

**REDEVELOPMENT AGENCY OF THE
CITY OF MOORPARK**

COMPONENT UNIT FINANCIAL STATEMENTS

Year Ended June 30, 2007

Redevelopment Agency of the City of Moorpark
Component Unit Financial Statements
Year Ended June 30, 2007

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Independent Auditors' Report

The Honorable Chairman and Members of the Agency
Redevelopment Agency of the City of Moorpark
Moorpark, California

We have audited the accompanying component unit financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Moorpark (the "Agency"), a component unit of the City of Moorpark, California (City), as of and for the year ended June 30, 2007, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Agency, as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2007 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 on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages ii through vii and the major Special Revenue Fund budgetary comparison schedule on page 23, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The other supplementary information listed in the table of contents, including additional budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basis financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Teaman Ramirez & Smith

December 27, 2007

REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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, 2007. It is encouraged that the readers 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 \$7,687,129 (*net assets*).
- The Agency's total debt increased by \$10,935,022 during the current fiscal year. The increase was mainly attributable to the issuance of the 2006 Tax Allocation Bonds in an amount of \$11.7 million. Debt service payments on the 1999 and 2001 Tax Allocation Bonds for a combined total of \$440,000 was netted against the increase.
- The Agency's governmental funds reported combined ending fund balances of \$35,512,435, an increase of approximately \$20.4 million from the prior year. This increase is primarily attributable to approximately \$2 million in excess revenue over expenditures at the close of the fiscal year; \$11.7 million in bond proceeds; and \$6.7 million represents prior period adjustments for property previously classified in capital assets, which is now being report as property held for resale. This reclassification is consistent with the Moorpark Redevelopment plans, in which properties purchased will be sold for future improvements and rehabilitation projects.

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 and 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.

REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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 three individual governmental funds and all of them are considered to be major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the Low-Moderate Income Housing Fund, Debt Service Fund and the Capital Projects Fund.

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. The Agency's Capital Projects Fund and Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual are presented.

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 \$7,687,129 at the close of the most recent fiscal year. Of the \$32,782,436 in total liabilities, \$29,815,022 is outstanding debt for the 1999 Tax Allocation Bonds, 2001 Tax Allocation Bonds and 2006 Tax Allocation Bonds.

REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

The Agency's net assets increased by \$2,398,112 during the 2006/07 fiscal year.

Table 1
Net Assets
Governmental Activities
As of June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets:		
Current and other assets	\$30,346,463	\$20,312,425
Capital assets	10,123,102	6,547,502
Total Assets	<u>40,469,565</u>	<u>26,859,927</u>
Liabilities:		
Long-term debt outstanding	29,815,022	18,880,000
Other liabilities	2,967,414	2,690,910
Total Liabilities	<u>32,782,436</u>	<u>21,570,910</u>
Net Assets:		
Invested in capital assets, net of related debt (*)	0	6,547,502
Restricted	6,292,944	4,608,757
Unrestricted	1,394,185	(5,867,242)
Total Net Assets	<u>\$7,687,129</u>	<u>\$5,289,017</u>

(*) Properties previously classified as capital assets in prior years are now being reported as property held of resale (see note # 4).

REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

Table 2
Changes in Net Assets
Governmental Activities
As of June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Property tax - Redevelopment Agency tax increment	\$6,347,692	\$5,530,198
Investment income	1,635,814	1,002,951
Other/Rentals	9,142	4,745
Gain from sale of property	275,797	0
Total Revenues, Transfers & Special Items	<u>8,268,445</u>	<u>6,537,894</u>
Expenses		
Public Services	4,727,371	3,999,042
Interest on long-term debt	1,332,541	1,333,370
Total Expenses	<u>6,059,912</u>	<u>5,332,412</u>
Prior Period Adjustments (see note # 13)	<u>\$189,579</u>	<u>0</u>
Increase/(decrease) in net assets	<u>\$2,398,112</u>	<u>\$1,205,482</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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 \$35,512,435.

The Capital Projects Fund is the chief operating fund of the Agency. At the end of the current fiscal year, the fund balance of the Capital Projects Fund was \$26,904,537.

The Agency has two other major funds: Low-Moderate Income Housing and the Debt Service Fund. The Low-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. The Debt Service Fund is for the accumulation of resources to be used for the repayment of Agency debt.

REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

BUDGETARY HIGHLIGHTS

Supplemental appropriations were approved during the 2006-07 fiscal year for the Housing Rehabilitation Loan Program, Realtor/Consultant costs for First Time Homebuyer Program, Additional Property Acquisition, Relocation Assistance for the Moorpark Avenue Widening Project and for Agency Equity Contribution to the 2006 Tax Allocation Bonds.

Capital projects budgeted during the year included: 81 Charles Street Repair & Remodel, 81 First Street Building Construction, Property Acquisition/Rehabilitation, Moorpark Human Services Complex, Flinn Avenue Remnant Parcel Landscaping, Granary Station, Flinn/Spring Road Modification, Flinn Avenue/Spring Road Modification, Spring Road Railroad Crossing Improvement, Moorpark Avenue Widening from Casey to 3rd Street, Magnolia Park, High Street Streetscape and Millard Drain.

LONG-TERM DEBT

At the end of the current fiscal year, the Agency had total debt outstanding of \$29,815,022.

Agency Outstanding Debt

	Governmental Activities <u>June 30, 2007</u>	Governmental Activities <u>June 30, 2006</u>
1999 Tax Allocation Bonds	\$ 6,870,000	\$ 7,295,000
2001 Tax Allocation Bonds	11,570,000	11,585,000
2006 Tax Allocation Bonds	<u>11,375,022</u>	<u>0</u>
Total	<u>\$ 29,815,022</u>	<u>\$ 18,880,000</u>

The Agency's total debt increased by \$10,935,022 during the current fiscal year, mainly due to issuance of the 2006 Tax Allocation Bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- In addition to various Capital Improvement Projects, the Redevelopment Agency budgeted \$295,550 for the High Street Arts Center expenditure in the upcoming fiscal year. The estimated revenue from the Center will be approximately \$91,000, resulting in a net loss of approximately \$204,550. This loss will be absorbed by MRA Funds and is part of the revitalization efforts in the downtown area.
- Assessed property values are expected to have a nominal increase.
- Interest income should increase, reflecting the rise in interest rates.

All of these factors were considered in preparing the Agency's budget for FY 2007-08.

REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Moorpark Redevelopment 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 Finance Department, Moorpark Redevelopment Agency, 799 Moorpark Avenue, Moorpark, California 93021.

BASIC FINANCIAL STATEMENTS

Redevelopment Agency of the City of Moorpark
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 24,515,536
Receivables:	
Accounts	40,854
Interest	377,563
Notes	1,721,170
Property Held for Resale/Development	10,123,102
Restricted Cash and Investments	3,194,179
Debt Issuance Costs	<u>497,161</u>
Total Assets	<u>40,469,565</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	2,649,621
Interest Payable	237,731
Due to the City of Moorpark	80,062
Noncurrent Liabilities:	
Due Within One Year	444,154
Due in More Than One Year	<u>29,370,868</u>
Total Liabilities	<u>32,782,436</u>
NET ASSETS	
Restricted for:	
Housing Set-Aside	3,098,765
Unrestricted	<u>4,588,364</u>
Total Net Assets	<u><u>\$ 7,687,129</u></u>

The accompanying notes are an integral part of this statement.

Redevelopment Agency of the City of Moorpark
Statement of Activities
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Expense) Revenue
Governmental Activities:					
Public Services	\$ 4,727,371	\$ -	\$ -	\$ -	\$ (4,727,371)
Interest on Long-Term Debt	1,332,541	-	-	-	(1,332,541)
Total Governmental Activities	\$ 6,059,912	\$ -	\$ -	\$ -	(6,059,912)
General Revenues:					
Taxes:					
Property Tax, Redevelopment Agency Tax Increment					6,347,692
Investment Income					1,635,814
Other					9,142
Gain on Sale of Property					275,797
Total General Revenues					8,268,445
Change in Net Assets					2,208,533
Total Net Assets - Beginning - As Previously Reported					5,289,017
Prior Period Adjustments					189,579
Total Net Assets - Ending					\$ 7,687,129

The accompanying notes are an integral part of this statement.

Redevelopment Agency of the City of Moorpark
Balance Sheet
Governmental Funds
June 30, 2007

	<u>Special Revenue</u>			
	Low and Moderate Income Housing	Capital Projects	Debt Service	Totals
ASSETS				
Cash and Investments	\$ 3,107,811	\$ 18,805,272	\$ 2,602,453	\$ 24,515,536
Restricted Cash and Investments			3,194,179	3,194,179
Receivables:				
Accounts	6,091	1,283	33,480	40,854
Interest		377,563		377,563
Notes Receivable	16,384	1,704,786		1,721,170
Property Held for Resale/Development	2,231,711	7,891,391		10,123,102
Total Assets	\$ 5,361,997	\$ 28,780,295	\$ 5,830,112	\$ 39,972,404
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 7,186	\$ 98,861	\$ 2,543,574	\$ 2,649,621
Due to the City of Moorpark	7,951	72,111		80,062
Deferred Revenue	16,384	1,704,786	9,116	1,730,286
Total Liabilities	31,521	1,875,758	2,552,690	4,459,969
Fund Balances:				
Reserved for:				
Debt Service			3,194,179	3,194,179
Property Held for Resale/Development	2,231,711	7,891,391		10,123,102
Housing Set-Aside	3,098,765			3,098,765
Unreserved, Reported in:				
Capital Projects Fund		19,013,146		19,013,146
Debt Service Fund			83,243	83,243
Total Fund Balances	5,330,476	26,904,537	3,277,422	35,512,435
Total Liabilities and Fund Balances	\$ 5,361,997	\$ 28,780,295	\$ 5,830,112	\$ 39,972,404

The accompanying notes are an integral part of this statement.

**Redevelopment Agency of the City of Moorpark
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007**

Fund balances of governmental funds		\$ 35,512,435
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.		1,721,170
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		9,116
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.		(237,731)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable		(30,135,000)
Less: Issuance Discount		319,978
Issuance costs net of accumulated amortization were recorded as expenditures in the governmental funds.		<u>497,161</u>
Net assets of governmental activities		<u><u>\$ 7,687,129</u></u>

The accompanying notes are an integral part of this statement.

Redevelopment Agency of the City of Moorpark
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2007

	<u>Special Revenue</u>			<u>Total</u>
	<u>Low and Moderate Income Housing</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Revenues				
Taxes	\$	\$	\$ 6,347,692	\$ 6,347,692
Use of Money and Property	195,966	1,123,833	316,015	1,635,814
Other Revenue	16,167	1,032,562		1,048,729
Total Revenues	<u>212,133</u>	<u>2,156,395</u>	<u>6,663,707</u>	<u>9,032,235</u>
Expenditures				
Current:				
Public Services	333,677	925,806	2,869,751	4,129,234
Capital Outlay	26,945	571,192		598,137
Debt Service:				
Principal			440,000	440,000
Interest	20,352		1,380,633	1,400,985
Bond Issuance Costs			505,588	505,588
Total Expenditures	<u>380,974</u>	<u>1,496,998</u>	<u>5,195,972</u>	<u>7,073,944</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(168,841)</u>	<u>659,397</u>	<u>1,467,735</u>	<u>1,958,291</u>
Other Financing Sources (Uses)				
Gain on Sale of Property		275,797		275,797
Bond Proceeds		8,923,500	2,771,500	11,695,000
Discount on Bonds			(325,401)	(325,401)
Transfers In	1,269,538	591,812	152,334	2,013,684
Transfers Out	(152,334)		(1,861,350)	(2,013,684)
Total Other Financing Sources (Uses)	<u>1,117,204</u>	<u>9,791,109</u>	<u>737,083</u>	<u>11,645,396</u>
Net Change in Fund Balances	948,363	10,450,506	2,204,818	13,603,687
Fund Balances, Beginning of Year - as Previously Reported	4,212,013	9,887,050	1,072,604	15,171,667
Prior Period Adjustments	170,100	6,566,981		6,737,081
Fund Balances, End of Year	<u>\$ 5,330,476</u>	<u>\$ 26,904,537</u>	<u>\$ 3,277,422</u>	<u>\$ 35,512,435</u>

The accompanying notes are an integral part of this statements.

Redevelopment Agency of the City of Moorpark
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2007

Net change in fund balances-total governmental funds \$ 13,603,687

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of Assets Capitalized	-
Depreciation	-

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. (1,048,703)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 9,116

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal or 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:	
Issuance of Tax Allocation Bonds	(11,695,000)
Discount on Bonds	325,401
Costs of Issuance	505,588
Principal Repayments	440,000
Amortization of Issuance Costs	(8,427)
Amortization of Bond Discounts	(5,423)

Accrued Interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period. 82,294

Change in Net Assets of Governmental Activities \$ 2,208,533

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

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Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Redevelopment Agency of the City of Moorpark (the 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 polices.

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 the City of Moorpark (the City) for purposes of the City’s annual financial report. The Agency has responsibility for elimination of blight within the limits of the project areas 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

Government-Wide Financial Statements

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 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.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

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

B) Basis of Presentation - Continued

Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements

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. 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 revenues of the current fiscal period.

The Agency reports the following major governmental funds:

The *Low and Moderate Income Housing Special Revenue Fund* is used to account for the receipt of 20 percent of the gross tax increment allocation, which is restricted for use on projects that increase or preserve the supply of low and moderate income housing in accordance with Health and Safety Code Section 33334.

The *Capital Projects Fund* is used to account for all project expenditures, including acquisition of properties, cost of site improvements, and other costs within the Project Areas.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of principal and interest on the Agency's debt and other long-term obligations.

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.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

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

D) Budgetary Controls and Encumbrances

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. Adopted budget and budget amendments made during the year are reflected in the accompanying component unit financial statements.

E) 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.

F) 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).

G) Property Held for Resale/Development

Property held for resale in the Low and Moderate Income Housing Special Revenue Fund and the Capital Projects Fund represent 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 has been offset by a reservation of fund balance to indicate that assets constitute future capital projects and are not available spendable resources. The balance outstanding at June 30, 2007 was \$10,123,102.

H) 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.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

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

I) 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.

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.

J) New Accounting Pronouncements

GASB Statement No. 45 - In June 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is not effective until June 30, 2008. The Agency has not determined its effect on the financial statements.

K) Relationship to the City of Moorpark

The Agency is an integral part of the reporting entity of the City of Moorpark. The funds of the Agency have been blended within the financial statements of the City because the City Council of the City of Moorpark 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 of Moorpark.

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 24,515,536
Restricted Cash and Investments	<u>3,194,179</u>
Total Cash and Investments	<u>\$ 27,709,715</u>

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

2) CASH AND INVESTMENTS - Continued

Cash and investments as of June 30, 2007, consist of the following:

Unrestricted:	
Demand Deposits	\$ 116,880
Cash on Hand	1,000
Investments	<u>24,397,656</u>
Total Unrestricted Cash and Investments	<u>24,515,536</u>
Restricted Cash and Investments (Held by Fiscal Agent)	
Money Market Funds	1,838,405
Guaranteed Investment Contracts	<u>1,355,774</u>
Total Restricted Cash and Investments	<u>3,194,179</u>
Total Cash and Investments	<u>\$ 27,709,715</u>

Investments Authorized by the Agency's Investment Policy

The Agency's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF) and pooled cash and investment with the City of Moorpark (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 investment can be found in the City's Comprehensive Annual Financial Report for the year ended June 30, 2007.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustee 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
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

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.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

2) CASH AND INVESTMENTS - Continued

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

<u>Investment Type</u>	<u>Value</u>	<u>Maturity</u>
State Investment Pool	\$ 24,397,656	Less than One Year
Money Market Funds	1,838,405	Less than One Year
CDC Investment Agreement	584,674	October 1, 2031
Transamerica Occidental Life	<u>771,100</u>	October 1, 2018
Total	<u>\$ 27,591,835</u>	

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

Investments in any one issuer that represent 5 percent or more of total investments by reporting unit (primary government, governmental activities, major fund, etc.) are as follows:

\$771,100 of the cash and investments (including amount held with bond trustee) reported in the Debt Service Fund (a major fund of the Agency) is held in the form of a nonnegotiable unrated investment contract issued by Transamerica Occidental Life Insurance Company that matures on October 1, 2018.

\$584,674 of the cash and investments (including amount held with bond trustee) reported in the Debt Service Fund (a major fund of the Agency) is held in the form of a nonnegotiable unrated investment contract issued by CDC that matures on October 1, 2031.

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 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.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

2) CASH AND INVESTMENTS - Continued

All of the Agency's \$116,880 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 Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the 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-rate share of the fair value provided 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. The Agency is a voluntary participant in the investment pool.

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 four percent to six percent per annum from August 29, 1995 until August 29, 2029. 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. The balance of the remaining note (note no. 7) outstanding at June 30, 2007 was \$1,704,786. Principal and interest payments are due annually on September 2nd.

Rehab Loans

The Agency operates rehabilitation loan program for the renovation of low/moderate-income housing. The total balance outstanding at June 30, 2007 was \$16,384.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not Being Depreciated:				
Land	\$ 5,504,481	\$ -	\$ (5,504,481)*	\$ -
Capital Assets, Being Depreciated:				
Building and Improvements	1,062,500	-	(1,062,500)*	-
Less Accumulated Depreciation for:				
Buildings and Improvements	(19,479)	-	19,479*	-
Total Capital Assets, Being Depreciated, Net	1,043,021	-	(1,043,021)	-
Governmental Activities Capital Assets, Net	<u>\$ 6,547,502</u>	<u>\$ -</u>	<u>\$ (6,547,502)</u>	<u>\$ -</u>

*Represents prior period adjustments for property previously classified as capital assets in the Agency's statement of net assets, which is now being reported as property held for resale.

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, 2007 are presented below:

		<u>TRANSFER FROM</u>		
		<u>Low/Mod Housing Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
TRANSFER	Low/Mod Housing Special Revenue	\$	\$ 1,269,538	\$ 1,269,538
TO	Capital Projects		591,812	591,812
	Debt Service	<u>152,334</u>	<u> </u>	<u>152,334</u>
	Total	<u>\$ 152,334</u>	<u>\$ 1,861,350</u>	<u>\$ 2,013,684</u>

The Debt Service Fund transferred funds to the Low/Mod Housing Special Revenue Fund to meet the low and moderate income housing 20 percent tax increment set-aside requirement.

The Debt Service Fund transferred funds to the Capital Projects Fund to fund future capital projects.

The Low/Mod Housing Special Revenue Fund transferred funds to the Debt Service Fund to pay the 20% debt service on bond issues.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

6) DUE TO THE CITY OF MOORPARK

During the fiscal year, the City's General Fund advanced the Agency's Capital Projects Fund \$72,111 and the Agency's Low/Mod Housing Special Revenue Fund \$7,951. These advances are expected to be paid back to the City's General Fund in 2007-08.

7) LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2007 are as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
1999 Tax Allocation Bonds	\$ 7,295,000	\$	\$ (425,000)	\$ 6,870,000	\$ 440,000
2001 Tax Allocation Bonds	11,585,000		(15,000)	11,570,000	15,000
2006 Tax Allocation Bonds		11,695,000		11,695,000	
Discount on Bonds	<u> </u>	<u>(325,401)</u>	<u>5,423</u>	<u>(319,978)</u>	<u>(10,846)</u>
Totals	<u>\$ 18,880,000</u>	<u>\$ 11,369,599</u>	<u>(434,577)</u>	<u>29,815,022</u>	<u>\$ 444,154</u>

1999 Tax Allocation Bonds

In 1999, the Redevelopment Agency issued a \$9,860,000 aggregated principal amount of Moorpark Redevelopment Project 1999 Tax Allocation Refunding Bonds (the Bonds). The purpose of the Bonds was to advance refund the Agency's previously issued \$10,000,000 Moorpark Redevelopment Project, 1993 Tax Allocation 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 Bonds are payable from and secured by the tax revenues to be derived from the project area.

The bonds are secured by all property tax increment revenues, which are deposited in the 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 Tax Allocation Bonds. In addition, the bond resolutions require retention of funds held by the fiscal agent prior to use for other than debt service.

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

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

7) LONG-TERM DEBT - Continued

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

Year Ended June 30	Tax Allocation Bonds		Total
	Principal	Interest	
2008	\$ 440,000	\$ 319,148	\$ 759,148
2009	460,000	300,583	760,583
2010	475,000	279,459	754,459
2011	500,000	255,694	755,694
2012	525,000	230,709	755,709
2013-2017	3,035,000	733,566	3,768,566
2018	<u>1,435,000</u>	<u>70,809</u>	<u>1,505,809</u>
Total	<u>\$ 6,870,000</u>	<u>\$ 2,189,968</u>	<u>\$ 9,059,968</u>

2001 Tax Allocation Bonds

In December 2001, the Redevelopment Agency of the City of Moorpark issued \$11,625,000 of Tax Allocation Parity Bonds. The proceeds of the 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 by the tax revenues to be derived from the project area.

The bonds are secured by all property tax increment revenues, which are deposited in the 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 Tax Allocation Bonds. In addition, the bond resolution require retention of funds held by the fiscal agent prior to use for other than debt service.

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

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

7) LONG-TERM DEBT - Continued

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

Year Ended June 30	Tax Allocation Bonds		Total
	Principal	Interest	
2008	\$ 15,000	\$ 589,761	\$ 604,761
2009	15,000	589,176	604,176
2010	20,000	588,469	608,469
2011	15,000	587,743	602,743
2012	15,000	587,098	602,098
2013-2017	95,000	2,923,107	3,018,107
2018-2022	2,055,000	2,755,215	4,810,215
2023-2027	4,090,000	1,890,101	5,980,101
2028-2032	<u>5,250,000</u>	<u>699,051</u>	<u>5,949,051</u>
Total	<u>\$ 11,570,000</u>	<u>\$ 11,209,721</u>	<u>\$ 22,779,721</u>

2006 Tax Allocation Bonds

In 2006, the Redevelopment Agency issued an \$11,695,000 aggregated principal amount of Moorpark Redevelopment Project 2006 Tax Allocation Bonds (the Bonds). The purpose of the Bonds was to finance redevelopment activities related to the Agency's Moorpark Redevelopment Project (the "Project Area"). The 2006 Bonds bear interest at rates ranging from 3.625% to 4.375% 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 Bonds are payable from and secured by the tax revenues to be derived from the project area.

The bonds are secured by all property tax increment revenue, which is recorded in the 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 Tax Allocation Bonds.

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

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

7) LONG-TERM DEBT - Continued

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

Year Ending June 30,	Tax Allocation Bonds		Total
	Principal	Interest	
2008	\$ -	\$ 508,163	\$ 508,163
2009	-	508,163	508,163
2010	-	508,163	508,163
2011	40,000	507,437	547,437
2012	40,000	505,987	545,987
2013-2017	205,000	2,508,641	2,713,641
2018-2022	255,000	2,464,656	2,719,656
2023-2027	320,000	2,405,431	2,725,431
2028-3032	395,000	2,329,141	2,724,141
2033-2037	7,130,000	1,530,594	8,660,594
2038-2039	<u>3,310,000</u>	<u>146,344</u>	<u>3,456,344</u>
Total	<u>\$ 11,695,000</u>	<u>\$ 13,922,720</u>	<u>\$ 25,617,720</u>

8) CLASSIFICATION OF NET ASSETS AND FUND BALANCE

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.

Fund Balance

Under accounting principles generally accepted in the United States of America a governmental entity may set up “reserves” of fund equity to segregate fund balances, which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. Fund “designations” also may be established to indicate tentative plans for financial resources utilization in a future period.

9) EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following fund had expenditures in excess of the budget in the following amounts for the year ended June 30, 2007:

Debt Service Fund	<u>\$ 1,653,997</u>
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The variance of \$1,653,997 is mainly a result of the required tax increment pass-through payments that were higher than budgeted reflecting the increase in property tax revenue received. The variance is also a result of the costs related to the issuance of the 2006 Tax Allocation Bonds

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

10) AGREEMENTS WITH VARIOUS TAXING AGENCIES

The Redevelopment Agency of the City of Moorpark has entered into five (5) 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. Additionally, the agreement calls for the Agency to receive a \$1,000,000 payment from the tax increment disbursed to the County pursuant to the agreement, by December 31, 2008, if and only if the Agency's annual debt statements which are filed with the County Auditor-Controller from fiscal year 1993-94 to fiscal year 2008-09 list debts in an amount equal to or in excess of the maximum tax increment available to the Agency in each of such fiscal years.

The second agreement is with the City of Moorpark Vector Control, formerly known as the Moorpark Mosquito Abatement District and states that the City of Moorpark Vector Control shall receive 87.5 percent of its share (1.53 percent) of annual tax increment revenue, following a deduction from total increment revenues for amounts required to be used for housing purposes (currently 20% of total tax increment revenue).

The third agreement is with the Moorpark Unified School District (the School District), and states that the School District 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 School District's share (33.41percent) 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 School District's share of annual tax increment revenue. Additionally, the agreement calls for the Agency to make a one-time \$750,000 payment to the School District as a contribution to a new school district maintenance facility. This payment was made by the Agency in August of 1999.

Per the agreement between the School District and the RDA of the City of Moorpark, the distributions to the School District 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 School District overhead or salary/benefits for regular School District employees.

Redevelopment Agency of the City of Moorpark
Notes to Financial Statements
Year Ended June 30, 2007

10) AGREEMENTS WITH VARIOUS TAXING AGENCIES - Continued

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

The fourth agreement is with the Ventura County Community College District (the Community College District), and states that the Community College District will 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 Community College District's share (5.81) 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 Community College District's share of annual tax increment revenue.

The fifth agreement is with the Ventura County Superintendent of School Office (the 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.

11) 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 Agency's unspent commitment for its low- and moderate-income housing program amounted to \$3,098,765 and has been reflected as a reservation of fund balance in the Agency's Special Revenue Fund.

12) CONTINGENCIES

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 component unit financial statements of the Agency.

13) PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of \$189,579 reported in the Statement of Activities consists of \$170,100 of property held for resale in the prior year that was never recorded on the books. The remaining \$19,479 relates to the accumulated depreciation recorded against capital assets in the prior year, for assets that should have been included in property held for resale and, therefore, not depreciated.

The prior period adjustment of \$6,737,081 reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds represents \$170,100 of property held for resale not recorded in the prior year. Also land and buildings previously recorded as capital assets in prior years of \$5,504,481 and \$1,062,500 respectively were removed from capital assets and added to property held for resale in the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Redevelopment Agency of the City of Moorpark
Statement of Revenues, Expenditures, and Changes in Fund Balances
Low and Moderate Income Housing Special Revenue Fund
Budget and Actual
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of Money and Property	\$ 143,444	\$ 143,444	\$ 195,966	\$ 52,522
Other Revenue		1,166	16,167	15,001
	<u>143,444</u>	<u>144,610</u>	<u>212,133</u>	<u>67,523</u>
Expenditures				
Current:				
Public Services	620,582	640,682	333,677	307,005
Capital Outlay	1,733,196	2,472,030	26,945	2,445,085
Debt Service:				
Principal	16,000	16,000		16,000
Interest	22,000	22,000	20,352	1,648
	<u>2,391,778</u>	<u>3,150,712</u>	<u>380,974</u>	<u>2,769,738</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,248,334)</u>	<u>(3,006,102)</u>	<u>(168,841)</u>	<u>2,837,261</u>
Other Financing Sources (Uses)				
Transfers In	1,071,600	1,071,600	1,269,538	197,938
Transfers Out	<u>(152,334)</u>	<u>(152,334)</u>	<u>(152,334)</u>	
	<u>919,266</u>	<u>919,266</u>	<u>1,117,204</u>	<u>197,938</u>
Net Change in Fund Balance	(1,329,068)	(2,086,836)	948,363	3,035,199
Fund Balance - Beginning of Year - as Previously Reported	4,212,013	4,212,013	4,212,013	
Prior Period Adjustment			<u>170,100</u>	<u>170,100</u>
Fund Balance - End of Year	<u>\$ 2,882,945</u>	<u>\$ 2,125,177</u>	<u>\$ 5,330,476</u>	<u>\$ 3,205,299</u>

SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is presented as part of the required supplementary information for the major special revenue fund 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.

Redevelopment Agency of the City of Moorpark
Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Fund
Budget and Actual
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Use of Money and Property	\$ 809,488	\$ 893,488	\$ 1,123,833	\$ 230,345
Other Revenue	82,271	1,032,537	1,032,562	25
Total Revenues	<u>891,759</u>	<u>1,926,025</u>	<u>2,156,395</u>	<u>230,370</u>
Expenditures				
Current:				
Public Services	1,058,373	982,196	925,806	56,390
Capital Outlay	2,532,010	3,459,991	571,192	2,888,799
Total Expenditures	<u>3,590,383</u>	<u>4,442,187</u>	<u>1,496,998</u>	<u>2,945,189</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,698,624)</u>	<u>(2,516,162)</u>	<u>659,397</u>	<u>3,175,559</u>
Other Financing Sources (Uses)				
Gain on Sale of Property			275,797	275,797
Bond Proceeds		8,923,500	8,923,500	-
Transfers In	1,456,811	1,456,811	591,812	(864,999)
Total Other Financing Sources (Uses)	<u>1,456,811</u>	<u>10,380,311</u>	<u>9,791,109</u>	<u>(589,202)</u>
Net Change in Fund Balance	(1,241,813)	7,864,149	10,450,506	2,586,357
Fund Balance - Beginning of Year, as Previously Reported	9,887,050	9,887,050	9,887,050	-
Prior Period Adjustment			<u>6,566,981</u>	<u>6,566,981</u>
Fund Balance - End of Year	<u>\$ 8,645,237</u>	<u>\$ 17,751,199</u>	<u>\$ 26,904,537</u>	<u>\$ 9,153,338</u>

Redevelopment Agency of the City of Moorpark
Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Fund
Budget and Actual
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 5,358,000	\$ 5,386,846	\$ 6,347,692	\$ 960,846
Use of Money and Property	309,985	309,985	316,015	6,030
Total Revenues	<u>5,667,985</u>	<u>5,696,831</u>	<u>6,663,707</u>	<u>966,876</u>
Expenditures				
Current:				
Public Services	1,900,000	1,900,000	2,869,751	(969,751)
Debt Service:				
Principal	440,000	440,000	440,000	-
Interest	1,201,975	1,201,975	1,380,633	(178,658)
Bond Issuance Costs			505,588	(505,588)
Total Expenditures	<u>3,541,975</u>	<u>3,541,975</u>	<u>5,195,972</u>	<u>(1,653,997)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,126,010</u>	<u>2,154,856</u>	<u>1,467,735</u>	<u>(687,121)</u>
Other Financing Sources (Uses)				
Bond Proceeds		1,940,511	2,771,500	830,989
Discount on Bonds			(325,401)	(325,401)
Transfers In	152,334	152,334	152,334	-
Transfers Out	(2,528,411)	(2,528,411)	(1,861,350)	667,061
Total Other Financing Sources (Uses)	<u>(2,376,077)</u>	<u>(435,566)</u>	<u>737,083</u>	<u>1,172,649</u>
Net Change in Fund Balance	(250,067)	1,719,290	2,204,818	485,528
Fund Balance - Beginning of Year	<u>1,072,604</u>	<u>1,072,604</u>	<u>1,072,604</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 822,537</u>	<u>\$ 2,791,894</u>	<u>\$ 3,277,422</u>	<u>\$ 485,528</u>

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based On an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

The Honorable Chairman and Members of the Agency
Redevelopment Agency of the City of Moorpark
Moorpark, California

We have audited the financial statements of the Moorpark Redevelopment Agency (the "Agency") as of and for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management in a separate letter dated December 27, 2007.

This report is intended solely for the information and use of management, and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Seaman Ramirez & Smith

December 27, 2007