grantors.

J) Property Taxes

The Agency receives incremental property taxes on property within its project area over a base-assessed valuation on the date the project area was established.

The duties of assessing and collecting property taxes are performed by the Ventura County Assessor and Tax Collector, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) Property Taxes - Continued

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and become delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31.

K) Relationship to the City of Moorpark

The Agency is an integral part of the reporting entity of the City. The funds of the Agency have been blended within the financial statements of the City because the City Council of the City is the governing board of the Agency and exercises control over the operations of the Agency. Only the funds of the Agency are included herein; therefore, these financial statements do not purport to represent the financial position or the results of operations of the City.

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	$ 12,595,695
Restricted Cash and Investments	1,884,771
Total Cash and Investments	$ 14,480,466

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

Unrestricted:	
Demand Deposits	$ 103,790
Cash on Hand	1,500
Investments	12,490,405
Total Unrestricted Cash and Investments	12,595,695

2) CASH AND INVESTMENTS - Continued

Restricted Cash and Investments (Held by Fiscal Agent)	
Money Market Funds	1,300,097
CDC Investment Agreement	584,674
Total Restricted Cash and Investments	1,884,771
Total Cash and Investments	$ 14,480,466

Investments Authorized by the Agency's Investment Policy

The Agency's investment policy only authorizes investment in the Local Agency Investment Fund (LAIF) administered by the State of California and pooled cash and investments with the City. The Agency's investment policy also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. Detailed information concerning the City's pooled cash and investments can be found in the City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	180 Days
Commercial Paper	270 Days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool was less than one year.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the maturity of each investment:

Investment Type		Value	Maturity
State Investment Pool	$	12,490,405	Less than One Year
Money Market Funds		1,300,097	Less than One Year
CDC Investment Agreement		584,674	October 1, 2031
Total	$	14,375,176	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency's investment in LAIF, investment contracts, and money market fund do not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency did not have investments that represent more than 5% of the Agency's total investments (other than LAIF).

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the

2) CASH AND INVESTMENTS - Continued

Custodial Credit Risk - Continued

Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

All of the Agency's $103,790 demand deposits with financial institutions are covered by Federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The Agency is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the elected Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rated share of the fair value provided by LAIF for the Agency LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants, provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's Office.

3) NOTES RECEIVABLE

Mission Bell Note

On August 2, 1995, the Agency entered into an agreement with Mission Bell Partners whereby in return for land disposition, the Agency received seven promissory notes totaling $3,934,500. The notes bear simple interest rates ranging from 4 percent to 6 percent per annum from August 29, 1995 until August 29, 2029. Prior to 2004 one note was paid off. In June 2004, the Agency, per a settlement agreement, discharged three of the remaining six of the original seven promissory notes totaling $500,000. In September of 2006, notes number 2 and 6 were paid off.

In early 2011, a notice of default was issued by the senior lender for the property. There was a possibility that the $1,704,786 note could be foreclosed out. Therefore, on March 16, 2011, the Agency assigned note no. 7 to the City in partial satisfaction of the $5 million annual operating loan between the City and the Agency. If and to the extent that any moneys are recovered from the Mission Bell note, those moneys will be credited toward the outstanding balance owed pursuant to the City/Agency loan agreement. Also, see note 14.

Rehab Loans

The Agency operates a rehabilitation loan program for the renovation of low and moderate income housing. The total balance outstanding at June 30, 2011 was $16,384.

Other Notes Receivable

The Agency has entered into an agreement to loan the County of Ventura Area Housing Authority (AHA) up to $600,000 to assist in developing residential rental units on Agency owned property. As of June 30, 2011, the AHA has drawn down the entire $600,000 on the available loan. The term of the loan is 30 years with a fixed interest rate of 2.5%. Payments are to be made annually by June 30th each year.

4) PROPERTY HELD FOR RESALE/DEVELOPMENT

Fiscal Year Acquired	Location	Nature		Carrying Value
1993-94	18 High Street	Economic Development	$	425,162
1993-94	661 Moorpark Avenue	Economic Development		119,363
1999-00	SW Terminus of Millard Street	Low & Moderate Housing		170,100
2000-01	285 High Street	Economic Development		110,737
2000-01	500 Spring Road	Economic Development		1,741,861
2000-01	782 Moorpark Avenue	Economic Development		115,271
2001-02	798 Moorpark Avenue	Economic Development		225,854
2001-02	83 High Street	Economic Development		883,244
2001-02	Fitch Avenue Cul-de-sac	Economic Development		1,022,164
2002-03	467 E High Street	Economic Development		451,439
2002-03	47-51 High Street	Economic Development		352,645
2003-04	81 Charles Street	Low & Moderate Housing		823,787
2004-05	81 First Street	Low & Moderate Housing		276,013
2005-06	347 Moorpark Avenue	Economic Development		668,713
2005-06	45 High Street	Economic Development		1,250,880
2006-07	1095 Walnut Canyon Road	Low & Moderate Housing		374,464
2006-07	250 E Los Angeles Avenue	Low & Moderate Housing		578,814
2006-07	460 Charles Street	Low & Moderate Housing		450,860
2006-07	765 Walnut Street	Low & Moderate Housing		518,026
2006-07	Lots 69-82 Princeton Avenue	Economic Development		574,837
2007-08	1113 Walnut Canyon Road	Low & Moderate Housing		411,800
2007-08	1123 Walnut Canyon Road	Low & Moderate Housing		488,732
2007-08	1293 Walnut Canyon Road	Low & Moderate Housing		535,103
2007-08	1331 Walnut Canyon Road	Low & Moderate Housing		397,974
2007-08	18 High Street	Economic Development		107,800
2007-08	33 High Street	Economic Development		960,609
2007-08	450 Charles Street	Low & Moderate Housing		531,329
2007-08	484 Charles Street	Low & Moderate Housing		498,291
2008-09	1063 Walnut Canyon Road	Low & Moderate Housing		474,534
2008-09	1073 Walnut Canyon Road	Low & Moderate Housing		301,073
2008-09	512 Los Angeles Avenue	Economic Development		1,869,200
2008-09	780 Walnut Street	Low & Moderate Housing		251,041
2009-10	112 First Street	Low & Moderate Housing		320,443
2009-10	1083 Walnut Canyon Road	Low & Moderate Housing		703,202
2010-11	161 Second Street	Economic Development		525,789
2010-11	450 High Street	Economic Development		928,653
2010-11	124 First Street	Low & Moderate Housing		356,060
	Total Property Held for Resale/Development		$	20,795,867

5) INTERFUND ACTIVITY

Interfund Transfers

With the Agency Board approval, resources may be transferred from one fund to another. Transfers between individual funds during the fiscal year ended June 30, 2011 are presented below:

		TRANSFER FROM: Low and Moderate Income Housing
TRANSFER TO	1999 Tax Allocation Bonds	$ 151,139
	Total	$ 151,139

The Low and Moderate Income Housing Fund transferred funds to the 1999 Tax Allocation Bonds Fund to pay the 20% debt service on the 1999 Tax Allocation Refunding Bonds.

6) DUE TO/DUE FROM THE CITY OF MOORPARK

The City's General Fund has advanced $614,891, $73,968, $1,320 and $74,455 to the Low and Moderate Income Housing, MRA Operating, 2001 Bond Proceeds and 2006 Bond Proceeds funds respectively. These advances are expected to be paid back to the City's General Fund in 2011/12.

7) LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2011 are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
1999 Tax Allocation Bonds	$ 5,495,000	$	$ (500,000)	$ 4,995,000	$ 525,000
2001 Tax Allocation Bonds	11,520,000		(15,000)	11,505,000	15,000
2006 Tax Allocation Bonds	11,695,000		(40,000)	11,655,000	40,000
Discount on Bonds	(287,437)		10,847	(276,590)	(10,847)
Totals	$ 28,422,563	$ -	$ (544,153)	$ 27,878,410	$ 569,153

7) LONG-TERM DEBT - Continued

1999 Tax Allocation Bonds

In 1999, the Agency issued $9,860,000 aggregated principal amount of Moorpark Redevelopment Project 1999 Tax Allocation Refunding Bonds (1999 Bonds). The purpose of the 1999 Bonds was to advance refund the Agency's previously issued $10,000,000 Moorpark Redevelopment Project, 1993 Tax Allocation Bonds (1993 Bonds). The purpose of the 1993 Bonds was to finance a portion of the costs of implementing the Redevelopment Plan, including low and moderate income housing projects.

The 1999 Bonds bear interest at rates ranging from 3.05 percent to 4.875 percent per annum, payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 1999 and are subject to mandatory sinking fund redemption commencing on October 1, 2009 and on each October 1 thereafter. The 1999 Bonds are payable from and secured by the tax revenues to be derived from the project area.

The 1999 Bonds are secured by all property tax increment revenues, which are deposited in the 1999 Tax Allocation Bonds Debt Service Fund. Cash and investments in the custody of the fiscal agent are restricted by the bond resolutions for payment of principal and interest on the 1999 Bonds. In addition, the bond resolutions require retention of funds held by the fiscal agent prior to use for other than debt service.

The Agency is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the 1999 Bonds.

Debt service payments on the 1999 Bonds payable will be made from the 1999 Tax Allocation Bonds Debt Service Fund. Annual debt service requirements to maturity are as follows:

Year Ending	Tax Allocation Bonds		
June 30,	Principal	Interest	Total
2012	$ 525,000	$ 230,709	$ 755,709
2013	550,000	204,506	754,506
2014	580,000	176,962	756,962
2015	605,000	148,078	753,078
2016	635,000	117,853	752,853
2017	665,000	86,166	751,166
2018	700,000	52,893	752,893
2019	735,000	17,915	752,915
Total	$ 4,995,000	$ 1,035,082	$ 6,030,082

7) LONG-TERM DEBT - Continued

<u>2001 Tax Allocation Bonds</u>

In December 2001, the Agency issued $11,625,000 of Tax Allocation Parity Bonds (2001 Bonds). The proceeds of the 2001 Bonds are to be used to fund redevelopment activities within the Moorpark Redevelopment Project area. Interest on the 2001 Bonds is payable semi-annually on April 1 and October 1, commencing April 1, 2002, at rates ranging from 2.85 percent to 5.13 percent per annum. The 2001 Bonds maturing October 2031, are subject to mandatory sinking fund redemption. The 2001 Bonds are payable from and secured by the tax revenues to be derived from the project area.

The 2001 Bonds are secured by all property tax increment revenues, which are deposited in the 2001 Tax Allocation Bonds Debt Service Fund. Cash and investments in the custody of the fiscal agent are restricted by the bond resolutions for payment of principal and interest on the 2001 Bonds. In addition, the bond resolution requires retention of funds held by the fiscal agent prior to use for other than debt service.

The Agency is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the 2001 Bonds.

Debt service payments on the 2001 Bonds payable will be made from the 2001 Tax Allocation Bonds Debt Service Fund. Annual debt service requirements to maturity are as follows:

Year Ending	Tax Allocation Bonds		
June 30,	Principal	Interest	Total
2012	$ 15,000	$ 587,098	$ 602,098
2013	20,000	586,319	606,319
2014	15,000	585,525	600,525
2015	20,000	584,711	604,711
2016	20,000	583,759	603,759
2017-2021	1,370,000	2,841,265	4,211,265
2022-2026	3,895,000	2,094,716	5,989,716
2027-2031	4,995,000	961,579	5,956,579
2032	1,155,000	29,597	1,184,597
Total	$ 11,505,000	$ 8,854,569	$ 20,359,569

7) LONG-TERM DEBT - Continued

2006 Tax Allocation Bonds

In 2006, the Agency issued an $11,695,000 aggregated principal amount of Moorpark Redevelopment Project 2006 Tax Allocation Bonds (2006 Bonds). The purpose of the 2006 Bonds was to finance redevelopment activities within the Moorpark Redevelopment Project Area. The 2006 Bonds bear interest at rates ranging from 3.625 percent to 4.375 percent per annum, payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2007, and are subject to mandatory sinking fund redemption commencing on October 1, 2016, and on each October 1 thereafter. The 2006 Bonds are payable from and secured by the tax revenues to be derived from the project area.

The 2006 Bonds are secured by all property tax increment revenue, which is recorded in the 2006 Tax Allocation Bonds Debt Service Fund. Cash and investments in the custody of the fiscal agent are restricted by the bond resolutions for payment of principal and interest on the 2006 Bonds.

The Agency is in compliance with the covenants contained in the debt indenture, which require the establishment of certain specific accounts for the 2006 Bonds.

Debt service payments on the 2006 Bonds payable will be made from the 2006 Tax Allocation Bonds Debt Service Fund. Annual debt service requirements to maturity are as follows:

Year Ending	Tax Allocation Bonds		
June 30,	Principal	Interest	Total
2012	$ 40,000	$ 505,987	$ 545,987
2013	35,000	504,627	539,627
2014	40,000	503,269	543,269
2015	40,000	501,819	541,819
2016	45,000	500,277	545,277
2017-2021	245,000	2,474,572	2,719,572
2022-2026	305,000	2,418,644	2,723,644
2027-2031	375,000	2,345,941	2,720,941
2032-3036	5,670,000	1,810,594	7,480,594
2037-2039	4,860,000	325,063	5,185,063
Total	$ 11,655,000	$ 11,890,793	$ 23,545,793

8) SHORT TERM DEBT

At the beginning of the fiscal year, the Agency borrowed $5,000,000 from the City for cash flow purposes throughout the year. The Agency repaid the balance before June 30, 2011.

9) AGREEMENTS WITH VARIOUS TAXING AGENCIES

The Agency has entered into four (4) agreements for allocation and distribution of tax increment revenues:

The first agreement is with the County of Ventura, County Library District, Ventura County Fire Protection District, and Ventura Flood Control District (collectively, the "County Taxing Entities"), which provides for the Agency to retain 100 percent of the County Taxing Entities' share (55.82 percent) of annual tax increment revenues up to $1,750,000. For annual tax increment revenue in excess of $1,750,000, the Agency shall distribute 55.82 percent of such revenues to the County on behalf of the County Taxing Entities. The County Taxing Entities have agreed to defer payments in the initial years of the Redevelopment Plan, and consequently, the parties agree that the County Taxing Entities may receive payments in any single fiscal year in excess of the amount of tax revenues the County Taxing Entities would otherwise be entitled to, but for the adoption of the Redevelopment Plan.

With respect to the first paragraph, 4.2 percent of the County Taxing Entities' share is allocated to the County Library District (County Free Library System). The City has withdrawn from the County Free Library System and now operates the Moorpark Library. Pursuant to the Memorandum of Understanding governing the County Free Library System, upon withdrawal, a city is entitled to all property taxes allocated to library purposes from within the corporate boundaries of such city. The County has agreed that the City is entitled to the share of annual tax increment previously allocated to the County Library District under the first agreement.

The second agreement is with the Moorpark Unified School District (MUSD), and states that the MUSD shall receive, after the Agency has satisfied debt service payments to bond or note holders or to the holder of any other instruments of Agency indebtedness (provided such indebtedness is not reasonably foreseeable to impair the Agency's obligation under the agreement), the MUSD's share (33.41 percent) of tax increment revenues generated by an annual 2 percent increase in assessed valuation, and beginning in fiscal year 1995/96, 14 percent of the MUSD's share of annual tax increment revenue.

9) AGREEMENTS WITH VARIOUS TAXING AGENCIES - Continued

Per the agreement between the MUSD and the Agency, the distributions to the MUSD shall be expended for the following purposes at school sites in the incorporated boundaries of the City:

1. Telephone systems for new buildings;
2. Computer hardware and educational systems;
3. Land acquisition;
4. Books; and
5. School buildings and facilities and related capital improvements and modernization projects (collectively "public works"); such public works may include design, inspection and administration costs, but not MUSD overhead or salary/benefits for regular MUSD employees.

The Agency may pre-approve other proposed expenditures that are submitted in writing by the MUSD.

The third agreement is with the Ventura County Community College District (the VCCCD), and states that the VCCCD shall receive, after the Agency has satisfied debt service payments to bond or note holders or to the holders of any other instruments of agency indebtedness (provided such indebtedness is not reasonably foreseeable to impair the Agency's obligation under the agreement), the VCCCD's share (5.81 percent) of tax increment revenues generated by an annual 2 percent increase in assessed valuation, and beginning in fiscal year 1993/94, 14 percent of the VCCCD's share of annual tax increment revenue.

An agreement, dated May 1, 2008, between the City and the VCCCD redirects the VCCCD's tax increment allocation. The Agency shall transfer to the City the VCCCD's tax increment allocations, up to One Million Dollars ($1,000,000), beginning with fiscal year 2006/07 and for every fiscal year thereafter through and including the 2024/25 fiscal year for the purpose of constructing certain public improvements near Moorpark College.

The fourth agreement is with the Ventura County Superintendent of School Office (Superintendent), and states that the Superintendent shall receive its share (2.49 percent) of tax increment revenues generated by an annual 2 percent increase in assessed valuation.

10) LOW AND MODERATE INCOME HOUSING SET ASIDE

The California Health and Safety Code Section 33334.2 requires a redevelopment agency to use at least 20 percent of tax increment revenues generated by a redevelopment project area to increase and improve the supply of low and moderate income housing in the community. Accordingly, the

10) LOW AND MODERATE INCOME HOUSING SET ASIDE

Agency's unspent commitment for its low and moderate income housing program (if any) is reflected as restricted fund balance in the Agency's Low and Moderate Income Housing Special Revenue Fund.

11) RETIREMENT PLAN

A) Plan Description

Employees of the Agency are all City employees. The City contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

B) Funding Policy

Active plan members are required to contribute 7% of their covered salary. The City makes the contribution required of the City employees on their behalf. The City is also required to make an additional contribution at an actuarially determined rate. The required employer contribution rate for the fiscal year 2010/11 was 11.040%. The contribution requirements for plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

The following represents the required contributions of the City for the past three fiscal years:

Fiscal Year	Required Contributions	Percent Contributed
2008/09	$ 491,357	100%
2009/10	$ 566,161	100%
2010/11	$ 504,158	100%

12) RISK MANAGEMENT

A) Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City (which includes the Agency) is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of over 100 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B) Self Insurance Programs of the Authority

Beginning coverage period 2010/2011, the Authority implemented a new funding and cost allocation formula, from retrospective funding model to a prospective funding model and increased the funding estimate goal to 75% confidence level. This change aims to improve the Authority's long-term financial viability by sufficiently pre-funding each period to cover expected claims and expenses. Under the new formula, the General Liability and Workers' Compensation annual contributions are separately calculated for public safety and non-public safety categories based on the member's exposure and experience factors. Exposure factor is determined by the annual reported payroll, with the minimum imputed payroll of $420,000 for the liability formula. While experience factors are defined by loss layer weighting ratio equivalent to 50% on the agency's first layer losses ($0 to $30,000 for liability and $0 to $50,000 for worker's compensation) and 50% on its second layer of losses ($30,000 to $750,000 for liability and $50,000 to $100,000 for worker's compensation). A credibility weighting component, ranging from 80% to 20%, is applied to determine the portion of the member's cost attributable to its own loss experience relative to its payroll size. The annual contribution is subject to 0%-35% volatility band, so that no member will pay have an increase of more than 35% or pay less than prior year amount.

General Liability: Costs of claims above $5,000,000 are currently paid by reinsurance. The Protection for each member is $50,000,000 per occurrence and $50,000,000 annual aggregate.

Workers Compensation: Members retain the first $50,000 of each claim. Losses up to $2,000,000 are pooled by members and excess coverage is purchased by statutory limits. Administrative expenses are paid from the Authority's investment earnings.

12) RISK MANAGEMENT - Continued

B) Self Insurance Programs of the Authority - Continued

During the year, the City took advantage of the Authority's incentive program by paying off the $503,501 aggregate retrospective balance due on the liability pool and was able to receive a 6 percent or $30,210 discount. The Authority owes the City $181,621 from the Workers' Compensation pool and the City received 25 percent or $45,405 refund as a reduction on the 2010/2011 annual contribution.

C) Purchased Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is $37,087,004. There is a $5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

D) Earthquake and Flood Insurance

The City purchased earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City property currently has earthquake protection in the amount of $33,254,981. There is a deductible of 5 percent of the value with a minimum deduction of $100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

E) Adequacy of Protection

During the past three fiscal (claims) years none of the above program of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

F) Claims and Judgments

The City accounts for uninsured, material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown

12) RISK MANAGEMENT - Continued

F) Claims and Judgments - Continued

loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemented by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid.

13) CONTINGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each local government would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city, special district or county "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Moorpark (City) and the Agency intend to use available monies of its redevelopment agency for this purpose. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency would become uncollectible with a loss recognized to the City. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services.

13) CONTINGENCIES - Continued

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB X1 26.

On September 7 and 14, 2011, City of Moorpark Ordinance No. 406 and No. 407 were adopted indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be $1,606,569 with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated $381,000 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of AB X1 26.

13) CONTINGENCIES - Continued

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012 and for a period shortly thereafter. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the State. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's declared intent to eliminate redevelopment agencies and to reduce their funding.

There are certain legal actions currently pending against the Agency arising in the normal course of the Agency's operations. In the opinion of management and the Agency Attorney, the ultimate resolution of such actions is not expected to have a significant effect upon the financial statements of the Agency.

14) SUBSEQUENT EVENTS

Subsequent to June 30, 2011, the City and Mission Bell Partners entered into a settlement agreement whereby Mission Bell Partners would give $900,000 to the City in exchange for the total discharge of note no. 7. This agreement was consummated in October 2011. Also, see note 3 of the financial statements.

Subsequent to June 30, 2011, the City exercised its option to purchase 39 parcels of land from the Agency's land held for resale/development, including properties owned by the Low and Moderate Income Housing Fund. These purchases were completed in August 2011 by recording the deeds of trusts with the County.

REQUIRED SUPPLEMENTARY INFORMATION

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Low and Moderate Income Housing Special Revenue Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variances with Final Budget Positive (Negative)
Revenues				
Taxes	$ 1,407,000	$ 1,447,000	$ 1,351,192	$ (95,808)
Use of Money and Property	31,000	31,000	36,936	5,936
Intergovermental			1,176,500	1,176,500
Other Revenues		356,000	356,409	409
Total Revenues	1,438,000	1,834,000	2,921,037	1,087,037
Expenditures				
Current:				
Public Services				
Administration	345,833	363,496	363,064	432
Community Development		763,107	1,896,419	(1,133,312)
Capital Outlay	45,383			-
Debt Service:				
Principal	16,000	16,000		16,000
Interest on Bonds	20,000	20,000	20,642	(642)
Total Expenditures	427,216	1,162,603	2,280,125	(1,117,522)
Excess (Deficiency) of Revenues over Expenditures	1,010,784	671,397	640,912	(30,485)
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(151,139)	(151,139)	(151,139)	-
Total Other Financing Sources (Uses)	(151,139)	(151,139)	(151,139)	-
Net Change in Fund Balance	859,645	520,258	489,773	(30,485)
Fund Balance, Beginning of Year	7,756,628	7,756,628	7,756,628	-
Fund Balance, End of Year	$ 8,616,273	$ 8,276,886	$ 8,246,401	$ (30,485)

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
MRA Operating Special Revenue Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Taxes	$ 3,879,000	$ 3,994,000	$ 3,651,369	$ (342,631)
Fines and Forfeitures			4,490	4,490
Use of Money and Property	93,500	93,500	107,415	13,915
Other Revenue	57,000	92,000	120,433	28,433
Total Revenues	4,029,500	4,179,500	3,883,707	(295,793)
Expenditures				
Current:				
Public Services				
Pass-Thru Agreements	3,200,000	3,200,000	2,942,683	257,317
ERAF Payment to State	396,000	396,000	396,345	(345)
Administration	961,385	974,677	919,143	55,534
Community Development	330,360	332,160	702,629	(370,469)
Capital Outlay	864,136	815,659		815,659
Debt Service:				
Principal				-
Interest			100,000	(100,000)
Total Expenditures	5,751,881	5,718,496	5,060,800	657,696
Excess (Deficiency) of Revenues over Expenditures	(1,722,381)	(1,538,996)	(1,177,093)	361,903
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(11,000)	(11,000)		11,000
Total Other Financing Sources (Uses)	(11,000)	(11,000)	-	11,000
Net Change in Fund Balance	(1,733,381)	(1,549,996)	(1,177,093)	372,903
Fund Balance, Beginning of Year	8,182,387	8,182,387	8,182,387	-
Fund Balance, End of Year	$ 6,449,006	$ 6,632,391	$ 7,005,294	$ 372,903

BUDGETS AND BUDGETARY ACCOUNTING

The Agency adopts an annual budget using the modified-accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America. Budgetary controls are established at the department level. At year end, unexpended appropriations lapse.

The Agency Executive Director may transfer budget appropriations between major categories within a fund in conformance with the policies set by the Agency Board. Any major changes or amendments must be approved by the Agency Board. The adopted budget and budget amendments made during the year are reflected in the accompanying financial statements.

A budgetary comparison schedule is presented as part of the required supplementary information for the major special revenue funds as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining major funds are presented to aid in additional analysis and are not a required part of the basic financial statements.

The Low and Moderate Income Housing fund had $1,117,522 excess of expenditures over appropriations.

SUPPLEMENTARY INFORMATION

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
1999 Tax Allocation Bonds Debt Service Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Taxes	$ 604,555	$ 604,555	$ 603,219	$ (1,336)
Use of Money and Property	40,000	40,000	32,668	(7,332)
Total Revenues	644,555	644,555	635,887	(8,668)
Expenditures				
Current:				
Public Services				-
Debt Service:				
Principal	500,000	500,000	500,000	-
Interest	255,694	255,694	255,694	-
Total Expenditures	755,694	755,694	755,694	-
Excess (Deficiency) of Revenues over Expenditures	(111,139)	(111,139)	(119,807)	(8,668)
Other Financing Sources (Uses)				
Transfers In	151,139	151,139	151,139	-
Transfers Out				-
Total Other Financing Sources (Uses)	151,139	151,139	151,139	-
Net Change in Fund Balance	40,000	40,000	31,332	(8,668)
Fund Balance, Beginning of Year	1,065,302	1,065,302	1,065,302	-
Fund Balance, End of Year	$ 1,105,302	$ 1,105,302	$ 1,096,634	$ (8,668)

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
2001 Tax Allocation Bonds Debt Service Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variances with Final Budget Positive (Negative)
Revenues				
Taxes	$ 602,743	$ 602,743	$ 602,743	$ -
Use of Money and Property				-
Total Revenues	602,743	602,743	602,743	-
Expenditures				
Current:				
Public Services				-
Debt Service:				
Principal	15,000	15,000	15,000	-
Interest	587,743	587,743	587,743	-
Total Expenditures	602,743	602,743	602,743	-
Excess (Deficiency) of Revenues over Expenditures	602,743	-	-	-
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	602,743	-	-	-
Fund Balance, Beginning of Year	584,675	584,675	584,675	-
Fund Balance, End of Year	$ 1,187,418	$ 584,675	$ 584,675	$ -

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
2006 Tax Allocation Bonds Debt Service Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Taxes	$ 547,437	$ 547,437	$ 547,437	$ -
Use of Money and Property				-
Total Revenues	547,437	547,437	547,437	-
Expenditures				
Current:				
Public Services				-
Debt Service:				
Principal	40,000	40,000	40,000	-
Interest	507,437	507,437	507,437	-
Total Expenditures	547,437	547,437	547,437	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	528,948	528,948	528,948	-
Fund Balance, End of Year	$ 528,948	$ 528,948	$ 528,948	$ -

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
2001 Bond Proceeds Capital Projects Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Use of Money and Property	$	$	$ 3,713	$ 3,713
Other Revenue				-
Total Revenues	-	-	3,713	3,713
Expenditures				
Current:				
Public Services:				
Administration			1,320	(1,320)
Capital Outlay	407,475	551,922	491,943	59,979
Total Expenditures	407,475	551,922	493,263	58,659
Excess (Deficiency) of Revenues over Expenditures	(407,475)	(551,922)	(489,550)	62,372
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(42,000)	(42,000)	-	42,000
Total Other Financing Sources (Uses)	(42,000)	(42,000)	-	42,000
Net Change in Fund Balance	(449,475)	(593,922)	(489,550)	104,372
Fund Balance, Beginning of Year	6,094,667	6,094,667	6,094,667	-
Fund Balance, End of Year	$ 5,645,192	$ 5,500,745	$ 5,605,117	$ 104,372

Moorpark Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balances
2006 Bond Proceeds Capital Projects Fund
Budget and Actual
Year Ended June 30, 2011

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variances with Final Budget Positive (Negative)
Revenues				
Use of Money and Property	$ 70,000	$ 70,000	$ 46,506	$ (23,494)
Total Revenues	70,000	70,000	46,506	(23,494)
Expenditures				
Current:				
Public Services				
Administration				-
Capital Outlay	9,198,126	11,905,796	2,074,802	9,830,994
Total Expenditures	9,198,126	11,905,796	2,074,802	9,830,994
Excess (Deficiency) of Revenues over Expenditures	(9,128,126)	(11,835,796)	(2,028,296)	9,807,500
Other Financing Sources (Uses)				
Transfers In				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(9,128,126)	(11,835,796)	(2,028,296)	9,807,500
Fund Balance, Beginning of Year	9,679,812	9,679,812	9,679,812	-
Fund Balance, End of Year	$ 551,686	$ (2,155,984)	$ 7,651,516	$ 9,807,500

Moorpark Redevelopment Agency
Computation of Low and Moderate Housing Excess/Surplus Funds

	Low and Moderate Income Housing Funds July 1, 2010		Low and Moderate Income Housing Funds July 1, 2011	
Opening Fund Balance		$ 7,756,628		$ 8,246,401
Less Unavailable Amounts:				
Unspent Bond Proceeds	$ -		$ -	
Encumbrances [Section 33334.12 (g)(2)]	-		-	
Loans Receivable	-		-	
Land Held for Resale	(7,887,425)		(8,302,304)	
		(7,887,425)		(8,302,304)
Available Low and Moderate Income Housing Funds		$ (130,797)		$ (55,903)
Limitation (greater of $1,000,000 or four years set-aside)				
Set-Aside for last four years:				
2010-11	$ -		$ 1,351,192	
2009-10	1,372,988		1,372,988	
2008-09	1,410,886		1,410,886	
2007-08	1,377,416		1,377,416	
2006-07	1,269,538		-	
Total	$ 5,430,828		$ 5,512,482	
Base Limitation	$ 1,000,000		$ 1,000,000	
Greater amount		$ 5,430,828		$ 5,512,482
Computed Excess/Surplus		**NONE**		**NONE**

TRS TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance and Internal Control Over Compliance Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Chair and Members of the Agency
Moorpark Redevelopment Agency
Moorpark, California

Compliance

We have audited the Moorpark Redevelopment Agency's (the "Agency") compliance with the types of compliance requirements described in the *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller, applicable to the Agency's activities for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the 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 and the State's *Guidelines for Compliance Audits of California Redevelopment Agencies* 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 the Agency 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 for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, and which are described in the accompanying Schedule of Findings and Responses, as items 2011-1 and 2011-2.

Richard A. Teaman, CPA • Greg W. Fankhanel, CPA • David M. Ramirez, CPA • Javier H. Carrillo, CPA
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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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Responses as items 2011-1 and 2011-2, that we consider to be significant deficiencies. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Agency's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Agency's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, others within the Agency, the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Teaman Ramirez & Smith, Inc.

December 6, 2011

2011-1 <u>Filing of the Fiscal Year 2010 Annual Report</u>

Health and Safety Code Section 33080.1 requires each redevelopment agency to file an annual report with its legislative body within six months of the end of the Agency's fiscal year. The annual report should include the following:

a) Financial Statement Audit;

b) Fiscal Statement for the previous fiscal year, which includes the following:

i. The amount of outstanding indebtedness of the agency and each project area.

ii. The amount of tax increment property tax revenue generated in the agency and in each project area.

iii. The amount of tax increment revenues paid to, or spent on behalf of, a taxing agency, other than a school or community college district, pursuant to subdivision (b) of Section 33401 or Section 33676. Moneys expended on behalf of a taxing agency shall be itemized per each individual capital improvement.

iv. The financial transactions report required pursuant to Section 53891 of the Government Code.

v. The amount allocated to school or community college districts pursuant to each of the following provisions: (1) Section 33401; (2) Section 33445; (3) Section 33445.5; (4) paragraph (2) of subdivision (a) of Section 33676; and (5) Section 33681.

vi. The amount of existing indebtedness, as defined in Section 33682, and the total amount of payments required to be paid on existing indebtedness for that fiscal year.

vii. Any other financial information which the agency believes useful to describe its programs.

c) A description of the Agency's activities in the previous fiscal year affecting housing and displacement;

d) A description of the Agency's progress, including specific actions and expenditures, in alleviating blight in the previous fiscal year;

e) A list of, and status report on all loans $50,000 or more, that in the previous fiscal year were in default or not in compliance with the terms of the loan;

2011-1 Filing of the Fiscal Year 2010 Annual Report

f) A description of the total number and nature of the properties that the Agency owns and those properties the Agency has acquired in the previous fiscal year;

g) A list of the fiscal years that the Agency expects specified time limits of the plans to expire;

h) Any Other Information that the Agency believes useful to explain its programs, including, but not limited to, the number of jobs created and lost in the previous fiscal year as a result of its activities.

Except for item a) above, there was no indication that the Agency submitted the required reports to the Board of Directors, within the required time period, for the year ended June 30, 2010.

Recommendation:

We recommend that the Agency prepare and submit the required annual report, as described above, to the Board of Directors in the required time frame for the 2010-11 fiscal year. In addition, we recommend the Agency establish documented procedures to ensure compliance with Section 33080.1 of the Health and Safety Code.

Response:

Staff believes we met the intent of the law but in order to comply with the State Controller's letter of instruction staff has expanded the Agency agenda report regarding the annual financial reports to fulfill all of the requirements of this section of the HSC. The Agency shall be in compliance by the submission of the Agency agenda report and the final copy of the Moorpark Redevelopment Agency Annual Financial Report to the Agency Board.

2011-2 Preparation of Annual Budget

Health and Safety Code Section 33606 requires each redevelopment agency to adopt an annual budget containing all of the following specific information, including all activities to be financed by the Low and Moderate Income Housing Fund:

a) The proposed expenditures of the agency.

b) The proposed indebtedness to be incurred by the agency.

2011-2 Preparation of Annual Budget

c) The anticipated revenues of the agency.

d) The work program for the coming year, including goals.

e) An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program. The annual budget may be amended from time to time as determined by the Agency. All expenditures and indebtedness of the Agency shall be in conformity with the adopted or amended budget (Health and Safety Code section 33606).

Although the Agency's adopted budget for the 2010-11 fiscal year included items a) through c) above, it did not appear to include the information required in items d. and e.

Recommendation:

We recommend that the Agency include the required information, as described above, in its annual budget and/or amend the 2011-12 budget to include such information. In addition, we recommend the agency establish documented procedures to ensure compliance with Section 33606 of the Health and Safety Code.

Response:

The information required in Finding 2011-2 has been previously transmitted to the Agency Board through the adoption of the Annual Goals and Objectives and the allocation of funding to activities in the Low and Moderate Income Housing Fund. However, the housing activities listed in the budget were not specifically called a work program or plan and the Annual Goals and Objectives were not included with the adoption of the annual budget of the Agency. The Agency shall be in compliance by adopting a resolution amending the FY 2011-12 Operating and Capital Improvement Budget to include the Work Plan.