

**MORENO VALLEY PUBLIC FINANCING AUTHORITY**

**\$24,655,000**  
**2016 TAXABLE LEASE REVENUE REFUNDING BONDS**  
**SERIES 2016**

**Dated: December 15, 2016**  
**Riverside County, California**  
**Base CUSIP<sup>+</sup>: 61685P**



**2016 ANNUAL CONTINUING DISCLOSURE**  
**INFORMATION STATEMENT**

**As of February 28, 2017**

Also available at:



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# LIST OF PARTICIPANTS

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\* 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***

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Pursuant to an Official Statement dated November 22, 2016, the Moreno Valley Public Financing Authority (the “Authority”) issued \$24,655,000 Lease Revenue Refunding Bonds, Series 2016 (Taxable) (the “Bonds”). Proceeds of the Bonds were used to refund the Authority’s remaining outstanding 2007 Taxable Lease Revenue Bonds.

The City of Moreno Valley (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 special obligations of the Authority, payable solely from a pledge of revenues consisting primarily of base rental payments to be received by the Authority from the City pursuant to a Master Facilities Sublease, dated as of December 1, 2015, as amended by a First Amendment to Master Facilities Sublease, dated as of December 1, 2016, by and between the Authority, as sublessor, and the City, as sublessee. The Bonds are secured on a parity basis with the Authority’s Lease Revenue Bonds, Series 2015 (Taxable).

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 Authority 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**

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For historical information, reference is made to the Official Statement previously filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

## **III. BOND INFORMATION**

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### **A. PRINCIPAL OUTSTANDING**

<u>Issue</u>	<u>As of December 31, 2016</u>
2016 Taxable Lease Revenue	\$24,655,000

### **B. FUND BALANCES**

<u>Fund</u>	<u>As of December 31, 2016</u>
Reserve Fund	(1)
Reserve Requirement	\$1,702,313

(1) The Reserve Fund is funded by a debt service reserve insurance policy issued by Assured Guaranty Municipal Corp.

## **IV. FINANCIAL INFORMATION**

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### **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 Continuing Disclosure Information Statement.

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

	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Revenues:</b>					
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
<b>Total Revenues</b>	<b>\$74,939,294</b>	<b>\$73,003,567</b>	<b>\$81,029,397</b>	<b>\$84,147,945</b>	<b>\$92,462,442</b>
<b>Expenditures:</b>					
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
<b>Total Expenditures</b>	<b>\$76,348,483</b>	<b>\$78,314,746</b>	<b>\$73,285,895</b>	<b>\$76,980,518</b>	<b>\$82,339,364</b>
Excess (Deficiency) of Revenues Over (Under) Expenses	(\$1,409,189)	(\$5,311,179)	\$7,743,502	\$7,167,427	\$10,123,078
<b>Other Financing Sources (Uses):</b>					
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)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$3,489,276)</b>	<b>(\$1,781,850)</b>	<b>(\$1,561,952)</b>	<b>(\$4,347,099)</b>	<b>(\$2,376,946)</b>
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
<b>Fund Balance at End of Year</b>	<b>\$41,467,054</b>	<b>\$34,374,025</b>	<b>\$40,555,575</b>	<b>\$43,375,903</b>	<b>\$51,122,035</b>

## C. 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 <sup>(1)</sup>	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 <sup>(2)</sup>	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
<b>Total Tax Revenues</b>	<b>\$59,793,826</b>	<b>\$60,832,808</b>	<b>\$64,683,789</b>	<b>\$68,833,035</b>	<b>\$74,124,475</b>

(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 Value	Utility	Unsecured Value	Total Assessed Value	Less Exemptions	Taxable Assessed Value
2012/13	\$10,646,415,040	\$23,650	\$342,093,799	\$10,988,532,489	\$249,300,695	\$10,739,231,794
2013/14	11,042,637,161	23,650	352,337,831	11,394,998,642	264,161,066	11,130,837,576
2014/15	12,102,251,692	23,650	366,399,952	12,468,675,294	262,713,182	12,205,962,112
2015/16	12,991,881,310	23,650	486,349,509	13,478,254,469	256,755,983	13,221,498,486
2016/17	13,703,129,746	23,650	609,642,013	14,312,795,409	265,286,262	14,047,509,147

Source: Riverside County Assessor Combined Tax Rolls.

## B. PRINCIPAL TAXPAYERS

	<b>Property Owner</b>	<b>Land Use</b>	<b>2016/17 Assessed Valuation</b>	<b>% of Total <sup>(1)</sup></b>
1.	HF Logistics SKX/Sketchers	Industrial	\$229,713,987	1.64%
2.	Ross Dress for Less Inc.	Industrial	136,737,051	0.97%
3.	FR California Indian Avenue	Industrial	112,182,243	0.80%
4.	Walgreen Company	Industrial	109,514,472	0.78%
5.	AI California LLC	Industrial	95,057,597	0.68%
6.	Kaiser	Commercial	94,591,476	0.67%
7.	Golden State FC LLC	Unsecured	90,093,621	0.64%
8.	Knox Moreno	Industrial	66,837,095	0.48%
9.	First Industrial LP	Industrial	55,558,011	0.40%
10.	I-215 Logistics	Industrial	48,868,527	0.35%
			<b>\$1,039,154,080</b>	<b>7.40%</b>

(1) 2016/17 Taxable Assessed Value: \$14,047,509,147.

Source: Riverside County Assessor 2016/17 Combined Tax Rolls and the SBE Non Unitary Roll.

## C. PROPERTY TAX LEVIES AND COLLECTIONS

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collections in the Fiscal Year of Levy</b>	<b>Percent of Levy <sup>(1)</sup> Collected within the Fiscal Year of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Percent of Levy Collected to Date</b>
2011/12	\$33,226,437	\$33,172,713	99.84%	\$53,724	100.00%
2012/13	25,630,602	25,580,901	99.81% <sup>(2)</sup>	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 fiscal year 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.



## D. 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
	<b>\$68,278,098</b>	<b>\$36,985,647</b>

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

## **VI. OCCURRENCE OF LISTED EVENTS**

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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 City 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 City.
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 City 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 City or the dissolution of the City.
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 uncheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the Bonds.