

MORENO VALLEY PUBLIC FINANCING AUTHORITY

**\$25,325,000
LEASE REVENUE REFUNDING BONDS,
SERIES 2014**

**DATED: NOVEMBER 20, 2014
RIVERSIDE COUNTY, CALIFORNIA
BASE CUSIP⁺: 61685P**



**2015 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

As of March 10, 2016

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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

Pursuant to an Official Statement dated November 6, 2014, the Moreno Valley Public Financing Authority (the “Authority”) issued \$25,325,000 Lease Revenue Refunding Bonds, Series 2014 (the “Bonds”). Proceeds of the Bonds were used to refund the outstanding Authority’s 2005 Lease Revenue Bonds (and pay certain costs related to the issuance of the Bonds).

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, limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City to the Authority pursuant to a Master Facilities Sublease, dated as of December 1, 2013, as amended by a First Amendment to Master Facilities Sublease, dated as of November 1, 2014, each by and between the Authority and the City, pursuant to which the City will lease certain Facilities.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the Authority 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 report 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. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Issue	As of December 31, 2015
Lease Revenue Refunding Bonds, Series 2014	\$25,265,000

B. NO DEBT SERVICE RESERVE FUND

The Bonds are not secured by a debt service reserve fund.

III. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The City's audited financial statements for the fiscal year ended June 30, 2015 have been separately filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") and are hereby incorporated by reference into this Annual Information Statement.

B. GENERAL FUND BUDGETARY COMPARISON STATEMENT

	2014/15 Final Budget	2014/15 Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Property Tax	\$11,083,551	\$11,594,459	\$510,908
Property Tax in-lieu	14,912,136	15,137,754	225,618
Utility Users tax	15,912,000	16,138,202	226,202
Sales Tax	17,638,770	16,130,340	(1,508,430)
Other Taxes	8,266,100	9,750,622	1,484,522
Licenses & Permits	1,519,200	2,020,230	501,030
Intergovernmental	260,000	414,554	154,554
Charges for Services	9,285,333	9,449,482	164,149
Use of Money & Property	3,516,825	2,214,462	(1,302,363)
Fines & Forfeitures	606,500	595,083	(11,417)
Miscellaneous	654,904	702,757	47,853
Total Revenues	\$83,655,319	\$84,147,945	\$492,626
Expenditures:			
Current:			
General Government	\$11,774,774	\$12,260,219	\$485,445
Public Safety	56,536,580	54,639,994	(1,896,586)
Community Development	5,828,344	5,719,760	(108,584)
Public Works	4,542,849	4,140,335	(402,514)
Capital Outlay	1,432,955	220,210	(1,212,745)
Total Expenditures	\$80,115,502	\$76,980,518	(\$3,134,984)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$3,539,817	\$7,167,427	\$3,627,610
Other Financing Sources (Uses):			
Transfers In	\$2,138,312	\$346,293	(\$1,792,019)
Transfers Out	(4,654,474)	(4,693,392)	(38,918)
Total Other Financing Sources (Uses)	(\$2,516,162)	(\$4,347,099)	(\$1,830,937)
Net Change in Fund Balances	\$1,023,655	\$2,820,328	\$1,796,673
Fund Balance - Beginning of Year	\$40,555,575	\$40,555,575	\$-
Fund Balance - End of Year	\$41,579,230	\$43,375,903	\$1,796,673

C. GENERAL FUND BUDGET REVENUES AND EXPENDITURES

	<u>Fiscal Year 2015/16</u>
Revenues:	
Taxes:	
Property Tax	\$12,072,224
Property Tax in-lieu	15,732,303
Utility Users tax	15,912,000
Sales Tax	19,269,321
Other Taxes	9,155,250
Licenses & Permits	2,090,930
Intergovernmental	230,000
Charges for Services	10,733,409
Use of Money & Property	3,469,962
Fines & Forfeitures	623,760
Miscellaneous	103,400
Total Revenues	<u>\$89,392,559</u>
Expenditures:	
Personnel Services	\$18,446,109
Contractual Services	61,100,017
Materials & Supplies	3,614,989
Fixed Charges	4,298,728
Fixed Assets	50,000
Total Expenditures	<u>\$87,509,843</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	\$1,882,716
Transfers:	
Transfers In	\$2,492,842
Transfers Out	<u>(3,399,383)</u>
Net Transfers	<u>(\$906,541)</u>
Total Revenues & Transfers In	\$91,885,401
Total Expenditures & Transfers Out	(\$90,909,226)
Net Change in Fund Balance	<u>\$976,175</u>

Source: Fiscal Year 2015/16 Adopted Budget.

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

	Fiscal Year				
	2010/11	2011/12	2012/13	2013/14	2014/15
Revenues:					
Taxes	\$56,296,778	\$59,697,248	\$60,732,082	\$64,599,732	\$68,751,377
Licenses & Permits	1,532,514	1,523,800	1,585,312	2,164,753	2,020,230
Intergovernmental	895,366	398,193	260,691	311,509	414,554
Charges for Services	7,408,607	8,574,131	8,258,733	9,895,991	9,449,482
Use of Money & Property	3,886,420	4,004,511	1,071,418	2,836,595	2,214,462
Fine & Forfeitures	791,497	603,065	610,171	577,962	595,083
Contributions from Successor Agency	-	-	-	150,000	-
Miscellaneous	682,959	138,346	485,160	492,855	702,757
Total Revenues	\$71,494,141	\$74,939,294	\$73,003,567	\$81,029,397	\$84,147,945
Expenditures:					
General Government	\$9,592,027	\$13,482,192	\$11,370,282	\$11,249,491	\$12,260,219
Public Safety	57,288,473	53,600,412	57,356,187	52,565,026	54,639,994
Community Development	4,235,300	6,482,658	7,143,586	5,344,292	5,719,760
Public Works	3,413,488	2,109,287	2,271,319	3,974,839	4,140,335
Capital Outlay	56,406	673,934	173,372	152,247	220,210
Total Expenditures	\$74,585,694	\$76,348,483	\$78,314,746	\$73,285,895	\$76,980,518
Excess (Deficiency) of Revenues Over (Under) Expenses	(\$3,091,553)	(\$1,409,189)	(\$5,311,179)	\$7,743,502	\$7,167,427
Other Financing Sources (Uses):					
Operating Transfers In	\$773,051	\$539,656	\$588,370	\$1,013,421	\$346,293
Operating Transfers Out	(2,605,518)	(4,028,932)	(2,370,220)	(2,575,373)	(4,693,392)
Total Other Financing Sources (Uses)	(\$1,832,467)	(\$3,489,276)	(\$1,781,850)	(\$1,561,952)	(\$4,347,099)
Net Change in Fund Balance	(\$4,924,020)	(\$4,898,465)	(\$7,093,029)	\$6,181,550	\$2,820,328
Fund Balance at Beginning of Year	51,289,539	46,365,519	41,467,054	34,374,025	40,555,575
Fund Balance at End of Year	\$46,365,519	\$41,467,054	\$34,374,025	\$40,555,575	\$43,375,903

E. GENERAL FUND TAX REVENUES BY SOURCE

Source	Fiscal Year				
	2010/11	2011/12	2012/13	2013/14	2014/15
Property Tax	\$9,430,846	\$9,397,373	\$9,765,007	\$10,668,782	\$11,591,459
Property Tax In-Lieu of Vehicle License Fees	13,055,796	13,170,964	13,414,446	13,871,755	15,137,754
Utility Users Tax	15,317,439	15,591,386	15,683,931	15,595,141	16,138,202
Sales & Use Tax	11,283,435	14,003,992	14,043,560	15,887,129	16,130,340
Transient Occupancy Tax	692,586	747,100	831,881	991,431	1,197,143
Franchise Tax	5,038,600	5,176,775	5,336,919	5,556,474	6,164,099
Motor Vehicle In-Lieu Tax	887,331	96,578	100,727	84,056	81,658
Business License Gross Receipts Tax	1,053,145	1,175,104	1,305,924	1,581,918	1,886,558
Documentary Transfer Tax	424,931	434,554	350,413	447,103	502,822
Total Tax Revenues	\$57,184,109	\$59,793,826	\$60,832,808	\$64,683,789	\$68,830,035

IV. OPERATING INFORMATION

A. ASSESSED VALUE OF ALL TAXABLE PROPERTY WITHIN THE CITY

Fiscal Year	Secured Assessed Valuation	Utility	Unsecured Assessed Valuation	Total Assessed
2011/12	\$10,330,906,178	\$709,625	\$282,987,834	\$10,614,603,637
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

Source: California Municipal Statistics, Inc.

B. PRINCIPAL TAXPAYERS

Property Owner	Land Use	2015/16 Assessed Valuation	% of Total ⁽¹⁾
1. Ross Dress for Less Inc.	Industrial	\$137,088,467	1.08%
2. HF Logistics SKX T1	Industrial	134,941,349	1.06%
3. Walgreen Co.	Industrial	111,078,305	0.87%
4. FR CAL Indian Avenue	Industrial	110,449,884	0.87%
5. Kaiser Foundation Hospitals	Commercial	74,471,399	0.58%
6. Knox Moreno	Industrial	61,797,683	0.49%
7. First Industrial LP	Industrial	52,273,850	0.41%
8. I 215 Logistics	Industrial	48,134,480	0.38%
9. Broadstone Lasselle Properties Owner	Residential	44,700,000	0.35%
10. Ridgeview Owner LLC	Residential	43,000,000	0.34%
11. AI California LLC	Industrial	41,376,237	0.32%
12. La Pacifica Development MJW	Industrial	40,407,487	0.32%
13. Moreno Valley Plaza	Commercial	32,930,405	0.26%
14. Prologis	Industrial	26,859,041	0.21%
15. El Dorado Pointe Condominiums	Residential	26,688,564	0.21%
16. Oreilly Auto Enterprises LLC	Commercial	26,376,329	0.21%
17. Home Depot USA Inc.	Commercial	25,127,240	0.20%
18. Moreno Valley Properties	Residential	24,903,824	0.20%
19. Reserve Apartments LP	Residential	24,562,712	0.19%
20. Moreno Valley Industrial	Industrial	23,514,813	0.18%
		\$1,110,682,069	8.72%

(1) 2015/16 Local Secured Assessed Valuation: \$12,738,447,352.

Source: Riverside County Assessor.

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

Fiscal Year	2010/11	2011/12	2012/13	2013/14	2014/15
City Direct Rate:	\$0.00164	\$0.00258	\$0.00177	\$0.00185	\$0.00179
Redevelopment Agency Direct Rate:	0.00575	0.00000	0.00000	0.00000	0.00000
Total Direct Tax Rate:	0.00242	0.00258	0.00177	0.00185	0.00179
Eastern Municipal Water Imp. Dist.	0.03000	0.03000	0.03000	0.03000	0.01100
Metro. Water Dist. Original Area	0.00370	0.00370	0.00350	0.00350	0.00350
Moreno Valley Unified School District	0.03357	0.04096	0.04060	0.04354	0.04071
Nuview School District	0.02987	0.02988	0.04043	0.07389	0.07156
Perris Union High School District	0.03126	0.03429	0.03429	0.06970	0.06303
Riverside City Community College District	0.01499	0.01700	0.01702	0.01768	0.01791
San Jacinto Unified School District	0.11744	0.12875	0.12800	0.12746	0.11866
Val Verde Unified District	0.03347	0.03160	0.08383	0.07235	0.07882
Total Tax Rate	\$0.30411	\$0.32134	\$0.38121	\$0.44182	\$0.40877

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
2010/11	\$33,713,334	\$33,658,226	99.84%	\$55,108	100.00%
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%	-	98.86%

(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, 2015

	Governmental Activities	Business-type Activities
Special tax bonds	\$8,700,000	\$ -
Notes and other	3,843,500	-
Certificates of participation	20,000,000	-
Lease revenue bonds	32,486,745	26,951,931
Compensated absences	5,390,062	137,225
	<u>\$70,420,307</u>	<u>\$27,089,156</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, 2015.

V. 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, 2015.

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, 2015.

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.