

MORENO VALLEY PUBLIC FINANCING AUTHORITY

\$10,430,000
LEASE REVENUE BONDS, SERIES 2015 (TAXABLE)

DATED: DECEMBER 10, 2015
RIVERSIDE COUNTY, CALIFORNIA
BASE CUSIP⁺: 61685P



**2016 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

As of February 28, 2017

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LIST OF PARTICIPANTS

<p>MORENO VALLEY PUBLIC FINANCING AUTHORITY CITY OF MORENO VALLEY <i>www.moreno-valley.ca.us</i></p>
<p>Marshall Eyerman Chief Financial Officer/City Treasurer 14177 Frederick Street Moreno Valley, California 92552</p>
<p>DISCLOSURE CONSULTANT & DISSEMINATION AGENT</p>
<p>Willdan Financial Services * Temecula, California 92590 (951) 587-3500 <i>www.wildan.com</i></p>
<p>UNDERWRITER</p>
<p>Stifel, Nicolaus & Company, Incorporated</p>
<p>BOND COUNSEL</p>
<p>Orrick, Herrington & Sutcliffe LLP Los Angeles, California</p>
<p>TRUSTEE</p>
<p>Dania D. Samai Wells Fargo Bank, N.A. 333 South Grand Avenue, Fifth Floor, Suite 5A Los Angeles, California 90071 Phone (213) 253-7516</p>

* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

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I. INTRODUCTION

Pursuant to an Official Statement dated November 24, 2015, the Moreno Valley Public Financing Authority (the “Authority”) issued \$10,430,000 Lease Revenue Bonds, Series 2015 (the “Bonds”). The proceeds of the Bonds were issued to provide funds to finance certain capital improvements within the City of Moreno Valley (the “City”), including the construction of an electrical substation and related equipment.

The City is located approximately 66 miles east of Los Angeles and 100 miles north of San Diego, California. The City is approximately 51.5 square miles, located in the western portion of Riverside County, surrounded by Riverside, Perris, March Air Reserve Base, Lake Perris and the Badlands.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues described in the Official Statement, and the Authority is not obligated to pay them except from the Revenues. The Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds, as described in the Official Statement.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the City for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the City, the Authority, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City, the Authority or any other parties described herein.

This Annual Continuing Disclosure Information Statement is of a factual nature without subjective assumptions, opinions, or views and may not be relied upon as advice or recommendation to purchase or sell any product or utilize any particular strategy relating to the issuance of municipal securities or purchase of financial products. Willdan Financial Services and its employees (collectively “Willdan”) do not recommend any actions and are not acting as an advisor to any municipal entity, board, officer, agent, employee or obligated person pursuant to Section 15B of the Exchange Act. Prior to acting on any information or material contained in this communication, you should discuss it with appropriate internal or external advisors and experts and only rely upon their advice.

II. REFERENCE TO PREVIOUSLY FILED INFORMATION

For historical information, reference is made to the Annual Continuing Disclosure Information Statements previously filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

III. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Issue	As of December 31, 2016
Lease Revenue Bonds, Series 2015	\$10,255,000

B. FUND BALANCES

Fund	As of December 31, 2016
Reserve Fund	(1)
Reserve Requirement	N/A

(1) The Reserve Fund is funded by a municipal bond insurance policy from Assured Guaranty Municipal Corporation ("AGM").

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The City's audited financial statements for the fiscal year ended June 30, 2016 have been separately filed with EMMA and are hereby incorporated by reference into this Annual Information Statement.

B. GENERAL FUND BUDGETARY COMPARISON STATEMENT

	2015/16 Final Budget	2015/16 Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Property Taxes	\$12,072,224	\$12,679,455	\$607,231
Property Taxes in-Lieu	15,732,303	16,409,009	676,706
Utility Users Tax	15,912,000	15,824,481	(87,519)
Sales Taxes	19,269,321	18,937,738	(331,583)
Other Taxes	9,155,250	10,192,821	1,037,571
Licenses & Permits	2,853,930	2,834,449	(19,481)
Intergovernmental	774,655	802,523	27,868
Fees and Charges for Services	10,815,689	10,628,482	(187,207)
Use of Money and Property	2,706,962	3,457,642	750,680
Fines and Forfeitures	623,760	530,222	(93,538)
Miscellaneous	143,401	165,620	22,219
Total Revenues	\$90,059,495	\$92,462,442	\$2,402,947
Expenditures:			
Current:			
General Government	\$15,754,900	\$15,505,987	\$248,913
Public Safety	57,925,157	54,402,142	3,523,015
Community Development	6,906,378	6,426,431	479,947
Public Works	5,899,667	5,114,325	785,342
Capital Outlay	3,208,230	890,479	2,317,751
Total Expenditures	\$89,694,332	\$82,339,364	\$7,354,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$365,163	\$10,123,078	\$9,757,915
Other Financing Sources (Uses):			
Transfers In	\$2,997,444	\$663,238	(\$2,334,206)
Transfers Out	(2,743,137)	(2,741,671)	\$1,466
Contributions to Successor Agency	(298,513)	(298,513)	0
Total Other Financing Sources (Uses)	(\$44,206)	(\$2,376,946)	(\$2,332,740)
Net Change in Fund Balances	\$320,957	\$7,746,132	\$7,425,175
Fund Balance - Beginning of Year	\$43,375,903	\$43,375,903	\$0
Fund Balance - End of Year	\$43,696,860	\$51,122,035	\$7,425,175

C. GENERAL FUND BUDGET REVENUES AND EXPENDITURES

	<u>Fiscal Year 2016/17</u>
Revenues:	
Taxes:	
Property Tax	\$12,736,197
Property Tax in-Lieu	16,597,580
Utility Users Tax	16,092,542
Sales Tax	20,486,866
Other Taxes	9,452,668
Licenses & Permits	2,126,877
Intergovernmental	215,000
Charges for Services	10,971,363
Use of Money & Property	3,469,962
Fines & Forfeitures	629,073
Miscellaneous	103,400
Total Revenues	<u>\$92,881,528</u>
Expenditures:	
Personnel Services	\$18,848,815
Contractual Services	64,934,778
Materials & Supplies	3,569,633
Fixed Charges	3,762,131
Fixed Assets	50,000
Total Expenditures	<u>\$91,165,357</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	\$1,716,171
Transfers:	
Transfers In	\$2,547,650
Transfers Out	(3,245,676)
Net Transfers	<u>(\$698,026)</u>
Total Revenues & Transfers In	\$95,429,178
Total Expenditures & Transfers Out	(\$94,411,033)
Net Change in Fund Balance	<u>\$1,018,145</u>

Source: City of Moreno Valley Fiscal Year 2016/17 Adopted Budget.

D. GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
Revenues:					
Taxes	\$59,697,248	\$60,732,082	\$64,599,732	\$68,751,377	\$74,043,504
Licenses and Permits	1,523,800	1,585,312	2,164,753	2,020,230	2,834,449
Intergovernmental	398,193	260,691	311,509	414,554	802,523
Charges for Services	8,574,131	8,258,733	9,895,991	9,449,482	10,628,482
Use of Money and Property	4,004,511	1,071,418	2,836,595	2,214,462	3,457,642
Fines and Forfeitures	603,065	610,171	577,962	595,083	530,222
Contributions from Successor Agency	-	-	150,000	-	-
Miscellaneous	138,346	485,160	492,855	702,757	165,620
Total Revenues	\$74,939,294	\$73,003,567	\$81,029,397	\$84,147,945	\$92,462,442
Expenditures:					
General Government	\$13,482,192	\$11,370,282	\$11,249,491	\$12,260,219	\$15,505,987
Public Safety	53,600,412	57,356,187	52,565,026	54,639,994	54,402,142
Community Development	6,482,658	7,143,586	5,344,292	5,719,760	6,426,431
Public Works	2,109,287	2,271,319	3,974,839	4,140,335	5,114,325
Capital Outlay	673,934	173,372	152,247	220,210	890,479
Total Expenditures	\$76,348,483	\$78,314,746	\$73,285,895	\$76,980,518	\$82,339,364
Excess (Deficiency) of Revenues Over (Under) Expenses	(\$1,409,189)	(\$5,311,179)	\$7,743,502	\$7,167,427	\$10,123,078
Other Financing Sources (Uses):					
Transfers In	\$539,656	\$588,370	\$1,013,421	\$346,293	\$663,238
Transfers Out	(4,028,932)	(2,370,220)	(2,575,373)	(4,693,392)	(2,741,671)
Contributions to Successor Agency	-	-	-	-	(298,513)
Total Other Financing Sources (Uses)	(\$3,489,276)	(\$1,781,850)	(\$1,561,952)	(\$4,347,099)	(\$2,376,946)
Net Change in Fund Balance	(\$4,898,465)	(\$7,093,029)	\$6,181,550	\$2,820,328	\$7,746,132
Fund Balance at Beginning of Year	46,365,519	41,467,054	34,374,025	40,555,575	43,375,903
Fund Balance at End of Year	\$41,467,054	\$34,374,025	\$40,555,575	\$43,375,903	\$51,122,035

E. GENERAL FUND TAX REVENUES BY SOURCE

Source	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
Property Tax	\$9,397,373	\$9,765,007	\$10,668,782	\$11,594,459	\$12,679,455
Property Tax In-Lieu of Vehicle License Fees ⁽¹⁾	13,170,964	13,414,446	13,871,755	15,137,754	16,409,009
Utility Users Tax	15,591,386	15,683,931	15,595,141	16,138,202	15,824,481
Sales & Use Tax	14,003,992	14,043,560	15,887,129	16,130,340	18,937,742
Transient Occupancy Tax	747,100	831,881	991,431	1,197,143	1,416,343
Franchise Tax	5,176,775	5,336,919	5,556,474	6,164,099	5,786,958
Motor Vehicle In-Lieu Tax ⁽²⁾	96,578	100,727	84,056	81,658	80,967
Business License Gross Receipts Tax	1,175,104	1,305,924	1,581,918	1,886,558	2,249,400
Documentary Transfer Tax	434,554	350,413	447,103	502,822	740,120
Total Tax Revenues	\$59,793,826	\$60,832,808	\$64,683,789	\$68,833,035	\$74,124,475

- (1) Property Tax In-Lieu of Vehicle License Fees (VLF): In 2004 the State of California established a swap of property tax to replace the VLF In-Lieu-fee revenues received by cities and counties. Growth is based on the change in assessed property values within a city or county.
- (2) Vehicle License Fees In-Lieu: Tax paid annually with registration of vehicles and distributed to cities and counties based on population growth. In 2004 it was replaced for cities and counties with the Property Tax In-Lieu of VLF. First priority now goes to fund health and welfare programs with any remaining funds distributed to cities and counties based on population.

V. OPERATING INFORMATION

A. ASSESSED VALUE OF ALL TAXABLE PROPERTY WITHIN THE CITY

Fiscal Year	Secured Assessed Valuation	Utility	Unsecured Assessed Valuation	Total Assessed
2012/13	\$10,452,544,666	\$23,650	\$358,259,797	\$10,810,828,113
2013/14	10,779,712,335	23,650	399,641,480	11,179,377,465
2014/15	11,836,747,214	23,650	362,887,867	12,199,658,731
2015/16	12,738,447,352	23,650	485,727,281	13,224,198,283
2016/17	13,438,691,763	23,650	608,487,374	14,047,202,787

Source: California Municipal Statistics, Inc.

B. PRINCIPAL TAXPAYERS

	Property Owner	Land Use	2016/17 Assessed Valuation	% of Total ⁽¹⁾
1.	HF Logistics SKX/Sketchers	Industrial	\$136,902,273	1.02%
2.	Ross Dress For Less Inc.	Industrial	136,393,107	1.01%
3.	FR California Indian Avenue	Industrial	112,182,243	0.83%
4.	Walgreen Company	Industrial	109,261,669	0.81%
5.	Al California LLC	Industrial	95,057,597	0.71%
6.	Kaiser	Commercial	75,599,066	0.56%
7.	Knox Moreno	Industrial	66,837,095	0.50%
8.	First Industrial LP	Industrial	55,558,011	0.41%
9.	I 215 Logistics	Industrial	48,868,527	0.36%
10.	Broadstone Lasselle Properties Owner	Industrial	45,429,675	0.34%
11.	Ridgeview Owner	Residential	43,655,749	0.32%
12.	La Pacifica Dev MJW	Industrial	41,023,695	0.31%
13.	Sienna Pointe	Residential	38,004,015	0.28%
14.	ROC III CA Reserve at Rancho Belago	Residential	34,303,842	0.26%
15.	Moreno Valley Plaza	Commercial	33,432,587	0.25%
16.	Providence II Vista Springs Apts.	Residential	27,616,622	0.21%
17.	Prologis	Industrial	27,268,633	0.20%
18.	Fairfield Capri LLC	Residential	27,089,349	0.20%
19.	O'Reilly Auto Enterprises LLC	Commercial	26,778,565	0.20%
20.	Moreno Valley Properties	Residential	25,584,965	0.19%
			\$1,206,847,285	8.98%

(1) 2016/17 Local Secured Assessed Valuation: \$13,438,691,763.

Source: Riverside County Assessor.

C. PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)

Fiscal Year	2011/12	2012/13	2013/14	2014/15	2015/16
City Direct Rate:	\$0.00258	\$0.00177	\$0.00185	\$0.00179	\$0.00173
Redevelopment Agency Direct Rate:	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Tax Rate:	0.00258	0.00177	0.00185	0.00179	0.00173
Eastern Municipal Water Imp. Dist.	\$0.03000	\$0.03000	\$0.03000	\$0.01100	\$0.01100
Metro. Water East 1301999 Debt Svc	\$0.00370	\$0.00350	\$0.00350	\$0.00350	\$0.00350
Metro. Water West 1302999 Debt Svc	\$0.00370	\$0.00350	\$0.00350	\$0.00350	\$0.00350
Moreno Valley Unified School District	\$0.04096	\$0.04060	\$0.04354	\$0.04071	\$0.10223
Nuview School District	\$0.02988	\$0.04043	\$0.07389	\$0.07156	\$0.00000
Perris Union High School District	\$0.03429	\$0.03429	\$0.06970	\$0.06303	\$0.00000
Mt. San Jacinto Jr. College	0.00000	0.00000	0.00000	0.00000	\$0.01394
Riverside City Community College District	\$0.01700	\$0.01702	\$0.01768	\$0.01791	\$0.01725
San Jacinto Unified School District	\$0.12875	\$0.12800	\$0.12746	\$0.11866	\$0.11727
Val Verde Unified District	\$0.03160	\$0.08383	\$0.07235	\$0.07882	\$0.07135
Total Tax Rate	\$0.32246	\$0.38294	\$0.44347	\$0.41048	\$0.34177

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

Source: Country of Riverside Auditor-Controller

D. PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Total Tax Levy	Collections in the Fiscal Year of Levy	Percent of Levy ⁽¹⁾ Collected within the Fiscal Year of Levy	Collections in Subsequent Years	Percent of Levy Collected to Date
2011/12	\$33,226,437	\$33,172,713	99.84%	\$53,724	100.00%
2012/13	25,630,602	25,580,901	99.81% ⁽²⁾	49,701	100.00%
2013/14	26,906,254	26,862,040	99.84%	44,214	100.00%
2014/15	26,455,986	26,154,116	98.86%	301,870	100.00%
2015/16	27,643,578	27,249,232	98.57%	-	98.57%

- (1) The City began participating in the "Teeter Plan" in FY 1993-94. The Teeter Plan adopted by the County of Riverside guarantees each participating city payment equal to 100% of the total tax value. Any delinquencies and the associated penalties and interest are collected and maintained by the County. Supplemental taxes for new construction put into service after the tax rolls are completed are collected in a county pool and then allocated to all cities based on a formula. Because these tax amounts are not included on the original tax roll these amounts are reported as collections but are not included in the amount levied.
- (2) Beginning in 2013, the Redevelopment Tax Increment was no longer included in the calculation for the levy and the collections.

Source: Country of Riverside Auditor-Controller.

E. LONG-TERM DEBT

Outstanding Debt at Year End For the Year Ended June 30, 2016

	Governmental Activities	Business-type Activities
Special tax bonds	\$7,700,000	\$-
Notes and other	2,838,000	-
Certificates of participation	20,000,000	-
Lease revenue bonds	31,400,069	36,739,931
Compensated absences	6,340,029	245,716
	<u>\$68,278,098</u>	<u>\$36,985,647</u>

Note: For more information regarding the outstanding indebtedness of the City, reference is made to **Note 6** and **Note 13** of the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

VI. OCCURRENCE OF LISTED EVENTS

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material.*** The Authority has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2016.

1. Principal and interest payment delinquencies on the Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the Authority.
9. Ratings changes.

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material.*** The Authority has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2016.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the Authority or the dissolution of the Authority.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the Bonds.