

**NEW ISSUE – BOOK-ENTRY ONLY****RATING: Standard & Poor’s: “A+” (stable outlook)****(See “RATING.”)**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See “TAX MATTERS.”*

**\$25,325,000**

**MORENO VALLEY PUBLIC FINANCING AUTHORITY  
LEASE REVENUE REFUNDING BONDS  
SERIES 2014**

**Dated: Date of Delivery****Due: November 1, as shown on the inside cover**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014 (the “Bonds”), are being issued in the aggregate principal amount of \$25,325,000 by the Moreno Valley Public Financing Authority (the “Authority”) pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) and the provisions of a Master Trust Agreement, dated as of December 1, 2013, as supplemented by a First Supplement to Master Trust Agreement, dated as of November 1, 2014 (collectively, the “Trust Agreement”), each by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Capitalized terms used on this cover page and not otherwise defined shall have the meanings ascribed to them elsewhere in this Official Statement. See in particular “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Selected Definitions.”

A portion of the proceeds from the sale of the Bonds will be used to refund all of the outstanding Moreno Valley Public Financing Authority 2005 Lease Revenue Bonds (the “2005 Bonds”), which 2005 Bonds were issued in the aggregate principal amount of \$48,205,000 and are currently outstanding in the aggregate principal amount of \$29,085,000. In addition, a portion of the proceeds from the sale of the Bonds will be used to pay certain costs related to the issuance of the Bonds. The proceeds from the sale of the 2005 Bonds were used to finance certain public improvements within the City of Moreno Valley, California (the “City”). See “THE REFINANCING PLAN” and “THE BONDS – Estimated Sources and Uses of Bond Proceeds.”

The Bonds will be delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. Payments of interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2015, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate office of the Trustee upon maturity or the earlier redemption thereof. See “THE BONDS – Book-Entry Only System.”

**The Bonds are subject to optional redemption, mandatory sinking account prepayment, and extraordinary redemption from insurance or condemnation proceeds, as described herein. See “THE BONDS – Redemption of Bonds.”**

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 (collectively, the “Facilities Sublease”), each by and between the Authority and the City, pursuant to which the City will lease certain Facilities. See “THE FACILITIES.” The Bonds and the \$11,695,000 Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2013, are payable on a parity basis from Base Rental Payments under the Facilities Sublease. The City has covenanted in the Facilities Sublease to take such action as may be necessary to include Base Rental Payments and Additional Payments due under the Facilities Sublease in its annual budgets, and to make necessary annual appropriations therefor. The Base Rental Payments are subject to abatement as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “RISK FACTORS.”

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE BASE RENTAL PAYMENTS AND AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE TRUST AGREEMENT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE (THE “COUNTY”), THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE FACILITIES SUBLEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

**[Maturity Schedule set forth on inside cover]**

*The Bonds are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney, and for the Underwriter by Goodwin Procter LLP, Los Angeles, California, as Underwriter’s Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York, on or about November 20, 2014.*



Dated: November 6, 2014.

## MATURITY SCHEDULE

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>(1)</sup> No.</u>
2015	\$ 60,000	2.000%	0.450%	101.463	61685P CM8
2023	1,450,000	5.000	2.730	117.910	61685P CN6
2024	1,515,000	5.000	2.880	118.221	61685P CP1
2025	1,595,000	5.000	3.060	116.527 <sup>(2)</sup>	61685P CQ9
2026	1,665,000	5.000	3.220	115.046 <sup>(2)</sup>	61685P CR7
2027	1,760,000	5.000	3.310	114.222 <sup>(2)</sup>	61685P CS5
2028	1,845,000	5.000	3.360	113.768 <sup>(2)</sup>	61685P CT3
2029	1,935,000	5.000	3.410	113.315 <sup>(2)</sup>	61685P CU0

**\$13,500,000 4.000% Term Bond due November 1, 2035; Price: 98.601; CUSIP<sup>(1)</sup> No. 61685P CW6**

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(2) Priced to first optional redemption date of November 1, 2024; callable at par.

**MORENO VALLEY PUBLIC FINANCING AUTHORITY  
AND  
CITY OF MORENO VALLEY**

**City Council**

Jesse L. Molina, *Mayor*  
Victoria Baca, *Mayor Pro Tem*  
Richard A. Stewart, *Councilmember*  
George E. Price, *Councilmember*

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**Governing Board of the Authority**

Jesse L. Molina, *Chair*  
Victoria Baca, *Vice Chair*  
Richard A. Stewart, *Boardmember*  
George E. Price, *Boardmember*

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**CITY OFFICIALS**

Michelle Dawson, *City Manager*  
Richard Teichert, *Chief Financial Officer*  
Brooke McKinney, *Treasury Operations Division Manager*  
Suzanne Bryant, *City Attorney*

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Los Angeles, California

***Trustee***

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Los Angeles, California

***Financial/Pricing Advisor***

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Orange, California

***Verification Agent***

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Denver, Colorado

No dealer, broker, salesperson, or other person has been authorized by the Authority, the City, or Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been obtained from the Authority, the City, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Authority or the City. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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**OFFICIAL STATEMENT**  
**\$25,325,000**  
**MORENO VALLEY PUBLIC FINANCING AUTHORITY**  
**LEASE REVENUE REFUNDING BONDS**  
**SERIES 2014**

**INTRODUCTION**

**General**

This Official Statement, which includes the cover page, inside cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the issuance of the Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014, in the aggregate principal amount of \$25,325,000 (the “Bonds”). Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Selected Definitions.”

**Authorization and Purpose**

The Bonds are being issued by the Moreno Valley Public Financing Authority (the “Authority”), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “State”), pursuant the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Act”) and the provisions of a Master Trust Agreement, dated as of December 1, 2013, as supplemented by a First Supplement to Master Trust Agreement, dated as of November 1, 2014 (collectively, the “Trust Agreement”), each by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). See “THE BONDS – Authorization and Payment of Bonds.”

A portion of the proceeds from the sale of the Bonds will be used to refund all of the outstanding Moreno Valley Public Financing Authority 2005 Lease Revenue Bonds (the “2005 Bonds”), which 2005 Bonds were issued in the aggregate principal amount of \$48,205,000 and are currently outstanding in the aggregate principal amount of \$29,085,000. In addition, a portion of the proceeds from the sale of the Bonds will be used to pay certain costs related to the issuance of the Bonds. The proceeds from the sale of the 2005 Bonds were used to finance certain public improvements within the City of Moreno Valley, California (the “City”). \$12,275,000 in principal amount of the 2005 Bonds were previously refunded from the proceeds of \$11,695,000 in principal amount of Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2013 (the “2013 Bonds”), issued by the Authority on December 30, 2013. See “THE REFINANCING PLAN” and “THE BONDS – Estimated Sources and Uses of Bond Proceeds.”

**Registration, Date, Maturity, and Payment of Bonds**

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Bonds. The Bonds will be dated the date of

their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2015, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate office of the Trustee upon maturity or the earlier redemption thereof. See “THE BONDS – Authorization and Payment of Bonds.”

### **Redemption of Bonds**

The Bonds are subject to optional redemption, mandatory sinking account prepayment, and extraordinary redemption from insurance or condemnation proceeds. See “THE BONDS – Redemption of Bonds.”

### **Security and Source of Payment for the Bonds**

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 (collectively, the “Facilities Sublease”), each by and between the Authority and the City, the City is required to pay semiannual lease payments (the “Base Rental Payments”) for the use and occupancy of certain facilities described therein (the “Facilities”), which Base Rental Payments are designed to be sufficient in both time and amount to pay, when due, the principal of, redemption premium (if any), and interest on the Bonds and the 2013 Bonds. The Bonds and the 2013 Bonds are payable on a parity basis from Base Rental Payments under the Facilities Sublease. Pursuant to the Facilities Sublease, the City has covenanted that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Facilities or the taking of the Facilities in whole or in part. The obligation of the City to pay Base Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

### **Additional Bonds and Addition, Substitution, or Release of Facilities**

The Authority may at any time issue Additional Bonds payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge, and lien securing the Outstanding Bonds and 2013 Bonds theretofore issued under the Trust Agreement, subject to certain conditions as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds.”

In addition, the City and the Authority may add, substitute, or release real property for all or part of, or may release part of, the Facilities for purposes of the Facilities Sublease and a Master Facilities Lease, dated as of December 1, 2013, as amended by a First Amendment to Master Facilities Lease, dated as of November 1, 2014 (collectively, the “Facilities Lease”), each by and between the City and the Authority, but only after the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, certain documentation and information as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Addition, Substitution, or Release of Facilities.”



## **Continuing Disclosure**

In connection with the issuance of the Bonds, the City will covenant in the Continuing Disclosure Certificate, dated the date of delivery of the Bonds (the “Continuing Disclosure Certificate”), to provide certain financial information and operating data relating to the Authority and the City and notices of certain events listed therein. See “CONTINUING DISCLOSURE” and “APPENDIX F – Form of Continuing Disclosure Certificate.”

## **Limited Obligations**

**The Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City and amounts on deposit in certain funds and accounts held under the Trust Agreement. The Bonds do not constitute a debt or liability of the State or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal of the Bonds, and the interest thereon, only from the Revenues, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the State or any political subdivision thereof (including any member of the Authority) to levy or pledge any form of taxation. The Authority has no taxing power.**

## **Forward-Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “propose,” “estimate,” “project,” “budget,” “anticipate,” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

## **References Qualified**

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Official Statement do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

## **Other Information**

Copies of documents referred to herein and information concerning the Bonds are available from the Chief Financial Officer, City of Moreno Valley, 14177 Frederick Street, Moreno Valley, California 92552, telephone (951) 413-3021. The City may impose a charge for copying, mailing, and handling.

## **THE REFINANCING PLAN**

The Authority previously issued the 2005 Bonds in the aggregate principal amount of \$48,205,000 pursuant to an Indenture of Trust, dated as of June 1, 2005 (the “2005 Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee. On January 2, 2014, the Authority paid the principal of, and interest and redemption premium on, the 2005 Bonds maturing on November 1, 2014, through November 1, 2022, inclusive, representing an aggregate principal amount of \$12,275,000, with the proceeds from the sale of the 2013 Bonds, issued by the Authority on December 30, 2013, in the aggregate principal amount of \$11,695,000. Proceeds from the sale of the 2005 Bonds were used to finance certain public improvements within the City, as more fully described in the 2005 Indenture (the “2005 Project”).

Proceeds from the sale of the Bonds will be used (i) to pay on November 21, 2014, the principal of, and interest and redemption premium on, the outstanding 2005 Bonds, representing an aggregate principal amount of \$29,085,000, in accordance with the terms of the 2005 Indenture, and (ii) to pay certain costs of issuance related to the Bonds. See “THE BONDS – Estimated Sources and Uses of Bond Proceeds.”

On the date of issuance of the Bonds, the Trustee will deposit a portion of the proceeds from the sale of the Bonds, in an amount sufficient to redeem the outstanding 2005 Bonds, as verified by Causey, Demgen & Moore Inc., Denver Colorado, an independent firm of certified public accountants (the “Verification Agent”), into an escrow account (the “Escrow Account”) established under the Trust Agreement. The Trustee will hold the amounts deposited in the Escrow Account uninvested and apply such amounts to provide for the redemption of the outstanding 2005 Bonds, all in accordance with the terms of the Trust Agreement and certain Irrevocable Refunding Instructions to be delivered by the City and the Authority to the Trustee. See “ESTIMATED SOURCES AND USES OF FUNDS” and “VERIFICATION AGENT.”

## **THE BONDS**

### **Authorization and Payment of Bonds**

The Bonds are being issued by the Authority pursuant the Act and the provisions of the Trust Agreement. The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2015, until the maturity or the earlier redemption thereof.

The Bonds will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Principal of and redemption premium, if any, on each Bond will be payable upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier redemption thereof. Interest will be payable by check, mailed to the Owners of the Bonds as of the applicable Record Date at their addresses as they appear on the Bond register maintained by the Trustee; provided, however, that interest payable to an Owner of \$1,000,000 or more aggregate principal amount of Bonds will be paid by wire transfer to such account within the United States as such Owner shall have specified in writing prior to the applicable Record Date to the Trustee for such purpose. Certain of the provisions described above will not apply as long as the Bonds are in a book-entry only system. See “THE BONDS – Book-Entry Only System” below.

**Redemption of Bonds**

**Optional Redemption of Bonds.** The Bonds maturing before November 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on and after November 1, 2025, are subject to optional redemption prior to their stated Principal Payment Dates, on any date on or after November 1, 2024, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Facilities Sublease, any such prepayment to be at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date, without premium.

**Mandatory Sinking Account Prepayment.** The Bonds maturing on November 1, 2035, are subject to prepayment prior to such maturity date, in part, from mandatory sinking account payments, on each November 1 specified below, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date, without premium. The principal of such Bonds to be so redeemed and the dates therefore shall be as follows:

<b>Prepayment Date (November 1)</b>	<b>Principal Component To Be Redeemed</b>
2030	\$2,035,000
2031	2,120,000
2032	2,200,000
2033	2,285,000
2034	2,380,000
2035 (maturity)	2,480,000

**Extraordinary Redemption.** The Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole or in part by lot, from payments made by the City from funds received by the City due to a taking of the Facilities or portions thereof under the power of eminent domain, from the net proceeds of insurance received for material damage to or destruction of the Facilities or portions thereof under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and Facilities Sublease, or from the proceeds of title insurance in the event of defective title to the Facilities as provided for in the Facilities Sublease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Trust Agreement.”

**Selection of Bonds for Redemption**

Whenever less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select, in accordance with written directions from the Authority, the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual

principal amount of and interest on Bonds Outstanding prior to such redemption date. Whenever less than all the Bonds of any one maturity are to be redeemed, the Trustee will select Bonds of such maturity for redemption randomly and will notify the Authority in writing of the number of the Bonds so selected for redemption.

### **Notice of Redemption**

The Trustee will cause notice of each redemption to be given to the Owner of any Bonds designated for redemption at the address which appears upon the registration books of the Trustee by mailing a copy of the redemption notice at least 30 but not more than 60 days prior to the redemption date. The failure of any Owner to receive such notice or any defect in such notice will not affect the validity of the redemption of any Bonds.

### **Cancellation of Redemption Notice**

The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

### **Effect of Notice of Redemption**

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

### **Book-Entry Only System**

*The following information regarding DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Authority or the City, and neither the Authority nor the City take any responsibility for the accuracy thereof. Neither the Authority nor the City shall have any responsibility or liability for any aspects of the records maintained by DTC relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate, and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other

securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The foregoing reference to internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the City or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the City, or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the terms of the Trust Agreement.

The Authority or the City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC in accordance with the terms of the Trust Agreement.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY AND THE CITY BELIEVE TO BE RELIABLE, BUT NEITHER THE AUTHORITY NOR THE CITY TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE AUTHORITY NOR THE CITY GIVES ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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## Estimated Sources and Uses of Bond Proceeds

The following table details the estimated sources and uses of the proceeds from the sale of the Bonds and the moneys transferred from certain funds and accounts established under the Indenture of Trust for the 2005 Bonds.

**Table 1**  
**Estimated Sources and Uses of Funds**

<b>Estimated Sources:</b>	
Principal Amount of Bonds	\$25,325,000.00
Plus: Net Original Issue Premium	1,623,849.55
Amounts transferred from Indenture of Trust for the 2005 Bonds	2,862,505.25
Less: Underwriter's Discount	(189,937.50)
<b>Total Sources</b>	<b><u>\$29,621,417.30</u></b>
<b>Estimated Uses:</b>	
Deposit to Escrow Account <sup>(1)</sup>	\$29,447,191.81
Deposit to Costs of Issuance Fund <sup>(2)</sup>	<u>174,225.49</u>
<b>Total Uses</b>	<b><u>\$29,621,417.30</u></b>

<sup>(1)</sup> To pay in full the principal, interest, and redemption premium due with respect to the outstanding 2005 Bonds on November 21, 2014. Comprised of amounts transferred from the Reserve Account established for the 2005 Bonds, plus \$26,584,686.56 from the proceeds from the sale of the Bonds. See "THE REFINANCING PLAN."

<sup>(2)</sup> Moneys on deposit in the Costs of Issuance Fund are expected to be used to pay the fees and expenses of Bond Counsel, the Trustee, the Financial/Pricing Advisor, the Verification Agent, and the rating agency, as well as printing costs and other miscellaneous costs related to the issuance of the Bonds.

## Debt Service Schedule

The table below presents the annual debt service on the Bonds (including sinking account prepayments) and the 2013 Bonds, assuming that there are no extraordinary redemptions. The Bonds and the 2013 Bonds are payable on a parity basis from Base Rental Payments under the Facilities Sublease.

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**Table 2  
Debt Service Schedule**

<b>Year Ending November 1</b>	<b>Principal of Bonds</b>	<b>Interest on Bonds</b>	<b>Principal of 2013 Bonds</b>	<b>Interest on 2013 Bonds</b>	<b>Total Debt Service on Bonds and 2013 Bonds</b>
2015	\$ 60,000.00	\$1,069,840.14	\$ 1,155,000.00	\$ 538,450.00	\$ 2,823,290.14
2016		1,128,250.00	1,215,000.00	492,250.00	2,835,500.00
2017		1,128,250.00	1,265,000.00	431,500.00	2,824,750.00
2018		1,128,250.00	1,325,000.00	368,250.00	2,821,500.00
2019		1,128,250.00	1,405,000.00	302,000.00	2,835,250.00
2020		1,128,250.00	1,470,000.00	231,750.00	2,830,000.00
2021		1,128,250.00	1,540,000.00	158,250.00	2,826,500.00
2022		1,128,250.00	<u>1,625,000.00</u>	<u>81,250.00</u>	2,834,500.00
2023	1,450,000.00	1,128,250.00			2,578,250.00
2024	1,515,000.00	1,055,750.00			2,570,750.00
2025	1,595,000.00	980,000.00			2,575,000.00
2026	1,665,000.00	900,250.00			2,565,250.00
2027	1,760,000.00	817,000.00			2,577,000.00
2028	1,845,000.00	729,000.00			2,574,000.00
2029	1,935,000.00	636,750.00			2,571,750.00
2030	2,035,000.00	540,000.00			2,575,000.00
2031	2,120,000.00	458,600.00			2,578,600.00
2032	2,200,000.00	373,800.00			2,573,800.00
2033	2,285,000.00	285,800.00			2,570,800.00
2034	2,380,000.00	194,400.00			2,574,400.00
2035	<u>2,480,000.00</u>	<u>99,200.00</u>			<u>2,579,200.00</u>
<b>Totals</b>	<b>\$25,325,000.00</b>	<b>\$17,166,390.14</b>	<b>\$11,000,000.00</b>	<b>\$2,603,700.00</b>	<b>\$56,095,090.14</b>

Source: Underwriter.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Base Rental Payments

For the right to the use and occupancy of the Facilities, the Facilities Sublease requires the City to make Base Rental Payments. While the City is obligated to pay Base Rental Payments from any lawfully available funds, it is the expectation of the City that the Base Rental Payments will be paid from certain revenues derived from development impact fees and utility fees, as well as certain revenues received by the City as successor agency to the former Community Redevelopment Agency of the City of Moreno Valley.

To secure the payment of the Base Rental Payments, the City will pay to the Trustee, for deposit into the Revenue Fund, on each October 25 and April 25, an amount sufficient to pay the principal of and interest on the Bonds due on the following November 1 and May 1, respectively.

Pursuant to the Trust Agreement, on or before each Interest Payment Date and each Principal Payment Date, the Trustee will transfer amounts in the Revenue Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest and principal in respect of the Bonds. See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Trust Agreement – Establishment of Funds and Accounts; Flow of Funds.” See also “RISK FACTORS” and “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” for a discussion of the risks and constitutional limitations applicable to the payment of Base Rental Payments.



## **Additional Payments**

The Facilities Sublease requires the City to pay all amounts, costs, and expenses incurred by the Authority in connection with the execution, performance, or enforcement of the Facilities Sublease, the Trust Agreement, the Authority's interest in the Facilities, and the lease of the Facilities to the City, including but not limited to payment of all fees, costs, and expenses and all administrative costs of the Authority related to the Bonds and the Facilities, including without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation, and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys, or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

## **Insurance**

The Facilities Sublease requires the City to cause to be maintained casualty insurance insuring the Facilities against fire, lightning, and all other risks covered by an extended coverage endorsement in an amount equal to the lesser of 100% of the replacement cost of the Facilities or 100% of the outstanding principal amount of the Bonds, the 2013 Bonds, and any Additional Bonds. The City may, subject to the restrictions contained in the Facilities Sublease, self-insure against such risks. The Facilities Sublease does not require that insurance be maintained for earthquake or flood risks.

The Facilities Sublease requires the City to cause to be maintained, throughout the term of the Facilities Sublease, rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Facilities as a result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient at all times to pay maximum annual Base Rental Payments for any two year period.

The City is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the City and worker's compensation insurance.

See "APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Facilities Sublease," for additional information regarding the insurance requirements contained in the Facilities Sublease.

## **No Debt Service Reserve Fund**

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

## **Parity Bonds**

The Bonds and the 2013 Bonds are, and any Additional Bonds will be, payable on a parity basis from Base Rental Payments under the Facilities Sublease. Payment of the principal, interest, and redemption premium, if any, with respect to the Bonds and the 2013 Bonds are, and any Additional Bonds will be, payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues on a parity basis, as provided in the Trust Agreement. See also, "– Additional Bonds" below.

## **Additional Bonds**

The Authority may at any time issue Additional Bonds payable from the Revenues and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge, and lien securing the Outstanding Bonds and 2013 Bonds theretofore issued under the Trust Agreement, subject to, among other things, the following specific conditions:

1. The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default shall have occurred and be continuing.

2. The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to finance or refinance Projects, or for the refunding or repayment of 2013 Bonds, Bonds, or Additional Bonds then Outstanding, including the payment of costs and expenses of, and incident to, the authorization and sale of such Additional Bonds.

3. The aggregate principal amount of 2013 Bonds, Bonds, and Additional Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

4. The Facilities Sublease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each fiscal year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each fiscal year, and if Base Rental Payments are being increased, a Certificate of the City shall be delivered to the Trustee certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year.

5. If additional facilities, if any, are to be leased and are not situated on property described in the Facilities Lease and the Facilities Sublease, (A) the Facilities Lease shall have been amended so as to lease to the Authority such additional real property; and (B) the Facilities Sublease shall have been amended so as to lease to the City such additional real property.

The Bonds will be issued in accordance with the foregoing provisions.

See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Trust Agreement.”

## **Addition, Substitution, or Release of Facilities**

The City and the Authority may add, substitute, or release real property for all or part of, or may release part of, the Facilities for purposes of the Facilities Lease and the Facilities Sublease, but only after the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

1. Executed copies of the Facilities Lease and the Facilities Sublease and any amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.

2. A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) of the Facilities that will constitute the Facilities after such addition, substitution, or withdrawal

will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.

3. With respect to an addition or substitution of property, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under the Facilities Sublease.

4. A Written Certificate of the City stating that such addition, substitution or withdrawal, as applicable, does not adversely affect the City's use and occupancy of the Facilities.

5. With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.

6. An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be, (A) is authorized or permitted under the Facilities Sublease; (B) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (C) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

The Facilities or portion thereof for which other real property is substituted, pursuant to the Facilities Sublease, shall be released from the Facilities Lease and the Facilities Sublease, and shall no longer be encumbered thereby or by the Trust Agreement at such time as the City shall have caused said substitution.

### **Investment of Moneys**

Amounts on deposit in any fund or account held pursuant to the Trust Agreement will be invested in Permitted Investments, subject to the conditions provided for in the Trust Agreement. All investment earnings on moneys on deposit in the Rebate Fund shall be retained therein and all investment earnings on moneys on deposit in any other fund or account held under the Trust Agreement will be transferred to the Revenue Fund, subject to the obligation of the City and/or the Authority to rebate certain amounts to the United States government as required under the Internal Revenue Code of 1986, as amended. See "APPENDIX A – Summary of Certain Provisions of Principal Legal Documents – Trust Agreement."

## **The Facilities**

Lease payments will be made by the City under the Facilities Lease for the use and occupancy of the Facilities, which consist of the following:

### ***City Hall***



City Hall is comprised of an approximately 57,600 square foot building constructed in 1991, located on approximately 3.33 acres at 14177 Frederick Street in the City. City Hall includes all of the managerial departments of the City, the City Council chambers and the City Council Members' offices. For purposes of the Facilities Sublease, the City has ascribed a value to the City Hall of \$9,165,694. The City Hall building is a two-story tilt-up construction office building for public access including offices for City Council and City staff, plus general administration for the following departments: City Manager, City Clerk, Community Development, Planning, Economic Development, Finance, City Attorney, Parks and Recreation, Public Works, and Technical Services.

### ***Public Safety Building/Emergency Operations Center***



The City's Public Safety Building ("PSB") was constructed in 1999 and expanded in 2007, and is located at on approximately 3.31 acres at 22850 Calle San Juan De los Lagos in the City. The Emergency Operations Center ("EOC") was completed in 2012 and is located adjacent to the PSB. For purposes of the Facilities Sublease, the City has ascribed a combined value to the PSB and EOC of \$9,474,293. The PSB and EOC are single story tilt-up construction buildings comprised of approximately 44,700 square feet and 8,492 square feet, respectively. Each building was constructed to "critical facilities" standards. The PSB and EOC are the primary location for the City police services and City fire administration.

***Morrison Park Fire Station No. 99***



Morrison Park Fire Station No. 99 comprises 1.44 acres and includes a 10,348 square foot facility located at 13400 Morrison Street. The City has determined that the total cost of construction for this new facility, together with the value of the associated land parcel, is \$5,165,517. The Morrison Park Fire Station No. 99 is a two-bay fire station that houses one paramedic engine company and is home to the City's two Battalion Chiefs. Firefighters assigned to Morrison Park Fire Station No. 99 are expected to respond to an estimated 2,200 calls annually. Morrison Park Fire Station No. 99 was dedicated on October 24, 2012.

***Sunnymead Park***



Sunnymead Park comprises 16 acres located at 12655 Perris Boulevard. For purposes of the Facilities Sublease, the City has ascribed a value to Sunnymead Park of \$10,259,792. Sunnymead Park is the largest community park in the City and is located in a commercial center along a major thoroughfare. Sunnymead Park contains several amenities and improvements for the use and enjoyment of the City's residents, including four lighted baseball diamonds, playground equipment, picnic shelters, and restroom

facilities, as well as concession and maintenance buildings. Sunnymead Park was dedicated on February 21, 1988.

### ***Woodland Park***



Woodland Park comprises 9.11 acres located at 25705 Cactus Avenue. For purposes of the Facilities Sublease, the City ascribes a value to Woodland Park of \$3,043,663. Woodland Park is located in a residential section of the City that benefits from the use of the space and ancillary athletic facilities on the property. Woodland Park contains several amenities and improvements for the use and enjoyment of the City's residents, including four lighted tennis courts, four lighted basketball courts, one lighted baseball diamond, playground equipment, picnic shelters, and restroom facilities. The Woodland Park was dedicated on November 1, 1989.

### ***John F. Kennedy Veterans Memorial Park***



John F. Kennedy Veterans Memorial Park comprises 7.69 acres located at 15115 Indian Street in the City. For purposes of the Facilities Sublease, the City has ascribed a value to the John F. Kennedy Veterans Memorial Park of \$2,769,953. John F. Kennedy Veterans Memorial Park is located in a residential section of the City that benefits from the diverse amenities provided by the park. Among the improvements included in John F. Kennedy Veterans Memorial Park are four lighted tennis courts, one lighted baseball diamond, playground equipment, picnic shelters, and restroom facilities. John F. Kennedy Veterans Memorial Park was dedicated on November 11, 1985.

The City's Parks and Community Services Department operates five facilities located at the various parks throughout the City, including Sunnymead Park and the John F. Kennedy Veterans Memorial Park, including a conference center, a senior center, and two community centers, which facilities provide 79 youth programs, 88 Senior programs, and 31 adult programs, which serve an estimated 417,180 City youths and adults annually for baseball, softball, and soccer play. The Parks and Community Services Department also hosts activities for 38 school sites and assists the City's nonprofit sports organizations in hosting regional and national sports tournaments, resulting in a positive economic impact to City businesses. The value that the City's parks and recreation facilities bring to the local

community has been repeatedly recognized. The Press-Enterprise newspaper previously rated the City “Number One in Riverside County for Family Recreation”. The City was the recipient of the 2005 California Parks and Recreation Society Award for “Facility Design and Park Planning” for the Moreno Valley Conference and Recreation Center and in 1997 the City earned the Southern California Municipal Athletic Federation’s “Gold Shield Award” for providing outstanding leadership. The City remains committed sustained community participation and use of facilities throughout the park system.

In connection with the issuance of the Bonds, the City will certify that the annual fair rental value of the Facilities is at least equal to the annual Lease Payments.

The table below describes certain attributes of the Facilities:

**Table 15**  
**City of Moreno Valley**  
**Description of Facilities**

<b>Leased Asset</b>	<b>Description</b>	<b>Land Area</b>	<b>Building Size</b>	<b>Address</b>	<b>Asset Value</b>
City Hall	City Hall includes all of the managerial departments of the City, the City Council chambers and the City Council Members' offices. The City Hall building is a two-story tilt-up construction office building for public access.	3.33 acres	57,600 square feet	14177 Frederick Street	\$9,165,694
Public Safety Building/ Emergency Operations Center	The PSB and the EOC were constructed to “critical facilities” standards and serve as the primary locations for the City police services and City fire administration.	3.31 acres	PSB: 44,700 square feet; EOC: 8,492 square feet	22850 Calle San Juan De los Lagos	\$9,474,293
Morrison Park Fire Station No. 99	Fire station with two engine bays that houses one paramedic engine company and the City’s two Battalion Chiefs.	1.44 acres	10,348 square feet	13400 Morrison Street	\$5,165,517
Sunnymead Park	Community park located in a commercial center, improved with 4 lighted baseball diamonds, playground equipment, picnic shelters, restroom facilities, as well as concession and maintenance buildings.	16 acres	Limited (restroom, concessions, maintenance, and lighted athletic facilities)	12655 Perris Boulevard	\$10,259,792
Woodland Park	Community park located in a residential area, improved with four lighted tennis courts, four lighted basketball courts, one lighted baseball diamond, playground equipment, picnic shelters, and restroom facilities	9.11 acres	Limited (restrooms and lighted athletic facilities)	25705 Cactus Avenue	\$3,043,663
John F. Kennedy Veterans Memorial Park	Community park located in residential area, improved with four lighted tennis courts, one lighted baseball diamond, playground equipment, picnic shelters, and restroom facilities	7.69 acres	Limited (restroom and lighted athletic facilities)	15115 Indian Street	\$2,769,953
<b>Total Value</b>					<b>\$39,878,912<sup>(1)</sup></b>

(1) This amount is greater than \$36,325,000, which is the total of the principal amount of the outstanding 2013 Bonds plus the principal amount of the Bonds to be issued.  
Source: City.

## **RISK FACTORS**

*Investment in the Bonds involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Bonds for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

### **Bonds are Limited Obligations**

The Bonds are limited obligations of the Authority payable solely from and secured solely by the Base Rental Payments and amounts held in certain funds and accounts established under the Trust Agreement. Neither the full faith and credit nor the taxing power of City, the County of Riverside (the “County”), the State, or any political subdivision of the State is pledged to the payment of the Bonds. The Authority has no taxing power. The obligation of the City to make Base Rental Payments under the Facilities Sublease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental Payments constitutes an indebtedness of the Authority, the City, the County, the State, or any political subdivision of the State, within the meaning of any constitutional or statutory debt limitation or restriction.

### **Availability of Moneys for Base Rental Payments**

Although the Facilities Sublease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Facilities Sublease to pay the Base Rental Payments and Additional Payments from any source of legally available funds and the City has covenanted in the Facilities Sublease that it will take such action as may be necessary to include all rental payments due under the Facilities Sublease in its annual budgets and to make necessary annual appropriations for all such rental payments. The City is currently liable and will become liable on other obligations payable from general fund revenues, some of which may have a priority over payments to be made under the Facilities Sublease.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Facilities Sublease.

See also “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII B of the California Constitution: Limits on Appropriations” and “APPENDIX C – City of Moreno Valley Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.”

### **No Debt Service Reserve Fund**

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



### **Limited Recourse on Default**

If the City defaults on its obligations to make Base Rental Payments with respect to the Facilities, the Trustee has the right to re-enter and re-let the Facilities. In the event such re-letting occurs, the City would be liable for any deficiency in Base Rental Payments that results therefrom. Alternatively, the Trustee may terminate the Facilities Sublease with respect to the Facilities and proceed against the City to recover damages pursuant to the Facilities Sublease. See “RISK FACTORS – Abatement” below. See also “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents – Facilities Lease.”

Due to the governmental purpose of the Facilities, the Facilities Lease, and the Facilities Sublease, it is uncertain whether a court would permit the exercise of the remedies of repossession and re-letting of the Facilities, and no assurance can be given that the Trustee would be able to re-let the Facilities so as to provide rental income sufficient to make principal and interest payments with respect to the Bonds in a timely manner. In addition, the Trustee is not empowered to sell the fee interest in the Facilities for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting, if successful, would not adversely affect the exclusion of any interest on the Bonds from federal or state income taxation.

### **Abatement**

Base Rental Payments and Additional Payments are paid by the City in each rental period for and in consideration of the right to use and occupy the Facilities during each such period. Pursuant to the Facilities Sublease, during any period in which, by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, there is substantial interference with the City’s right to use and occupy any portion of the Facilities, rental payments due under the Facilities Sublease will be abated proportionately. Such abatement will continue for the period commencing on the date of such interference resulting from such damage, destruction, condemnation, or title defect, and ending, with respect to damage to or destruction of the Facilities, upon the substantial completion of the work of repair or replacement of the Facilities, or portion thereof, so damaged or destroyed.

In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City’s rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full.

In the event of any such substantial interference, the Facilities Sublease continues in full force and effect, and the City waives any right to terminate the Facilities Sublease by virtue of such substantial interference. The Trustee cannot terminate the Facilities Sublease in the event of such substantial interference. Abatement of Base Rental Payments and Additional Payments is not an event of default under the Facilities Sublease and the Trustee is not permitted in such event to take any action or avail itself of any remedy against the City. See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Facilities Sublease – Rental Abatement.”

### **No Acceleration Upon Default**

If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facilities Sublease. The City

will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments.

### **Seismic Activity**

The Facilities Sublease does not require the City to maintain earthquake insurance on the Facilities. The City area, however, along with much of the State, shares a history of seismic activity and is thus listed as a "Zone 4" earthquake area in the Uniform Building Code. A Zone 4 designation has the most restrictive design requirements for new construction. The City standards for development, to which the components of the Facilities were subject, have been designed to reduce the risk to the public and adequately mitigate seismic hazards.

The City lies primarily on bedrock known as the Perris Block, a large mass of granitic rock generally bounded by the San Jacinto Fault, the Elsinore Fault, the Santa Ana River, and a non-defined southeast boundary. The San Jacinto Fault is an active fault, and an Alquist-Priolo Special Fault Zone has been established for the San Jacinto Fault. Activity along the San Jacinto Fault or another proximate fault could potentially result in damage to the buildings, roads, bridges, and property within the City, including the Facilities.

Notwithstanding the development standards discussed above, which have been implemented to mitigate the potential damage from seismic activity in the area of the City, if a major earthquake were to occur within or near the City, the Facilities may suffer substantial damage or destruction, which could result in abatement of the Base Rental Payments and, in turn, a default in the payment of principal of and interest on the Bonds.

### **Flood Zone**

The Facilities are located in a flood insurance rate zone designated by the Federal Emergency Management Agency ("FEMA") as "Zone X." According to FEMA, Zones B, C, and X refer to flood insurance rate zones that are not within the 100-year floodplain and are therefore not considered to pose a flood hazard. Consequently, no flood insurance has been or will be obtained by the City with respect to the Facilities. The term "100-year flood" refers to the flood elevation that has a one percent chance of being equaled or exceeded in any given year. A base flood may also be referred to as a "100-year storm" and the area inundated during the base flood is sometimes called the "100-year floodplain." The 100-year flood, which is the standard used by most federal and state agencies, is used by the National Flood Insurance Program as the standard for floodplain management and to determine the need for flood insurance.

### **Bankruptcy**

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Facilities Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

## **Loss of Tax Exemption**

As discussed under the heading “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the Facilities Sublease or of the Authority in violation of its covenants in the Trust Agreement. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Trust Agreement.

## **Limited Secondary Market**

There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions and the financial condition or market position of firms who may comprise the secondary market. Although the City has covenanted to provide continuing secondary market disclosure in accordance with the provisions of and during the periods required by its Continuing Disclosure Certificate, including certain financial and operating information, there can be no assurance that such information will be available to Owners on a timely basis. (See “CONTINUING DISCLOSURE.”) The failure to provide the required annual disclosure information does not give rise to monetary damages, but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, secondary market prices for issues depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price of the issue.

## **State Budget**

Despite its recent gradual and broadening economic recovery, the State of California is still experiencing significant financial and budgetary stress due to national and statewide economic conditions and other factors over which the City has no control. The State’s financial condition and budget policies affect communities and local public agencies throughout California, including the City. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

***Information on Current State Budget.*** Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State’s website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

The California State Treasurer’s Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading “Financial Information,” posts the State’s audited financial statements. In addition, the “Financial Information” section includes the State’s filings required by Rule 15c2-12(b)(5), as amended, adopted by the Securities and Exchange Commission in compliance with the Securities and Exchange of 1934 (the “Rule”) for State bond issues. The “Financial Information” section also includes the “Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation” from the State’s most current Official Statement, which discusses the State budget and its impact on local governments.

The California Department of Finance’s Internet home page at [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget,” includes the text of proposed and adopted State Budgets. The State Legislative Analyst’s Office the (“LAO”) prepares analyses of the proposed and adopted State budgets.

The analyses are accessible on the Legislative Analyst's Internet home page at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading "Products."

**2014-15 State Budget.** The California Legislature authorized the adoption of the budget for fiscal year 2014-15 (the "2014-15 State Budget") on June 20, 2014. The 2014-15 State Budget includes a multi-year plan that is balanced, establishes a rainy day fund, addresses the CalSTRS unfunded liabilities, and pays down a substantial portion of budgetary debt from past years. State General Fund revenues and transfers for fiscal year 2014-15 are projected at \$105.5 billion, an increase of \$3.3 billion (or 3.2%) compared with revised estimates for fiscal year 2013-14. General Fund expenditures for fiscal year 2014-15 are projected at \$108.0 billion, an increase of \$7.3 billion (or 7.2%) compared with revised estimates for fiscal year 2013-14. The projected excess of expenditures over revenues and transfers is due in part to the budgetary accounting treatment of the Budget Stabilization Account ("BSA") transfer, described in the next paragraph, and to the significant amount of expenditures to pay down "wall of debt" liabilities.

For the first time since the 2007-08 fiscal year, full funding of the BSA will occur during fiscal year 2014-15. Pursuant to Proposition 58 approved by voters in 2004 ("Proposition 58"), the State will set aside 3% of estimated General Fund revenues, estimated at approximately \$3.2 billion, in the BSA. Under Proposition 58, half of this amount will remain in the BSA, and half will be transferred to a redemption account to retire the Economic Recovery Bonds (one of the components of the "wall of debt"). Under the State's budgeting procedures (and included in the figures in the previous paragraph), the \$1.6 billion transferred to the BSA for "rainy day" purposes will be reflected as a reduction of revenues and transfers, while the \$1.6 billion used to retire the Economic Recovery Bonds will be reflected as an expenditure of General Fund resources.

The 2014-15 Budget has the following other major components:

- *Proposition 98 (K-14 Funding)* – proposes funding of \$60.9 billion for fiscal year 2014-15, of which \$44.5 billion is from the General Fund. When combined with General Fund increases of \$4.9 billion in fiscal years 2012-13 and 2013-14, the 2014-15 Budget includes a \$10.3 billion increase in the General Fund investment in K-14 education compared to the fiscal year 2013-14 budget. The Budget also repays \$5.1 billion in school budgetary deferrals in fiscal year 2014-15, and includes a "trigger" mechanism that will appropriate any additional Proposition 98 resources attributable to the 2013-14 and 2014-15 fiscal years for the purpose of retiring up to \$1 billion of the remaining deferral balance, if State revenues rise higher than anticipated in the 2014-15 Budget.
- *Higher Education* – proposes total State funding of \$13.0 billion for all major segments of Higher Education, including \$12.6 billion from the General Fund (both non-Proposition 98 and Proposition 98), an increase of \$1.2 billion General Fund from revised estimates for fiscal year 2013-14. The remaining funds include special and bond funds.
- *Health and Human Services* – proposes \$49.0 billion, including \$29.7 billion General Fund and \$19.4 billion from special funds, for these programs.
- *Implementation of the Affordable Care Act* – proposes \$14.5 billion, including \$477.7 million from the General Fund, to implement federal health care reform, which started in January 2014, and will provide coverage to millions of Californians.
- *Prison Funding* – includes total state funding of \$12.0 billion, including \$9.6 billion from the General Fund and \$2.4 billion from special funds, for the Department of Corrections and Rehabilitation and other related programs.

- *Redevelopment Agency Dissolution Savings* – includes Proposition 98 General Fund savings of \$1.1 billion in fiscal year 2013-14 and \$811 million in fiscal year 2014-15. This reflects the receipt of a like amount of property tax revenues in each fiscal year by K-12 schools and community colleges.
- *Payment of Interest on Unemployment Insurance Fund Debt* – includes \$218.5 million from the General Fund to make the 2014 interest payment on the outstanding loan from the federal unemployment account. Interest will continue to accrue and be payable annually until the principal on the loan is repaid. The principal amount of the federal loan is projected to be \$8.8 billion at the end of calendar year 2014 compared to \$9.7 billion at the end of 2013.
- *Cash Management* – Cash flow needs will be managed through internal and external borrowing. The 2014-15 Budget projects the need for \$2.8 billion in revenue anticipation notes, compared with \$5.5 billion in fiscal year 2013-14.
- *Reserve Policy* – the 2014-15 Budget includes a constitutional amendment to appear on the November 2014 ballot which would significantly amend the existing rainy day fund deposit requirements into the BSA established by Proposition 58.
- *“Trigger” Mechanism for Additional General Fund Expenditures* – includes provisions that would require, if state revenues rise higher than anticipated in the 2014-15 Budget, further reducing or eliminating the remaining \$1 billion in school deferrals and \$800 million in local government mandate claims. Additional provisions would have required \$200 million in deferred maintenance expenditures for state buildings, the University of California, and the California State University, if 2013-14 property taxes had been higher than anticipated (and therefore, would have offset state K-14 Proposition 98 costs). However, these property taxes have recently been certified at a level that is not higher than anticipated in the 2014-15 Budget. As a result, the additional \$200 million in deferred maintenance expenditures are not required. The property tax amount was certified at approximately \$73 million lower than anticipated and therefore requires an additional \$73 million from the General Fund to cover Proposition 98 costs. Final certification for 2013-14 property taxes will be made in February 2015.
- *Paying Down Debts and Liabilities* – the 2014-15 Budget reduces more than \$10 billion of debts, deferrals, and budgetary obligations accumulated over the prior decade comprising the “wall of debt” by paying down the deferral of payments to schools by \$5 billion, paying off the Economic Recovery Bonds, repaying various special fund loans and funding \$100 million in mandate claims that have been owed to local governments since 2004 or longer.
- *Shoring Up Teacher Pensions* – the 2014-15 Budget sets forth a plan of shared responsibility among the state, school districts and teachers to eliminate the current unfunded liability in CalSTRS (the pension system for public school teachers in the State) in approximately 30 years. Barring state action, CalSTRS was expected to run out of money in 33 years. The first year’s contributions from each of the state, school districts and teachers are modest, totaling about \$275 million (\$59.1 million General Fund). The contributions will increase in subsequent years, reaching more than \$5 billion annually in total funds (approximately \$900 million General Fund) when the rates are fully phased in for all parties by fiscal year 2020-21.

The execution of the 2014-15 State Budget may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and

international economic conditions, (iii) litigation risk associated with spending reductions, including the elimination of redevelopment agencies, (iv) rising health care costs (v) large unfunded liabilities for retired State employee's pensions and healthcare, (vi) deferred maintenance of State's critical infrastructure and (vii) other factors, all or any of which could cause the revenue and spending projections made in 2014-15 State Budget to be unattainable. The City cannot predict the impact that the 2014-15 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the City cannot predict the accuracy of any projections made in the State's 2014-15 State Budget.

The complete 2014-15 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). The City can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness, or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Bonds.

**Future State Budgets.** The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Decrease in such revenues may have an adverse impact on the City's ability to pay Base Rental Payments.

### **Economic, Political, Social, and Environmental Conditions**

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

## **CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS**

### **Article XIII A of the California Constitution**

Section 1(a) of Article XIII A of the California Constitution ("Article XIII A") limits the maximum *ad valorem* tax on real property to one percent (1%) of full cash value (as defined in Section 2 of Article XIII A), to be collected by each county and apportioned among the county and other public agencies and funds according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on (a) indebtedness approved by the voters prior to July 1, 1978, (b) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (c) bonded indebtedness incurred by a school district or a community college district for the construction, reconstruction, rehabilitation, or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Section 2 of Article XIII A defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted

annually to reflect inflation at a rate not to exceed 2% per year or to reflect a reduction in the consumer price index or comparable data for the area under the taxing jurisdiction, or reduced in the event of declining property values caused by substantial damage, destruction, or other factors.

Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax that exceeds the 1% limitation imposed by Article XIII A except to pay debt service on indebtedness approved by the voters as described above. In addition, legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. Prior to fiscal year 1981-82, assessed valuations were reported at 25% of the full value of the property. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter-approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

In the June 1990 election, the voters of the State approved amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for a replacement dwelling purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of “new construction” triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters of the State approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990. Since 1990, the voters have approved several other minor exemptions from the reassessment provisions of Article XIII A.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

### **Article XIII B of the California Constitution**

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). Article XIII B of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation

pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

### **Proposition 111**

In June 1990, the voters of the State approved Proposition 111 ("Proposition 111"), which amended the method of calculating State and local appropriations limits. As amended in June 1990, the appropriations limit for an entity of local government in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The "change in the cost of living," with respect to an entity of local government other than a school district or a community college district is, at such entity of local government's option, either (A) the change in the California per capita personal income ("CPCPI") from the preceding year, or (B) the change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction, as selected annually by such entity of local government by a recorded vote of such entity's governing body. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. The "change in population" for a local agency for a calendar year for each city and county, means the change in population between January 1 of the next calendar year and January 1 of the calendar year in question, as estimated by the State Department of Finance pursuant to Section 2227 of the California Revenue and Taxation Code, for either (A) within its own jurisdiction, or (B) for a city only, within the county in which the city is located. Previously, a city only could use the change of population within its own jurisdiction. Each city shall select its change in population annually by a recorded vote of the governing body of the City.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Proposition 111 also recomputed the appropriations limit for the fiscal year by adjusting the fiscal year 1986-87 limit by the CPCPI for the three subsequent years. Proposition 111 also excluded appropriation for "all qualified capital outlay Expansion Projects, as defined by the Legislature" from the definition of "appropriations subject to limitation."

Article XIII B allows voters to approve a temporary waiver of a government's Article XIII B limit. Such a waiver is often referred to as a "Gann limit waiver." The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services.

Base Rental Payments are subject to the Article XIII B appropriations limitations. According to the City's resolution establishing appropriation limits for fiscal year 2010-11, the City calculated its appropriations limit at \$84,193,306. For fiscal year 2011-12, the City calculated its appropriations limit at



\$89,463,807. For fiscal year 2012-13, the City calculated its appropriations limit at \$93,463,807. For fiscal year 2013-14, the City has estimated its appropriation limit to be \$99,825,081. The City's appropriations have never exceeded the limitation on appropriations under Article XIIB of the California Constitution. The impact of the appropriations limit on the City's financial needs in the future is unknown.

### **Articles XIIC and XIID of the California Constitution**

On November 5, 1996, the voters of the State approved Proposition 218 ("Proposition 218"), known as the "Right to Vote on Taxes Act." Proposition 218 added Article XIIC ("Article XIIC") and Article XIID ("Article XIID") to the California Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the City's ability to meet certain obligations.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as the City's General Fund, require a two-thirds vote. Article XIIC further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. The City has not so imposed, extended or increased any such taxes which are currently in effect.

Article XIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees and charges were imposed. Article XIIC expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, or fees and charges. No assurance can be given that the voters of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. "Assessments," "fees" and "charges" are not defined in Article XIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIC as for Article XIID described below. If not, the scope of the initiative power under Article XIIC potentially could include any General Fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

The City does not levy any property related "fees" or "charges" that it considers subject to challenge under Article XIIC.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIID also added several new provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a "special benefit," as

defined in Article XIID, over and above any general benefits conferred, and (iii) a majority protest procedure which involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. "Assessment" in Article XIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks. The City has followed all of the requirements of Article XIID in connection with the formation of all of its existing landscape and lighting districts through which it has financed open space areas, street medians, street lights and parks, and intends to continue such compliance.

In addition, Article XIID added several provisions affecting "fees" and "charges," defined for purposes of Article XIID to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a "property related fee" under Article XIID, there could be future restrictions on the ability of the City's General Fund to charge its enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water and refuse collection services, or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

## **Proposition 62**

On November 4, 1986, voters of the State adopted a statutory initiative called Proposition 62 ("Proposition 62"), which (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition 62 were generally upheld by the California Supreme Court in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220; 45 Cal. Rptr.2d 207 (1995).

Proposition 62 applies to the imposition of any taxes or the effecting of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are subsumed by the requirements of

Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See “ – Articles XIII C and XIII D of the California Constitution” above.

The City has not imposed any taxes or effected any tax increases after the enactment of Proposition 62 in 1986 and prior to the effective date of Proposition 218 on November 5, 1996, other than special taxes that were approved by a vote of two-thirds of the applicable electorate.

### **Proposition 1A**

The California Constitution and existing statutes give the State Legislature authority over property taxes, sales taxes, and the vehicle license fee (the “VLF”). The State Legislature has authority to change tax rates, the items subject to taxation, and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State mandates a new local program or higher level of service. Due to the ongoing financial difficulties of the State in recent years, it has not provided reimbursements for many mandated costs. In other cases, the State has suspended mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A (“Proposition 1A”), which amended the California Constitution to, among other things, reduce the State Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local government’s property, sales and VLF revenues. Proposition 1A generally prohibits the shift of property tax revenues from cities, counties and special districts, except to address a “severe state financial hardship,” which must be approved by a two-thirds vote of both houses of the Legislature, and only then if, among other things, such amounts were agreed to be repaid with interest within three years. The measure also (a) protects the property tax backfill of sales tax revenues diverted to pay the State’s economic recovery bonds, and the reinstatement of the sales tax revenues once such bonds are repaid, and (b) protects local agency VLF revenue (or a comparable amount of backfill payments from the State).

If the State reduces the VLF rate below its current level of 0.65 percent of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, the State may shift to schools and community colleges up to 8 percent of local government property tax revenues if the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for the diversion of their property tax revenues, with interest, within three years. Second, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. If the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This

provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

### **Proposition 22**

In November 2010, California voters adopted Proposition 22 ("Proposition 22"), which prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. The City is unable to predict how Proposition 22 will be interpreted, or to what extent the measure will affect the revenues in the general fund of local agencies, although it could eventually provide greater stability in local agency revenues.

### **Proposition 26**

On November 2, 2010, the voters of the State approved Proposition 26 ("Proposition 26"), which revises certain provisions of Articles XIII A and XIII C of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010, with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Article XIII D. Fees, charges and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a 50% voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

### **Future Initiatives**

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to California's constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and to increase appropriations.

## **THE AUTHORITY**

The Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California pursuant to a Joint Exercise of Powers Agreement, dated as of October 28, 1997, by and between the City and the former Community Redevelopment Agency of the City of Moreno Valley. The Authority was created to assist the City in the financing and refinancing of public capital improvements.

The Authority is governed by a five-member Governing Board. There is currently one vacancy on the Board. The current members of the Board, who are also the members of the City Council, are listed below:

<u><b>Name</b></u>	<u><b>Office</b></u>
Jesse L. Molina	Chair
Victoria Baca	Vice Chair
Richard A. Stewart	Boardmember
George E. Price	Boardmember

The Authority is also served by the officers listed below who, in the case of the Chief Financial Officer and the General Counsel, serve in these capacities by virtue of their duties as Chief Financial Officer and City Attorney, respectively or, in the case of the Authority Secretary, is appointed by the Board and serves at the pleasure of the Board. The officers of the Authority are listed below:

<u><b>Name</b></u>	<u><b>Title</b></u>
Michelle Dawson	Executive Director
Richard Teichert	Treasurer
Suzanne Bryant	General Counsel
Jane Halstead	Secretary

Neither the Authority nor its board members have any obligations or liability to the Owners of the Bonds with respect to the payment of Base Rental Payments by the City under the Facilities Sublease, or with respect to the performance of the City of other covenants made by it in the Facilities Sublease.

## THE CITY

### General

The City has a population of over 199,000 and covers approximately 51.5 square miles in the western portion of the County and is located approximately 66 miles east of the City of Los Angeles and approximately 100 miles north of the City of San Diego. The City is situated at the intersection of two heavily-traveled highways, State Route 60 and Interstate 215.

The City was incorporated on December 3, 1984, as a general law city. The City is the second largest city in the County by population. For additional information concerning the City, see below and “APPENDIX B – General Information Concerning the City of Moreno Valley.”

### Government

The City operates under a council/manager form of government. The City Council is comprised of five members from five council districts, each serving four-year, overlapping terms. The Mayor is the presiding officer of the City Council and is selected by the members of the City Council. The City Council appoints a City Manager, City Clerk, City Attorney, City Treasurer, and the members of all of the City’s advisory boards and commissions. The City Manager serves as the chief administrative officer of the City.

There is currently one vacancy on the City Council. The current members of the City Council are listed below:

<u>Name</u>	<u>Office</u>
Jesse L. Molina	Mayor
Victoria Baca	Mayor Pro Tem
Richard A. Stewart	Councilmember
George E. Price	Councilmember

The current City officials and their respective titles are listed below:

<u>Name</u>	<u>Title</u>
Michelle Dawson	City Manager
Richard Teichert	Chief Financial Officer
Brooke McKinney	Treasury Operations Division Manager
Suzanne Bryant	City Attorney

### Professional Biographies of Selected City Staff

**Michelle Dawson** is the City Manager of the City and was appointed to that position in May 2013. Ms. Dawson is responsible for the administration of all municipal affairs, including implementation of City Council policy, State laws, and city ordinances. Ms. Dawson has over 23 years of local government experience. She has worked at the City for over 14 years in a variety of leadership positions, including Assistant City Manager, Assistant to the City Manager, and Senior Management Analyst in the public works department, animal services division, and City Manager’s office. She obtained her master’s degree in Public Administration and bachelor’s degree from California State University, San Bernardino.

**Richard Teichert** is the Chief Financial Officer of the City and was appointed to that position in August 2010. Mr. Teichert previously served as Director of Finance/City Treasurer for the City between 1992 and 1997. Mr. Teichert has over 30 years of experience in municipal government and has held a wide variety of leadership positions in the area of municipal finance, operations, and administration.

During his professional tenure, Mr. Teichert has served as Deputy Executive Director/Treasurer for the Sacramento Public Library Authority, which is a joint powers authority that oversees a 27-branch library system. He has also served as Chief Operations Officer for the Children and Families Commission of Orange County and served for over eight years as Deputy Director of Finance/Operations Director for the Orange County Transportation Authority. He holds a bachelor's degree in business administration and accounting from California State University, Fullerton, and is a Certified Internal Auditor.

**Brooke McKinney** is the Treasury Operations Division Manager of the City and was appointed to that position in April 2002. Mr. McKinney has over 28 years of experience in municipal government and has held a variety of management positions in finance and administration of city and county government. Mr. McKinney has worked in a variety of management positions in the City's finance department over the past 12 years, including revenue officer, assistant treasurer, and treasury operations manager. Prior to his tenure at the City, Mr. McKinney worked for over 17 years as the Hospital Fiscal Officer at the Riverside County Regional Medical Center. He holds a bachelor's degree in business administration from The Master's College, in Santa Clarita, California.

**Suzanne Bryant** is the City Attorney of the City and was appointed to that position in July 2013. Ms. Bryant has over 13 years of experience in municipal law and has served as legal counsel for a variety of public entities. She holds a bachelor's degree from St. Mary's College and received her law degree from the University of California, Hastings College of Law.

## **Municipal Services**

The City provides or contracts for many municipal services for its residents, including libraries, parks, recreation, street and storm drain maintenance, and electric utility services. The City contracts with the Riverside County Sheriff's Department (the "Sheriff's Department") for police services. The City contracts with the County for fire protection services, which services are provided by the California Department of Forestry and Fire Protection ("CalFire"). The City's contract with the Sheriff's Department expired on June 30, 2013, and the Sheriff's Department currently is providing police services to the City on a month-to-month basis. City staff is negotiating a new five-year contract with the Sheriff's Department. The current three-year contract between the City and CalFire for fire protection services commenced on July 1, 2013, and expires on June 30, 2016.

The City also is currently subject to three-year agreements with its three employee bargaining units, which agreements will all expire on June 30, 2015. The bargaining units include the Moreno Valley Employees Association, the Moreno Valley Management Association, and the Moreno Valley Confidential Management Employees.

## **Major Employers**

The largest employer located in the City is the March Air Reserve Base, which currently employs approximately 8,600 employees, representing approximately 26% of the total City employment. March Air Reserve Base is the home to the Air Force Reserve Command's 4th Air Force Headquarters and the 452<sup>nd</sup> Air Mobility Wing, the largest air mobility wing of the 4th Air Force. In addition to multiple units of the Air Force Reserve Command, the base supports the Air Mobility Command, Air Combat Command, and Pacific Air Forces, and is home to units from the Army Reserve, Navy Reserve, Marine Corps Reserve, and the California Air National Guard.

Other large employers in the City include the Moreno Valley Unified School District, which employs approximately 3,366 employees, and the Riverside County Regional Medical Center, which employs approximately 2,600. Based on its close proximity to the Counties of Los Angeles, Orange, and

San Diego, the City serves as a regional logistics and major distribution hub for many large manufacturers and retail companies, including Skechers USA, Inc., Walgreen Company, Ross Dress for Less, Inc., and Harbor Freight Tools. Several large companies awaiting completion of construction on distribution sites and fulfillment centers within the City limits, including e-retailer Amazon (NASDAQ symbol: AMZN), Deckers Outdoor Corporation (NASDAQ symbol: DECK), which designs, manufactures and markets Teva, UGG Australia, and other footwear brands, Procter & Gamble (NYSE symbol: PG), which manufactures and markets 23 brands of home and personal care products, including Tide detergent, Gillette shaving products, and Crest dental products, and Aldi, Inc., a European discount grocery retailer chain that has over 8,000 stores worldwide (including over 1,000 stores in the United States). These sites are all well into the construction phase or, as in the case of Amazon and Procter & Gamble, have been recently completed and have commenced operations.

### **City Budgetary Process**

The City currently uses a two-year budget cycle. At such time as the City Manager determines, each department head must furnish to the City Manager an estimate of revenues and expenditures for the department for the ensuing two fiscal years, detailed in such manner as may be prescribed by the City Manager. In preparing the proposed budget, the City Manager reviews the estimates, holds conferences regarding the estimates with the respective department heads, and revises the estimates as the City Manager deems advisable. Prior to June 30 of the applicable fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30 of the applicable fiscal year, public hearings are conducted to obtain public comments and the budget is legally enacted through the passage of a resolution. The current two-year budget for fiscal years 2013-14 and 2014-15 was approved by the City Council on June 11, 2013.

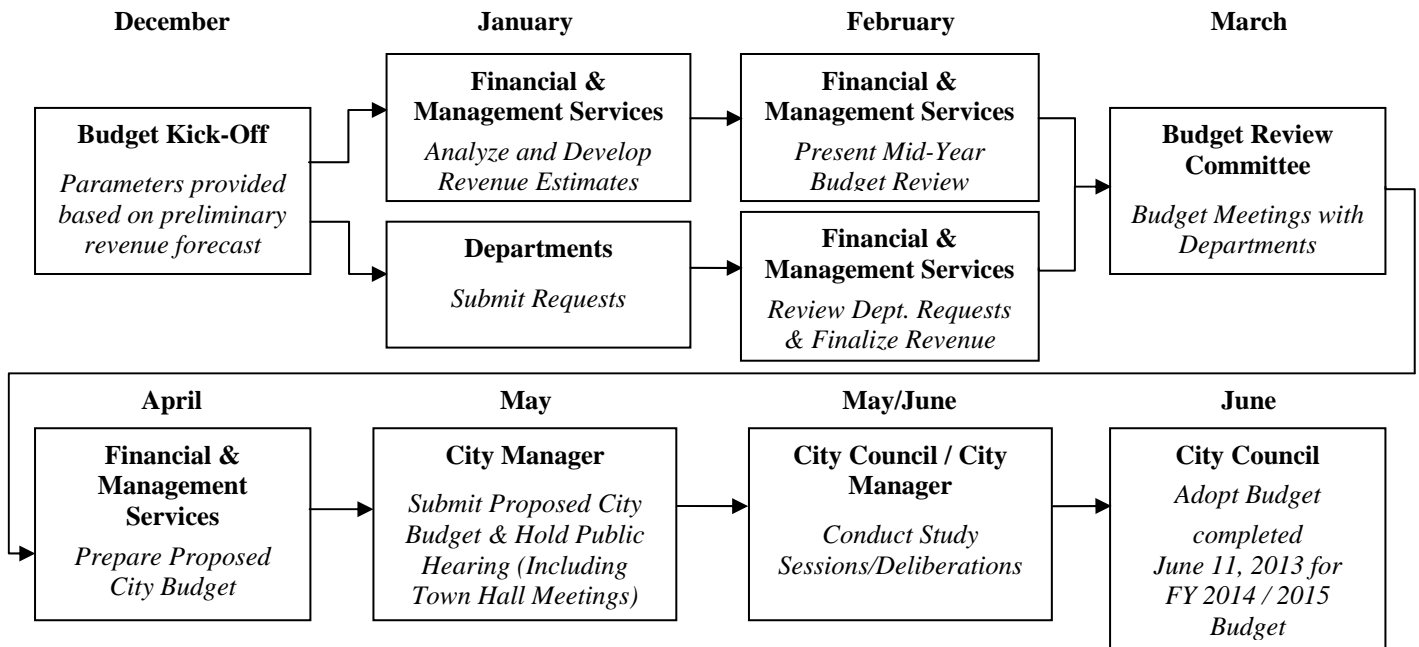
From the effective date of the budget, the amounts stated as proposed expenditures become appropriated to the several departments, offices and agencies for the objects and purposes named, provided that the City Manager is authorized to transfer budgeted amounts between line items within a department or activity, and between departments and programs within the same fund. All other transfers or amendments require City Council approval. The City Manager and affected department heads are mutually responsible for controlling expenditures within budgeted appropriations. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. At a public meeting after the adoption of the budget the City Council may amend or supplement the budget by motion adopted by three votes of the City Council. Following the end of the first fiscal year of the two-year budget cycle, the City Manager proposes interim changes, if any, to the City Council in July of such fiscal year.

The City conducts its financial annual audit between August and November each year, and such audit is typically approved by the City Council by December of such year. In recognition of its financial reporting excellence, the Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for 15 consecutive years.



A summary of the actions taken during the year-long budgetary process are described in the following chart:

### CITY BUDGET PROCESS



Source: City.

### The Prior Deficit Elimination Plan and the 2014/2015 Budget

**Creation of the Deficit Elimination Plan.** In March 2011, the City Council adopted a Deficit Elimination Plan (the “DEP”), which outlined a three-year comprehensive approach (fiscal year 2011-12 through fiscal year 2013-14) to resolve the City’s approximately \$14 million structural budget deficit. Pursuant to the DEP, the City intended to balance its general fund budget by fiscal year 2013-14 by implementing significant expenditure reductions and strategically applying reserves, while still maintaining acceptable levels of critical services.

**Implementation of DEP During Fiscal Year 2013-14.** During the three-year period covered by the DEP, the City permanently eliminated 32 non-public safety employment positions and transferred 47 recreation and community services employment positions to organizations outside the City government. The City also implemented approximately \$5 million of public safety budget reductions, defunded 9.5 fire safety employment positions, and continued a furlough and hours redemption program. Following the adoption of the DEP, the City’s efforts to balance its budget were hindered by several economic factors, including a slower-than-expected recovery from the Great Recession of 2008, increases in public safety and pension costs, and unexpected funding demands for deferred maintenance. By implementing the final stages of the DEP, and by further reducing certain public safety expenditures, the City recently adopted a balanced budget for fiscal years 2013-14 and 2014-15 (the “FY 2013-14/2014-15 Budget”). See “Current City Budget” below.

**FY 2013-14/2014-15 Budget.** Reductions in general fund expenditures incorporated into the 2014/15 Budget in addition to those proposed in the DEP included, among other things, (i) the

elimination of 30 sworn police positions, which represents an annual savings of approximately \$6 million in fiscal year 2013-14 and approximately \$7.3 million in fiscal year 2014-15, (ii) the elimination of eight fire safety positions and the defunding of one fire truck, which represents an annual savings of approximately \$1.9 million in fiscal year 2013-14 and approximately \$1.4 million in fiscal year 2014-15, and (iii) the elimination of 14 full time, non-safety employment positions, which represents an annual savings of approximately \$1.3 million in fiscal year 2013-14 and approximately \$1 million in fiscal year 2014-15. According to City staff, the FY 2013-14/2014-15 Budget represents the first time that the City has adopted a balanced budget in the past seven years.

***FY 2015-16/2016-17 Budget.*** The City will begin the compilation and preparation process for the next two-year budget cycle, which will cover fiscal years 2015-16 and 2016-17, in January 2015.

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## Current City Budget

The following table sets forth the General Fund revenue and expenditure budgetary projections for fiscal year 2014-15, as set forth in the City's FY 2013-14/2014-15 Budget, as amended. Pursuant to the most recent quarterly budget estimates, the City expects to meet its budgetary goals for fiscal year 2014-15.

**Table 3**  
**City of Moreno Valley**  
**General Fund Revenue and Expenditure Budgetary Projections**  
**Fiscal Year 2014-15**

	Fiscal Year 2014-15 <u>Amended Budget</u>
<b>REVENUES</b>	
Property taxes	\$10,128,900
Property taxes in-lieu	14,265,000
Sales taxes	16,420,000
Utility user's taxes	16,428,000
Other taxes	8,266,100
Licenses and permits	1,519,200
Intergovernmental	235,000
Charges for services	9,584,170
Use of money and property	2,589,600
Fines and forfeitures	646,500
Miscellaneous	<u>505,189</u>
Total Revenues:	\$80,587,659
<b>EXPENDITURES</b>	
City Council	\$668,537
City Manager	1,863,226
City Clerk	602,475
City Attorney	619,963
Economic Development	0
Financial and Administrative Services	7,260,990
Human Resources	0
Non-Departmental	3,441,673
Police	38,500,177
Fire	18,130,828
Community Development	5,753,344
Public Works	<u>490,957</u>
Total Expenditures	\$81,332,170
<b>Excess (deficiency) of Revenues Over (Under) Expenditures</b>	<b>(\$744,511)</b>

Source: City of Moreno Valley Operating Budget for Fiscal Year 2014-15, as amended.

## **City's General Fund Reserve Policy and GASB 54**

The City's current reserve policy requires the City to maintain unassigned general fund moneys in excess of 12% of operating expenditures for the applicable fiscal year. In fiscal year 2013-14, the City's unassigned general fund moneys totaled \$27,536,445, which amount represented approximately 37.6% of operating expenditures for such fiscal year. The amount of the City's unassigned general fund moneys increased from \$17,500,579 in fiscal year 2009-10 to \$36,634,651 in fiscal year 2010-11, due to the implementation by the City of Statement No. 54 of the Government Accounting Standards Board, entitled "Fund Balance Reporting and Government Fund Type Definitions" ("GASB 54"). Under GASB 54, cities are required to recognize fund balance classifications based on the extent to which the use of such funds is constrained, classifying such use as restricted, committed, assigned, or unassigned.

## **General Fund Revenues and Expenditures**

The City's budget for its General Fund includes programs and services that are provided on a largely City-wide basis. The programs and services are financed primarily by the City's share of property taxes, sales taxes, local taxes, revenues from the State, and charges for services provided by the City. The following table compares the City's General Fund budgeted revenues and expenditures with actual General Fund revenues and expenditures for fiscal year 2009-10 through fiscal year 2013-14.

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**Table 4**  
**City of Moreno Valley**  
**Comparison of General Fund Revenues and Expenditures**  
**Budgeted and Actual Amounts**  
**Fiscal Year 2009-10 through Fiscal Year 2013-14**

	<u>2009-2010</u>		<u>2010-2011</u>		<u>2011-12</u>		<u>2012-13</u>		<u>2013-14</u>	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES</b>										
Taxes:										
Property taxes	\$11,700,001	\$ 9,296,083	\$ 8,596,100	\$ 9,430,846	\$ 9,630,000	\$ 9,397,373	\$ 9,900,000	\$ 9,765,007	\$ 9,647,100	\$ 10,668,782
Property taxes in-lieu	14,100,000	13,703,197	11,773,400	13,055,796	13,170,000	13,170,964	13,300,000	13,414,446	13,840,000	13,871,754
Utility user's taxes	14,970,000	15,358,341	15,200,000	15,317,439	15,700,000	15,591,386	16,060,000	15,683,931	16,114,000	15,595,141
Sales taxes	9,735,000	9,298,295	9,735,100	11,283,435	12,835,000	14,003,993	13,800,000	14,043,560	15,570,000	15,887,130
Other taxes	6,256,500	6,716,428	6,556,500	7,209,262	7,590,000	7,533,532	7,740,000	7,825,138	7,965,000	8,576,927
Licenses and permits	1,456,614	1,354,188	1,500,600	1,532,514	1,648,800	1,523,800	1,531,800	1,585,312	1,762,000	2,160,815
Intergovernmental	1,056,326	1,183,894	360,000	895,366	436,222	398,193	241,000	260,691	235,000	311,510
Charges for services	9,326,345	7,654,867	8,442,656	7,408,607	7,427,900	8,574,131	7,299,160	8,258,733	9,120,207	9,823,735
Use of money and property	4,400,614	5,470,852	4,532,300	3,886,420	4,492,768	4,004,511	3,296,300	1,071,418	2,688,000	2,836,585
Fines and forfeitures	1,087,000	1,130,414	1,176,500	791,497	551,000	603,065	566,000	610,171	601,500	577,961
Miscellaneous	180,180	462,247	105,300	682,959	269,845	138,346	153,550	485,160	157,900	569,047
<b>Total Revenues:</b>	<b>\$74,268,580</b>	<b>\$71,628,806</b>	<b>\$67,978,456</b>	<b>\$71,494,141</b>	<b>\$73,751,535</b>	<b>\$74,939,294</b>	<b>\$73,887,810</b>	<b>\$73,003,567</b>	<b>\$77,700,707</b>	<b>\$80,879,387</b>
<b>EXPENDITURES</b>										
Current:										
General government										
City Council	\$ 588,320	\$ 545,316	\$ 581,564	\$ 513,868	\$ 577,150	\$ 553,224	\$ 605,770	\$ 588,669	\$ 654,113	\$ 642,586
City Manager	1,697,000	1,708,904	896,175	726,440	1,398,087	1,345,111	1,565,948	1,789,443	1,917,210	1,915,196
City Clerk	617,661	464,559	521,486	507,398	543,007	513,257	541,564	553,957	541,202	573,397
City Attorney	1,150,000	1,043,838	1,090,407	1,034,442	928,169	819,388	961,369	1,194,457	776,045	869,430
Economic Development	540,000	483,846	482,774	391,451	--	--	--	--	--	--
Financial and Administrative Services	3,293,600	3,219,857	2,696,813	2,694,398	5,166,982	5,052,104	2,838,924	2,601,572	3,091,265	2,841,609
Administrative Services	1,149,165	966,293	958,505	923,964	890,959	773,363	3,603,300	3,569,049	3,711,674	3,544,102
Non-Departmental	2,547,340	1,867,455	3,517,071	2,800,066	3,715,213	4,425,745	1,048,960	1,073,135	221,553	860,066
Public safety:										
Police	39,590,967	38,726,538	41,870,739	39,104,174	40,673,276	38,952,960	41,223,681	41,125,418	37,520,695	36,019,312
Fire	15,566,320	15,173,224	15,466,535	14,793,909	15,778,017	14,647,452	17,212,496	16,230,769	17,399,813	16,527,392
Animal services	2,432,081	2,372,784	2,280,118	2,214,243	--	--	--	--	--	--
Emergency operations/volunteer services	603,592	593,830	609,566	610,084	--	--	--	--	--	--
Crossing guards	602,126	619,308	583,439	566,063	--	--	--	--	--	--
Community development	5,263,586	5,093,483	4,545,270	4,235,300	6,301,211	6,482,658	6,798,904	7,143,586	5,714,662	5,344,293
Public works	4,457,840	3,893,811	3,528,195	3,413,488	2,287,897	2,109,287	2,219,540	2,271,319	4,681,180	4,103,743
Capital outlay	--	--	555,556	56,406	730,069	673,934	323,514	173,372	191,899	41,663
<b>Total Expenditures</b>	<b>\$80,099,598</b>	<b>\$76,773,046</b>	<b>\$80,184,213</b>	<b>\$74,585,694</b>	<b>\$78,990,037</b>	<b>\$76,348,483</b>	<b>\$78,943,970</b>	<b>\$78,314,746</b>	<b>\$76,421,311</b>	<b>\$73,282,789</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	(\$5,831,018)	(\$5,144,240)	(\$12,205,757)	(\$3,091,553)	(\$5,238,502)	(\$1,409,189)	(\$5,056,160)	(\$5,311,179)	\$1,279,396	\$7,596,598
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$6,757,589	\$7,330,279	\$ 263,000	\$ 773,051	\$ 539,656	\$ 539,656	\$ 588,392	\$ 588,370	\$ 1,247,063	\$ 1,163,421
Transfers out	(2,699,807)	(2,710,323)	(2,513,040)	(2,605,518)	(3,968,900)	(4,028,932)	(2,775,400)	(2,370,220)	(2,575,427)	(2,575,372)
<b>Total Other Financing Sources (Uses)</b>	<b>\$4,057,782</b>	<b>\$4,619,956</b>	<b>(\$2,250,040)</b>	<b>(\$1,832,467)</b>	<b>(\$3,429,244)</b>	<b>(\$3,489,276)</b>	<b>(\$2,187,008)</b>	<b>(\$1,781,850)</b>	<b>(\$1,328,364)</b>	<b>(\$1,411,951)</b>
<b>Net change in fund balance</b>	<b>(\$1,773,236)</b>	<b>(\$524,284)</b>	<b>(\$14,445,797)</b>	<b>(\$4,924,020)</b>	<b>(\$8,667,746)</b>	<b>(\$4,898,465)</b>	<b>(\$7,243,168)</b>	<b>(\$7,093,029)</b>	<b>(\$48,968)</b>	<b>\$6,184,647</b>
<b>Fund Balance, Beginning of Year</b>	<b>\$51,813,823</b>	<b>\$51,813,823<sup>(1)</sup></b>	<b>\$51,289,539</b>	<b>\$51,289,539</b>	<b>\$46,365,519</b>	<b>\$46,365,519</b>	<b>\$41,467,054</b>	<b>\$41,467,054</b>	<b>\$34,374,025</b>	<b>\$34,374,025</b>
<b>Fund Balance, End of Year</b>	<b>\$50,040,587</b>	<b>\$51,289,539</b>	<b>\$36,833,742</b>	<b>\$46,365,519</b>	<b>\$37,697,773</b>	<b>\$41,467,054</b>	<b>\$34,223,886</b>	<b>\$34,374,025</b>	<b>\$34,325,057</b>	<b>\$40,558,672</b>

Source for data relating to fiscal years 2009-10 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.

Source for data relating to fiscal year 2013-14: City unaudited data.

The following table sets forth the Statement of Revenues, Expenditures, and Changes in Fund Balances for the City's General Fund for fiscal year 2009-10 through fiscal year 2013-14.

**Table 5**  
**City of Moreno Valley**  
**Statement of Revenues, Expenditures, and Changes**  
**In General Fund Balances**  
**For Fiscal Year 2009-10 through Fiscal Year 2013-14**

Fiscal Years	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ 9,296,083	\$ 9,430,846	\$ 9,397,373	\$ 9,765,007	\$10,668,782
Property taxes in lieu	13,703,197	13,055,796	13,170,964	13,414,446	13,871,754
Utility taxes	15,358,341	15,317,439	15,591,386	15,683,931	15,595,141
Sales taxes	9,298,295	11,283,435	14,003,993	14,043,560	15,887,130
Other Taxes	7,263,616	8,096,593	7,630,110	7,925,865	8,660,983
Licenses and permits	1,354,188	1,532,514	1,523,800	1,585,312	2,160,815
Intergovernmental	636,706	8,035	301,615	159,964	227,454
Charges for services	7,654,867	7,408,607	8,574,131	8,258,733	9,823,735
Use of money and property	5,470,852	3,886,420	4,004,511	1,071,418	2,836,585
Fines and forfeitures	1,130,414	791,497	603,065	610,171	577,961
Miscellaneous	<u>462,247</u>	<u>682,959</u>	<u>138,346</u>	<u>485,160</u>	<u>569,047</u>
<b>Total Revenues</b>	<b>\$71,628,806</b>	<b>\$71,494,141</b>	<b>\$74,939,294</b>	<b>\$73,003,567</b>	<b>\$80,879,387</b>
<b>EXPENDITURES</b>					
Current:					
General government	\$10,296,168	\$ 9,592,027	\$13,482,192	\$11,370,282	\$11,246,386
Public safety	57,450,534	57,288,473	53,600,412	57,356,187	52,546,704
Community development	5,093,483	4,235,300	6,482,658	7,143,586	5,344,293
Community and cultural	--	--	--	--	--
Public works	3,889,593	3,413,488	2,109,287	2,271,319	4,103,743
Capital outlay	43,268	56,406	673,934	173,372	41,663
Debt service:					
Principal retirement	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
<b>Total Expenditures</b>	<b>\$76,773,046</b>	<b>\$74,585,694</b>	<b>\$73,348,483</b>	<b>\$78,314,746</b>	<b>\$73,282,789</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(\$5,144,240)</b>	<b>(\$3,091,553)</b>	<b>(\$1,409,189)</b>	<b>(\$5,311,179)</b>	<b>\$7,596,598</b>
<b>Other Financial Sources (Uses):</b>					
Transfers in	\$7,330,279	\$ 773,051	\$ 539,656	\$ 588,370	\$ 1,163,421
Transfers out	<u>(2,710,323)</u>	<u>(2,605,518)</u>	<u>(4,028,932)</u>	<u>(2,370,220)</u>	<u>(2,575,372)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>\$4,619,956</b>	<b>(\$1,832,467)</b>	<b>(\$3,489,276)</b>	<b>(\$1,781,850)</b>	<b>(\$1,411,951)</b>
Extraordinary gain (loss) on dissolution of redevelopment agency	--	--	--	--	--
<b>Net Change in Fund Balances</b>	<b>(\$524,284)</b>	<b>(\$4,924,020)</b>	<b>(\$4,898,465)</b>	<b>(\$7,093,029)</b>	<b>\$6,184,647</b>
<b>Fund balance, July 1</b>	<b>\$51,813,823</b>	<b>\$51,289,539</b>	<b>\$46,365,519</b>	<b>\$41,467,054</b>	<b>\$34,374,025</b>
<b>Fund balance (deficit), June 30</b>	<b>\$51,289,539</b>	<b>\$46,365,519</b>	<b>\$41,467,054</b>	<b>\$34,374,025</b>	<b>\$40,558,672</b>

Source for data relating to fiscal years 2009-10 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.  
Source for data relating to fiscal year 2013-14: City unaudited data.

The following table sets forth the General Fund tax revenues by source for fiscal year 2009-10 through fiscal year 2013-14.

**Table 6**  
**City of Moreno Valley**  
**General Fund Tax Revenues By Source**  
**Fiscal Year 2009-10 through Fiscal Year 2013-14**

<b>Fiscal Year (Ended June 30)</b>	<b>Property Tax</b>	<b>Property Tax In-Lieu of VLF</b>	<b>Utility Users Tax</b>	<b>Sales and Use Tax</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Fee</b>	<b>Motor Vehicle In-Lieu of VLF</b>	<b>Business License Gross Receipts</b>	<b>Documentary Transfer Tax</b>	<b>Total</b>
2010	\$ 9,296,083	\$13,703,197	\$15,358,341	\$ 9,298,296	\$535,775	\$4,740,142	\$547,188	\$ 961,303	\$479,208	\$54,919,533
2011	9,430,846	13,055,796	15,317,439	11,293,435	692,586	5,038,600	887,331	1,053,145	424,931	57,184,109
2012	9,397,373	13,170,964	15,591,386	14,003,993	747,100	5,176,775	96,578	1,175,104	434,554	59,793,827
2013	9,765,007	13,414,446	15,683,931	14,043,560	831,881	5,336,919	100,727	1,305,924	350,413	60,832,808
2014	10,668,782	13,871,754	15,595,141	15,887,130	991,431	5,556,475	84,056	1,581,918	447,103	64,683,790

Source for data relating to fiscal years 2009-10 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.  
 Source for data relating to fiscal year 2013-14: City unaudited data.

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## **Property Taxes and Property Taxes In Lieu of Vehicle License Fees**

Property taxes represent approximately 12% of the City's General Fund revenue budget for fiscal year 2013-14. When combined with property tax in-lieu of VLF, which represents approximately 18% of total budgeted General Fund revenues, property tax becomes the City's largest revenue source and approximately 30% of the City's General Fund revenue budget for fiscal year 2013-14.

The VLF for property tax swap is a method employed by the State to distribute VLF through growth in assessed valuation. The method, which was implemented to provide other State General Fund backing to schools for the loss of the Educational Revenue Augmentation Fund ("ERAF"), has had a positive impact on the finances of the City. In past years, the VLF would have been distributed to the City based primarily on population increase percentages. For a city with a rapidly growing assessed valuation, the new formula means additional revenues.

Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and March 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of ½% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of ½% attaches to them on the first day of each month until paid. The County has four methods of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Legislation enacted in 1984 (Section 25 *et seq.* of the California Revenue and Taxation Code), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current fiscal year and the full 12 months of the next fiscal year.



## Teeter Plan

The Board of Supervisors of Riverside County has previously approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the counties apportion secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including cities, for which the counties act as the tax-levying or tax-collecting agency. The Teeter Plan was effective beginning in fiscal year 1994. The City participates in the Teeter Plan.

## Assessed Valuation of Property

Set forth in the table below is a listing of the City’s assessed valuations for secured and unsecured property within the City for fiscal years 2009-10 through 2014-15.

**Table 7**  
**City of Moreno Valley**  
**Assessed Value of All Taxable Property**  
**Fiscal Years 2009-10 through 2014-15**  
**(in thousands of dollars)**

<u>Fiscal Year</u> <u>(Ended June 30)</u>	<u>Secured</u> <u>Value</u>	<u>Unsecured</u> <u>Value</u>	<u>Total Assessed</u> <u>Value</u>	<u>Less:</u> <u>Exemptions</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Direct Tax</u> <u>Rate</u>
2010	\$10,625,910	\$236,904	\$10,862,814	\$154,289	\$10,708,525	.00160%
2011	10,516,338	238,786	10,755,124	227,178	10,527,946	.00164
2012	10,561,585	271,336	10,832,921	236,235	10,596,686	.00258
2013	10,464,415	342,094	10,988,537	249,300	10,739,242	.00183
2014	11,042,637	352,337	11,394,974	264,161	11,130,813	.00185
2015	12,102,252	366,424	12,468,675	262,713	12,205,962	.00173

Source for data relating to fiscal years 2009-10 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.  
Source for data relating to fiscal years 2013-14 and 2014-15: City unaudited data.

Set forth in the table below is a listing of the 10 largest property tax payers for fiscal year 2013-14.

**Table 8**  
**City of Moreno Valley**  
**Ten Largest Property Tax Payers**  
**Fiscal Year 2013-14**

	<u>Property Owner</u>	<u>2013-14 Assessed</u> <u>Valuation</u>	<u>Percentage of Total</u> <u>Assessed Valuation</u>
1.	HF Logistics SKX T1	202,007,054	1.81
2.	Ross Dress for Less, Inc.	134,148,489	1.21
3.	Walgreen Company	117,221,041	1.05
4.	Stonegate 552	82,614,238	.74
5.	IIT Inland Empire Logistics	76,952,001	.69
6.	Kaiser Foundation Health Plan, Inc.	65,975,333	.59
7.	First Industrial LP	61,643,457	.53
8.	FR Cal Moreno Valley	49,509,039	.44
9.	CLPF 16850 Heacock Street	47,765,266	.43
10.	2250 Town Circle Holdings	<u>47,165,814</u>	<u>.42</u>
	<b>Total</b>	<b>855,001,732</b>	<b>7.95</b>

Source: City.

## **Direct and Overlapping Debt**

The ability of land owners within the City to pay property tax installments as they come due could be affected by the existence of other taxes and assessments imposed on the applicable land. The statement of direct and overlapping debt (the “Debt Report”) set forth on the following page was prepared by California Municipal Statistics, Inc. as of June 30, 2014. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City takes no responsibility for its completeness or accuracy.

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**Table 9**  
**City of Moreno Valley**  
**Statement of Direct and Overlapping Debt**  
**Fiscal Year 2013-14**

2013-14 Assessed Valuation: \$11,179,377,465

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/14	% Applicable (1)	City's Share of Debt 6/30/14
Metropolitan Water District	\$132,275,000	0.511%	\$ 675,925
Eastern Municipal Water District, I.D. No. U-22	3,126,000	100.	3,126,000
Riverside City Community College District	230,214,563	14.375	33,093,343
Moreno Valley Unified School District	36,708,521	84.134	30,884,347
San Jacinto Unified School District	43,516,722	0.461	200,612
Val Verde Unified School District	100,986,948	37.644	38,015,527
Moreno Valley Unified School District Community Facilities District No. 88-1	2,580,000	100.	2,580,000
Moreno Valley Unified School District Community Facilities District No. 2002-1	7,790,000	100.	7,790,000
Moreno Valley Unified School District Community Facilities District No. 2003-1 & 2	11,280,000	100.	11,280,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	3,000,000	100.	3,000,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,300,000	100.	5,300,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,860,000	100.	3,860,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	4,825,000	100.	4,825,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	26,715,000	100.	26,715,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3 & 5	23,775,000	100.	23,775,000
Val Verde Unified School District Community Facilities District No. 98-1	19,600,000	100.	19,600,000
Val Verde Unified School District Community Facilities District No. 2003-2	2,490,000	100.	2,490,000
Eastern Municipal Water District Community Facilities Districts	12,975,000	100.	12,975,000
City of Moreno Valley Community Facilities District No. 5	5,725,000	100.	5,725,000
City of Moreno Valley Community Facilities District No. 87-1, I.A. No. 1	2,835,000	100.	2,835,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$238,745,754</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$692,656,315	5.334%	\$ 36,946,288
Riverside County Pension Obligations	334,515,000	5.334	17,843,030
Riverside County Board of Education Certificates of Participation	2,700,000	5.334	144,018
Mt. San Jacinto Community College District General Fund Obligations	11,390,000	0.015	1,709
Moreno Valley Unified School District Certificates of Participation	13,280,000	84.134	11,172,995
San Jacinto Unified School District Certificates of Participation	41,080,000	0.461	189,379
Val Verde Unified School District Certificates of Participation	79,365,000	37.644	29,876,161
<b>City of Moreno Valley General Fund Obligations</b>	<b>69,211,500</b>	<b>100.</b>	<b>69,211,500</b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$165,385,080</b>
Less: Riverside County self-supporting obligations			495,174
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$164,889,906</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	 \$81,610,000	 33.477-100. %	 \$59,402,468
 <b>TOTAL DIRECT DEBT</b>			 <b>\$69,211,500</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$394,321,802</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$393,826,628</b>
 <b>GROSS COMBINED TOTAL DEBT</b>			 <b>\$463,533,302 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$463,038,128</b>

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	2.14%
<b>Total Direct Debt (\$69,211,500) .....</b>	<b>0.62%</b>
Gross Combined Total Debt .....	4.15%
Net Combined Total Debt .....	4.14%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$2,139,503,829):

Total Overlapping Tax Increment Debt .....	2.78%
--	-------

Source: California Municipal Statistics, Inc.

## Utility Taxes

The City imposes a utility users tax. This tax accounted for approximately 19% of the City's General Fund revenue for the fiscal year ended June 30, 2014, and approximately 20% of the City's fiscal year 2014-15 General Fund budget. The City's utility users tax was enacted by the City Council in 1991 and ratified by the voters in 1996. There have been three attempts (in 1996, 2002 and 2004) to rescind the utility users tax, the most recent occurring at the November 2004 elections. The percentage of voters in favor of the utility users tax (those voting against the initiative to rescind the utility users tax) was 56.4% at the November 2004 election. Although there have been no further attempts by voters to rescind the utility users tax, there could be future attempts to rescind the utility users tax, in whole or in part, and there can be no assurance the utility users tax will remain in effect.

## Sales and Use Taxes

Sales tax is collected and distributed by the State Board of Equalization. The City receives an amount equal to one percent (1.00%) of taxable sales within its jurisdiction. Sales tax receipts plus the State's "Triple Flip" formula (see below) that reimburses city governments' sales tax with property tax based on growth in assessed valuation, comprises approximately 20% of the City's budgeted General Fund revenue for the fiscal year 2014-15 budget. Automobile sales and retail sales at the regional mall located within the City contribute significantly to this revenue source. Sales and use taxes are, by their nature, a volatile source of revenues based on economic conditions. However, sales and use taxes have been a relatively steady source of revenues for the City in the past five fiscal years.

As part of the State's 2004 budget package, the State Legislature adopted a mechanism to fund the State's economic recovery bond program with a 0.25 cent sales tax. Under a mechanism commonly known as the "Triple Flip" and outlined in Revenue and Taxation Code Section 97.68, the local Bradley Burns Sales and Use Tax rate is reduced by 0.25 cent. This 0.25 cent sales tax is used to repay the State's outstanding economic recovery bonds. Cities and counties are then provided with *ad valorem* property tax revenues in lieu of these revenues. The State Director of Finance notifies each county auditor of the amount of sales and use tax revenue loss to each city and county as a result of the Triple Flip. Each County Auditor is then required to allocate compensating revenues to cities and the county. These compensating revenues are transferred from the *ad valorem* property tax revenues that would otherwise be allocated to the county's ERAF. See also "RISK FACTORS – State Budget."

## Other Revenue Sources

Other revenues sources of the City's General Fund are described below.

**Other Tax Revenues.** In addition to *ad valorem* taxes on real property and sales and use taxes, the City receives other local taxes and fees, certain of which are described below. All of the following taxes were enacted prior to January 1, 1995, and, except for a voter-approved increase in the transient occupancy tax, none were imposed, increased, or extended on or after January 1, 1995. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATION."

**Transient Occupancy Taxes.** The City levies an 8% transient occupancy tax on hotel and motel bills.

**Franchise Fees.** The City levies a franchise fee on its cable television, trash collection, and utilities franchise.

**Business License Fees.** The City levies business license fees based on gross annual receipts and type of business enterprise.

Property Transfer Tax. The City collects property transfer tax when real property changes ownership.

Electric Utility Charges. The City's electric utility began servicing customers in February 2004, and by the first fiscal year-end, was servicing nearly 250 new homes. As of September 2014, the total number of customers exceeded 5,900. The utility was established for two major reasons: economic development and the health and stability of the City's General Fund. The City's electric utility is only available for new construction within the City. The City may offer incentives as a way to attract new businesses and jobs to the City. A November 2004 voter initiative with the intent of restricting the use of surplus electric utility funds and regulating its operations failed.

Development Impact Fees. The City receives fees from developers in connection with the approval of new development projects for the purpose of defraying all or a portion of the cost of certain public facilities related to the particular development project. Development impact fees are a special revenue of the City and cannot be used for purposes unrelated to the impact of the development for which such development impact fees were collected. Consequently, development impact fees are not available for the payment of Base Rental Payments. Development impact fees collected in fiscal year 2013-14 totaled \$2,340,686.

License and Permit Fees. License and permit fees consist primarily of business license fees and fees for building construction permits, plan checks, animal licensing, and fire permits.

Fines, Forfeitures and Penalties. Fines, forfeitures, and penalties include parking citations and other fines for municipal code violations.

Investment of Earnings. Funds held by the City are invested in accordance with the City's Statement of Investment Policy (the "Investment Policy") prepared by the Treasurer as authorized by Section 53601 of the California Government Code. A copy of the City's current Investment Policy is attached as Appendix D.

### **Employee Pension Plan (PERS)**

***Plan Description.*** The City's defined benefit pension plan, Public Employees Retirement System ("PERS"), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the California Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

***Funding Policy.*** Active plan members in PERS are required to contribute 8.00% of their annual covered salary as of January 2008. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate is 22.305% for fiscal year 2013-14. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Annual Pension Cost.** For fiscal year 2013-14, the City’s annual pension cost was \$6,150,970, including a contribution of \$1,608,343 paid on behalf of the employees for the employee contribution. The required contribution for fiscal year 2013-14 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases for employees that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members, (c) 3.25% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the fair value of investments over a 15-year period. The PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 was 21 years.

Set forth in the table below is the annual pension cost of the City for fiscal year 2009-10 through fiscal year 2013-14.

**Table 10**  
**City of Moreno Valley**  
**Annual Pension Cost**  
**Fiscal Year 2009-10 through Fiscal Year 2013-14**

<u>Fiscal Year (Ended June 30)</u>	<u>Annual Pension Cost (“APC”)</u>	<u>Percentage of APC Contributed</u>
2010	\$5,233,518	100%
2011	5,214,878	100
2012	5,402,864	100
2013	6,055,649	100
2014	6,150,970	100

Source for data relating to fiscal years 2009-10 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.  
Source for data relating to fiscal year 2013-14: City unaudited data.

Set following table shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability (“UAAL”) to payroll, and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Table 11**  
**City of Moreno Valley**  
**Funded Status of Employee Pension Plan**

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as Percentage of Payroll</u>
June 30, 2010	\$120,692,084	\$85,693,181	\$34,998,903	71.0%	\$23,670,851	147.9%
June 30, 2011	132,322,141	92,912,456	39,409,685	70.2	24,148,281	163.2
June 30, 2012	140,092,781	99,774,860	40,317,924	71.2	22,103,213	200.5

Source for data relating to fiscal years 2009-10 through 2011-12: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.

**Other Post Employee Benefits (OPEB)**

**Plan Description.** The City’s defined benefit postemployment healthcare plan provides a portion of certain health care for retired employees. In accordance with City policy, employees who retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability) and are not

temporary employees, are eligible for these benefits. In June 2009, the City established an irrevocable trust fund to begin funding the City’s unfunded liability through the California Employers’ Retiree Benefit Trust (“CERBT”), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. A menu of benefit provisions, as well as other requirements, are established by State statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

**Funding Policy.** The contribution requirements of plan members and the City are established and may be amended by City Council. The City is required to contribute the Annual Required Contribution (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 7.00% of the annual covered payroll.

**Annual OPEB Cost.** For fiscal year 2013-14, the City’s annual OPEB cost was \$1,069,000. The required contribution for the fiscal year was determined as part of the June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 6.00% investment rate of return (net of administrative expenses), and (b) projected salary increases for employees of 3.25%, and (c) an annual healthcare cost increase of 4.5%. Both (a) and (b) include an inflation component of 3.00%. The amortization method is the level percent of payroll. The amortization period is a 30 year fixed (closed) period for the initial unfunded accrued actuarial liability. There are 24 years remaining as of June 30, 2014.

The following table shows the components of the City’s annual OPEB cost for fiscal year 2013-14, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for these benefits:

**Table 12**  
**City of Moreno Valley**  
**Annual OPEB Cost**  
**(Fiscal Year 2013-14)**

Annual Required Contribution	\$1,069,000
Interest on OPEB Obligation	54,000
Adjustment to Annual Required Contribution	<u>(57,000)</u>
Annual OPEB Cost (Expense)	\$1,066,000
Contribution Made	<u>19,000</u>
Increase in OPEB Obligation	\$ 447,000
<b>Net OPEB Obligation – Beginning of Year</b>	<b>\$900,000</b>
<b>Net OPEB Obligation – End of Year</b>	<b>\$1,347,000</b>

Source: City unaudited data.

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions

of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010-11 through fiscal year 2013-14 are set forth in the following table:

**Table 13**  
**City of Moreno Valley**  
**Annual OPEB Costs**  
**Fiscal Year 2010-11 through and Fiscal Year 2013-14**

<u>Fiscal Year</u> <u>(Ended June 30)</u>	<u>Annual OPEB Cost</u> <u>("AOC")</u>	<u>Percentage of AOC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2011	\$1,564,000	100%	\$ 0
2012	1,615,000	72	450,000
2013	1,018,000	56	900,000
2014	1,066,000	58	1,347,000

Source for data relating to fiscal years 2010-11 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Reports for applicable fiscal years.

Source for data relating to fiscal year 2013-14: City unaudited data.

The following table provides the funded status of OPEB.

**Table 14**  
**City of Moreno Valley**  
**Funded Status of OPEB**

<u>Valuation Date</u>	<u>Actuarial</u> <u>Accrued Liability</u>	<u>Actuarial Value</u> <u>of Assets</u>	<u>Unfunded</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as</u> <u>Percentage of</u> <u>Payroll</u>
June 30, 2008	\$ 9,338,000	--	\$ 9,338,000	0.0%	\$29,794,978	31.3%
January 1, 2010	13,600,000	\$2,386,000	11,214,000	17.5	22,465,000	49.9
June 30, 2011	11,670,000	4,428,000	7,242,000	37.9	23,195,000	31.2
June 30, 2013	12,531,000	6,186,000	6,345,000	49.4	21,589,000	23.4

Source: City

### Liability Insurance

Risk exposures to the assets of the City are managed through a combination of self-insured retention and excess coverage. The City believes they have current assets adequate to cover the actuarially determined liability for general liability and worker's compensation claims, including estimated claims incurred but not reported.

The City is a member of CSAC Excess Insurance Authority. The Authority is a member of a directed joint powers insurance pool, which has been operational since October 1979. Current



membership includes 53 of the 58 counties in California and 90 members of the California Public Entity Insurance Authority (CPEIA). The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages.

The City bears all of the costs associated with the excess workers' compensation and employer's liability programs of the Authority. For worker's compensation, the City has a self-insured retention of \$300,000 per occurrence. For employer's liability, the City bears all of the costs of each occurrence. The City has a pooled retention of \$5,000,000 each occurrence, a \$45,000,000 reinsurance layer in excess of the \$5,000,000 pooled retention per occurrence for worker' compensation claims.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There has been no significant reduction in pooled or insured liability coverage from coverage in the prior year.

### **Pending Litigation**

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. None of such pending lawsuits as are known to the City challenges the issuance of the Bonds. City management estimates that the potential claims against the City, not covered by insurance or self-insurance reserves, resulting from such litigation would not materially affect the financial statements of the City.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds, which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount,

including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment

of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the City and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the City or the Beneficial Owners to incur significant expense.

### **RATING**

Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, has assigned a municipal bond rating of “A+” (stable outlook) to the Bonds. Such rating reflect only the views of the rating agency furnishing the same and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Standard & Poor’s Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance the rating assigned to the Bonds will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the foregoing rating may have an adverse effect on the market price of the Bonds.

### **CONTINUING DISCLOSURE**

The City will covenant in the Continuing Disclosure Certificate to provide certain financial information and operating data relating to the City and the Authority and notices of certain events listed therein. Such information and notices will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be provided is set forth in the Continuing Disclosure Certificate, a form of which is attached hereto as Appendix F. This covenant has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5), as amended (“Rule”), adopted by the Securities and Exchange Commission in compliance with the Securities and Exchange of 1934. See APPENDIX F – Form of Continuing Disclosure Certificate.

In the previous five years, the City and its related entities, including the Authority, the former Community Redevelopment Agency of the City of Moreno Valley, and certain community facilities districts located within the City, (1) failed to file certain material event notices on a timely basis relating to bond insurer and underlying rating changes, (2) failed to file certain annual continuing disclosure reports on a timely basis, and (3) failed to file certain of the City’s comprehensive annual financial reports on a timely basis, as such items were required to be filed under the City’s or the applicable related entity’s respective continuing disclosure undertakings. The City or the applicable related entity has since filed all of the annual continuing disclosure reports and comprehensive annual financial reports that were not filed

on a timely basis, and has filed corrective notices regarding all such rating changes. During the previous five years, all other annual continuing disclosure reports, material event filings, and filings of the City's comprehensive annual financial reports required to be made by the City and its related entities pursuant to their respective continuing disclosure undertakings have been made in a timely manner pursuant to the Rule.

In order to promote compliance by the City and its related entities, including the Authority and the former community redevelopment agency, with their respective continuing disclosure undertakings, the City has retained Willdan Financial Services to serve as dissemination agent and assist such entities in complying with their continuing disclosure obligations. The City also plans to distribute a request for proposals to retain a dissemination agent to perform similar duties with respect to land-secured financings involving the City's community facilities districts. Additionally, the City has taken steps to amend its existing debt policy to ensure future compliance with the Rule, and expects such amendments to be submitted to the City Council for approval in January 2015.

### **UNDERWRITING**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$26,758,912.05 (which represents the aggregate principal amount of the Bonds, less an Underwriter's discount of \$189,937.50, plus a net original issue premium of \$1,623,849.55).

The contract of purchase pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices or yields different from the prices or yields stated on the cover page of this Official Statement. In addition, the offering prices or yields may be changed from time to time by the Underwriter.

Although the Underwriter expects to maintain a secondary market in the Bonds after the initial offering, no guarantee can be made that such a market will develop or be maintained by the Underwriter or others.

### **LITIGATION**

The City and the Authority will certify, and the City Attorney will render opinions on behalf of the City and the Authority upon the issuance of the Bonds to the effect that, there is no action, suit, or proceeding known to the City or the Authority to be pending or threatened, restraining, or enjoining the issuance of the Bonds or the execution or delivery of the Trust Agreement, the Facilities Sublease, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City or the Authority taken with respect to any of the foregoing or that will materially adversely affect the City's ability to pay Base Rental Payments when due.

### **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Certain matters will be passed upon for the Underwriter by Goodwin Procter LLP, Los Angeles, California, Underwriter's Counsel. The proposed form of opinion of

Bond Counsel is set forth in APPENDIX E hereto. Neither Bond Counsel nor Underwriter's Counsel undertakes any responsibility for the accuracy, completeness, or fairness of this Official Statement.

#### **VERIFICATION**

Causey, Demgen & Moore Inc., Denver, Colorado, a firm of independent certified public accountants, will verify the accuracy of the mathematical computations of the adequacy of the amounts held in the Escrow Account by the Trustee to provide for the refunding and defeasance of the outstanding 2005 Bonds.

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**MISCELLANEOUS**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds and of statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such statutes and documents for full and complete statements of their provisions.

The preparation and distribution of this Official Statement have been authorized by the Authority and the City.

**MORENO VALLEY PUBLIC FINANCING  
AUTHORITY**

By: /s/ Michelle Dawson  
Executive Director

**CITY OF MORENO VALLEY**

By: /s/ Michelle Dawson  
City Manager

## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

*The following summary discussion of selected features of the Facilities Lease, the Facilities Sublease and the Trust Agreement, are made subject to all of the provisions of such documents and to the discussions of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of said documents, copies of which are available upon request from the Trustee or the City.*

### CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in the Facilities Lease, the Facilities Sublease or the Trust Agreement, to which reference is hereby made. The following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein:

The term “Acquisition and Construction Fund” means the fund by that name established pursuant to the Trust Agreement.

The term “Additional Payments” means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to the Facilities Sublease.

The term “Additional Projects” means public capital improvements, including equipment, located within the City and financed in whole or in part with the proceeds of Additional Bonds.

The term “Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to the Facilities Sublease.

The term “Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Facilities Sublease and attached thereto.

The term “Bonds” means the Series 2013 Bonds, the Series 2014 Bonds and all Additional Bonds. The term “Series 2013 Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Series 2014 Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Additional Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance therewith. The term “Serial Bonds” means Bonds for which no sinking fund payments are provided. The term “Term Bonds” means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

The term “Certificate of the Authority” means an instrument in writing signed by the Chair, Vice-Chair, Executive Director, Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

The term “Certificate of the City” means an instrument in writing signed by the Mayor, Vice-Mayor, City Manager or Finance Director/Treasurer of the City or by any such officials’ duly appointed designee, or by any other officer or employee of the City duly authorized by the City Council of the City for that purpose.

The term “Code” means the Internal Revenue Code of 1986, as amended.

The term “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the City and the Trustee attached in APPENDIX F hereto.

The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority and related to the authorization, execution and delivery of the Facilities Lease, the Facilities Sublease, the Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

The term “Costs of Issuance Fund” means the fund by that name established pursuant to the Trust Agreement.

The term “Debt Service” means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in direct obligations of the United States which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period.

The term “DTC” means The Depository Trust Company, New York, New York.

The term “Event of Default” for purposes of the Facilities Sublease is defined herein under “Facilities Sublease-Defaults and Remedies”. The term “Event of Default” for purposes of the Trust Agreement is defined herein under “Trust Agreement-Events of Default; Remedies of Bondholders”.

The term “Facilities” means the buildings, other improvements and facilities described in Exhibit A to the Facilities Sublease, including all real property on which such buildings, other improvements and facilities are located, or any portion thereof, or any City buildings, other improvements and facilities added thereto or substituted therefor, or any portion thereof, in accordance with the Facilities Sublease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

The term “Facilities Lease” means that certain lease, entitled “Master Facilities Lease”, between the City and the Authority, dated as of December 1, 2013, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof, including as amended by the First Amendment to Master Facilities Lease.

The term “Facilities Sublease” means that certain lease, entitled “Master Facilities Sublease”, between the Authority and the City, dated as of December 1, 2013, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof, including as amended by the First Amendment to Master Facilities Sublease.



The term “Financial Newspaper” means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news, and selected by the Authority.

The term “First Amendment to Master Facilities Lease” means that certain amendment, entitled “First Amendment to Master Facilities Lease”, between the City and the Authority, dated as of November 1, 2014.

The term “First Amendment to Master Facilities Sublease” means that certain amendment, entitled “First Amendment to Master Facilities Sublease”, between the Authority and the City, dated as of November 1, 2014.

The term “First Supplement to Master Trust Agreement” means that certain supplement, entitled “First Supplement to Master Trust Agreement”, between the Authority and the Trustee, dated as of November 1, 2014.

The term “Fiscal Year” means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

The term “Government Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of America, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; (c) the underlying obligations are not redeemable prior to maturity; and (d) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

The term “Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom--

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and

(3) is not connected with the Authority or the City as a member, officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

The term “Information Services” means the Electronic Municipal Market Access System of the Municipal Rulemaking Board; and in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

The term “Insurance Consultant” means an individual or firm employed by the City that has experienced personnel in the field of risk management.

The term “Interest Payment Date” means May 1 and November 1 in each year, commencing May 1, 2014.

The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement by and between the City and the former Community Redevelopment Agency of the City of Moreno Valley, dated October 28, 1997, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions of the Trust Agreement and thereof.

The term “Moody’s” means Moody’s Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

The term “Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of the defeasance provisions of the Trust Agreement; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

The term “Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facilities Sublease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facilities Sublease in the office of the County Recorder of the County of Riverside and which the City certifies in writing will not materially impair the use of the Facilities; (3) the Facilities Lease, as it may be amended from time to time; (4) the Facilities Sublease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and certify to the Trustee will not materially impair the leasehold interests of the Authority or use of the Facilities by the City; and (8) subleases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds.

The term “Permitted Investments” means any of the following, if and to the extent each is permissible for investment of funds of the Authority, as stated in its current investment policy and pursuant to applicable laws:

1. Government Securities;

2. Any obligations which are then legal investments for moneys of the City under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long-term Rating Categories by the Rating Agencies or deposits which are fully insured by the FDIC;

3. Debentures of the Federal Housing Administration; or obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association;

4. Money markets or mutual funds which are rated by S&P “AAAm-G” or “AAAm” or higher and, if rated by Moody’s, are rated “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

5. Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated in any of the three highest Rating Categories by the Rating Agencies at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below any of the three highest Rating Categories of the Rating Agencies; provided that any such investment agreement shall have been provided to the Rating Agencies;

6. The Local Agency Investment Fund of the State of California; and

7. Any other investment selected by the Authority which does not adversely affect the then-current rating on the Bonds.

The Trustee may conclusively rely on the written instructions of the Authority and the City that such investment is a Permitted Investment.

The term “Principal Payment Date” means any date on which principal of the Bonds is required to be paid (whether by reason of maturity or redemption).

The term “Project Costs” means all costs of acquisition and construction of the Project and of expenses incident thereto (or for making reimbursements to the Authority or the City or any other person, firm or corporation for such costs theretofore paid by him or it), including, but not limited to, architectural and engineering fees and expenses, interest during construction, furnishings and equipment, tests and inspection, surveys, land acquisition, insurance premiums, losses during construction not insured against because of deductible amounts, costs related to the Trustee during construction, costs of accounting, feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs.

The term “Projects” means the Series 2013 Refunding Project, the Series 2014 Refunding Project and all Additional Projects.

The term “Rating Category” means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody’s and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

The term “Refunded Bonds” means the Moreno Valley Public Financing Authority 2005 Lease Revenue Bonds maturing November 1, 2014 through and including November 1, 2022.

The term “2014 Refunded Bonds” means the remaining outstanding Moreno Valley Public Financing Authority 2005 Lease Revenue Bonds.

The term “Responsible Officer” means any officer of the Trustee assigned to administer its duties under the Trust Agreement.

The term “Revenues” means (i) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facilities Sublease (but not Additional Payments), and (ii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facilities Sublease.

The term “Securities Depositories” means: The Depository Trust Company, or such other securities depositories as the Authority may designate to the Trustee.

The term “Series,” whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Trust Agreement.

The term “Series 2013 Refunding Project” means the refunding of the Refunded Bonds.

The term “Series 2014 Refunding Project” means the refunding of the 2014 Refunded Bonds.

The term “S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

The term “State” means the State of California.

The term “Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory thereof or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Trust Agreement.

The term “Tax Certificate” means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

The term “Treasurer” means the Treasurer and Controller of the Authority designated pursuant to the Joint Powers Agreement.

The term “Trust Agreement” means the Master Trust Agreement, dated as of December 1, 2013, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement, including as supplemented and amended by the First Supplement to Master Trust Agreement.

The term "Trustee" means Wells Fargo Bank, National Association, or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Chair, Vice-Chair, Executive Director, Treasurer or Secretary or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

The term "Written Request of the City" means an instrument in writing to the Trustee signed by the Mayor, Vice-Mayor, City Manager, or the Finance Director/Treasurer of the City, or by any such officer's duly appointed designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

### **FACILITIES LEASE**

The City and the Authority will enter into the Facilities Lease providing for the lease of the Facilities from the City to the Authority. The term of the Facilities Lease will commence on the date of recordation of the Facilities Lease in the office of the County Recorder of Riverside County, State of California, or on January 1, 2014, whichever is earlier, and shall end on November 1, 2035, unless such term is extended, following an abatement of rental or in connection with the issuance of additional Bonds, or sooner terminated, upon prepayment of all amounts due under the Trust Agreement. The term of the Facilities Lease shall in no event be extended beyond November 1, 2045 (or such later date established in connection with the issuance of additional Bonds).

The City covenants that it is the owner in fee of the Facilities, as described in the Facilities Lease. The City further covenants and agrees that if for any reason this covenant proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion.

The Authority and the City may at any time agree to the amendment or termination of the Facilities Lease; provided, however, that the Authority and the City agree and recognize that the Facilities Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

### **FACILITIES SUBLEASE**

The Authority and the City will enter into the Facilities Sublease providing for the lease of the Facilities to the City.

#### Term

The term of the Facilities Sublease shall commence on the date of recordation of the Facilities Sublease in the office of the County Recorder of the County of Riverside, or on January 1, 2014, whichever is earlier, and shall end on November 1, 2035 unless such term is extended, following an abatement of rental or in connection with the issuance of Additional Bonds, or sooner terminated, upon prepayment of all amounts due under the Trust Agreement. The term of the Facilities Lease shall in no event be extended beyond November 1, 2045 (or such later date established in connection with the issuance of Additional Bonds).

### Substitution; Release; Addition of Property

The City and the Authority may add, substitute or release real property for all or part of, or may release part of, the Facilities for purposes of the Facilities Lease and the Facilities Sublease, but only after the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

1. Executed copies of the Facilities Lease and the Facilities Sublease or amendments thereto containing the amended description of the Facilities, including the legal description of any real property component of the Facilities as modified, if necessary.
2. A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) of the Facilities that will constitute the Facilities after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.
3. With respect to an addition or substitution of property, a leasehold owner's title insurance policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing title insurance policy or policies resulting in title insurance with respect to the Facilities after such addition or substitution in an amount at least equal to the aggregate principal amount of Bonds Outstanding; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such property and as will not result in an abatement of Base Rental Payments payable by the City under the Facilities Sublease.
4. A Written Certificate of the City stating that such addition, substitution or withdrawal, as applicable, does not adversely affect the City's use and occupancy of the Facilities.
5. With respect to the substitution of property, a Written Certificate of the City stating that the useful life of the property to be substituted is at least equal to the useful life of the property being released.
6. An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be, (i) is authorized or permitted under the Facilities Sublease; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iii) will not cause the interest on any tax-exempt Bonds to be included in gross income for federal income tax purposes.

The Facilities or portion thereof for which other real property is substituted, pursuant to the Facilities Sublease, shall be released from the Facilities Lease and the Facilities Sublease, and shall no longer be encumbered thereby or by the Trust Agreement at such time as the City shall have caused said substitution.

### Base Rental Payments

Base Rental Payments. The City will pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of the Facilities Sublease), annual rental

payments, all in accordance with the Base Rental Payment Schedule attached to the Facilities Sublease. The Base Rental Payments shall be due and payable on October 25 and April 25 in the amounts in each year set forth in the Facilities Sublease and shall be for the use and occupancy of the Facilities during the one-year period ending on the 1st day of each November.

If the term of the Facilities Sublease has been extended pursuant to the provisions thereof, Base Rental Payment installments shall continue to be due on October 25 and April 25 in each year, and payable as described above, continuing to and including the date of termination of the Facilities Sublease, in an amount equal to the amount of Base Rental payable for the twelve-month period commencing November 2, 2034.

All Base Rental Payments for the Facilities shall be paid by the City from lawfully available funds of the City.

Additional Payments. The City shall also pay such amounts as shall be required by the Authority for the payment of all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Sublease or any assignment thereof, the Trust Agreement, the Authority's interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City.

The Authority may in the future issue bonds to finance facilities, and may in the future enter into leases with respect to other than the Facilities. The administrative costs of the Authority shall be allocated among such other facilities and the Facilities as provided in the Facilities Sublease.

#### Payments to be Unconditional

Each Base Rental Payment installment or Additional Payment payable under the Facilities Sublease shall be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee or such other place as the Authority shall designate. Any such Base Rental Payment installment or Additional Payment accruing under the Facilities Sublease which shall not be paid when due and payable under the terms of the Facilities Sublease shall bear interest at the rate of 12% per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due under the Facilities Sublease until the same shall be paid (provided that the foregoing shall not apply to payments following an abatement). Notwithstanding any dispute between the Authority and the City, the City shall make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and shall not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments due under the Facilities Sublease or refunded at the time of such determination. Amounts required to be deposited by the City

with the Trustee pursuant to the Facilities Sublease for payment of Base Rental Payments on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

#### Appropriations Covenant; Lease Obligation Not a Debt

The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Facilities Sublease in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Authority copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments under the Facilities Sublease within 30 days after the filing or adoption thereof.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments under the Facilities Sublease shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Facilities Sublease constitute a pledge of the general tax revenues, funds or monies of the City, Base Rental Payments and Additional Payments due under the Facilities Sublease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due under the Facilities Sublease as consideration for the use of the Facilities. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facilities Sublease.

#### Rental Abatement

The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Sublease shall continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Facilities Sublease by virtue of any such damage or destruction or interference.

#### Fire and Extended Coverage; Use of Insurance Proceeds

The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Sublease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land, or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.



As an alternative to providing the insurance required above, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, the Holders and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Facilities Sublease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the above paragraph and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be used for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds separate and apart from all other funds in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall withdraw said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended monies or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such monies were expended, or such liabilities were incurred, and containing the additional information required to be included in a Written Request of the Authority prepared pursuant to the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be transferred to the Trustee and treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of such insurance, together with any other monies then available for the purpose, are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Outstanding Bonds attributable to the portion of the Facilities so destroyed or damaged, the Authority may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the City shall promptly apply for federal disaster aid or State disaster aid for which either may be eligible in the event that the Facilities are damaged or destroyed as a result of an earthquake or other declared disaster occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or to redeem Outstanding Bonds if such use of such disaster aid is permitted.

#### Liability Insurance

Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Sublease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$200,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the

amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing liability insurance, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. Before such other method or plan may be provided by the City, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of the Facilities Sublease, there shall be filed with the Trustee a certificate of an Insurance Consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facilities Sublease and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the City setting forth the details of such substitute method or plan.

#### Rental Interruption or Use and Occupancy Insurance

The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term of the Facilities Sublease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by fire and extended coverage insurance, in an amount sufficient to pay the maximum annual Base Rental Payments for any two year period except that such insurance may be subject to a deductible clause as set forth in Facilities Sublease. Any proceeds of such insurance shall be used by the Trustee to reimburse to the City any rental theretofore paid by the City under the Facilities Sublease attributable to such structure for a period of time during which the payment of rental under the Facilities Sublease is abated, and any proceeds of such insurance not so used shall be applied as provided in the Facilities Sublease (to the extent required for the payment of Base Rental Payments and for the payment of Additional Payments).

#### Eminent Domain

If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of the Facilities Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then the Facilities Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Facilities Sublease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City.

#### Defaults and Remedies

(A) If the City shall fail to pay any Base Rental Payment, Additional Payment or other amount payable under the Facilities Sublease when the same becomes due and payable, time being expressly declared to be of the essence of the Facilities Sublease, or the City shall fail to keep, observe or perform

any other term, covenant or condition contained in the Facilities Sublease or in the Trust Agreement to be kept or performed by the City for a period of 30 days after notice of the same has been given to the City by the Authority or the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in paragraph (B), below (any such case above being an “Event of Default”), the City shall be deemed to be in default under the Facilities Sublease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) To terminate the Facilities Sublease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) below, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City.

(2) Without terminating the Facilities Sublease, (i) to collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision of the Facilities Sublease to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Facilities.

In addition to the other remedies set forth in the Facilities Sublease, upon the occurrence of an event of default as described therein, the Authority, shall proceed to protect and enforce the rights vested in the Authority by the Facilities Sublease or by law. The provisions of the Facilities Sublease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority may bring the following actions:

1. Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.
2. Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.
3. Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority’s rights against the City (and its council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Authority as provided in the Facilities Sublease.

The exercise of any rights or remedies under the Facilities Sublease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority under the Facilities Sublease or by any law are cumulative and the single or partial exercise of any right, power or privilege under the Facilities Sublease shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term “re-let” or “re-letting” shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority under the Facilities Sublease, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

## Prepayment

(A) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in the Facilities Sublease (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in the Facilities Sublease for proceeds of insurance), all or any part (in an integral multiple of \$5,000 principal component) of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the Bonds to the date of redemption of the Bonds.

(B) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, and (ii) satisfying the other requirements of the Trust Agreement. The City agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(C) Before making any prepayment pursuant to the Facilities Sublease, the City shall, within 5 days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than 60 days from the date such notice is given.

(D) When (1) there shall have been deposited with the Trustee in trust for the benefit of the Owners of the Bonds moneys or securities as described in the Trust Agreement sufficient to pay all principal of and interest on the Bonds to the due date thereof or date when the City may exercise its option to purchase the Facilities, and sufficient to pay in full all other amounts due under the Facilities Sublease or under the Trust Agreement; (2) all of the requirements set forth in of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; then and in that event the right, title and interest of the Authority in the Facilities Sublease and the obligations of the City under the Facilities Sublease shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Authority shall pay over to the City as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant to the Facilities Sublease other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment and redemption of the Bonds and the fees and expenses of the Trustee.

### Option to Purchase; Sale of Personal Property

The City shall have the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of moneys or Government Securities (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facilities Sublease of the part of the total rent under the Facilities Sublease attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the Trust Agreement, (a) the Base Rental Payments thereafter payable under the Facilities Sublease shall be reduced by the amount thereof attributable to such part of the Facilities and paid in purchase of the Authority's interest therein; (b) the rental abatement provisions shall not thereafter be applicable to such part of the Facilities; (c) the insurance required by the Facilities Sublease need not be maintained as to such part of the Facilities; and (d) title to such part of the Facilities shall vest in the City and the term of the Facilities Sublease shall end as to such part of the Facilities.

The City, in its discretion may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the Facilities Sublease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities; (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released; and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$25,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of the Facilities Sublease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased under the Facilities Sublease. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to the Facilities Sublease or before releasing for the purchase of new personal property money received by it for personal property so sold.

### Liens

In the event the City shall at any time during the term of the Facilities Sublease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and

hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

#### Authority Not Liable

The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities.

The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from (i) the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity, and (ii) the issuance of the Bonds and any other action of the Authority taken pursuant to the Trust Agreement including, but not limited to, any liability of the Authority incurred pursuant to the Trust Agreement.

#### Assignment and Subleasing

Neither the Facilities Sublease or any interest of the City thereunder may be mortgaged, pledged, assigned, sublet or transferred by the City without the prior written consent of the Authority, and provided that such subletting shall not cause interest on the Bonds to be included in gross income for federal income tax purposes. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments.

#### Title to Facilities

During the term of the Facilities Sublease, the Authority shall hold leasehold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to the Facilities Sublease. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to the Facilities Sublease. During the term of the Facilities Sublease, the Authority shall have a leasehold interest in the Facilities pursuant to the Facilities Lease.

Upon the termination or expiration of the Facilities Sublease (other than as an Event of Default or a governmental taking), title to the Facilities shall vest in the City pursuant to the Facilities Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

#### Taxes

The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein. The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any

nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, levied or imposed against the Authority or the Facilities, the rentals and other payments required under the Facilities Sublease, or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

#### Purpose of Lease

The City covenants that during the term of the Facilities Sublease, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to the Facilities Sublease.

#### Continuing Disclosure Certificate

The City covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Although failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the lease; the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, shall) or any Bondholder or Beneficial Owner (as defined in the Continuing Disclosure Certificate; see APPENDIX E hereto) may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations.

#### Net-Net-Net Lease

The Facilities Sublease shall be deemed and construed to be a “net-net-net lease” and the City agrees that the rentals and other payments provided for in the Facilities Sublease shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

#### Use of the Facilities

The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Facilities Sublease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the estate of the Authority in and to the Facilities or its interest or rights under the Facilities Sublease.

#### Amendment or Termination

The Authority and the City may at any time agree to the amendment or termination of the Facilities Sublease; provided, however, that the Authority and the City agree and recognize that the Facilities Sublease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

## **TRUST AGREEMENT**

Certain provisions of the Trust Agreement setting forth the terms of the Bonds, the redemption provisions thereof and the use of the proceeds of the Bonds are set forth elsewhere in this Official Statement. See “THE BONDS,” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

### The Trustee

Wells Fargo Bank, National Association, has been appointed by the Authority as Trustee. The Trustee will receive all of the Bond proceeds and the Revenues for disbursement in conformity with the Trust Agreement. In addition, the Trustee will act as registrar of the Bonds. Payments of principal of, interest or redemption premiums, if any, on the Bonds will be made through the principal corporate trust office of the Trustee.

### Assignment

The Authority assigns to the Trustee all of the Authority’s right, title and interest in the Facilities Sublease and the Facilities Lease as security for payment of the Bonds.

### Pledge of Revenues

All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided in the Trust Agreement, and the Revenues and other amounts pledged under the Trust Agreement shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) for the payment of the interest on and principal of the Bonds in accordance with the terms thereof and of the Trust Agreement.

### Establishment of Funds and Accounts; Flow of Funds

The Trust Agreement provides for the establishment of the following special accounts or funds, among others: the Revenue Fund (within which the Interest Account and the Principal Account will be established and maintained), the Costs of Issuance Fund, the Acquisition and Construction Fund and the Rebate Fund. The Trustee will hold all funds in the Costs of Issuance Fund, the Revenue Fund and the Rebate Fund; the City will hold all funds in the Acquisition and Construction Fund; and all other funds will be held by the Treasurer of the Authority. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity). All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it becomes due and payable, whether at maturity or redemption. All money in the Costs of Issuance Fund will be used to pay the Costs of Issuance of the Bonds upon receipt by the Treasurer of a Written Request of the Authority. All moneys in the Acquisition and Construction Fund shall be applied by the City to the payment of Project Costs and of expenses incident thereto (or for making reimbursements to the Authority or the City or any other person, firm or corporation for such costs theretofore or thereafter paid by him or it), or shall be transferred to the Trustee for the payment of



debt service on the Bonds. Moneys in the Rebate Fund will be used to make rebate payments to the United States of America, if required.

On each Principal Payment Date, following payment of principal of and interest on the Bonds, any excess amount on deposit in the Revenue Fund shall be returned to the City as an excess of Base Rental Payments.

### Revenue Fund

Moneys in the Revenue Fund will be transferred to and deposited in the following respective accounts in the following order of priority:

(1) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

(2) Principal Account. On or before each November 1, commencing November 1, 2015, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the principal amount of all Outstanding Serial Bonds maturing on such November 1.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such November 1.

### Investments

Subject to the Trust Agreement, all money held by the Trustee and the Treasurer in any of the accounts or funds established pursuant to the Trust Agreement shall be invested in Permitted Investments at the Written Request of the City or, if no instructions are received, in money market funds described in paragraph 4 of the definition of Permitted Investments; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the City specifying a specific money market fund and, if no such Written Request of the City is so received, the Trustee shall hold such moneys uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. For purposes of this restriction, Permitted Investments containing a withdrawal option, repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. Subject to the Trust Agreement, all interest or profits received on any money so invested shall be deposited in the Revenue Fund. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of the Trust Agreement.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment.

Investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in

particular funds and accounts amounts received or held by the Trustee under the Trust Agreement, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Trust Agreement.

#### Additional Bonds

The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds:

1. The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default shall have occurred and be continuing.
2. The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to finance or refinance Projects, or for the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds. The Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Bonds.
3. The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.
4. The Facilities Sublease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year, and if Base Rental Payments are being increased, a Certificate of the City shall be delivered to the Trustee certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year.
5. If additional facilities, if any, are to be leased and are not situated on property described in the Facilities Lease and Facilities Sublease, (1) the Facilities Lease shall have been amended so as to lease to the Authority such additional real property; and (2) the Facilities Sublease shall have been amended so as to lease to the City such additional real property.

#### Limitations on the Issuance of Obligations Payable from Revenues

The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

- (a) Bonds of any Series authorized pursuant to the Trust Agreement;

(b) Obligations which are junior and subordinate to the payment of the principal, premium and interest on the Bonds and which subordinated obligations are payable as to principal, premium and interest only out of Revenues after the prior payment of all amounts then required to be paid under the Trust Agreement from Revenues for principal, premium and interest, as the same become due and payable and at the times and in the manner as required in the Trust Agreement.

#### Covenant Against Encumbrances

The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in the Trust Agreement.

#### Tax Covenants

The Authority has covenanted to comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds, and to not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, in any manner, or to take or omit to take any action, that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code. In the event that at any time the Authority is of the opinion that it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The Authority and the Trustee (as directed by the Authority) specifically covenant to comply with the provisions and procedures of the Tax Certificate; provided that the Trustee shall not be bound by this covenant if an Event of Default has occurred and is continuing.

#### Application of Insurance Proceeds

In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Permitted Investments pursuant to the Request of the City, as agent for the Authority under the Facilities Sublease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City shall file a Certificate of the City with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, the City, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Project, of the Base Rental Payments and all other amounts relating to the damaged or

destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of the Trust Agreement. The City shall not apply the proceeds of insurance as set forth in this paragraph to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially scheduled principal and interest on the Bonds remaining unpaid after such redemption.

#### Events of Default and Action on Default

The following events shall be “Events of Default”:

- (a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;
- (b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;
- (c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of 30 days after the Authority shall have been given notice in writing of such default by the Trustee;
- (d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or
- (e) if an Event of Default has occurred under the Facilities Sublease.

In each and every case during the continuance of an Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding (subject to the provisions of the Trust Agreement) shall be entitled, upon notice in writing to the City and the Authority to exercise any of the remedies granted to the City under the Facilities Lease, to the Authority under the Facilities Sublease, and in addition, to take whatever action at law or in equity may appear necessary or desirable to enforce its rights or to protect and enforce any of the rights vested in the Trustee or the Owners by the Trust Agreement or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in (a), (b) or (c) in the paragraph below.

Other Remedies of the Trustee. The Trustee shall have the right: (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City, the Authority or any director, officer or employee thereof, and to compel the City or the Authority or any such director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Trust Agreement; (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or (c) by suit in equity

upon the happening of any default hereunder to require the City and the Authority to account as the trustee of an express trust.

#### Application of Funds After Default

Notwithstanding anything to the contrary contained in the Trust Agreement, after a default by the City, all funds and accounts held by the Trustee and all payments received by the Trustee with respect to the rental of the Facilities after a default by the City pursuant to the Facility Sublease, and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Facility Sublease, shall be deposited into the Revenue Fund and as soon as practicable thereafter applied:

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default and carrying out its duties under the Trust Agreement, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided in the Trust Agreement and thereafter to the payment of the reasonable costs and expenses of the Bondholders, if any, in carrying out the provisions of this section, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

#### Amendment of Documents

Trust Agreement. The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Trust Agreement. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created thereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, or the City without their prior written assent thereto, respectively. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to the Trust Agreement, the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondholders at the addresses shown on the registration books

maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Bondholders for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes: (i) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power Reserved in the Trust Agreement to or conferred therein on the Authority; (ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority may deem desirable or necessary; (iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement (which shall be deemed not to adversely affect Bondholders); or (iv) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Facilities Sublease or Facilities Lease. The Authority shall not supplement, amend, modify or terminate any of the terms of the Facilities Sublease or Facilities Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security given by the Trust Agreement for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of increasing the amount of Base Rental Payments to provide for the payment of Additional Bonds as required by the Trust Agreement or substitution, release or addition of real property pursuant to the Facilities Sublease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the City, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any increase in the amount of Base Rental Payments to provide for the payment of Base Rental Payments as required by the Trust Agreement; or any addition, substitution or release of property in accordance with the Facilities Sublease, (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, or substituted for the Facilities pursuant to the provisions of the Facilities Sublease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination.

#### Discharge of Trust Agreement

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondholders of all Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and therein, and the Authority shall pay in full all other amounts due under the Trust Agreement and under the Facilities Sublease, then the Bondholders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and

satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due under the Trust Agreement and under the Facilities Sublease.

Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subparagraph (a) above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

#### Unclaimed Moneys

Any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Los Angeles and in San Francisco, California, and in the same or a similar Financial Newspaper of general circulation in New York, New York, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

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## APPENDIX B

### GENERAL INFORMATION CONCERNING THE CITY OF MORENO VALLEY

*The Bonds do not constitute a general obligation debt of the City of Moreno Valley (the “City”), and the City has not pledged its full faith and credit or its taxing power to the repayment of the Bonds. The following information is presented for informational purposes only.*

#### General

The City is located in Riverside County, California (“Riverside County”), approximately 66 miles southeast of the City of Los Angeles and approximately 100 miles north of the City of San Diego. The City covers approximately 50 square miles at an average elevation of 1,631 feet above sea level. The City has a temperate climate, with a mean average temperature of 65 degrees Fahrenheit and average annual rainfall of 10.67 inches. The City currently employs 423 full time and part time employees. Population growth in the City recently has slowed due to the economic downturn. However, with a current population of over 199,000, the City continues to be the second largest city in Riverside County. The City is located in the Inland Empire, which consists of Riverside and San Bernardino Counties. The Inland Empire had experienced a vibrant economic environment from the mid-1990s to the mid-2000s, during which period the City experienced strong residential and commercial growth. The rate of such residential and commercial growth recently has slowed considerably due to the economic downturn.

For six years, from 2002 to 2008, the City experienced double-digit growth in many industries that generate revenue for the City. During such six-year period, assessed valuations of property increased by 136%. However, assessed valuations of property decreased in the City during fiscal year 2009-10 and have continued to decline through fiscal year 2010-11. In fiscal years 2011-12, 2012-13, and 2013-14, the City has experienced slow growth in assessed valuation that is expected to continue for the next few fiscal years.

#### Government

The City was incorporated in 1984 and operates as a general law city with a council/manager form of government. The five members of the City Council of the City (the “Moreno Valley City Council”) are elected by district for four-year overlapping terms. The Moreno Valley City Council elects one of its members as Mayor and another as Mayor Pro-Tem on an annual basis. The current members of the Moreno Valley City Council, and their respective offices, are listed below (one City Council position is currently vacant):

<u>Name</u>	<u>Office</u>
Jesse L. Molina	Mayor
Victoria Baca	Mayor Pro Tem
Richard A. Stewart	Councilmember
George E. Price	Councilmember

## Population

The following table describes the population in the City for the calendar years 2005 through 2014.

### City of Moreno Valley Population Calendar Years 2005 through 2014

<u>January 1</u>	<u>Population</u>
2005	165,238
2006	174,565
2007	180,466
2008	183,860
2009	186,301
2010	188,537
2011	195,216
2012	196,495
2013	198,129
2014	199,258

Source for calendar years 2005 through 2013: City of Moreno Valley Comprehensive Annual Financial Report for Fiscal Year 2012-13.

Source for calendar year 2014: City.

## Labor Force and Unemployment

According to State of California Employment Development Department statistics, in May 2013, the City had a labor force of approximately 89,100 workers and an unemployment rate of approximately 9%. For the same period, Riverside County had a labor force of approximately 934,000 workers and an unemployment rate of approximately 8%.

## Major Employers

The following table describes the largest employers within the City as of June 2013.

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>
March Air Reserve Base	Military Reserve Base	8,600	26.12%
Moreno Valley Unified School District	Public Schools	3,366	10.22
Riverside County Regional Medical Center	County Hospital	2,600	7.90
Ross Stores	Retail Distribution	1,630	4.95
Moreno Valley Mall	Retail Mall	1,365	4.15
Kaiser Permanente Community Hospital	Hospital/Medical Services	944	2.87
City of Moreno Valley	Municipal Government	771	2.34
Walgreens Co.	Retail Distribution	685	2.08
Val Verde Unified School District (MV only)	Public Schools	674	2.05
Skechers USA	Retail Distribution	600	1.82

Source: City of Moreno Valley Comprehensive Annual Financial Report for Fiscal Year 2012-13.

## Property Tax Rates

In June of 1978, California voters approved Proposition 13 (the Jarvis-Gann Initiative), which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A limits *ad valorem* taxes on real property to 1% of the full cash value, plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. Voter-approved obligations that impact the residents of the City are comprised of debts incurred by Eastern Municipal Water District, Metropolitan Water District, Moreno Valley Unified School District, Nuview School District, Perris Union High School District, Riverside

Community College District, San Jacinto Unified School District, and Val Verde Unified School District (collectively, the “City of Moreno Valley Voter-Approved Obligations”). The following table describes the City’s direct and overlapping property tax rates for fiscal years 2004-05 through 2013-14.

**City of Moreno Valley  
Direct and Overlapping Property Tax Rates  
Fiscal Years 2004-05 through 2013-14**

<u>Fiscal Year Ended June 30</u>	<u>Article XIII A Basic Tax Rate</u>	<u>City of Moreno Valley Voter-Approved Obligations</u>	<u>Total Direct and Overlapping Property Tax Rates</u>
2005	1.00%	.15079%	1.15079%
2006	1.00	.13170	1.13170
2007	1.00	.11470	1.11470
2008	1.00	.18585	1.18585
2009	1.00	.23281	1.23281
2010	1.00	.25949	1.25949
2011	1.00	.29430	1.29430
2012	1.00	.31618	1.31618
2013	1.00	.37767	1.37767
2014	1.00	.43812	1.43812

Source for fiscal years 2004-05 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Report for Fiscal Year 2012-13.

Source for fiscal year 2013-14: City.

**Property Tax Levies, Collections, and Delinquencies**

In Riverside County, property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll becomes tax delinquent on June 30. Such property may thereafter be prepaid by payment of the delinquent taxes plus the delinquency penalty, plus a prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes remain unpaid for a period of five years or more, the property is subject to sale by the Riverside County Tax Collector.

In Riverside County, property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the office of the Riverside County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (3) filing a certificate of delinquency for record in the Riverside County Recorder’s office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements, or possessory interests belonging or assessed to the taxpayer.

Riverside County has adopted the Teeter Plan pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code (the “Teeter Plan”). The Teeter Plan permits counties to use a method of apportioning taxes whereby all local agencies, including cities, receive from such counties 100% of their respective share of the amount of secured ad valorem taxes levied, without regard to actual collections of the taxes levied. So long as the Teeter Plan is continued within Riverside County, the local agencies within Riverside County (including the City) are, in effect, guaranteed the full amount of their respective share of the amount of secured *ad valorem* property taxes levied.

The following table details the City's property tax levies and collections for fiscal years 2006-07 through 2012-13.

**City of Moreno Valley  
Property Tax Levies and Collections  
Fiscal Years 2006-07 through 2012-13**

<b>Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year <sup>(1)</sup></b>	<b>Taxes Collected Within the Fiscal Year of Levy</b>	<b>Percent of Levy</b>
2007	\$35,606,935	\$39,141,295	109.93%
2008	41,349,349	43,457,010	105.10
2009	36,524,643	41,165,168	112.71
2010	31,875,985	35,492,693	111.35
2011	30,099,696	33,658,226	111.82
2012	35,046,104	39,027,115	111.36
2013	27,035,993	31,072,148	114.93

- (1) Amounts include City property taxes, redevelopment tax increment, and in-lieu vehicle license fees.  
 (2) Beginning in fiscal year 2012-13, redevelopment tax increment was excluded from the calculation of taxes levied due to the dissolution of the Community Redevelopment Agency of the City of Moreno Valley.  
 Source: City of Moreno Valley Comprehensive Annual Financial Report for Fiscal Year 2012-13.

**Assessed Property Values**

The following table details the assessed value of the secured and unsecured real property within the City for fiscal years 2004-05 through 2014-15.

**City of Moreno Valley  
Assessed Value of Taxable Property  
Fiscal Years 2004-05 through 2014-15**

<b>Year Ended June 30</b>	<b>Assessed Value of Secured Real Property</b>	<b>Assessed Value of Public Utility Property</b>	<b>Assessed Value of Unsecured Real Property</b>	<b>Total Assessed Value</b>
2005	\$ 7,228,795,754	\$273,900	\$144,565,799	\$ 7,373,635,453
2006	9,073,353,798	273,900	154,044,212	9,227,671,910
2007	11,209,994,361	351,600	164,322,582	11,374,668,543
2008	13,272,082,125	351,600	197,971,302	13,470,405,027
2009	13,297,708,504	351,600	231,457,769	13,529,517,873
2010	10,769,479,454	709,625	240,052,170	11,010,241,249
2011	10,290,228,751	709,625	237,717,408	10,528,655,784
2012	10,326,588,963	709,625	270,096,944	10,597,395,532
2013	10,398,541,103	23,650	340,667,041	10,739,231,794
2014	10,779,411,732	23,650	351,402,194	11,130,837,576
2015	11,840,461,779	23,650	365,476,683	12,205,962,112

- Source for fiscal years 2004-05 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Report for Fiscal Year 2012-13.  
 Source for fiscal year 2013-14 and 2014-15: City.

## Outstanding Debt

The City uses a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness during fiscal years 2006-07 through 2013-14 are set forth in the following table.

### City of Moreno Valley Outstanding Debt Fiscal Years 2006-07 through 2013-14 (Amounts expressed in thousands)

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities		Total Primary Governmental Debt
	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	Tax Allocation Bonds	Notes and Other	Governmental Activities	Lease Revenue Bonds	
2007	\$21,415	\$6,590	\$47,393	--	\$ 4,696	\$ 80,094	\$30,870	\$110,964
2008	18,925	6,040	42,157	\$43,495	4,318	114,935	30,870	145,805
2009	17,265	5,470	41,297	42,725	6,849	113,606	30,775	144,381
2010	15,525	4,875	40,378	42,605	6,668	110,051	30,285	140,336
2011	13,655	0 <sup>(1)</sup>	39,660 <sup>(1)</sup>	42,475	12,301 <sup>(1)</sup>	108,091	29,780	137,871
2012	11,870	0	38,775	0 <sup>(2)</sup>	12,406	63,051	29,245	92,296
2013	10,685	0	37,855	0 <sup>(2)</sup>	12,340	60,880	28,685	89,565
2014	9,660 <sup>(3)</sup>	20,000 <sup>(4)</sup>	36,394 <sup>(5)</sup>	0 <sup>(2)</sup>	11,874	77,928	27,964 <sup>(5)</sup>	105,892

(1) In fiscal year 2011, the City defeased the 1997 Lease Revenue Bonds and the 1997 City Hall Certificates of Participation with private placement financing.

(2) Tax allocation bonds are no longer considered general bonded debt as the result of the dissolution of the Community Redevelopment Agency of the City of Moreno Valley.

(3) In fiscal year 2014, the Community Facilities District No. 3 of the City of Moreno Valley (Auto Mall Refinancing) Special Tax Bonds, Series 2000, were paid in full.

(4) In 2014, the City incurred its first payment obligations relating to the California Communities Local Measure A Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program).

(5) In 2013, the City refunded a portion of the 2005 Bonds with proceeds from the 2013 Bonds.

Source for fiscal years 2006-07 through 2012-13: City of Moreno Valley Comprehensive Annual Financial Report for Fiscal Year 2012-13. Source for fiscal year 2013-14: City.

## Taxable Retail Sales

Consumer spending in calendar year 2013 resulted in 1,377,330 in taxable sales in the City, which is approximately 3% higher than calendar year 2012. The following table describes the total taxable sales in the City for calendar years 2006 through 2013.

### City of Moreno Valley Taxable Retail Sales Calendar Years 2006 through 2013 (000s omitted)

Year	Retail Stores	Total Outlets
2006	\$1,218,440	\$1,307,961
2007	1,170,236	1,267,045
2008	1,064,374	1,154,650
2009	947,927	1,018,353
2010	994,464	1,067,546
2011	1,092,691	1,172,223
2012	1,215,359	1,332,600
2013	1,307,717	1,377,330

Source for years 2006 through 2011: California State Board of Equalization.

Source for years 2012 and 2013: City.

The following table describes the taxable sales in the City for each type of business for calendar year 2013.

**City of Moreno Valley  
Taxable Retail Sales for Each Type of Business  
Calendar Year 2013  
(000s omitted)**

	<u>2013</u>
Motor Vehicle and Parts Dealers	\$ 250,391
Home Furnishings and Appliance Stores	57,535
Building Materials and Garden Equipment and Supplies	105,601
Food and Beverage Stores	79,982
Gasoline Stations	206,498
Clothing and Clothing Accessories Stores	105,575
General Merchandise Stores	327,841
Food Services and Drinking Places	183,835
Other Retail Group	<u>15,342</u>
<b>Total Retail and Food Services</b>	<b>\$1,332,600</b>
All Other Outlets	<u>69,613</u>
<b>Total All Outlets <sup>(1)</sup></b>	<b>\$1,377,330</b>

(1) Totals may not add due to rounding.  
Source: City.

**Building Activity**

The following table summarizes building activity valuations in the City during the fiscal years 2006-07 through 2013-14.

**City of Moreno Valley  
Building Activity Valuations  
Fiscal Years 2006-07 through 2013-14  
(000s omitted)**

<b>Fiscal Year</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2009-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Residential Valuation	\$132,724	\$ 35,695	\$30,154	\$ 34,476	\$ 6,606	\$ 5,340	\$19,044	\$ 73,102
Commercial Valuation	<u>108,337</u>	<u>90,889</u>	<u>18,482</u>	<u>80,484</u>	<u>87,359</u>	<u>60,893</u>	<u>45,811</u>	<u>235,639</u>
<b>Total Valuation</b>	<b>\$241,061</b>	<b>\$126,584</b>	<b>\$48,636</b>	<b>\$114,960</b>	<b>\$93,965</b>	<b>\$66,232</b>	<b>\$64,855</b>	<b>\$308,742</b>

Source: City.

**APPENDIX C**

**CITY OF MORENO VALLEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**

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City of Moreno Valley

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year  
Ended June 30, 2013

Prepared by:  
The Financial & Management Services Department

**City of Moreno Valley**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2013**

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Introductory Section

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

December 2, 2013

To the Honorable Mayor, Members of the City Council and Citizens of the City of Moreno Valley:

On behalf of the City Manager, Management Team and City Staff, it is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Moreno Valley (the City) for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing the Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Moreno Valley**

The City of Moreno Valley was incorporated on December 3, 1984. It is centrally located in Southern California, 66 miles east of Los Angeles and 100 miles north of San Diego. The City encompasses approximately 50 square miles of land area in western Riverside County and with a population estimate of 198,129, continues to be the second largest city in Riverside County. Though it has slowed because of the economy, the City's population continues to grow.

The City operates under the council-manager form of government with a five-member council elected by district for four-year overlapping terms. Each year the council elects the mayor for a one-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a wide range of services, which include general government, public safety (police, fire, code enforcement, animal control services, disaster preparedness, and school crossing guards), construction and maintenance of highways and streets, economic development, library, an electric utility which primarily serves the newly developed areas of the City, parks, and a wide range of community and recreation programs. In addition to general City activities, the Council is financially accountable for the Moreno Valley Community Services District, the Moreno Valley Public Financing Authority, the Moreno Valley Public Facilities Financing Corporation, the Housing Authority, Successor Agency and several Community Facilities Districts. These entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1a of the Notes to Basic Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review in April/May of each year. The Council holds a series of public meetings on the proposed budget, and generally adopts a final budget no later than June 30<sup>th</sup>. The City's fiscal year is July 1<sup>st</sup> through June 30<sup>th</sup>. The appropriated budget is prepared by fund, department and program, and is controlled at the department level. The City Manager can approve transfers between programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The budget-to-actual comparisons for the general fund and the major governmental funds can be found in the Basic Financial Statements section of this report. The budget-to-actual comparisons for the non-major governmental funds can be found in the Non-Major governmental funds section of this report.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Moreno Valley operates.

**Local economy.** The City of Moreno Valley is located in the Inland Empire, which consists of Riverside and San Bernardino Counties. The Inland Empire had experienced a vibrant economic environment from the mid 90's to mid 2000's, and during this period the City experienced strong residential and commercial growth. With the current economic situation, the growth rate has slowed considerably.

For six years, from 2002 to 2008, the City experienced double-digit growth in many of the key factors that generate revenue for the City. During this six-year period assessed valuations of property increased by 136%. However, during fiscal year 2007-08 the City began to see the developing weakness in the economy that is now evident on a national basis. Assessed valuations of property decreased in Moreno Valley in FY 2009-10 and continued to decline through fiscal year 2010-11. In FY 2011-12 the region experienced flat to moderate levels of growth in assessed valuations and this moderate level of growth continued throughout FY 2012-13.



**Long-term financial planning.** In April 2011, the City Council approved a Three-Year Deficit Elimination Plan that established the framework to reduce the General Fund expenses to match the expected revenue stream. This adopted Plan became the framework for the two-year budget adopted in May 2011 for fiscal years 2011-12 and 2012-13. The City prepared a Long Range Business Plan approved in July 2012 that includes the adopted two-year budget plus projected revenues and expenditures through June 2020. This provides the City Council with expected results of operations based on their budget and other policy decisions within the scope of projected revenues and expenditures. The City annually prepares and updates the five-year capital improvement plan (CIP) which includes all capital projects and identifies the timing of each project as well as the funding source. The first year of the CIP represents the capital expenditure budget for the City.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moreno Valley for its comprehensive annual financial report (CAFR) for the year ended June 30, 2012. This was the fifteenth consecutive year that the City has received this prestigious award. The City received the award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe that our CAFR continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial & Management Services Department and especially the Financial and Treasury Operations Divisions. I would like to express my appreciation to all members of the divisions who assisted and contributed to its preparation. Credit also must be given to other City departments for their assistance and the City Council for their continuous support for maintaining the highest standards of professionalism in the management of the City of Moreno Valley's finances.

Lastly, I would like to thank the City's independent auditors, Lance, Soll & Lunghard, LLP, for their assistance in preparing this important financial document.

Respectfully submitted,



Richard Teichert  
Chief Financial Officer/City Treasurer

**CITY OF MORENO VALLEY**

**MUNICIPAL OFFICIALS**

June 30, 2013

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**CITY COUNCIL**

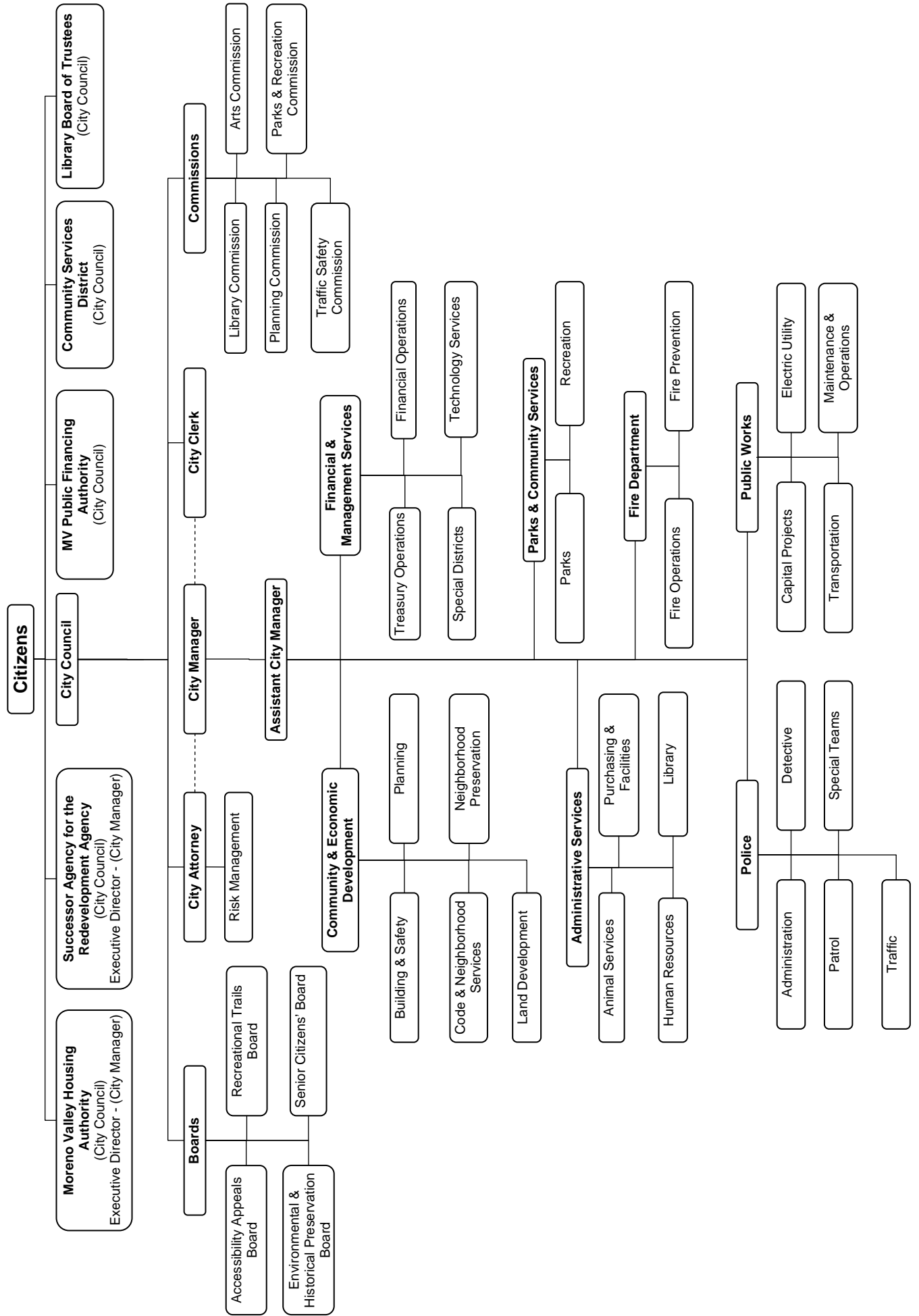
Tom Owings, Mayor  
Marcelo Co, Mayor Pro Tem  
Jesse L. Molina, Councilmember  
Richard A. Stewart, Councilmember  
Victoria Baca, Councilmember

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**EXECUTIVE OFFICERS**

Michelle Dawson, City Manager  
Tom DeSantis, Assistant City Manager  
Suzanne Bryant, City Attorney  
Jane Halstead, City Clerk  
Richard Teichert, Chief Financial Officer/City Treasurer  
Ahmad Ansari, P.E., Public Works Director/City Engineer  
John Terell, Community & Economic Development Director  
Abdul Ahmad, Fire Chief  
Michael McCarty, Parks & Community Services Director  
Joel Ontiveros, Police Chief

# City of Moreno Valley Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of Moreno Valley  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

Financial Section

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Moreno Valley, California

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Members of the City Council  
City of Moreno Valley, California

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of June 30, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the State Gasoline Tax Special Revenue Fund, the CSD Zones Special Revenue Fund, the Development Impact Fees Special Revenue Fund, and the Housing Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



To the Honorable Mayor and Members of the City Council  
City of Moreno Valley, California

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

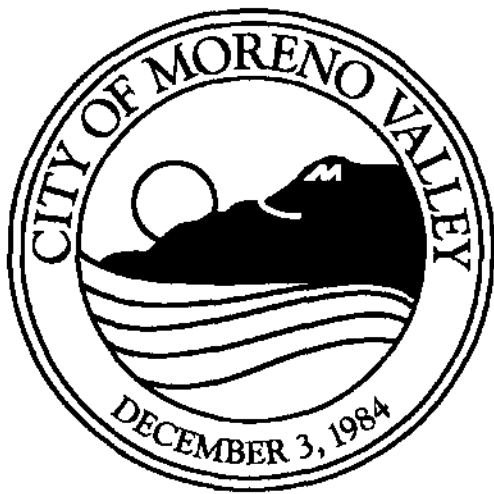
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Solt & Lughard, LLP*

Brea, California  
November 20, 2013





## Management's Discussion and Analysis

As management of the City of Moreno Valley (the City), we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Comprehensive Annual Financial Report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- The assets of the City of Moreno Valley exceeded its liabilities at June 30, 2013 by \$1.0 billion (*net position*). Of this amount, \$90.7 million (*unrestricted*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$67.3 million from the previous fiscal year. Of the increase, \$30.7 million was due to the extraordinary gain from the dissolution of the former Redevelopment Agency and an increase of \$36.6 million was the result of operations of the current fiscal year.
- For governmental activities, expenses were \$34.1 million greater than program revenues generated for governmental activities. Taxes, return on investments and other income for \$69.3 million provided sufficient funding for City-wide programs. With an extraordinary gain of \$30.7 million, governmental activities' net position increased by \$65.9 million from the previously reported amount.
- For business-type activities, revenues exceeded expenses by \$0.9 million. Adding other miscellaneous charges of \$0.4 million to the revenue, the current fiscal year showed a \$1.3 million surplus in the business-type activities.
- The total debt of the City showed a net decrease of \$3.4 million (3.6%) during the current fiscal year. The decrease in debt was a result of normal maturity on existing debt.
- The General Fund had an end of year fund balance of \$34.4 million. This was a decrease of \$7.1 million and a decrease of 17.1% over FY 2011-12.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain supplementary information.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements display functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a

significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, community development, community and cultural, public works, and interest on long-term debt. The business-type activities of the City include the Electric Utility.

The government-wide financial statements include the City and its component units. The City's component units are the Moreno Valley Community Services District, Moreno Valley Public Financing Authority, and the Moreno Valley Public Facilities Financing Corporation. Although legally separate, for all practical purposes these entities function as departments of the City and therefore have been blended as part of the primary government.

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

**Governmental funds.** *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government 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.

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

Information regarding governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, State Gasoline Tax, the Community Services District Zones, the Development Impact Fees, the Housing Authority Special Revenue Funds, and the Facility Construction Fund. All of these are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the supplementary section of the report in the form of *combining statements*.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

**Proprietary funds.** The City maintains two different types of proprietary funds - enterprise and internal service funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Electric Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, technology services, facilities maintenance, equipment maintenance, and equipment replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Electric Utility, the City's only enterprise fund, is included in the Basic Financial Statements. All internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary section of the report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as *trustee*. The *Statement of Fiduciary Funds*, included in the Basic Financial Statements, separately reports all of the City's fiduciary activities. The City's fiduciary activities are reported in separate statements of fiduciary net position, statements of changes in fiduciary net position (Successor Agency of the former RDA only), and combining statement of changes in assets and liabilities (Agency Fund only). Detailed information of the fiduciary funds is in the Agency Funds section of the report. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

### Government-wide Financial Analysis

The following table presents a condensed version of the City's statement of net position for its governmental and business-type activities for fiscal year ended June 30, 2013. Comparative data from fiscal year ended June 30, 2012 is also presented.

#### City of Moreno Valley's Net Position (in \$000's)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 221,161	\$ 226,948	\$ 8,825	\$ 10,998	\$ 229,986	\$ 237,946
Capital assets	807,659	866,938	35,094	35,418	842,753	902,356
Total assets	<u>1,028,820</u>	<u>1,093,886</u>	<u>43,919</u>	<u>46,416</u>	<u>1,072,739</u>	<u>1,140,302</u>
Current Liabilities	20,205	22,249	2,510	6,045	22,715	28,294
Long-term liabilities	66,550	63,642	30,905	28,526	97,455	92,168
Total liabilities	<u>86,755</u>	<u>85,891</u>	<u>33,415</u>	<u>34,571</u>	<u>120,170</u>	<u>120,462</u>
Net investment in capital assets	757,856	812,637	8,397	9,053	766,253	821,690
Restricted	89,194	104,000	2521	3,445	91,715	107,445
Unrestricted	95,015	91,359	(414)	(653)	94,601	90,706
Total net position	<u>\$ 942,065</u>	<u>\$1,007,996</u>	<u>\$ 10,504</u>	<u>\$ 11,845</u>	<u>\$ 952,569</u>	<u>\$1,019,841</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Moreno Valley, net position as a whole increased by 5.0% from \$952.6 million at June 30, 2012 to \$1.0 billion at June 30, 2013. By far the largest portion of the City's net position (80.6%) is its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summarization of the changes in net position of the City's governmental and business-type activities, as of June 30, 2013. Comparative data from fiscal year ended June 30, 2012 is also presented.

**Changes in Net Position**  
(in \$000's)

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 28,848	\$ 31,731	\$ 16,779	\$ 19,098	\$ 45,627	\$ 50,829
Operating contributions and grants	27,897	36,117	-	-	27,897	36,117
Capital contributions and grants	5,679	38,205	-	-	5,679	38,205
General Revenues:						
Property tax	18,342	13,089	-	-	18,342	13,089
Property tax in lieu	13,171	13,414	-	-	13,171	13,414
Transient occupancy tax	747	832	-	-	747	832
Sales tax	14,004	14,044	-	-	14,004	14,044
Franchise tax	5,009	5,147	-	-	5,009	5,147
Business license tax	1,175	1,306	-	-	1,175	1,306
Utility user's tax	15,591	15,684	-	-	15,591	15,684
Franchise in lieu tax	168	190	-	-	168	190
Documentary transfer tax	435	350	-	-	435	350
Other taxes	1,155	1,325	-	-	1,155	1,325
Use of money and property	8,708	2,236	89	9	8,797	2,245
Other	470	1,728	164	373	634	2,101
Extraordinary gain/(loss) on Dissolution of Redevelopment Agency	(7,306)	31,493	-	-	(7,306)	31,493
Total Revenues	<u>134,093</u>	<u>206,891</u>	<u>17,032</u>	<u>19,480</u>	<u>151,125</u>	<u>226,371</u>
Expenses:						
General government	11,326	11,758	-	-	11,326	11,758
Public safety	56,037	56,896	-	-	56,037	56,896
Community development	11,317	11,886	-	-	11,317	11,886
Community and cultural	19,245	18,400	-	-	19,245	18,400
Public works	36,159	39,468	-	-	36,159	39,468
Interest on long-term debt	6,415	2,552	-	-	6,415	2,552
Electric	-	-	16,549	18,139	16,549	18,139
Total Expenses	<u>140,499</u>	<u>140,960</u>	<u>16,549</u>	<u>18,139</u>	<u>157,048</u>	<u>159,099</u>
Change in Net Position	(6,406)	65,931	483	1,341	(5,923)	67,272
Net Position Beginning of Year	948,471	942,065	10,021	10,504	958,492	952,569
Net Position End of Year	<u>\$ 942,065</u>	<u>\$ 1,007,996</u>	<u>\$ 10,504</u>	<u>\$ 11,845</u>	<u>\$ 952,569</u>	<u>\$1,019,841</u>

Charges for services increased \$5.2 million, 11.4%, over FY 2011-12. This increase was primarily due to developer reimbursement agreements in excess of \$2 million that did not occur in prior year. User fees related to the City’s electric utility increased by over \$2.3 million as a result of customer base growth.

Capital contributions and grants increased \$32.5 million, 572.8% over FY 2011-12. This category fluctuates dramatically each year depending upon the number and value of dedications of developer constructed and City investment in infrastructure projects, such as streets, curbs, gutters, and street lights.

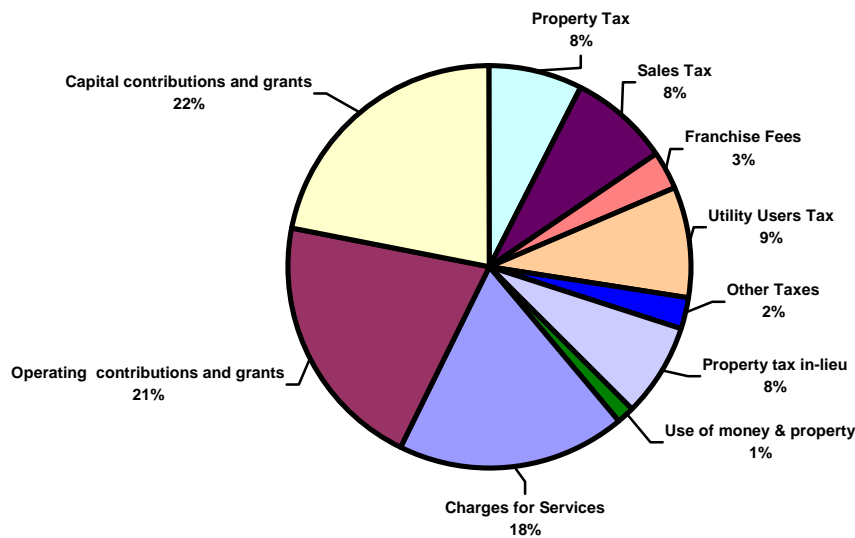
Property tax revenue decreased \$5.3 million, 28.6% under FY 2011-12. The Property Tax collections in FY 2012-13 primarily decreased due to the dissolution of the former Community Redevelopment Agency of the City. Property taxes distributed to the Successor Agency are reported in the Successor Agency Private-Purpose Trust Fund effective as of February 1, 2012 and is no longer a part of the City’s tax revenue.

Use of money and property decreased \$6.6 million, 74.5% under FY 2011-12. The primary perceived decrease in this category is created by an accounting requirement dictated by Government Accounting Standards Board Statement (GASB) 31 which required the recording of an unrealized investment loss in FY 2012-13 of \$2.2 million. These revenues were further impacted by \$1.0 million decrease as a result of the dissolution of the former Redevelopment Agency in FY 2011-12.

**Governmental Activities**

The government’s net position increased by \$65.9 million, with total revenues of \$206.9 million, and total expenses of \$140.0 million. Program revenues were \$106.1 million and general revenues were \$100.0 million. The largest single category of revenue was capital contributions and grants at \$38.2 million and is also program revenue. This revenue is applied directly to expenses in recovering the costs of providing those services. This revenue category increased by \$32.5 million over FY 2011-12 primarily due to an increase in investment in the City’s infrastructure such as bridges, streets, and curbs. The second largest single revenue category was operating contributions and grants, at \$36.1 million. This is program revenue and goes directly against expenses in recovering the costs of providing those services. This revenue category increased by \$8.2 million from FY 2011-12. The third largest single revenue category was charges for services at \$31.7 million. An extraordinary gain due to the dissolution of the former redevelopment agency at \$30.7 million was the fourth largest single revenue source, and utility user’s tax was the fifth largest revenue source at \$15.7 million. The below graph presents the revenues by source for governmental activities for the fiscal year ended June 30, 2013.

**Revenues by Source – Governmental Activities**



The single largest expense category was public safety at \$56.9 million, accounting for 40.4% of total expenses. Public works was the second largest expense category at \$38.7 million and 28.0% of total expenses. Community and cultural was the third largest expense category at \$18.4 million. Community development was the fourth largest expense category at \$11.9 million, followed by general government at \$11.8 million, the fifth largest expense category, and interest on long-term debt at \$2.6 million, the sixth largest expense category.

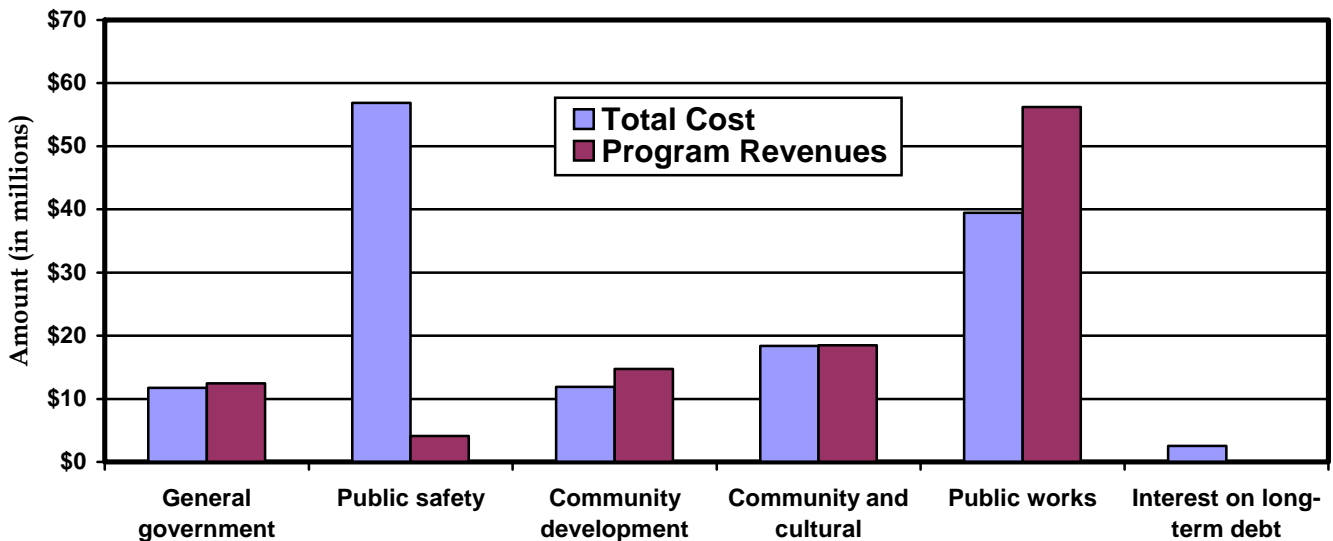
The table below presents the cost of each of the six major program categories, and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the amount paid for by general revenue sources that are generated by all City taxpayers.

**Governmental Activities - Net Cost of Services  
For the year ended June 30, 2013**

	Total Cost of Services	Net Cost of Services
General government	\$ 11,758,206	\$ 722,534
Public safety	56,896,151	(52,791,200)
Community development	11,886,089	2,864,236
Community and cultural	18,400,148	109,931
Public works	38,677,668	17,530,036
Interest on long-term debt	2,552,119	(2,552,119)
<b>TOTAL</b>	<b>\$ 140,170,381</b>	<b>\$ (34,116,582)</b>

As illustrated in the above table, program revenues recovered \$106.1 million of the cost of providing these services. The City paid for the remaining public benefit portion of these governmental activities with \$69.3 million in taxes (some of which were restricted for certain programs) and with other revenues. This governmental activity cost/revenue relationship is further illustrated in the following graph.

**Governmental Activities - Net Cost of Services  
For the year ended June 30, 2013**



**Business-Type Activities**

The City’s business-type activities include the activities of the Electric Utility. The net position of the City’s business-type activities increased \$1.3 million primarily due to the increase in electric consumption. The Electric Utility had total revenues of \$19.4 million, and total expenses of \$18.1 million.

**THE CITY’S FUNDS**

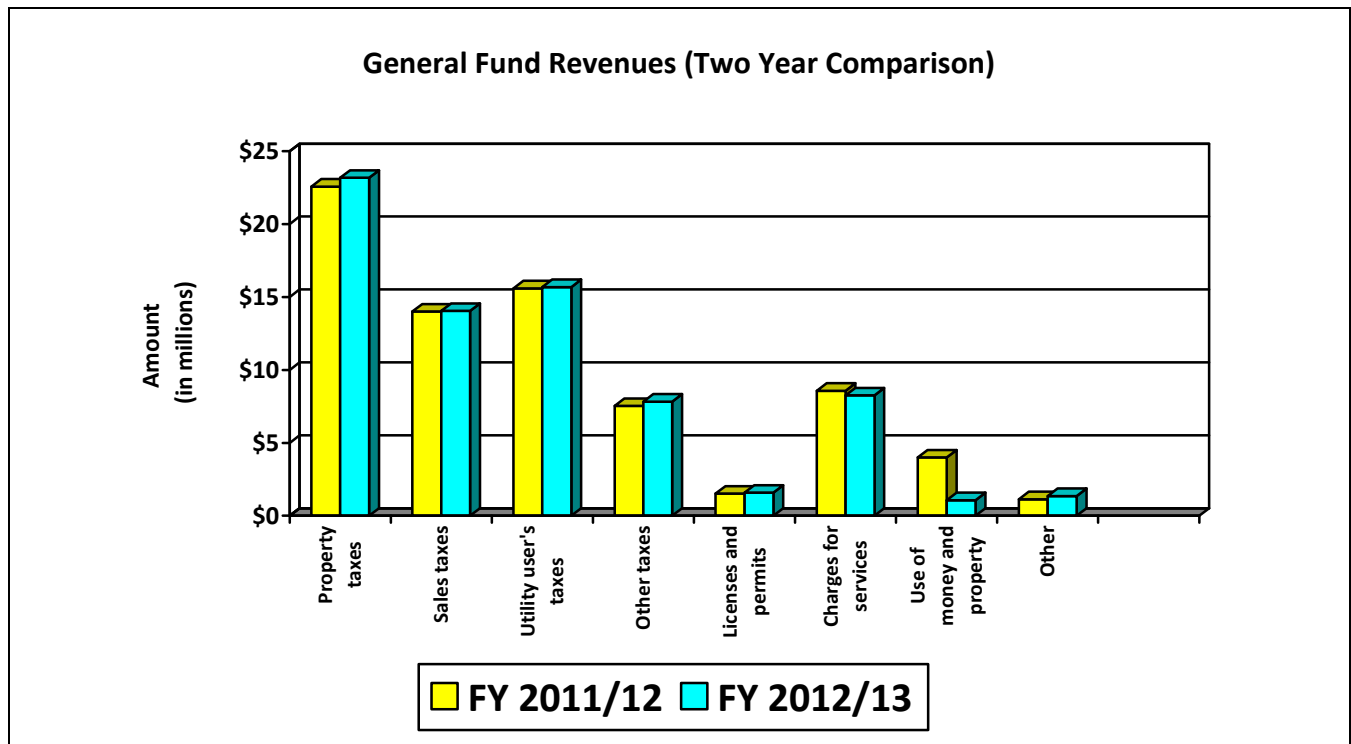
Total fund balances presented in the governmental funds balance sheet are \$148.4 million, with the General Fund representing \$34.4 million, or 23.2% of the total. The City’s General Fund fund balance has unassigned fund balance of \$25.5 million.

**General Fund Financial Results**

The General Fund fund balance decreased by \$7.1 million over FY 2011-12. The final budget anticipated a decrease of \$7.2 million. These results were anticipated as a part of budget process as an element of the second year of the Three-Year Deficit Elimination Plan adopt by Council in response to the economic downturn.

Although at fiscal year end, eight General Fund revenues met or exceeded the final budget, the total revenues fell short of expectations by \$0.9 million. The recording of the unrealized investment loss to comply with GASB 31 which generated a current fiscal year fluctuation of \$1.6 million was the primary source of this total revenue short fall.

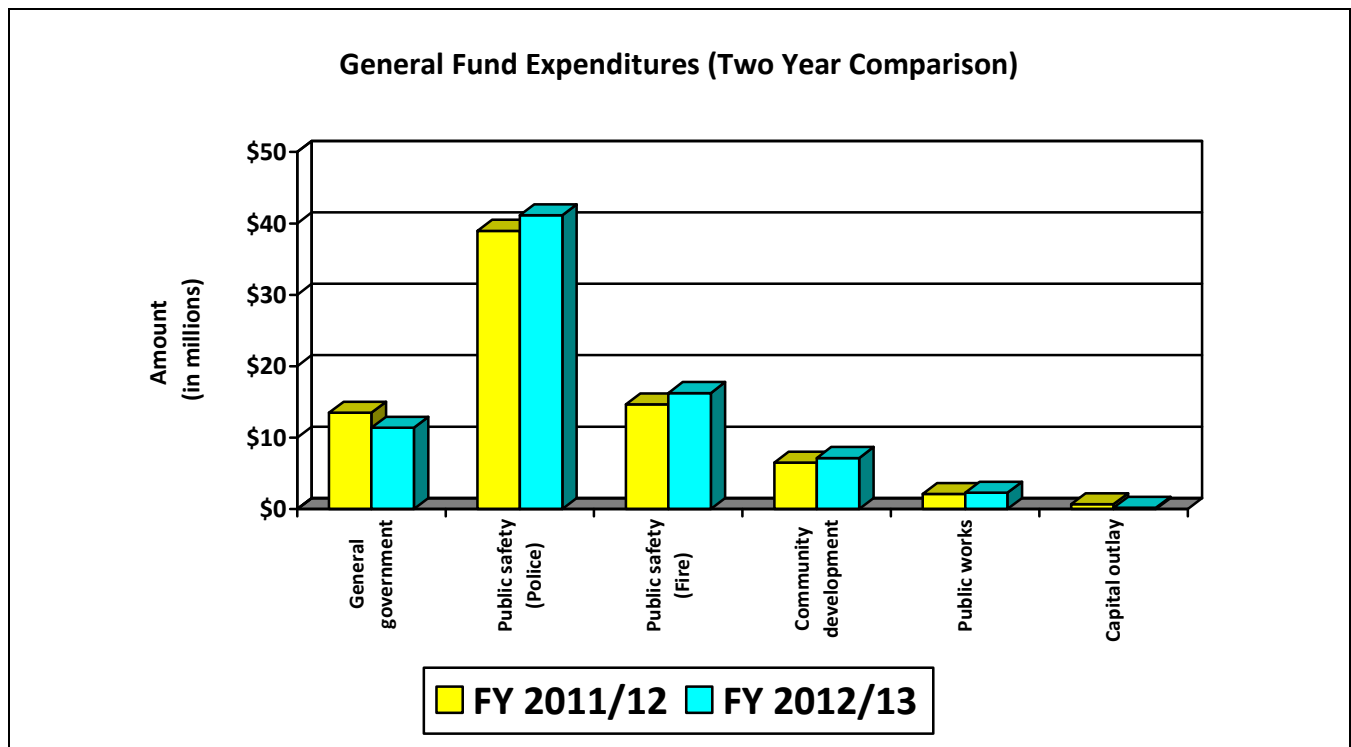
The graph below presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2012 and 2013.





General Fund actual expenditures were \$0.6 million less than the final budget. The major contributor to this result was in large part due to Fire Services coming in under budget by \$1.0 million primarily as a result of contract service rates coming in below budgeted rates. Savings was offset by approximately \$0.4 million of additional expenditures incurred due to restructuring of operations and activities as a result of the formation of the Successor Agency.

The graph below presents a comparison of each General Fund expenditure category for the fiscal years ended June 30, 2012 and 2013.



**Other Major Fund Financial Results**

The fund balance of the State Gasoline Tax Fund decreased by \$1.7 million under FY 2011-12. This fund accounts for the City’s share of state gas tax revenue restricted for street improvement and maintenance. The decrease in fund balance is primarily the result of expenditures incurred that are approved for reimbursement from bond proceeds that were scheduled to be issued in the fiscal year. However, delay of the issuance as a result of litigation postponed this eligible reimbursement to FY 2013-14.

The fund balance of the Community Service District Zones Special Revenue Fund increased by \$1.3 million over FY 2011-12. This fund accounts for the administration, operations and maintenance of the City’s various service zones established by the Moreno Valley Community Services District. The increase in fund balance is primarily the result of \$1.5 million in transfers from the General Fund to support Residential Street Lights Administration (\$675,000), Library Services (\$415,800) and projects in Parks and Community Services (\$307,500).

The fund balance of the Development Impact Fees Special Revenue Fund increased by \$4.0 million over FY 2011-12. This fund accounts for the developer impact fees, which are one-time charges, used to offset the additional public-service costs of new development. The increase in fund balance is due to a larger volume of activity as a result of the improved economic conditions on new development projects.

The fund balance of the Housing Authority Fund was unchanged over FY 2011-12 resulting in a fund balance consistent with prior fiscal year end of \$30.5 million. This fund accounts for the housing assets as a result of the recently dissolved redevelopment agency of the City.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2013, the City’s governmental activities had \$1.2 billion (\$866.9 million net of depreciation) invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, vehicles, park facilities, roads, highways and bridges. The increase of \$59.3 million from FY 2011-12 is primarily attributed to the increase in infrastructure.

At June 30, 2013, the City’s business-type activities had \$40.8 million (\$35.4 million net of depreciation) invested in capital assets, primarily utility infrastructure. The increase of \$0.3 million from FY 2011-12 is primarily attributed to the increase in infrastructure. The below table presents the City’s capital assets by asset type.

**Capital Assets at Year End  
(Net of Depreciation)  
For the Year Ended June 30, 2013**

	Governmental Activities	Business-type Activities
Land	\$ 300,286,754	\$ 1,237,459
Buildings and improvements	70,505,410	-
Machinery and equipment	4,870,700	-
Vehicles	1,812,214	-
Construction in progress	38,339,817	161,713
Infrastructure	451,123,446	34,019,132
Total	\$ 866,938,341	\$ 35,418,304

Additional information on the City’s capital assets can be found in Note 5 to the basic financial statements.

**Long-Term Debt**

At year-end, the City’s governmental activities had \$60.6 million in bonds, certificates of participation, leases, and compensated absences, versus \$63.2 million last year, a decrease of \$2.6 million, or 4.1%. The decrease was the result of normal maturity on existing debt.

At June 30, 2013, the City’s business-type activities had \$28.5 million in bonds and compensated absences versus \$29.0 million last year, a decrease of \$0.5 million. The decrease was the result of normal maturity on existing debt. The City was able to meet its current debt obligations in a timely manner. The City has an active Debt Management Committee and an approved Debt Management Policy. The table on the next page provides the total long-term debt by category.

**Outstanding Debt at Year End  
For the Year Ended June 30, 2013**

	Governmental Activities	Business-type Activities
Special tax bonds	\$ 10,685,000	\$ -
Certificates of participation	5,761,000	-
Lease revenue bonds	37,855,000	28,422,319
Compensated absences	6,333,086	103,758
Total	\$ 60,634,086	\$ 28,526,077

Additional information on the City’s long-term debt can be found in Note 6 to the basic financial statements.

**ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS**

Although the focus of this Annual Report is on the economic condition of the City in the fiscal year that ended June 30, 2013, it is important for the City’s financial management to report on current issues affecting the City and their economic impact on FY 2012-13 and future years.

Clearly the economic downturn has impacted Moreno Valley, as well as the Inland Region as a whole. Both Riverside and San Bernardino counties are experiencing a delayed and slow economic recovery period.

With a population of 198,129, Moreno Valley is still experiencing population growth, albeit at a slower rate because of the economic downturn impacting California. Moreno Valley remains the second largest city in Riverside County and is presently the fourth largest city in the Inland Region. Though population growth has slowed because of the economy, population growth continues in Moreno Valley because of its strategic location at the junction of Interstate I-215 and State Route 60, along with offering a wide array of quality housing options, a family oriented lifestyle and a variety of quality of life amenities.

New housing development opportunities have long been a mainstay of Moreno Valley’s growth and economic foundation. Over the years, the regional economy in the Inland Region of Riverside and San Bernardino counties has been heavily dependent on construction activity, and specifically, the new residential development industry. Moreno Valley was an active area for new home development and this industry peaked in FY 2004-05. Moreno Valley has not escaped the new housing construction decline that has hit the Inland Region especially hard, and residential building permit activity decreased 90% in the City for the period from 2005 to 2010.

New housing development will remain dormant for the foreseeable future based on current market conditions. Once the City’s main economic engine, the current state of foreclosures that will continue to be absorbed during the next several years, and the general sluggishness of the real estate market will deter new housing growth for the next several years. The City’s assessed valuation has experienced a similar trend to that of the new housing development market. According to the Riverside County Assessor, for a six-year period from 2002 to 2008, the City of Moreno Valley’s assessed valuation grew a robust 136% from \$5.8 billion in 2002, to \$13.7 billion in 2008. With the recession officially starting in fourth quarter of 2007, property assessed valuation decreased in Moreno Valley from FY 2008-09 through FY 2010-11 when assessed valuations are projected to be approximately \$10.8 billion. With the conclusion of the Proposition 8 adjustments and a decline in foreclosure activity, the region is seeing stabilization in assessed valuations. For FY 2012-13 and the following few years, the regions are expected to see flat to moderate levels of growth in assessed valuations.

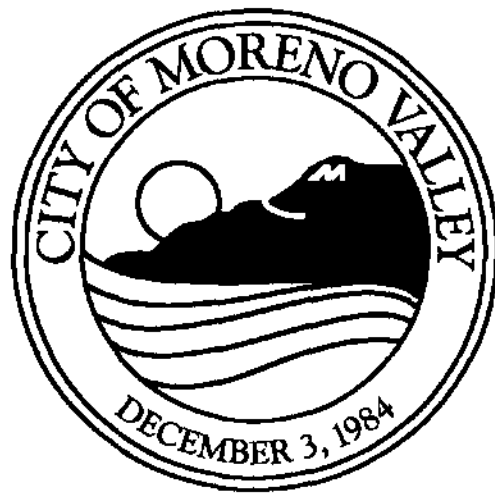
For several years Moreno Valley has experienced substantial non-residential growth including significant new commercial retail and industrial development. The economy has slowed commercial development in Southern California, but Moreno Valley continues to secure new business development opportunities. In FY 2012-13

several new retail developments opened adding to the sales tax base which will provide a foundation for sales tax revenue to grow moderately in the near future.

Current economic activity is in the commercial sector, with a specific focus on logistics/distribution centers and medical support businesses. The City Council approved an Economic Development Action Plan during FY 2010-11 that specifically focuses on these market sectors to rebuild the City's tax revenue base and promote job creation. The impact of the action plan has had an influence on the unemployment rate in our City as we have begun to experience a decrease in the unemployment rate since last year with projections to further decrease this rate over the next few fiscal years. Creating employment opportunities and job growth is important to the continued development of the community and creating the proper jobs to housing balance is key to Moreno Valley's continued economic success as a community and to the development of the City's tax revenue base in the future.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. For component units that publish separate financial statements, those statements can be obtained from the City Clerk. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer/City Treasurer, City of Moreno Valley, 14177 Frederick Street, P.O. Box 88005, Moreno Valley, California 92552-0805.



Basic Financial Section

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

City of Moreno Valley

Statement of Net Position  
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Pooled cash and investments (note 3)	\$ 146,489,471	\$ 6,223,181	\$ 152,712,652
Receivables:			
Accounts	9,759,178	2,723,312	12,482,490
Notes and loans (note 4)	34,941,147	-	34,941,147
Notes to Successor Agency (note 4)	16,723,574	-	16,723,574
Interest	1,972,757	-	1,972,757
Internal balances	580,657	(580,657)	-
Prepaid costs	2,500	-	2,500
Deposits	5,799	-	5,799
Due from other governments	6,339,149	-	6,339,149
Inventories	42,636	232,050	274,686
Land held for resale	3,916,126	-	3,916,126
Restricted assets:			
Cash with fiscal agent (note 3)	6,175,114	2,400,294	8,575,408
Capital assets not being depreciated (note 5)	338,626,571	1,399,172	340,025,743
Capital assets, net of depreciation (note 5)	528,311,770	34,019,132	562,330,902
<b>Total Assets</b>	<b>1,093,886,449</b>	<b>46,416,484</b>	<b>1,140,302,933</b>
<b>Liabilities:</b>			
Accounts payable	20,126,661	2,432,945	22,559,606
Accrued liabilities	1,190,483	13,990	1,204,473
Accrued interest	370,680	260,400	631,080
Unearned revenue	506,326	22,201	528,527
Deposits payable	16,041	900,552	916,593
Due to other governments	38,356	126,000	164,356
Due to utility operator	-	2,289,297	2,289,297
Noncurrent liabilities:			
Long-term debt, due within one year (note 6)	6,413,543	657,255	7,070,798
Long-term debt, due in more than one year (note 6)	57,228,543	27,868,822	85,097,365
<b>Total Liabilities</b>	<b>85,890,633</b>	<b>34,571,462</b>	<b>120,462,095</b>
<b>Net Position:</b>			
Net investment in capital assets	812,637,341	9,052,878	821,690,219
Restricted for:			
Community development projects	38,269,946	-	38,269,946
Public safety	328,561	-	328,561
Community and cultural	12,219,506	-	12,219,506
Public works	25,192,910	-	25,192,910
Capital projects	15,071,781	-	15,071,781
Debt service	12,413,131	-	12,413,131
Permanent funds - nonexpendable	191,646	-	191,646
Water quality	311,702	-	311,702
Public purpose programs	-	3,444,969	3,444,969
Unrestricted	91,359,292	(652,825)	90,706,467
<b>Total Net Position</b>	<b>\$ 1,007,995,816</b>	<b>\$ 11,845,022</b>	<b>\$ 1,019,840,838</b>

City of Moreno Valley

Statement of Activities  
Year Ended June 30, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 11,758,206	\$ 9,505,989	\$ 2,974,751	\$ -
Public safety	56,896,151	2,951,403	796,155	357,393
Community development	11,886,089	4,821,911	9,928,414	-
Community and cultural	18,400,148	11,343,108	7,166,971	-
Public works	38,677,668	3,109,029	15,250,978	37,847,697
Interest on long-term debt	2,552,119	-	-	-
<b>Total Governmental Activities</b>	<b>140,170,381</b>	<b>31,731,440</b>	<b>36,117,269</b>	<b>38,205,090</b>
Business-Type Activities:				
Electric	18,139,446	19,098,088	-	-
<b>Total Business-Type Activities</b>	<b>18,139,446</b>	<b>19,098,088</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 158,309,827</b>	<b>\$ 50,829,528</b>	<b>\$ 36,117,269</b>	<b>\$ 38,205,090</b>

**General Revenues:**

Taxes:

- Property taxes
- Property taxes in lieu
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Utility users tax
- Other taxes
- Franchise in lieu taxes
- Documentary transfer tax
- Use of money and property
- Miscellaneous

**Extraordinary gain/(loss) on dissolution of redevelopment agency (note 13)**

**Total General Revenues and Extraordinary Items**

Change in Net Position

Net Position at Beginning of Year

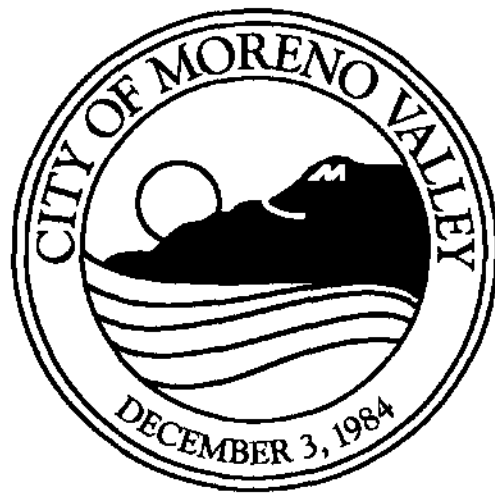
**Net Position at End of Year**



**Net (Expenses) Revenues and Changes in Net  
Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ 722,534	\$ -	\$ 722,534
(52,791,200)	-	(52,791,200)
2,864,236	-	2,864,236
109,931	-	109,931
17,530,036	-	17,530,036
(2,552,119)	-	(2,552,119)
<b>(34,116,582)</b>	<b>-</b>	<b>(34,116,582)</b>
-	958,642	958,642
-	<b>958,642</b>	<b>958,642</b>
<b>(34,116,582)</b>	<b>958,642</b>	<b>(33,157,940)</b>
13,088,911	-	13,088,911
13,414,446	-	13,414,446
831,881	-	831,881
14,043,560	-	14,043,560
5,147,342	-	5,147,342
1,305,925	-	1,305,925
15,683,931	-	15,683,931
1,325,025	-	1,325,025
189,577	-	189,577
350,413	-	350,413
2,236,328	8,848	2,245,176
1,728,104	373,220	2,101,324
30,702,555	-	30,702,555
<b>100,047,998</b>	<b>382,068</b>	<b>100,430,066</b>
65,931,416	1,340,710	67,272,126
942,064,400	10,504,312	952,568,712
<b>\$ 1,007,995,816</b>	<b>\$ 11,845,022</b>	<b>\$ 1,019,840,838</b>



## **MAJOR GOVERNMENTAL FUNDS**

### **General Fund**

This fund is used to account for all financial resources of the city traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund now includes the accounting for operations and fire prevention functions.

### **State Gasoline Tax Fund**

This fund is used to account for the City's share of state gas tax revenue restricted for street improvement and maintenance. The revenue is apportioned under the Streets and Highway Code of the State of California.

### **Community Services District (CSD) Zones Special Revenue Fund**

This group of funds is used to account for the revenues expended on the various Community Services District (CSD) programs. There are nine Zones within the Community Services District providing services. Zone A-Parks and Community Services provides citywide park maintenance and community programming. Zone B-Residential Street Lighting provides residential subdivision street lighting. Zone C-Arterial Street Lighting provides citywide street lighting on major arterial streets. Zone D-Standard Landscaping provides landscaping for residential developments throughout the City. Zone E-Extensive Landscaping provides landscaping in major developments within the City. Zone L-Library Services provides library services to City residents. Zone M-Medians provides development and maintenance of median landscaping within the City. Community Facilities District (CFD) #1 provides maintenance of new parks, trails and class 1 bikeways. Zone S – Sunnymead Boulevard Maintenance provides maintenance of landscape for certain improvements constructed by the City and the former Community Redevelopment Agency on Sunnymead Boulevard.

### **Development Impact Fees Special Revenue Fund**

This group of funds is used to account for the restricted fees collected to provide funding for capital improvements related to the impact of development on various City services. The City collects fees for the following: arterial streets, traffic signals, fire facilities, police facilities, parkland facilities, Quimby in-lieu of parks, recreation facilities, library facilities, city hall facilities, corporate yard facilities, interchange improvements, maintenance equipment, and animal shelter facilities.

### **Housing Authority Special Revenue Fund**

This fund is used to account for the housing assets as a result of the dissolution of the former Community Redevelopment Agency of the City.

### **Facility Construction Fund**

This fund is used to account for City facility related capital projects.

### **Nonmajor Governmental Funds**

These funds constitute all other governmental funds that do not meet the criteria to be a major fund, which is 10% or more of assets, liabilities, revenues or expenditures for the governmental funds and 5% or more of total assets, liabilities, revenues or expenditures for the total governmental and enterprise funds combined. These funds include other Special Revenue Funds, other Capital Projects Funds, all Debt Service Funds and all Permanent Funds of the City.

City of Moreno Valley

Balance Sheet  
Governmental Funds  
June 30, 2013

Special Revenue Funds

	General	State Gasoline Tax	CSD Zones	Development Impact Fees
<b>Assets:</b>				
Pooled cash and investments (note 3)	\$ 31,229,246	\$ 46,834	\$ 12,737,942	\$ 9,384,172
Receivables:				
Accounts	2,278,299	57,145	186,214	-
Notes and loans (note 4)	-	-	-	-
Notes to Successor Agency (note 4)	16,723,574	-	-	-
Interest	697,176	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	3,128,071	370,429	267,915	-
Due from other funds (note 7)	7,647,285	-	-	6,500,000
Advances to other funds (note 7)	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
<b>Total Assets</b>	<b>\$ 61,703,651</b>	<b>\$ 474,408</b>	<b>\$ 13,192,071</b>	<b>\$ 15,884,172</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,021,137	\$ 209,527	\$ 671,904	\$ -
Accrued liabilities	815,571	76,309	119,171	-
Unearned revenues	262,966	-	163,498	-
Deposits payable	-	-	16,041	-
Due to other governments	4,032	-	25	-
Due to other funds (note 7)	-	581,168	1,926	3,320,000
<b>Total Liabilities</b>	<b>16,103,706</b>	<b>867,004</b>	<b>972,565</b>	<b>3,320,000</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	11,225,920	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>11,225,920</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	5,497,653	-	-	-
Advances to other funds	-	-	-	-
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community and cultural	-	-	12,202,174	-
Public works	-	-	-	12,564,172
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowments	-	-	-	-
Water quality	-	-	-	-
<b>Committed to:</b>				
Revolving line of credit	2,600,000	-	-	-
Scholarship program	-	-	17,332	-
Outside legal services	101,000	-	-	-
<b>Assigned to:</b>				
Capital projects	61,641	-	-	-
Continuing appropriations	17,770	-	-	-
GASB 31	567,187	-	-	-
<b>Unassigned</b>	<b>25,528,774</b>	<b>(392,596)</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>34,374,025</b>	<b>(392,596)</b>	<b>12,219,506</b>	<b>12,564,172</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 61,703,651</b>	<b>\$ 474,408</b>	<b>\$ 13,192,071</b>	<b>\$ 15,884,172</b>

Special Revenue Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Housing Authority	Facility Construction		
\$ 53,323	\$ 6,380,699	\$ 45,578,711	\$ 105,410,927
28,117	-	7,209,191	9,758,966
26,511,994	-	8,429,153	34,941,147
-	-	-	16,723,574
939,073	-	336,508	1,972,757
-	-	2,500	2,500
-	-	2,572,734	6,339,149
-	-	-	14,147,285
-	-	580,657	580,657
3,916,126	-	-	3,916,126
-	-	6,175,114	6,175,114
<b>\$ 31,448,633</b>	<b>\$ 6,380,699</b>	<b>\$ 70,884,568</b>	<b>\$ 199,968,202</b>
-	-	-	-
\$ -	\$ 152,217	\$ 3,031,462	\$ 19,086,247
-	382	118,751	1,130,184
-	-	79,862	506,326
-	-	-	16,041
-	-	34,299	38,356
-	6,500,000	3,744,191	14,147,285
-	<b>6,652,599</b>	<b>7,008,565</b>	<b>34,924,439</b>
-	-	-	-
918,281	-	4,470,659	16,614,860
<b>918,281</b>	<b>-</b>	<b>4,470,659</b>	<b>16,614,860</b>
-	-	2,500	2,500
3,916,126	-	-	3,916,126
26,511,994	-	4,295,002	36,304,649
-	-	580,657	580,657
-	-	173,556	173,556
-	-	-	-
102,232	-	3,444,592	3,546,824
-	-	328,561	328,561
-	-	-	12,202,174
-	-	12,045,581	24,609,753
-	-	15,071,781	15,071,781
-	-	12,413,131	12,413,131
-	-	18,090	18,090
-	-	311,702	311,702
-	-	-	2,600,000
-	-	-	17,332
-	-	-	101,000
-	-	11,130,251	11,191,892
-	-	-	17,770
-	-	-	567,187
-	(271,900)	(410,060)	24,454,218
<b>30,530,352</b>	<b>(271,900)</b>	<b>59,405,344</b>	<b>148,428,903</b>
<b>\$ 31,448,633</b>	<b>\$ 6,380,699</b>	<b>\$ 70,884,568</b>	<b>\$ 199,968,202</b>

**Assets:**

Pooled cash and investments (note 3)
Receivables:
Accounts
Notes and loans (note 4)
Notes to Successor Agency (note 4)
Interest
Prepaid costs
Due from other governments
Due from other funds (note 7)
Advances to other funds (note 7)
Land held for resale
Restricted assets:
Cash with fiscal agents (note 3)

**Total Assets**

**Liabilities, Deferred Inflows of Resources, and Fund Balances:**

**Liabilities:**

Accounts payable
Accrued liabilities
Unearned revenues
Deposits payable
Due to other governments
Due to other funds (note 7)

**Total Liabilities**

**Deferred Inflows of Resources:**

Unavailable revenues
----------------------

**Total Deferred Inflows of Resources**

**Fund Balances:**

**Nonspendable:**

Prepaid costs
Land held for resale
Notes and loans
Advances to other funds
Permanent fund principal

**Restricted for:**

Community development projects
Public safety
Community and cultural
Public works
Capital projects
Debt service
Endowments
Water quality

**Committed to:**

Revolving line of credit
Scholarship program
Outside legal services

**Assigned to:**

Capital projects
Continuing appropriations
GASB 31

**Unassigned**

**Total Fund Balances**

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

**City of Moreno Valley**

**Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2013**

Fund balances of governmental funds \$ 148,428,903

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

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.

Capital Assets (excludes internal service capital assets)	1,188,537,533
Accumulated depreciation (excludes internal service accumulated depreciation)	(335,510,143)

Long-term debt and compensated absences have not been included in the governmental fund activity:

2007 Towngate Special Tax Refunding Bonds	\$ (7,525,000)	
2007 Towngate Improvement Tax Refunding	(3,055,000)	
Auto Mall Special Tax Bonds	(105,000)	
2011 Private Placement Refunding, Series 1997 Variable Rate Certificates of Participation	(2,972,000)	
2005 Lease Revenue Bonds	(37,855,000)	
2011 Private Placement Refunding, Series 1997 Variable Rate Certificates of Participation	(2,789,000)	
Compensated Absences	<u>(5,679,304)</u>	(59,980,304)

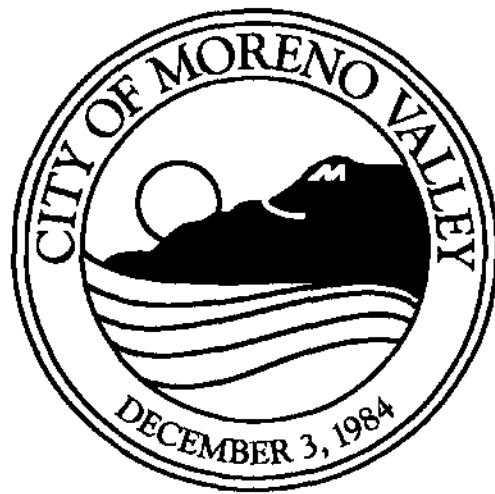
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability. (900,000)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (370,680)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 16,614,860

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. 51,175,647

**Net Position of governmental activities \$1,007,995,816**



City of Moreno Valley

Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013

Special Revenue Funds

	Special Revenue Funds			
	General	State Gasoline Tax	CSD Zones	Development Impact Fees
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 9,765,007	\$ -	\$ 3,323,904	\$ -
Property taxes in lieu	13,414,446	-	-	-
Utility taxes	15,683,931	-	-	-
Sales taxes	14,043,560	-	-	-
Other taxes	7,825,138	-	1,098,895	-
Licenses and permits	1,585,312	-	-	-
Intergovernmental	260,691	4,388,961	-	-
Charges for services	8,258,733	-	11,244,031	1,049,926
Use of money and property	1,071,418	130,280	674,122	(5,776)
Fines and forfeitures	610,171	-	40,088	-
Contributions	-	-	-	-
Miscellaneous	485,160	62,113	71,393	25,004
<b>Total Revenues</b>	<b>73,003,567</b>	<b>4,581,354</b>	<b>16,452,433</b>	<b>1,069,154</b>
<b>Expenditures:</b>				
Current:				
General government	11,370,282	-	-	-
Public safety	57,356,187	-	-	-
Community development	7,143,586	-	-	-
Community and cultural	-	-	11,271,743	-
Public works	2,271,319	5,051,197	5,349,478	-
Capital outlay	173,372	1,378,822	16,114	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>78,314,746</b>	<b>6,430,019</b>	<b>16,637,335</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,311,179)	(1,848,665)	(184,902)	1,069,154
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 7)	588,370	160,000	1,505,100	7,635,898
Transfers out (note 7)	(2,370,220)	-	-	(4,741,800)
Contributions from Successor Agency	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,781,850)</b>	<b>160,000</b>	<b>1,505,100</b>	<b>2,894,098</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	(7,093,029)	(1,688,665)	1,320,198	3,963,252
Fund Balances, Beginning of Year	41,467,054	1,296,069	10,899,308	8,600,920
<b>Fund Balances, End of Year</b>	<b>\$ 34,374,025</b>	<b>\$ (392,596)</b>	<b>\$ 12,219,506</b>	<b>\$ 12,564,172</b>



Special Revenue Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds	
Housing Authority	Facility Construction			
\$ -	\$ -	\$ -	\$ 13,088,911	<b>Revenues:</b>
-	-	-	13,414,446	Taxes:
-	-	-	15,683,931	Property taxes
-	-	-	14,043,560	Property taxes in lieu
-	-	226,130	9,150,163	Utility taxes
-	-	-	1,585,312	Sales taxes
-	-	-	38,624,704	Other taxes
-	-	33,975,052	27,718,832	Licenses and permits
-	-	7,166,142	1,749,494	Intergovernmental
(212)	-	(120,338)	650,259	Charges for services
-	-	-	211,860	Use of money and property
-	-	211,860	211,860	Fines and forfeitures
8,448	1,250,461	1,048,432	2,951,011	Contributions
				Miscellaneous
<b>8,236</b>	<b>1,250,461</b>	<b>42,507,278</b>	<b>138,872,483</b>	<b>Total Revenues</b>
-	-	729,702	12,099,984	<b>Expenditures:</b>
-	-	1,037,787	58,393,974	Current:
9,742	-	5,220,888	12,374,216	General government
-	-	6,749,867	18,021,610	Public safety
-	-	3,001,617	15,673,611	Community development
-	8,373,773	35,673,299	45,615,380	Community and cultural
-	-	3,017,500	3,017,500	Public works
-	-	2,462,481	2,462,481	Capital outlay
				Debt service:
				Principal retirement
				Interest and fiscal charges
<b>9,742</b>	<b>8,373,773</b>	<b>57,893,141</b>	<b>167,658,756</b>	<b>Total Expenditures</b>
(1,506)	(7,123,312)	(15,385,863)	(28,786,273)	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	568,351	6,231,706	16,689,425	<b>Other Financing Sources (Uses):</b>
-	(6,500,000)	(1,861,598)	(15,473,618)	Transfers in (note 7)
-	-	2,811,741	2,811,741	Transfers out (note 7)
				Contributions from Successor Agency
<b>-</b>	<b>(5,931,649)</b>	<b>7,181,849</b>	<b>4,027,548</b>	<b>Total Other Financing Sources (Uses)</b>
-	-	23,492,746	23,492,746	Extraordinary gain on dissolution of redevelopment agency (Note 13)
(1,506)	(13,054,961)	15,288,732	(1,265,979)	Net Change in Fund Balances
30,531,858	12,783,061	44,116,612	149,694,882	Fund Balances, Beginning of Year
<b>\$ 30,530,352</b>	<b>\$ (271,900)</b>	<b>\$ 59,405,344</b>	<b>\$ 148,428,903</b>	<b>Fund Balances, End of Year</b>

**City of Moreno Valley**

**Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2013**

Net change in fund balances - total governmental funds \$ (1,265,979)

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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay (excludes internal service capital outlay)	42,896,000
Depreciation expense (excludes internal service depreciation)	(24,990,020)
Contributed capital assets	29,039,171

The issuance of long-term debt provides current financial resources in the governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	3,017,500
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Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

(89,638)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(397,072)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(450,000)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

4,675,847

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

6,285,798

Extraordinary gains and losses relating to capital assets and long-term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported in the governmental funds.

Capital assets	7,209,809
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<b>Change in net position of governmental activities</b>	<b>\$ 65,931,416</b>
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City of Moreno Valley

Budgetary Comparison Statement  
General Fund  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 9,900,000	\$ 9,900,000	\$ 9,765,007	\$ (134,993)
Property taxes in-lieu	13,300,000	13,300,000	13,414,446	114,446
Utility user's tax	16,060,000	16,060,000	15,683,931	(376,069)
Sales taxes	13,800,000	13,800,000	14,043,560	243,560
Other taxes	7,740,000	7,740,000	7,825,138	85,138
Licenses and permits	1,531,800	1,531,800	1,585,312	53,512
Intergovernmental	235,000	241,000	260,691	19,691
Charges for services	7,299,160	7,299,160	8,258,733	959,573
Use of money and property	3,296,300	3,296,300	1,071,418	(2,224,882)
Fines and forfeitures	566,000	566,000	610,171	44,171
Miscellaneous	153,550	153,550	485,160	331,610
<b>Total Revenues:</b>	<b>73,881,810</b>	<b>73,887,810</b>	<b>73,003,567</b>	<b>(884,243)</b>
<b>Expenditures:</b>				
Current:				
General government				
City council	587,270	605,770	588,669	17,101
City manager	1,411,408	1,565,948	1,789,443	(223,495)
City clerk	541,564	541,564	553,957	(12,393)
City attorney	961,369	961,369	1,194,457	(233,088)
Financial and management services	5,456,800	2,838,924	2,601,572	237,352
Administrative services	859,424	3,603,300	3,569,049	34,251
Non-departmental	681,500	1,048,960	1,073,135	(24,175)
Public safety				
Police	40,439,398	41,223,681	41,125,418	98,263
Fire	17,201,996	17,212,496	16,230,769	981,727
Community development	6,712,904	6,798,904	7,143,586	(344,682)
Public works	2,334,540	2,219,540	2,271,319	(51,779)
Capital outlay	26,897	323,514	173,372	150,142
<b>Total Expenditures</b>	<b>77,215,070</b>	<b>78,943,970</b>	<b>78,314,746</b>	<b>629,224</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,333,260)	(5,056,160)	(5,311,179)	(255,019)
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 7)	568,013	588,392	588,370	(22)
Transfers out (note 7)	(2,407,400)	(2,775,400)	(2,370,220)	405,180
<b>Total Other Financing Sources (Uses)</b>	<b>(1,839,387)</b>	<b>(2,187,008)</b>	<b>(1,781,850)</b>	<b>405,158</b>
Net Change in Fund Balances	(5,172,647)	(7,243,168)	(7,093,029)	150,139
Fund Balance, Beginning of Year	41,467,054	41,467,054	41,467,054	-
<b>Fund Balance, End of Year</b>	<b>\$ 36,294,407</b>	<b>\$ 34,223,886</b>	<b>\$ 34,374,025</b>	<b>\$ 150,139</b>

City of Moreno Valley

Budgetary Comparison Statement  
 State Gasoline Tax  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 4,693,169	\$ 4,920,069	\$ 4,388,961	\$ (531,108)
Use of money and property	5,000	(2,400)	130,280	132,680
Miscellaneous	1,411,000	27,000	62,113	35,113
<b>Total Revenues</b>	<b>6,109,169</b>	<b>4,944,669</b>	<b>4,581,354</b>	<b>(363,315)</b>
<b>Expenditures:</b>				
Current:				
Public works	5,020,815	5,020,815	5,051,197	(30,382)
Capital outlay	15,121,000	15,400,148	1,378,822	14,021,326
<b>Total Expenditures</b>	<b>20,141,815</b>	<b>20,420,963</b>	<b>6,430,019</b>	<b>13,990,944</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,032,646)	(15,476,294)	(1,848,665)	13,627,629
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 7)	160,000	160,000	160,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>	<b>-</b>
Net Change in Fund Balances	(13,872,646)	(15,316,294)	(1,688,665)	13,627,629
Fund Balance, Beginning of Year	1,296,069	1,296,069	1,296,069	-
<b>Fund Balance, End of Year</b>	<b><u><u>\$(12,576,577)</u></u></b>	<b><u><u>\$(14,020,225)</u></u></b>	<b><u><u>\$(392,596)</u></u></b>	<b><u><u>\$ 13,627,629</u></u></b>

City of Moreno Valley

Budgetary Comparison Statement  
CSD Zones  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 3,131,900	\$ 3,131,900	\$ 3,323,904	\$ 192,004
Other taxes	1,000,000	1,000,000	1,098,895	98,895
Charges for services	10,948,582	10,936,582	11,244,031	307,449
Use of money and property	591,820	591,820	674,122	82,302
Fines and forfeitures	60,600	60,600	40,088	(20,512)
Miscellaneous	78,500	102,714	71,393	(31,321)
<b>Total Revenues</b>	<b>15,811,402</b>	<b>15,823,616</b>	<b>16,452,433</b>	<b>628,817</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	11,324,531	11,772,045	11,271,743	500,302
Public works	6,487,264	6,651,351	5,349,478	1,301,873
Capital outlay	91,000	139,000	16,114	122,886
<b>Total Expenditures</b>	<b>17,902,795</b>	<b>18,562,396</b>	<b>16,637,335</b>	<b>1,925,061</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,091,393)	(2,738,780)	(184,902)	2,553,878
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 7)	2,012,700	2,081,700	1,505,100	(576,600)
Transfers out (note 7)	(160,000)	(160,000)	-	(160,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,852,700</b>	<b>1,921,700</b>	<b>1,505,100</b>	<b>(736,600)</b>
Net Change in Fund Balances	(238,693)	(817,080)	1,320,198	1,817,278
Fund Balance, Beginning of Year	10,899,308	10,899,308	10,899,308	-
<b>Fund Balance, End of Year</b>	<b>\$ 10,660,615</b>	<b>\$ 10,082,228</b>	<b>\$ 12,219,506</b>	<b>\$ 1,817,278</b>

City of Moreno Valley

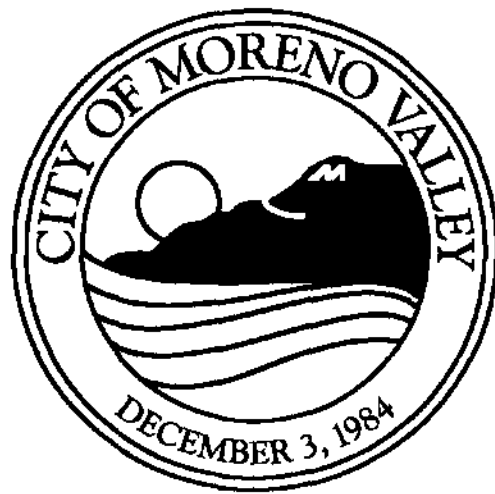
Budgetary Comparison Statement  
Development Impact Fees  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 418,500	\$ 418,500	\$ 1,049,926	\$ 631,426
Use of money and property	211,400	211,400	(5,776)	(217,176)
Miscellaneous	-	-	25,004	25,004
<b>Total Revenues</b>	<b>629,900</b>	<b>629,900</b>	<b>1,069,154</b>	<b>439,254</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	629,900	629,900	1,069,154	439,254
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 7)	1,135,898	1,135,898	7,635,898	6,500,000
Transfers out (note 7)	(3,461,800)	(4,741,800)	(4,741,800)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,325,902)</b>	<b>(3,605,902)</b>	<b>2,894,098</b>	<b>6,500,000</b>
Net Change in Fund Balances	(1,696,002)	(2,976,002)	3,963,252	6,939,254
Fund Balance, Beginning of Year	8,600,920	8,600,920	8,600,920	-
<b>Fund Balance, End of Year</b>	<b>\$ 6,904,918</b>	<b>\$ 5,624,918</b>	<b>\$ 12,564,172</b>	<b>\$ 6,939,254</b>

City of Moreno Valley

Budgetary Comparison Statement  
Housing Authority  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ (212)	\$ (212)
Miscellaneous	-	-	8,448	8,448
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>8,236</b>	<b>8,236</b>
<b>Expenditures:</b>				
Current:				
Community development	25,561	25,561	9,742	15,819
<b>Total Expenditures</b>	<b>25,561</b>	<b>25,561</b>	<b>9,742</b>	<b>15,819</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,561)	(25,561)	(1,506)	24,055
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 7)	2,900,000	2,900,000	-	(2,900,000)
<b>Total Other Financing Sources (Uses)</b>	<b>2,900,000</b>	<b>2,900,000</b>	<b>-</b>	<b>(2,900,000)</b>
<b>Net Change in Fund Balances</b>	<b>2,874,439</b>	<b>2,874,439</b>	<b>(1,506)</b>	<b>(2,875,945)</b>
Fund Balance, Beginning of Year	30,531,858	30,531,858	30,531,858	-
<b>Fund Balance, End of Year</b>	<b>\$33,406,297</b>	<b>\$33,406,297</b>	<b>\$30,530,352</b>	<b>\$ (2,875,945)</b>





## **PROPRIETARY FUNDS**

### **ENTERPRISE FUND:**

#### **Electric Fund**

This fund is used to account for the operations of the City electric utility, with its basic purpose to purchase and distribute electricity to customers in the City's newly developed areas under the "Greenfield" concept. The City began serving its first customers in February 2004.

### **INTERNAL SERVICE FUNDS:**

#### **Internal Service Funds**

These funds are used to account for services provided to other departments on a cost reimbursement basis. These services include providing insurance benefits, maintaining and replacing information systems, facilities maintenance, vehicle and equipment maintenance, and accumulating cash reserves for equipment replacement.

City of Moreno Valley

Statement of Net Position  
Proprietary Funds  
June 30, 2013

	<u>Enterprise Fund - Electric</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Assets:</b>		
Current:		
Pooled cash and investments (note 3)	\$ 6,223,181	\$ 41,078,544
Receivables:		
Accounts	2,723,312	212
Prepaid costs	-	5,799
Inventories	232,050	42,636
Restricted:		
Cash with fiscal agent (note 3)	<u>2,400,294</u>	<u>-</u>
<b>Total Current Assets</b>	<b><u>11,578,837</u></b>	<b><u>41,127,191</u></b>
Noncurrent:		
Capital assets - net of accumulated depreciation (note 5)	<u>35,418,304</u>	<u>13,910,951</u>
<b>Total Noncurrent Assets</b>	<b><u>35,418,304</u></b>	<b><u>13,910,951</u></b>
<b>Total Assets</b>	<b><u>\$ 46,997,141</u></b>	<b><u>\$ 55,038,142</u></b>
<b>Liabilities and Net Position:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 2,432,945	\$ 1,040,414
Accrued liabilities	13,990	60,299
Accrued interest	260,400	-
Unearned revenues	22,201	-
Deposits payable	900,552	-
Due to other governments	126,000	-
Due to utility operator	2,289,297	-
Compensated absences (note 6)	62,255	392,270
Self-insurance payable (note 12)	-	684,000
Bonds, notes, and loans payable (note 6)	<u>595,000</u>	<u>-</u>
<b>Total Current Liabilities</b>	<b><u>6,702,640</u></b>	<b><u>2,176,983</u></b>
Noncurrent:		
Advances from other funds (note 7)	580,657	-
Compensated absences (note 6)	41,503	261,512
Self-insurance payable (note 12)	-	1,424,000
Bonds, notes, and loans payable (note 6)	<u>27,827,319</u>	<u>-</u>
<b>Total Noncurrent Liabilities</b>	<b><u>28,449,479</u></b>	<b><u>1,685,512</u></b>
<b>Total Liabilities</b>	<b><u>35,152,119</u></b>	<b><u>3,862,495</u></b>
<b>Net Position:</b>		
Net investment in capital assets	9,052,878	13,910,951
Restricted for public purpose programs	3,444,969	-
Unrestricted	<u>(652,825)</u>	<u>37,264,696</u>
<b>Total Net Position</b>	<b><u>11,845,022</u></b>	<b><u>51,175,647</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 46,997,141</u></b>	<b><u>\$ 55,038,142</u></b>

City of Moreno Valley

Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2013

	<u>Enterprise Fund - Electric</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Operating Revenues:</b>		
Sales and service charges	\$ 19,051,214	\$ 13,180,797
Miscellaneous	373,220	21,112
<b>Total Operating Revenues</b>	<b><u>19,424,434</u></b>	<b><u>13,201,909</u></b>
<b>Operating Expenses:</b>		
Cost of services	613,974	7,668,688
Depreciation expense	807,947	522,167
Electricity purchased	9,573,589	-
Services and supplies	2,844,108	-
Distributive share	2,697,745	-
Self-insurance claims and charges	-	98,359
<b>Total Operating Expenses</b>	<b><u>16,537,363</u></b>	<b><u>8,289,214</u></b>
Operating Income (Loss)	<u>2,887,071</u>	<u>4,912,695</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	8,848	-
Interest expense	(1,602,083)	-
Engineering plan check fees	46,874	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>(1,546,361)</u></b>	<b><u>-</u></b>
Income (Loss) Before Transfers and Contributions	1,340,710	4,912,695
Contributions	-	2,588,910
Transfers in (note 7)	-	488,000
Transfers out (note 7)	-	(1,703,807)
Changes in Net Position	1,340,710	6,285,798
<b>Net Position:</b>		
Beginnig of Year	<u>10,504,312</u>	<u>44,889,849</u>
<b>End of Fiscal Year</b>	<b><u>\$ 11,845,022</u></b>	<b><u>\$ 51,175,647</u></b>

City of Moreno Valley

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2013

	Enterprise Fund - Electric	Governmental Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 18,886,424	\$ 13,207,488
Cash paid to suppliers for goods and services	(11,351,590)	(4,382,279)
Cash paid to employees for services	(3,347,451)	(2,493,446)
Cash paid for claims	-	(886,359)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,187,383</b>	<b>5,445,404</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash transfers in	-	488,000
Cash transfers out	-	(1,703,807)
Cash received from operator	428,379	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>428,379</b>	<b>(1,215,807)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(1,132,667)	(5,646,671)
Engineering plan check fees	46,874	-
Contributions	-	2,588,910
Principal paid on capital debt	(549,055)	-
Interest paid on capital debt	(1,606,703)	-
Repayment of loans to other governments	(31,500)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(3,273,051)</b>	<b>(3,057,761)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	8,848	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>8,848</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,351,559</b>	<b>1,171,836</b>
Cash and Cash Equivalents at Beginning of Year	7,271,916	39,906,708
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,623,475</b>	<b>\$ 41,078,544</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	2,887,071	4,912,695
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	807,947	522,167
(Increase) decrease in accounts receivable	(597,501)	5,579
(Increase) decrease in prepaid costs	319	27,740
(Increase) decrease in inventories	(223,650)	(31,601)
Increase (decrease) in accounts payable	1,220,002	748,868
Increase (decrease) in accrued liabilities	2,955	(2,028)
Increase (decrease) in unearned revenue	22,201	-
Increase (decrease) in deposits payable	37,290	-
Increase (decrease) in self-insurance payable	-	(788,000)
Increase (decrease) in compensated absences	30,749	49,984
<b>Total Adjustments</b>	<b>1,300,312</b>	<b>532,709</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,187,383</b>	<b>\$ 5,445,404</b>

**Non-Cash Investing, Capital, and Financing Activities:**

There were no noncash investing, capital or noncapital financing activities for the year ended June 30, 2013.

## FIDUCIARY FUNDS

### **FIDUCIARY FUNDS:**

#### **Fiduciary Funds**

These funds are used to account for assets held in an agency or trustee capacity for others. These funds cannot be used to support the City's own programs.

City of Moreno Valley

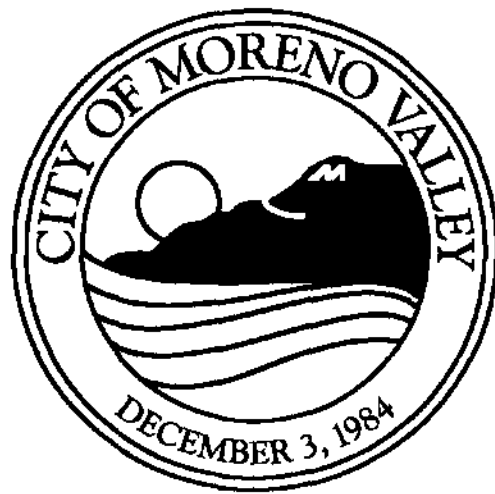
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund</u>
		<u>Successor Agency of the Former RDA</u>
<b>Assets:</b>		
Pooled cash and investments (note 3 and 13)	\$ 4,933,160	\$ 3,531,113
Due from other governments	93	126,000
Restricted assets:		
Cash with fiscal agents (note 3 and 13)	763,813	6,950,000
Capital assets, not being depreciated (note 13)	-	9,435,936
Capital assets, net of accumulated depreciation (note 13)	-	17,919,336
	<u>\$ 5,697,066</u>	<u>37,962,385</u>
<b>Total Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 36,003	42,184
Accrued liabilities	-	2,750
Accrued interest	-	846,035
Deposits payable	4,106,867	-
Due to other governments	4,116	1,056
Payable to trustee	1,550,080	-
Long-term debt, due within one year (note 13)	-	230,000
Long-term debt, due in more than one year (note 13)	-	59,635,008
	<u>\$ 5,697,066</u>	<u>60,757,033</u>
<b>Total Liabilities</b>		
<b>Net Position:</b>		
Held in trust for other purposes		<u>(22,794,648)</u>
<b>Total Net Position</b>		<u>\$ (22,794,648)</u>

City of Moreno Valley

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended June 30, 2013

	<u>Private- Purpose Trust Fund</u>
	<u>Successor Agency of the Former RDA</u>
<b>Additions:</b>	
Taxes	\$ 8,789,053
Use of money and property	15,116
Repayment of loans received	<u>31,500</u>
<b>Total Additions</b>	<b><u>8,835,669</u></b>
<b>Deductions:</b>	
Administrative expenses	858,614
Contractual services	790,027
Interest expense	3,058,083
Depreciation expense	718,675
Contributions to City	<u>2,811,741</u>
<b>Total Deductions</b>	<b><u>8,237,140</u></b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (note 13)	<u>(30,702,555)</u>
<b>Changes in Net Position</b>	<b><u>(30,104,026)</u></b>
Net Position - Beginning of the Year	<u>7,309,378</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (22,794,648)</u></b>





Notes to Basic Financial Statements

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The City of Moreno Valley, California (the City), is located in the County of Riverside and was incorporated on December 3, 1984 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government. The City's major operations include police and fire protection, public works, parks, recreation and certain social services and general administration services.

Reporting Entity

Accounting principles generally accepted in the United States of America require that these financial statements represent the City of Moreno Valley and its component units. A component unit is included in the primary government's financial statements if the governing body is substantively the same as that of the City or if the component unit provides services or other benefits almost entirely to the primary government. The component units discussed below are included in the City's reporting entity because of their operational significance or financial relationships with the City. These component units are controlled by common governing boards, which are substantively the same as the City's and are presented as blended component units for financial reporting purposes. The component units have the same fiscal year end as the City.

- The Moreno Valley Community Services District (the District) was established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Its purpose is to finance the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts. Separate financial statements for the District are available from the City Clerk.
- Community Facilities District No. 3 (Auto Mall Refinancing), and Community Facilities District No. 87-1 and 87-1, IA#1 (Towngate) were established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Their purpose is to finance the acquisition and construction of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts and they are governed by City Council. Separate financial statements are not available for the Community Facilities Districts.
- The Moreno Valley Public Facilities Financing Corporation (MVPFFC) and the Moreno Valley Public Financing Authority (MVPFA) are nonprofit public benefit corporations, formed for the purpose of providing public facility financing to the City. The Corporations' Boards of Directors are each composed of the five elected City Council members. Both Corporations may acquire, construct, rehabilitate, remodel, improve, install and finance or lease various facilities, land and equipment for the benefit of the City. Separate financial statements are not available for the Public Financing Corporation and the Public Financing Authority.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

- The Moreno Valley Housing Authority (the Housing Authority) was established pursuant to State law section 34240 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe, sanitary and affordable housing accommodations to persons of low income. The City of Moreno Valley City Council serves as the Housing Authority's Commissioners. Separate financial statements are not available for the Housing Authority.

The accounting policies of the City of Moreno Valley conform with generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position 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. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expense reported for individual functions and activities. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus, Basis of Accounting and Financial Statements 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 provider have been met.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant and sales tax revenues have an availability period of 120 days.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenue in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The State Gasoline Tax Fund is used to account for the City's share of state gas tax revenue restricted for street improvement and maintenance. The revenue is apportioned under the Streets and Highway Code of the State of California.

The CSD Zones Special Revenue Fund accounts for restricted property taxes for the various Community Services District (CSD) programs. There are nine Zones within the Community Services District providing services. Zone A-Parks and Community Services provides citywide park maintenance and community programming. Zone B-Residential Street Lighting provides residential subdivision street lighting. Zone C-Arterial Street Lighting provides citywide street lighting on major arterial streets. Zone D-Standard Landscaping provides landscaping for residential developments throughout the City. Zone E-Extensive Landscaping provides landscaping in major developments within the City. Zone L-Library Services provides library services to City residents. Zone M-Medians provides development and maintenance of median landscaping within the City. Community Facilities District (CFD) #1 provides maintenance of new parks, trails and class 1 bikeways. Zone S – Sunnymead Boulevard Maintenance provides maintenance of landscape services for certain improvements constructed by the City and the former RDA on Sunnymead Boulevard.

The Development Impact Fees Special Revenue Fund accounts for the restricted fees collected to provide funding for capital improvements related to the impact of development on various City services. The City collects fees for the following: arterial streets, traffic signals, fire facilities, police facilities, parkland facilities, Quimby in-lieu of parks, recreation facilities, library facilities, city hall facilities, corporate yard

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

facilities, interchange improvements, maintenance equipment, and animal shelter facilities. The City has elected to report this fund as a major fund.

The Housing Authority is used to account for the local housing funds and programs for affordable housing.

The Facility Construction Fund is used to account for City facility related capital projects.

The City reports the following major business-type fund:

The Electric Fund accounts for the operations of the City electric utility, with its basic purpose to purchase and distribute electricity to customers in the City's newly developed areas under the "Greenfield" concept. The City began serving its first customers in February 2004.

Additionally the government reports the following fund types:

Internal Service Funds account for financial transactions related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs and the City's general information systems and telecommunications hardware and software. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

The Agency Funds are used to report resources held by the City in a purely custodial capacity, which includes assets held on behalf of customers and trustees for the Assessment Districts, TUMF and MSHCP Trust funds.

The Private-Purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Funds are charges to other departments or agencies for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**d. Assets, Liabilities, Deferred Inflows and Net Position or Equity**

**Deposits, Investments, Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value except for investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. The City's policy is generally to hold investments until maturity or until fair values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "advances to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

City of Moreno Valley

Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Inventory and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory consists of expendable supplies held for consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been set aside as nonspendable for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	5 - 50
Furniture and Equipment	3 - 15
Vehicles	3 - 10
Infrastructure	25 - 50

Deferred inflows of resources

In addition to liabilities, the statement of financial position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Unavailable revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. The amount is deferred and recognized as an inflow of resources in the period when the amount becomes available.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Unearned Revenue

The City reports unearned revenue in the fund-level statements and in the statement of net position. Unearned revenue arises when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused annual leave benefits. The City records the annual leave liability using benefits earned by employees at the balance sheet date that will result in termination payments rather than compensated absences. The City records the annual leave liability using the dollar value of employees' rights to receive compensation attributable to services already rendered.

Long-Term Obligations

In the government-wide financial statements, and proprietary and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Land Held for Resale

Land purchased for the purposes of resale is recorded at the cost to purchase the property or, upon entering into a contract for sale, the estimated net realizable value, if lower.

Fund Balance

The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" during fiscal year 2010-2011. In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.



**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the City Council.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Financial and Management Services Director is authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted, committed, assigned, or unassigned or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**Fund balance flow assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Net position flow assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Secured property taxes are payable in two installments with December 10 the last day to pay the first installment of secured property taxes without penalty, and April 10 the last day to pay the second installment of secured property taxes without penalty. Unsecured personal property taxes are due in a single installment on August 31. The County of Riverside bills and collects the property taxes and remits them to the City in installments during the year. Property taxes received within 60 days after the City's fiscal year end are considered "measurable" and "available" and are accrued in the City's financial statements.

**Note 2: Stewardship, Compliance and Accountability**

**a. Budgetary Information**

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all governmental fund types. The budget is prepared on a GAAP (Generally Accepted Accounting Principles) basis. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget only during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIIB of the State Constitution.

The City's formal budgetary process begins at the operating program level. Departmental budgets are comprised of the various operating program budgets. Operating programs do not cross departmental lines. Individual fund budgets consist of the departmental budgets; departmental budgets may cross fund lines.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund types, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control (legal level) for most funds is established by the amount of expenditures budgeted at the departmental and fund levels. Accordingly, the General Fund expenditures are displayed in the supplementary schedules at the department level and the Special Revenue, Debt Service and Capital Projects Funds expenditures are displayed at the function level. Management control is exercised at the line item level in each operating program. Management can transfer budgeted amounts between operating programs, departments or funds, provided that such transfers do not increase the overall budget. Appropriations that increase the budget require City Council approval.

For fiscal year 2012-2013, the following funds had no adopted annual budgets:

- Article 3 Transportation
- Homeless Prevention Program Special Revenue Fund
- Traffic Signal Mitigation Capital Projects Fund
- Warner Ranch Capital Development Capital Projects Fund
- 2007 Tax Allocation Bonds Capital Projects Fund
- Equestrian Trail Endowment Permanent Fund
- Rockridge Park Endowment Permanent Fund
- NPDES Endowment Permanent Fund

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 2: Stewardship, Compliance and Accountability (Continued)**

These funds had no adopted budget due to the timing of the usage of the funds. Money will be budgeted as needed based on specific projects to be completed with these funds.

**b. Excess Expenditures Over Appropriations**

Excess of expenditures over appropriations in departments of individual funds are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
City manager	\$ 1,565,948	\$ 1,789,443	\$ 223,495
City clerk	541,564	553,957	12,393
City attorney	961,369	1,194,457	233,088
Non-departmental	1,048,960	1,073,135	24,175
Community development	6,798,904	7,143,586	344,682
Public works	2,219,540	2,271,319	51,779
State Gasoline Tax Special Revenue Fund:			
Public works	5,020,815	5,051,197	30,382
Other Grants Special Revenue Fund:			
Community development	68,821	184,377	115,556
Air Quality Management Special Revenue Fund:			
Community and cultural	219,310	229,505	10,195
CFD #4M Special Revenue Fund:			
Public works	48,200	55,054	6,854
CDBG Recovery Act of 2009 Special Revenue Fund:			
Community development	-	105,101	105,101
Civil Penalties Special Revenue Fund:			
Community development	81,401	146,882	65,481
Lease Revenue Bonds 2005 Debt Service Fund:			
General government	2,300	2,850	550

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 3: Cash and Investments**

As of June 30, 2013, cash and investments were reported in the accompanying financial statements as follows:

Government Activities:	\$ 152,664,585
Business-Type Activities	8,623,475
Fiduciary Funds	<u>16,178,086</u>
Total Cash and Investments	<u>\$ 177,466,146</u>

Cash and investments as of June 30, 2013, consist of the following:

Cash and Cash Equivalents	
Petty cash and change boxes	\$ 10,770
Demand deposit	863,936
Investments	160,302,220
Cash and Investments with fiscal agents	<u>16,289,220</u>
Total Cash and Investments	<u>\$ 177,466,146</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**Deposits**

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by the California Agents of Depository are considered to be held for, and in the name of, the local government agency.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 3: Cash and Investments (Continued)**

Investments

Under provisions of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Bills, Notes and Bonds
- Government Sponsored Enterprises (GSE's) or U.S. Agencies
- California State Local Agency Investment Fund (LAIF)
- Bonds, notes or other indebtedness of the State of California
- Bonds, notes or other indebtedness of local agencies in California
- Bankers Acceptances
- Commercial Paper
- Commercial Paper issued under the Temporary Liquidity Guarantee Program (TLGP)
- Time Deposits and Non-negotiable Certificates of Deposit
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Corporate Obligations (Medium-term Notes)
- Corporate Obligations (Medium-term Notes) issued under the Temporary Liquidity Guarantee Program (TLGP)
- Mutual Funds and Money Market Accounts
- Other Government Sponsored Investment Pools

Investments Authorized by Debt Agreements

The above investments do not address the investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

## City of Moreno Valley

### Notes to Financial Statements Year Ended June 30, 2013 (Continued)

#### Note 3: Cash and Investments (Continued)

##### Credit Risk

The City's investment policy limits investments in medium term notes (MTN's) to those rated in the top category by two of the three largest nationally recognized rating services at the time of purchase (with split ratings, the lower rating must meet the standard). As of June 30, 2013, the City's investment in medium term notes consisted of investments with Bank of New York Mellon, Berkshire Hathaway, Blackrock Inc., Coca Cola Company, Google Inc., John Deere, Occidental Petroleum, United Technologies, Chevron Corp., Intel Corp., Apple Inc., Honda, Toyota, Chase, EBay Inc., Walt Disney Corp., Northern Trust Corp., General Electric Capital Corp., Goldman Sachs, IBM Corp., JP Morgan, Morgan Stanley, PepsiCo Inc., Pfizer Inc., Praxair, U.S. Bankcorp, Wal-Mart, and Wells Fargo Bank. At June 30, 2013, all MTN's were rated "A" or higher by Moody's. All securities were investment grade and legal under State and City law at their time of purchase. Federal agency securities are rated AA+. Investments in U.S. Treasury securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2013, the City's investments in external investment pools and investment agreements are unrated.

##### Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The carrying amount of the City's demand deposits was \$863,936 at June 30, 2013. Bank balances before reconciling items was \$4,058,662 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed above under "Deposits". The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, all investments are held by third-party custodians for safekeeping, with the securities in the City's name. This is the lowest level of custodial credit risk exposure.

##### Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio will not directly invest in securities maturing in more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 3: Cash and Investments (Continued)**

As of June 30, 2013, the City had the following investments and original maturities:

Investment Type	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	Fair Value
Local Agency Investment Fund	\$ 11,652,451	\$ -	\$ -	\$ -	\$ 11,652,451
Money Market Fund	47,918	-	-	-	47,918
Commercial Paper	3,672,281	-	-	-	3,672,281
Medium Term Notes	4,419,304	5,133,832	23,568,997	17,109,661	50,231,794
US Treasury Notes	-	-	17,110,420	10,745,964	27,856,384
Federal Farm Credit Banks	1,973,767	2,893,916	8,612,717	1,607,713	15,088,113
Federal Farm Loan Banks	-	-	6,967,901	7,342,981	14,310,882
Federal Home Loan Mortgage Corp	-	-	4,860,167	12,389,066	17,249,233
Federal National Mortgage Assn	-	-	3,884,460	12,545,140	16,429,600
Tennessee Valley Authority	3,763,564	-	-	-	3,763,564
Held by Bond Trustee:					
Money Market Funds	16,289,220	-	-	-	16,289,220
<b>Totals</b>	<b>\$ 41,818,505</b>	<b>\$ 8,027,748</b>	<b>\$ 65,004,662</b>	<b>\$ 61,740,525</b>	<b>\$ 176,591,440</b>

**Concentration of Credit Risk**

The City's investment policy imposes restrictions on the maximum percentage and amount that can be invested in certain types of investments. These restrictions are as follows:

Investment Types	Maturity Limit	Maximum Portfolio Percentage	Maximum Investment in One Issuer
U.S. Treasury bills, notes and bonds	5 years	None	None
GSE's or U.S. Agencies	5 years	None	None
California State Local Agency Investment Fund	n/a	None	None
Bonds, notes or other indebtedness of the State of California	5 years	None	None
Bonds, notes or other indebtedness of local agencies in CA	5 years	None	5%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
CD Placement Service	5 years	30%	5%
Repurchase Agreements	1 year	None	5%
Reverse Repurchase Agreements	92 days	20%	5%
Medium-term Notes (MTN's)	5 years	30%	5%
Mutual Funds and Money Market Accounts	n/a	20%	5%
Collateralized Bank Deposits	5 years	None	5%
Mortgage Pass-Through Securities	5 years	20%	5%
Bank/Time Deposits	5 years	None	5%
Other Governmental Sponsored Investment Pools	n/a	None	None

As of June 30, 2013, the City is in compliance with the investment policy restriction.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 3: Cash and Investments (Continued)**

In accordance with GASB Statement No. 40, if the City has invested more than 5% of its investments in any one issuer, it is exposed to credit risk. The following investments are considered exposed to credit risk:

Federal Farm Credit Bank	9.0%
Federal Farm Loan Bank	8.0%
Federal Home Loan Mortgage Corp	10.0%
Federal National Mortgage Association	9.0%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

**Note 4: Notes and Loans**

**a. Notes and Loans Receivable**

Notes and loans receivables of \$34,941,147 consist primarily of revolving home improvement loans and are due beyond one year.

A summary of amounts owed at June 30, 2013, follows:

	Housing Authority	Nonmajor Governmental Funds	Total
Cottonwood Properties	\$ 3,845,394	\$ 2,050,000	\$ 5,895,394
Sheila Street Rehabilitation	2,651,875	-	2,651,875
RHDC Properties	1,844,781	751,042	2,595,823
CVHC	1,639,450	-	1,639,450
Ability First	824,917	-	824,917
Bay Family Apartments	755,000	-	755,000
Perris Isle	413,000	687,000	1,100,000
Oakwood	3,000,000	-	3,000,000
Rancho Dorado	5,550,000	-	5,550,000
Hemlock Family Apartments	5,300,000	400,000	5,700,000
Others	687,577	4,541,111	5,228,688
Totals	<u>\$ 26,511,994</u>	<u>\$ 8,429,153</u>	<u>\$ 34,941,147</u>

**b. Notes to Successor Agency**

In prior years, the City made various loans to the former Redevelopment Agency. Upon dissolution of the Redevelopment Agency, certain loans were approved as enforceable obligations in a letter dated May 26, 2012 from the California Department of Finance and remain as a receivable in the General Fund and a liability of the Successor Agency. At June 30, 2013, the balance of \$16,723,574 consists of the following:

The Towngate Regional Mall notes (Sears Note), totaling \$13,000,000, originate from a participation agreement (as amended) whereby the Agency acquired certain parcels within the mall for subsequent transfer to major tenants. The notes bear interest at 7.25% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Furthermore, the Agency has covenanted to use



**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 4: Notes and Loans (Continued)**

reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. At June 30, 2013, accrued interest amounts to \$3,053,567.

The long-term payable to the General Fund from the Agency Debt Service Fund includes \$652,248 representing monies borrowed in prior fiscal years by the Agency to finance redevelopment activities. The monies loaned to the Agency bear an interest rate of 12%. Repayment of the long-term payable will be made when funds becomes available. At June 30, 2013, accrued interest amounts to \$17,759.

**Note 5: Capital Assets**

The following is a schedule of changes in governmental activities capital assets for the year ended June 30, 2013:

	Balance July 1, 2012	Transfers	Additions	Deletions	Transfers from Successor Agency*	Balance June 30, 2013
<b>Non-Depreciable Assets:</b>						
Land	\$ 300,286,754	\$ -	\$ -	\$ -	\$ -	\$ 300,286,754
Construction In Progress	27,903,728	(40,624,780)	48,229,592	-	2,831,277	38,339,817
<b>Total Non-Depreciable Assets</b>	<b>328,190,482</b>	<b>(40,624,780)</b>	<b>48,229,592</b>	<b>-</b>	<b>2,831,277</b>	<b>338,626,571</b>
<b>Depreciable Assets:</b>						
Buildings and Improvements	106,504,621	5,252,452	-	-	3,436,958	115,194,031
Furniture and Equipment	12,458,394	3,684,422	316,987	(330,565)	-	16,129,238
Vehicles	10,529,705	-	120,511	(139,932)	-	10,510,284
Infrastructure	672,903,460	31,687,906	29,039,171	-	941,574	734,572,111
<b>Total Depreciable Assets</b>	<b>802,396,180</b>	<b>40,624,780</b>	<b>29,476,669</b>	<b>(470,497)</b>	<b>4,378,532</b>	<b>876,405,664</b>
<b>Less Accumulated Depreciation:</b>						
Buildings and Improvements	(41,577,065)	-	(3,111,556)	-	-	(44,688,621)
Furniture and Equipment	(10,946,546)	-	(521,636)	209,644	-	(11,258,538)
Vehicles	(8,221,687)	-	(612,817)	136,434	-	(8,698,070)
Infrastructure	(262,182,487)	-	(21,266,178)	-	-	(283,448,665)
<b>Total Accumulated Depreciation</b>	<b>(322,927,785)</b>	<b>-</b>	<b>(25,512,187)</b>	<b>346,078</b>	<b>-</b>	<b>(348,093,894)</b>
<b>Total Depreciable Assets, Net of Accumulated Depreciation</b>	<b>479,468,395</b>	<b>40,624,780</b>	<b>3,964,482</b>	<b>(124,419)</b>	<b>4,378,532</b>	<b>528,311,770</b>
<b>Total Net Capital Assets</b>	<b>\$ 807,658,877</b>	<b>\$ -</b>	<b>\$ 52,194,074</b>	<b>\$ (124,419)</b>	<b>\$ 7,209,809</b>	<b>\$ 866,938,341</b>

\*As a result of the dissolution of the former Redevelopment Agency, assets of the former Redevelopment Agency were transferred to the Successor Agency as of January 31, 2012. These assets were transferred to the Successor Agency, but should have remained with the City's Governmental Activities. See Note 13 for additional information about the Successor Agency.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 5: Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 972,442
Public safety	1,115,827
Community development	178,649
Community and cultural	1,811,357
Public works	20,911,745
Internal service funds	522,167
Total	<u>\$ 25,512,187</u>

The following is a schedule of changes in business-type activities capital assets for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Non-Depreciable Assets:					
Land	\$ 1,237,459	\$ -	\$ -	\$ -	\$ 1,237,459
Construction In Progress	322,120	(1,125,527)	965,120	-	161,713
Total Non-Depreciable Assets	<u>1,559,579</u>	<u>(1,125,527)</u>	<u>965,120</u>	<u>-</u>	<u>1,399,172</u>
Depreciable Assets:					
Infrastructure	38,088,500	1,125,527	167,547	-	39,381,574
Total Depreciable Assets	<u>38,088,500</u>	<u>1,125,527</u>	<u>167,547</u>	<u>-</u>	<u>39,381,574</u>
Less Accumulated Depreciation:					
Infrastructure	(4,554,495)	-	(807,947)	-	(5,362,442)
Total Accumulated Depreciation	<u>(4,554,495)</u>	<u>-</u>	<u>(807,947)</u>	<u>-</u>	<u>(5,362,442)</u>
Total Depreciable Assets, Net of Accumulated Depreciation	<u>33,534,005</u>	<u>1,125,527</u>	<u>(640,400)</u>	<u>-</u>	<u>34,019,132</u>
Total Net Capital Assets	<u>\$ 35,093,584</u>	<u>\$ -</u>	<u>\$ 324,720</u>	<u>\$ -</u>	<u>\$ 35,418,304</u>

Depreciation expense for business-type activities was charged as follows:

Electric Utility	<u>\$ 807,947</u>
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**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt**

**a. Changes in Long-Term Debt - Governmental Activities**

The following is a schedule of changes in governmental activities long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Towngate Community Facilities District No. 87-1:					
2007 Towngate Special Tax Refunding Bonds	\$ 8,205,000	\$ -	\$ (680,000)	\$ 7,525,000	\$ 700,000
2007 Towngate Improvement Tax Refunding	3,265,000	-	(210,000)	3,055,000	220,000
Community Facilities District No. 3:					
Auto Mall Special Tax Bonds	400,000	-	(295,000)	105,000	15,000
Moreno Valley Public Facilities Financing:					
2011 Private Placement Refunding, Series 1997 Variable Rate Certificates of Participation	3,662,500	-	(690,500)	2,972,000	710,500
Moreno Valley Public Financing Authority:					
Lease Revenue Bonds, 2005	38,775,000	-	(920,000)	37,855,000	970,000
2011 Private Placement Refunding, Series 1997 Variable Rate Certificates of Participation	3,011,000	-	(222,000)	2,789,000	234,000
City:					
OPEB Liability	450,000	450,000	-	900,000	-
Accrued Self-Insurance Claims and Judgments	2,896,000	684,000	(1,472,000)	2,108,000	684,000
Compensated Absences:					
Governmental Funds	5,282,232	2,832,527	(2,435,455)	5,679,304	2,618,531
Internal Service Funds	603,798	305,027	(255,043)	653,782	261,512
Totals	<u>\$ 66,550,530</u>	<u>\$ 4,271,554</u>	<u>\$ (7,179,998)</u>	<u>\$ 63,642,086</u>	<u>\$ 6,413,543</u>

**2007 Towngate Special Tax Refunding Bonds**

Towngate CFD 87-1 2007 Special Tax Refunding Bonds in the original issue of \$10,665,000 were issued in November 2007 to refund prior bonds currently outstanding, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial fashion through December 1, 2021 and bear interest ranging from 3.50% to 5.00%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on December 1, 2017. The bonds are payable from and secured by a special tax levy against certain affected parcels within the District. Under an arrangement (Participation Agreement) involving the District, the City and the Successor Agency of the former RDA, the required tax levy may be reduced in part by the reimbursable tax increment and utility reimbursements from the Agency.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

The annual debt service requirements for the 2007 Towngate Special Tax Refunding Bonds payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	2007 Towngate Special Tax Refunding Bonds	
	Principal	Interest
2014	\$ 700,000	\$ 310,906
2015	730,000	283,181
2016	760,000	253,381
2017	790,000	218,431
2018	830,000	177,931
2019-2023	3,715,000	312,884
Totals	<u>\$ 7,525,000</u>	<u>\$ 1,556,714</u>

**2007 Towngate Improvement Tax Refunding Bonds**

CFD 87-1 Improvement Area No. 1 Special Tax Refunding Bonds in the original issue of \$4,075,000 were issued in November 2007 to refund prior bonds currently outstanding, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial fashion through October 1, 2023 and bear interest ranging from 3.75% to 4.875%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on April 1, 2009. The bonds are payable from and secured by a special tax levy against certain affected parcels within the District. Under an arrangement (a Cooperation and Reimbursement Agreement) involving the District, the City and the Successor Agency of the former RDA, the required tax levy may be reduced in part by a reimbursable tax increment from the Agency to a maximum of 70.3% of required debt service.

The annual debt service requirements for the 2007 Towngate Improvement Tax Refunding Bonds payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	2007 Towngate Improvement Tax Refunding Bonds	
	Principal	Interest
2014	\$ 220,000	\$ 135,009
2015	230,000	125,669
2016	240,000	115,739
2017	250,000	105,170
2018	260,000	93,851
2019-2023	1,510,000	269,763
2024-2028	345,000	8,409
Totals	<u>\$ 3,055,000</u>	<u>\$ 853,610</u>

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

**Auto Mall Special Tax Bonds**

Community Facilities District No. 3, Auto Mall Special Tax Bonds 2000, Refinancing in March 2000, the Community Facilities District No. 3 of the City of Moreno Valley issued Special Tax Bonds 2000 (Refinancing Bonds) in the amount of \$8,075,000 to refund on June 1, 2000 \$7,828,258 of outstanding Auto Mall Special Tax Bonds (Refunded Bonds). The Refinancing Bonds mature in serial and term fashion through September 2030 and bear interest payable semi-annually at rates ranging from 5.25% to 7.50%. The bonds are subject to optional and mandatory redemption prior to maturity beginning September 1, 2010. The bonds are payable from and secured by a special tax levy against parcels within the District. Under an arrangement (Owner Participation Agreement) involving the parcel owners, the District, the City and the Successor Agency of the former RDA, the required tax levy is to be offset by available property tax increment from the Agency. Should available increment be insufficient to offset the levy, available project sales tax collected by the City will be used.

The annual debt service requirements for the Auto Mall Special Tax Bonds payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Auto Mall Special Tax Bonds	
	Principal	Interest
2014	\$ 15,000	\$ 7,313
2015	15,000	6,188
2016	15,000	5,063
2017	15,000	3,938
2018	15,000	2,813
2019-2023	30,000	2,250
Totals	<u>\$ 105,000</u>	<u>\$ 27,565</u>

**2011 Private Placement Refunding, 1997 Certificates of Participation**

The 2011 Private Placement Refunding of the 1997 Certificates of Participation mature in serial fashion through November 1, 2016 and bear interest of 2.92%. The original amount of the issue was \$4,343,500. The bonds are payable from lease payments made by the City under a project lease dated November 1, 1997 between the City and the Moreno Valley Public Facilities Financing Corporation. The lease payments are equal to the principal and interest on the bonds and are made by the City for the rental use of the public safety building financed by the original 1997 Certificates of Participations issue. This issue is fully insured in the event of nonpayment by the City. These refinancing decreased aggregate debt service payments that were required by approximately \$65,630. This refunding resulted in an economic gain of approximately \$25,174.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Certificates of Participation payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	2011 Private Placement Refunding, 1997 Certificates of Participation	
	Principal	Interest
2014	\$ 710,500	\$ 76,409
2015	732,000	55,349
2016	753,500	33,660
2017	776,000	11,330
Totals	<u>\$ 2,972,000</u>	<u>\$ 176,748</u>

**2011 Private Placement Refunding, 1997 Lease Revenue Bonds**

The 2011 Private Placement Refunding bonds mature in serial and term fashion through November 1, 2022 and bear interest ranging from 5.2% to 5.5%. The original amount of the issue was \$3,272,000. The bonds are payable from lease payments made by the City under a project lease dated November 1, 1997 between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City for the rental use of the public safety building financed by the original 1997 Lease Revenue bonds issue. This issue is fully insured in the event of nonpayment by the City.

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Lease Revenue Bonds payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	2011 Private Placement Refunding, 1997 Lease Revenue Bonds	
	Principal	Interest
2014	\$ 234,000	\$ 106,346
2015	241,000	96,893
2016	252,000	87,082
2017	262,000	76,854
2018	273,000	66,207
2019-2023	1,527,000	156,912
Totals	<u>\$ 2,789,000</u>	<u>\$ 590,294</u>

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

**Lease Revenue Bonds, 2005**

Lease Revenue Bonds 2005 in the original issue amount of \$48,205,000 were issued for the purpose of financing a portion of the cost of the expansion of the public safety building, electric utility infrastructure, construction of a fire station, various public works and redevelopment projects, to fund a reserve for the bonds and to pay issuance costs. Of the \$48,205,000 originally issued, the portion for the electric utility infrastructure (\$5,105,000) has been separated and is shown as long-term debt for business-type activities. The bonds mature in serial and term fashion through November 1, 2035 and bear interest ranging from 3% to 4.375%. The bonds are subject to both optional and mandatory redemption beginning November 1, 2006. The bonds are payable from lease payments made by the City under a project lease dated May 1, 1997, between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the Public Safety Building and the City Hall. This issue is fully insured in the event of nonpayment by the City.

The annual debt service requirements for the Lease Revenue Bonds, 2005 payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	2005 Lease Revenue Bonds	
	Principal	Interest
2014	\$ 970,000	\$ 1,670,690
2015	1,020,000	1,626,040
2016	1,050,000	1,579,390
2017	1,115,000	1,530,840
2018	1,150,000	1,479,790
2019-2023	6,610,000	6,557,175
2024-2028	8,285,000	4,852,638
2029-2033	10,315,000	2,778,294
2034-2038	7,340,000	491,094
Totals	<u>\$ 37,855,000</u>	<u>\$ 22,565,951</u>

**Compensated Absences**

At June 30, 2013, the amount of compensated absences liability was \$6,333,086. This amount consists of \$5,679,304 for governmental funds, principally paid by the General Fund, and \$653,782 for internal service funds.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

**b. Changes in Long-Term Debt - Business-Type Activities**

The following is a schedule of changes in business-type activities long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Lease Revenue Bonds, 2005	\$ 4,705,000	\$ -	\$ 110,000	\$ 4,595,000	\$ 120,000
Lease Revenue Bonds, 2007	24,540,000	-	450,000	24,090,000	475,000
Less Unamortized Discount	(273,626)	-	(10,945)	(262,681)	-
Compensated Absences	73,009	59,952	29,203	103,758	62,255
<b>Totals</b>	<b>\$ 29,044,383</b>	<b>\$ 59,952</b>	<b>\$ 578,258</b>	<b>\$ 28,526,077</b>	<b>\$ 657,255</b>

**Lease Revenue Bonds, 2005**

Lease Revenue Bonds 2005 in the original issue amount of \$48,205,000 were issued for the purpose of financing a portion of the cost of the expansion of the public safety building, electric utility infrastructure, construction of a fire station, various public works and redevelopment projects, to fund a reserve for the bonds and to pay issuance costs. Of the \$48,205,000 originally issued, the portion for the electric utility infrastructure (\$5,105,000) has been separated and is shown as long-term debt for business-type activities. The bonds mature in serial and term fashion through November 1, 2035 and bear interest ranging from 3% to 4.375%. The bonds are subject to both optional and mandatory redemption beginning November 1, 2006. The bonds are payable from lease payments made by the City under a project lease dated May 1, 1997, between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the Public Safety Building and the City Hall. This issue is fully insured in the event of nonpayment by the City.

The annual debt service requirements for the Lease Revenue Bonds, 2005 payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Lease Revenue Bonds, 2005	
	Principal	Interest
2014	\$ 120,000	\$ 202,763
2015	125,000	197,263
2016	130,000	191,513
2017	135,000	185,563
2018	140,000	179,363
2019-2023	800,000	794,763
2034-2028	1,005,000	577,298
2029-2033	1,250,000	336,375
2034-2038	890,000	59,500
<b>Totals</b>	<b>\$ 4,595,000</b>	<b>\$ 2,724,401</b>



**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

**Lease Revenue Bonds, 2007**

Lease Revenue Bonds 2007 (Taxable) in the original issue amount of \$25,765,000 were issued for the purpose of financing a City-owned 115kV to 12kV substation, an 115kV to 12kV switchyard adjacent to the substation, and other infrastructure improvements to support planned growth of the City-owned electrical distribution system. The bonds mature in serial and term fashion through May 1, 2038 and bear interest ranging from 5.084% to 5.75%. The bonds are subject to both optional and mandatory redemption beginning May 1, 2017. The bonds are payable from lease payments made by the City under a project lease dated May 1, 2007, between the City and the MVPFA. The lease payments are equal to the principal and interest on the bonds and are made by the City as rent for use of the 115kV to 12kV substation. This issue is fully insured in the event of nonpayment by the City.

The annual debt service requirements for the Lease Revenue Bonds, 2007 payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Lease Revenue Bonds, 2007	
	Principal	Interest
2014	\$ 475,000	\$ 1,356,644
2015	495,000	1,332,495
2016	520,000	1,307,329
2017	550,000	1,280,893
2018	575,000	1,252,931
2019-2023	3,400,000	5,748,041
2024-2028	4,450,000	4,694,841
2029-2033	5,865,000	3,280,663
2034-2038	7,760,000	1,388,050
Totals	<u>\$ 24,090,000</u>	<u>\$ 21,641,887</u>

**Compensated Absences**

At June 30, 2013, the amount of compensated absences liability totaled \$103,758. Based on the current trend of usage, \$62,555 is expected to be paid within one year.

**c. Conduit Debt**

The Moreno Valley Public Financing Authority issued \$5,548,000 Assisted Living Housing Revenue Bonds, Series 2000A. The bonds and interest thereon are limited obligations of the issuer, payable solely from the revenues and the trust estate, which are assigned and pledged to such purposes. Consequently, no liability is reported in these accompanying financial statements. The outstanding balance at June 30, 2013, was \$5,158,000.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 6: Long Term Debt (Continued)**

**d. Non-Commitment Debt**

The Community Facilities District No. 5 of the City of Moreno Valley 2007 Special Tax Bonds were issued to finance various public improvements needed to develop property located within the Community Facilities District No. 5 ("District"). The original issue amount was \$5,870,000. The Bonds are special limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes to be levied on and collected from the owners of the taxable land within the District and from certain other funds pledged under the Fiscal Agent Agreement dated May 1, 2007 by and between the City for and on behalf of the District and Wells Fargo Bank, National Association, as fiscal agent. The Special Taxes are to be levied according to the rates and method of apportionment approved by the City Council, the legislative body of the District, and the qualified electors within the District. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The City is in no way liable for repayment but is acting as an agent for the property owners in collecting the assessments and forwarding the collections to bondholders. Interest on the Bonds will be payable on September 1, 2007 and semiannually thereafter on each March 1 and September 1 thru 2037. Interest rates range from 4.00% to 5.00%. Principal on the Bonds is due each September 1 beginning 2009 and ending 2037. The outstanding balance at June 30, 2013, was \$5,770,000.

**Note 7: Interfund Receivables, Payables and Transfers**

**a. Due To/From Other Funds**

Due From Other Funds	Due To Other Funds					Total
	CSD Zones	State Gasoline Tax	Development Impact Fees	Facility Construction	Nonmajor Governmental Funds	
General Fund	\$ 1,926	\$ 581,168	\$ 3,320,000	\$ -	\$ 3,744,191	\$ 7,647,285
Development Impact Fees	-	-	-	6,500,000	-	6,500,000
<b>Total</b>	<b>\$ 1,926</b>	<b>\$ 581,168</b>	<b>\$ 3,320,000</b>	<b>\$ 6,500,000</b>	<b>\$ 3,744,191</b>	<b>\$ 14,147,285</b>

The Corporate Yard and Library Development Impact Fee Funds loaned to the Facility Construction Fund \$4,000,000 and \$2,500,000. These funds will be used for capital projects and are intended to be repaid from a combination of Measure A Sales Tax, State Gas Tax Funds, Arterial DIF and Traffic Signal DIF funds.

The City of Moreno Valley utilizes the State of California Local Agency Investment Fund (LAIF) as a short-term investment tool. In June 2006, the General Fund LAIF account reached the LAIF threshold and as an alternative for investing, the remaining funds were loaned to the CSD Zones Fund. The amount of the loans outstanding at June 30, 2013, was \$1,926.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 7: Interfund Receivables, Payables and Transfers (Continued)**

The General Fund has made short-term loans to the following funds to eliminate negative cash balances:

Major Governmental Funds:	
State Gas Tax	\$ 581,168
Development Impact Fees	<u>3,320,000</u>
Total Major Governmental Funds	<u>\$ 3,901,168</u>
Nonmajor Governmental Funds:	
Article 3 Transportation	\$ 4,049
Law Enforcement	315,873
Other Grants	293,989
Stormwater Maintenance	217,418
ASES Program Grants	412,671
Neighborhood Stabilization Grant	398,370
TUMF Capital Projects	1,881,519
Auto Mall Special Tax Bonds	<u>220,302</u>
Total Nonmajor Governmental Funds	<u>\$ 3,744,191</u>
Total all Governmental Funds	<u>\$ 7,645,359</u>

**b. Advances To/From Other Funds**

	<u>Advances from Other Funds</u>
<u>Advances to Other Funds</u>	<u>Electric Enterprise Fund</u>
Nonmajor Governmental Fund	<u>\$ 580,657</u>

The Special Districts Administration Fund has loaned \$580,657 to the Electric Fund for start-up costs. The loan will be repaid when revenue becomes available.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 7: Interfund Receivables, Payables and Transfers (Continued)**

**c. Interfund Transfers**

Transfers Out	Transfers In							Total
	General Fund	State Gasoline Tax	CSD Zones	Development Impact Fees	Facility Construction	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 160,000	\$ 1,505,100	\$ -	\$ -	\$ 467,120	\$ 238,000	\$ 2,370,220
Facility Construction	-	-	-	6,500,000	-	-	-	6,500,000
Development Impact Fees	-	-	-	-	400,000	4,341,800	-	4,741,800
Nonmajor Governmental Funds	390,278	-	-	1,135,898	-	335,422	-	1,861,598
Internal Service Funds	198,092	-	-	-	168,351	1,087,364	250,000	1,703,807
<b>Total</b>	<b>\$ 588,370</b>	<b>\$ 160,000</b>	<b>\$ 1,505,100</b>	<b>\$ 7,635,898</b>	<b>\$ 568,351</b>	<b>\$ 6,231,706</b>	<b>\$ 488,000</b>	<b>\$ 17,177,425</b>

The General Fund transferred a total of \$2,370,220 to several funds to provide subsidies to cover the operating deficits.

The Development Impact Fees Fund transferred a total of \$4,341,800 to nonmajor governmental funds for debt service payments and to provide support for several capital projects in the fiscal year.

**Note 8: Employee Pension Plan**

**Plan Description**

The City's defined benefit pension plan, Public Employees Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

**Funding Policy**

Active plan members in PERS are required to contribute 8.00% of their annual covered salary as of January 2008. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate is 20.847% for fiscal year 2012-2013. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 8: Employee Pension Plan (Continued)**

Annual Pension Cost

For fiscal year 2012-2013, the City's annual pension cost was \$6,055,649. The City also contributed \$1,262,421 on behalf of the employees for the employee contribution. The required contribution for the fiscal year 2012-2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) projected salary increases for employees that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members, and c) 3.25% cost-of-living adjustment. Both a) and b) include an inflation component of 3.00%. The actuarial value of PERS an asset was determined using a technique that smooths the effect of short-term volatility in the fair value of investments over a 15-year period. The PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013, was 24 years.

Year Ended June 30,	Pension Cost (APC)	Percentage of APC Contributed	Pension Obligation
2011	\$ 5,214,878	100%	\$ -
2012	5,402,864	100%	-
2013	6,055,649	100%	-

Required Supplementary Information – Funded Status of Plan  
Latest Information Available

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
06/30/09	\$ 109,758,482	\$78,175,287	\$ 31,583,195	71.2%	\$ 26,384,952	119.7%
06/30/10	120,692,084	85,693,181	34,998,903	71.0%	23,670,851	147.9%
06/30/11	132,322,141	92,912,456	39,409,685	70.2%	20,743,000	190.0%

The Funded Status of Plan schedule above shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The Funded Status of Plan schedule, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Note 9: Other Post Employment Benefits (OPEB)**

Plan Description

The City's defined benefit postemployment healthcare plan provides a portion of certain health care for retired employees. In accordance with City policy, employees hired prior to September 30, 2011, who retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability) and are not temporary employees, are eligible for these benefits. In June 2009, the City established an irrevocable trust fund to begin funding the City's unfunded liability through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 9: Other Post Employment Benefits (OPEB) (Continued)**

provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by City Council. The City is required to contribute the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 7.00% of the annual covered payroll.

**Annual OPEB Cost**

For fiscal year 2012-2013, the City's annual OPEB cost was \$1,018,000. The required contribution for the fiscal year was determined as part of the June 30, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included: a) 6.00% investment rate of return (net of administrative expenses), and b) projected salary increases for employees of 3.25%, and c) an annual healthcare cost increase of 4.5%. Both a) and b) include an inflation component of 3.00%. The amortization method is the level percent of payroll. The amortization period is a 30 year fixed (closed) period for the initial unfunded accrued actuarial liability. There are 26 years remaining as of June 30, 2013.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 1,018,000
Interest on OPEB obligation	27,000
Adjustment to annual require contribution	<u>(27,000)</u>
Annual OPEB cost (expense)	1,018,000
Contribution made	<u>568,000</u>
Increase in OPEB Obligation	450,000
Net OPEB obligation - beginning of year	<u>450,000</u>
Net OPEB obligation - end of the year	<u><u>\$ 900,000</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on the next page, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 9: Other Post Employment Benefits (OPEB) (Continued)**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and three preceding fiscal years were as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/11	\$ 1,564,000	100%	\$ -
06/30/12	1,615,000	72%	450,000
06/30/13	1,018,000	56%	900,000

Required Supplementary Information – Funded Status of Plan  
Latest Information Available

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
06/30/08	\$ 9,338,000	\$ -	\$ 9,338,000	0.0%	\$ 29,794,978	31.3%
01/01/10	13,600,000	2,386,000	11,214,000	17.5%	22,465,000	49.9%
06/30/11	11,670,000	4,428,000	7,242,000	37.9%	23,195,000	31.2%

**Note 10: Fund Deficits**

The following funds contained a deficit fund balance as of June 30, 2013:

<u>Major Governmental Funds:</u>	
Special Revenue Funds:	
State Gas Tax	\$ 392,596
Capital Projects Funds:	
Facility Construction	271,900
<u>Non-major Governmental Funds:</u>	
Special Revenue Funds:	
Storm Water maintenance	135,260
Capital Projects Funds:	
TUMF Capital Projects	199,951
Debt Service Funds:	
Auto Mall Special Tax Bonds	74,849

The deficit fund balances are a result of reimbursement monies not yet received.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 11: Commitments and Contingencies**

**a. Community Facilities District No. 3 Agreement**

In conjunction with the issue of the Moreno Valley Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing), the Successor Agency of the former RDA and the City are parties to an owner-participation agreement which provides that the Agency will transmit to the Community Facilities District No. 3 (District) the available property tax increment it receives on parcels within the District as a credit against the special parcel taxes that otherwise would be payable by the owners.

This agreement replaces a previous arrangement involving these parcels when they were included in Community Facilities District No. 2.

**b. Community Facilities District No. 87-1 Agreement**

In connection with the issuance of the Community Facilities District No. 87-1 (CFD) Towngate 2007 Special Tax Refunding Bonds, the former Community Redevelopment Agency entered into an owner participation agreement whereby the Agency has committed tax increment for the payment of debt service requirements for these Bonds.

**c. Other Agreements**

On May 10, 2005, the former Community Redevelopment Agency and the Community Services District entered into a lease agreement for the Conference and Recreation Center. The Community Services District occupied the building during June 2005 although construction was still in progress. Upon completion of construction during fiscal year 2005-2006 the lease agreement became effective for a base rent of \$1.00 per month. The Community Services District has responsibility for facility maintenance and provides programming that serves the residents of the Project Area.

**d. Construction Commitments**

The following material construction commitments existed at June 30, 2013:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2013</u>	<u>Remaining Commitments</u>
SR-60 Moreno Beach Drive (Phase 1)	\$ 6,716,533	\$ 4,566,062	\$ 2,150,471
SR-60 / Nason Overcrossing Bridge	13,104,132	5,769,086	7,335,046

**e. Litigation**

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Management estimates that the potential claims against the City, not covered by insurance or self-insurance reserves, resulting from such litigation would not materially affect the financial statements of the City.



**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 12: Self-Insurance**

The City is a member of CSAC Excess Insurance Authority. The Authority is a member directed joint powers insurance pool, which has been operational since October of 1979. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage.

The City participates in the excess workers' compensation and employer's liability programs of the Authority. For workers' compensation the City has a self-insured retention of \$300,000 per occurrence. For employer's liability the City has a self-insured retention of \$250,000 per occurrence. The City has a pooled retention of \$5,000,000 each occurrence, a \$45,000,000 reinsurance layer in excess of the \$5,000,000 pooled retention per occurrence for workers' compensation claims, and a \$5,000,000 employer's liability reinsurance layer per occurrence in excess of the \$5,000,000 pooled retention.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There has been no significant reduction in pooled or insured liability coverage from coverage in the prior year.

*Self-Insurance Payable*

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The City established two self-insurance funds (Internal Service Funds) to account for and finance its uninsured risks of loss. Under this program, the self-insurance funds provide coverage for up to a maximum of \$300,000 for each workers' compensation claim and \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the City participate in the program and make payments to the self-insurance funds based on actuarial estimates of the amounts needed to pay prior and current year claims.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$1,545,000 and \$563,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$2,108,000. Of these amounts, the current year's adjustment is a decrease of \$788,000.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 12: Self-Insurance (Continued)**

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Amount of accrued claims at June 30, 2011	\$ 1,444,000	\$ 1,983,000	\$ 3,427,000
Incurred claims, representing the total of a provision for events for the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates.	300,000	406,000	706,000
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(614,000)</u>	<u>(623,000)</u>	<u>(1,237,000)</u>
Amount of accrued claims at June 30, 2012	<u>\$ 1,130,000</u>	<u>\$ 1,766,000</u>	<u>\$ 2,896,000</u>
Incurred claims, representing the total of a provision for events for the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years and adjustments to estimates.	\$ 312,000	\$ 372,000	\$ 684,000
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(879,000)</u>	<u>(593,000)</u>	<u>(1,472,000)</u>
Amount of accrued claims at June 30, 2013	<u>\$ 563,000</u>	<u>\$ 1,545,000</u>	<u>\$ 2,108,000</u>

**Note 13: Successor Agency Trust for Assets of the Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Moreno Valley that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 13: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

During fiscal year 2012-2013, projects funded with the 2007 tax allocation bonds have been moved from the Successor Agency to the City and have been recorded as an extraordinary gain/(loss) on dissolution of the redevelopment agency in the amount of \$30,702,555

**a. Cash and investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	\$ 3,531,113
Cash and investments with fiscal agent	6,950,000
	<u>\$ 10,481,113</u>

The Successor Agency's cash and investments are pooled with the City's cash and investment in order to generate optimum interest income. The share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments is reported in Note 3.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 13: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**b. Capital Assets**

Capital assets as of June 30, 2013, are as follows:

	Balance July 1, 2012	Additions	Deletions	Transfers To City	Balance June 30, 2013
<b>Non-Depreciable Assets:</b>					
Land	\$ 9,435,936	\$ -	\$ -	\$ -	\$ 9,435,936
Construction In Progress	7,209,809	-	-	(7,209,809)	-
<b>Total Non-Depreciable Assets</b>	<b>16,645,745</b>	<b>-</b>	<b>-</b>	<b>(7,209,809)</b>	<b>9,435,936</b>
<b>Depreciable Assets:</b>					
Buildings and improvements	12,191,837	-	-	-	12,191,837
Furniture and Equipment	352,837	-	-	-	352,837
Infrastructure	9,933,800	-	-	-	9,933,800
<b>Total Depreciable Assets</b>	<b>22,478,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,478,474</b>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	(3,168,889)	(474,892)	-	-	(3,643,781)
Furniture and Equipment	(352,837)	-	-	-	(352,837)
Infrastructure	(318,737)	(243,783)	-	-	(562,520)
<b>Total Accumulated Depreciation</b>	<b>(3,840,463)</b>	<b>(718,675)</b>	<b>-</b>	<b>-</b>	<b>(4,559,138)</b>
<b>Total Depreciable Assets Net of Accumulated Depreciation</b>	<b>18,638,011</b>	<b>(718,675)</b>	<b>-</b>	<b>-</b>	<b>17,919,336</b>
<b>Total Net Capital Assets</b>	<b>\$ 35,283,756</b>	<b>\$ (718,675)</b>	<b>\$ -</b>	<b>\$ (7,209,809)</b>	<b>\$ 27,355,272</b>

\* As a result of the dissolution of the former Redevelopment Agency, assets of the former Redevelopment Agency were transferred to the Successor Agency as of January 2012. These assets were transferred to the Successor Agency, but should have remained with the City.

**c. Long-Term Debt**

A description of long-term debt outstanding of the Successor Agency as of June 30, 2013, follows:

	Balance July 1, 2012	Additions	Repayments	Balance June 30, 2013	Due Within One Year
<b>Fiduciary Activities</b>					
City Loans - Principal	\$ 13,652,248	\$ -	\$ -	\$ 13,652,248	\$ -
City Loans - Interest	2,651,873	462,500	43,047	3,071,326	-
Notes Payable, Price Company	1,592,660	-	496,226	1,096,434	-
2007 TABs, Series A	42,265,000	-	220,000	42,045,000	230,000
<b>Total</b>	<b>\$ 60,161,781</b>	<b>\$ 462,500</b>	<b>\$ 759,273</b>	<b>\$ 59,865,008</b>	<b>\$ 230,000</b>

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 13: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**Loans Payable to the City of Moreno Valley**

The Towngate Regional Mall notes (Sears Note), totaling \$13,000,000, originated from a participation agreement (as amended) whereby the Agency acquired certain parcels within the mall for subsequent transfer to major tenants. The notes bear interest of 7.25% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Furthermore, the Agency had covenanted to use reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. During 2003-2004, the City purchased the rights to the notes from the holder. In a letter dated May 26, 2012, the California Department of Finance approved this loan as an enforceable obligation. At June 30, 2013, the outstanding principal and accrued interest balances are \$13,000,000 and \$3,053,567, respectively.

The Successor Agency owes the City a total of \$652,248 in future sales tax revenue for funds borrowed to finance redevelopment activities. \$518,520 represents monies borrowed during 2006-2007 by the Agency. \$133,728 represents monies borrowed during 2007-2008 by the Agency. The interest rate on the borrowings is 12% and repayment of the long-term payable is made when funds become available. In a letter dated May 26, 2012, the California Department of Finance approved this loan as an enforceable obligation. At June 30, 2013, the outstanding principal and accrued interest balances are \$652,248 and \$17,758.

**Note Payable - Price Company**

The former Redevelopment Agency had recorded a long-term payable in the original amount of \$2,433,744 under a development and disposition agreement and promissory note with Price Company for the reimbursement of costs of construction of a 130,000-square-foot retail store. The note bears interest at 8% per annum and is payable solely from 50% of site-generated sales tax. Any remainder payable after September 2015 will be forgiven. The amount outstanding as of June 30, 2013, was \$1,096,434.

**2007 Tax Allocation Bonds Series A**

The former Redevelopment Agency issued the 2007 Tax Allocation Bonds, Series A, in the original issue amount of \$43,495,000 were issued in November 2007 for the purpose of financing various redevelopment activities and other undertakings permitted under the Redevelopment Law, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial and term fashion through August 1, 2038 and bear interest ranging from 3.5% to 5.0%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on August 1, 2017. The bonds are payable solely from Tax Increment Revenues and other funds and amounts pledged therefore pursuant to the Indenture. This issue is fully insured in the event of nonpayment by the Agency.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 13: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

The annual debt service requirements for the 2007 Tax Allocation Bonds Series A payable outstanding at June 30, 2013, are as follows:

Year Ending June 30,	2007 Tax Allocation Bonds Series A	
	Principal	Interest
2014	\$ 230,000	\$ 2,025,884
2015	230,000	2,017,259
2016	235,000	2,009,121
2017	245,000	2,000,109
2018	250,000	1,990,209
2019-2023	2,400,000	9,767,751
2034-2028	8,555,000	8,510,189
2029-2033	11,360,000	6,133,250
2034-2038	15,060,000	2,826,250
2039-2043	3,480,000	87,000
<b>Totals</b>	<b>\$42,045,000</b>	<b>\$37,367,022</b>

**Pledged Revenue**

The former Redevelopment Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill X1 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$79,412,022 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$8,789,053 and the debt service obligation on the bonds was \$2,254,884.

**d. Insurance**

The Successor Agency is covered under the City of Moreno Valley's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 12.

**City of Moreno Valley**

**Notes to Financial Statements  
Year Ended June 30, 2013 (Continued)**

**Note 13: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)**

**e. Commitments and Contingencies**

*Litigation*

At June 30, 2013, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

*Borrowings from the City of Moreno Valley*

In accordance with AB X1 26 which dissolves redevelopment agencies, Section 34171(d)(2) states, in relation to borrowings between the City and the Agency, that “for purposes of this part, enforceable obligation does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for the purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations”. As a result of the dissolution of the former redevelopment agency, loans between the City and former redevelopment agency totaling \$18,759,570 have been removed from these statements. The City and Agency believe these are to be upheld as viable enforceable obligations and have been included on the Recognized Obligation Payment Schedule (ROPS) from the Successor Agency, however they have been denied by the Department of Finance at this time. Upon receiving a Finding of Completion from the Department of Finance, Health and Safety Code Section 34191.4(b) may cause these items to be enforceable in future periods; however the result is not determinable at this time.

Non-Major Governmental Funds

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS:**

#### **Article 3 Transportation Fund**

This fund is used to account for the City's share of Article 3 revenue restricted for construction of pedestrian and bikeway projects.

#### **Measure A Fund**

This fund is used to account for the City's share of the Riverside County half-cent sales tax restricted for transportation projects.

#### **Law Enforcement Fund**

This fund is used to account for revenue from several grants restricted for law enforcement. The grants include the Supplemental Law Enforcement Services Fund (SLESF), Office of Traffic Safety Grant (OTS), Edward Byrne Memorial Justice Assistance Grant (JAG), and the other miscellaneous law enforcement grants Fund.

#### **Other Grants Fund**

This fund is used to account for revenues and expenditures received from various governmental agencies and other sources for multiple purposes including beverage container recycling, and public safety.

#### **Public Education Government Access Fund**

This fund is used to account for revenues and expenditures received in support of the City's cable television channel, MVTV-3. This fund also includes activity related to public education and government programming and equipment.

#### **Air Quality Management Fund**

This fund is used to account for the City's share of the State AB 2766 funds. The revenue is apportioned to cities by the South Coast Air Quality Management District and is restricted for programs to reduce air pollution from mobile sources pursuant to the California Clean Air Act of 1988.

#### **Community Development Block Grant Fund**

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development – Community Development Block Grant Program to be used for the development of suitable housing environment and expansion of economic opportunities for low and moderate income families.

#### **Special Districts Administration Fund**

This fund is used to account for the coordination and administration of all special financing districts formed within the City for infrastructure and maintenance improvements.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **SPECIAL REVENUE FUNDS (CONTINUED):**

#### **Storm Water Management Fund**

This fund is used to account for the city-wide storm water and non-storm water pollution prevention compliance work conducted and programs prepared to comply with regulations set forth by the current National Pollutant Discharge Elimination System (NPDES).

#### **HOME Fund**

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development to be used to develop and implement programs that expand the supply of affordable housing for low and very low income families.

#### **Child Care Grant Fund**

This fund is used to account for the Child Care grant program which provides after-school day care for the City's residents.

#### **Used Oil Recycling Fund**

This fund is used to account for the California Integrated Waste Management Board Used Oil Block Grant. The program provides public education and convenient used oil collection sites.

#### **Storm Water Maintenance Fund**

This fund is used to ensure the safety and cleanliness of our City streets and the City's maintained storm drain system by cleaning all catch basins, connector pipes and culverts on an annual basis and by providing emergency services, as needed.

#### **ASES Program Grants Fund**

This fund is used to account for the ASES program grants which provide after school education, after school safety and a food program that helps providers serve nutritious and safely prepared meals and snacks to children and adults in a day care setting.

#### **CFD #4M Fund**

This fund is used to account for the maintenance and administration costs of the detention basin within Centerpointe Business Park.

#### **Neighborhood Stabilization Grant Fund**

This fund is used to account for the grant allocation received by the City from HUD to address the foreclosure crisis and implement a neighborhood stabilization program (NSP) aimed at assisting low- to moderate- income households, while targeting the areas of the City most affected by the foreclosures.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **SPECIAL REVENUE FUNDS (CONTINUED):**

#### **Homelessness Prevention Program Fund**

This fund is used to account for the Homelessness Prevention Program grant which aims to assist households that would otherwise become homeless (many, due to the economic crises) or rapidly re-house those who are homeless or at risk of homelessness.

#### **CDBG Recovery Act of 2009 Fund**

This fund is used to account for the grant allocation used in implementing activities that benefit the low and moderate income population in accordance with the Recovery Act objectives.

#### **Prop 42 Replacement Fund**

This fund is used to account for the City's share of Prop 42 revenue restricted for transportation programs.

#### **Prop 1B Fund**

This fund is used to account for the City's share of Prop 1B revenue restricted for transportation programs.

#### **Civil Penalties Fund**

This fund is used to account for all financial transactions involving civil penalties received by the City in accordance with the provisions of SB 1137, which requires legal owners of vacant properties to maintain and care for them.

#### **Emergency Services Agency Fines Fund**

This fund is used to account for the financial transactions involving AMR fines received by the City, which are to be used only to fund the purchase of various equipment needed by the Fire Department.

#### **Disaster Fund**

This fund is used to account for unforeseeable disasters and emergency situations for which reimbursement may become available.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **CAPITAL PROJECTS FUNDS:**

#### **Public Works Capital Projects Fund**

This fund is used to account for general City capital projects.

#### **Traffic Signal Mitigation Fund**

This fund is used to account for traffic signal projects funded by revenues received from traffic mitigation fees.

#### **Fire Services Capital Projects Fund**

This fund is used to account for capital projects specific to Fire Services, including construction of new fire stations.

#### **Towngate Capital/Administration Fund**

This fund is used to account for the acquisition and construction of capital facilities in the Towngate area financed through special tax bonds.

#### **Warner Ranch Capital/Development Fund**

This fund is used to account for the acquisition or construction of capital facilities in the Warner Ranch area financed through special assessments.

#### **Auto Mall Capital/Administration Fund**

This fund is used to account for the acquisition or construction of capital facilities in the Auto Mall area financed through special tax bonds.

#### **Parks and Community Services Capital Projects Fund**

This fund is used to account for parks acquisition and development projects funded by revenues received from developers on a dwelling unit basis in accordance with the Quimby Act, a 1965 provision in the State Subdivision Map Act for the dedication of park land. This fund is used to account for general parks and recreation capital projects, the development of new parks and recreation facilities, community parks, neighborhood parks and sports facilities and for the major renovation of existing parks and facilities.

#### **TUMF Capital Projects Fund**

This fund is used to account for transportation capital projects funded by the City's share of the Transportation Uniform Mitigation Fee (TUMF) which is a mandatory development impact fee program in Western Riverside County. This program, enacted by a two-thirds majority of voters in 2002, was designed to pay for major roads and interchange projects that are needed to serve communities as a result of new development. The Western Riverside Council of Governments (WRCOG) administers the program.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **CAPITAL PROJECTS FUNDS (CONTINUED):**

#### **DIF Capital Projects Fund**

This group of funds is used to account for construction of major capital improvements funded by the development impact fee (DIF) revenues charged to developers.

#### **Lease Revenue Bonds 2005 Capital Projects Fund**

This fund is used to account for the construction of capital improvements funded by the 2005 Lease Revenue Bonds issued in July 2005.

#### **2007 Tax Allocation Bonds Capital Projects Fund**

This fund is used to account for the construction of capital improvements funded by the 2007 Tax Allocation Bonds issued in November 2007.

### **DEBT SERVICE FUNDS:**

#### **Auto Mall Special Tax Bonds Fund**

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Auto Mall Special Tax Bonds Series 2000 (Auto Mall Refinancing).

#### **Lease Revenue Bonds 2005 Debt Service Fund**

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the 2005 Lease Revenue Bonds issued in July 2005 to finance various City capital improvements.

#### **2007 Towngate Improvement Refunding Fund**

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Improvement Area No. 1 Special Tax Refunding Bonds issued November 29, 2007.

#### **2007 Towngate Refunding Fund**

This fund is used to account for the accumulation of resources and for the payment of principal, interest, and trustee and administrative costs related to the Special Tax Refunding Bonds issued November 29, 2007.

#### **2011 Priv Place Ref 97 Lease Rev Bonds Fund**

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 1997 Lease Revenue Bonds.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **DEBT SERVICE FUNDS (CONTINUED):**

#### **2011 Priv Place Ref 97 COPs Fund**

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 1997 Certificates of Participation.

### **PERMANENT FUNDS:**

#### **Celebration Park Endowment Fund**

This fund is used to account for the endowment program for Celebration Park. The principal endowment amount was provided by a developer. The Parks and Community Services Department will use 85% of the interest earned each year to sponsor a community event at Celebration Park for the surrounding community to enhance community pride and involvement.

#### **Equestrian Trail Endowment Fund**

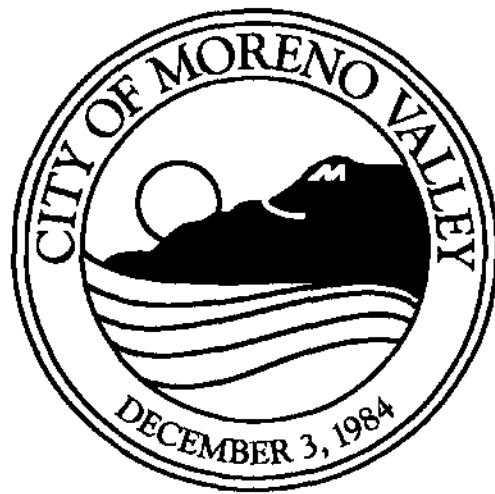
This fund is used to account for the endowment program for the Equestrian Trail. The principal endowment amount was provided by a developer. The interest earned will be used for the benefit of citywide trail use, maintenance, education and other trail-related costs.

#### **Rockridge Park Endowment Fund**

This fund is used to account for the endowment program provided for Rockridge Park. The principal endowment was provided by a developer. The interest earned will be used for the benefit of the facilities at Rockridge Park.

#### **NPDES Endowment Fund**

This fund is used to account for the endowment program provided for by National Pollutant Discharge Elimination System (NPDES). The principal endowment was provided by a property owner. The interest earned will be used for the benefit of the NPDES program.



City of Moreno Valley

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Article 3 Transportation</u>	<u>Measure A</u>	<u>Law Enforcement</u>
<b>Assets:</b>			
Pooled cash and investments	\$ -	\$ 9,510,236	\$ 2,000
Receivables:			
Accounts	-	1,162,299	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	4,049	533,389	446,511
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
<b>Total Assets</b>	<b><u>\$ 4,049</u></b>	<b><u>\$ 11,205,924</u></b>	<b><u>\$ 448,511</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 403,508	\$ 126,158
Accrued liabilities	-	8,615	1,550
Unearned revenues	-	-	2,930
Due to other governments	-	-	-
Due to other funds	4,049	-	315,873
<b>Total Liabilities</b>	<b><u>4,049</u></b>	<b><u>412,123</u></b>	<b><u>446,511</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	-	-
Public safety	-	-	2,000
Public works	-	10,793,801	-
Capital projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>-</u></b>	<b><u>10,793,801</u></b>	<b><u>2,000</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 4,049</u></b>	<b><u>\$ 11,205,924</u></b>	<b><u>\$ 448,511</u></b>



(Continued)

<b>Special Revenue Funds</b>		
<b>Other Grants</b>	<b>Public Education Government Access</b>	<b>Air Quality Management</b>
\$ -	\$ 2,388,091	\$ 182,199
15,875	144,615	62,066
-	-	-
-	-	-
-	-	-
312,196	-	-
-	-	-
-	-	-
<u>\$ 328,071</u>	<u>\$ 2,532,706</u>	<u>\$ 244,265</u>
\$ 190	\$ -	\$ 23,900
3,892	7,113	4,527
30,000	-	-
-	-	-
293,989	-	-
<u>328,071</u>	<u>7,113</u>	<u>28,427</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,525,593	-
-	-	-
-	-	215,838
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,525,593	215,838
<u>\$ 328,071</u>	<u>\$ 2,532,706</u>	<u>\$ 244,265</u>

**Assets:**  
Pooled cash and investments  
Receivables:  
    Accounts  
    Notes and loans  
    Interest  
Prepaid costs  
Due from other governments  
Advances to other funds  
Restricted assets:  
    Cash with fiscal agents

**Total Assets**

**Liabilities, Deferred Inflows of Resources, and Fund Balances:**

**Liabilities:**  
Accounts payable  
Accrued liabilities  
Unearned revenues  
Due to other governments  
Due to other funds

**Total Liabilities**

**Deferred inflows of resources:**

Unavailable revenues

**Total Deferred Inflows of Resources**

**Fund Balances:**

**Nonspendable:**

Prepaid costs  
Notes and loans  
Advances to other funds  
Permanent fund principal

**Restricted for:**

Community development projects  
Public safety  
Public works  
Capital projects  
Debt service  
Endowment  
Water quality

**Assigned to:**

Capital projects

**Unassigned**

**Total Fund Balances**

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

City of Moreno Valley

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Community Development Block Grant</u>	<u>Special Districts Administration</u>	<u>Storm Water Management</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 18,091	\$ 150,874	\$ 185,806
Receivables:			
Accounts	-	5,624	140,514
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	2,500	-
Due from other governments	269,858	-	5,771
Advances to other funds	-	580,657	-
Restricted assets:			
Cash with fiscal agents	-	-	-
<b>Total Assets</b>	<b><u>\$ 287,949</u></b>	<b><u>\$ 739,655</u></b>	<b><u>\$ 332,091</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 153,245	\$ 1,328	\$ 13,104
Accrued liabilities	4,935	20,109	7,285
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b><u>158,180</u></b>	<b><u>21,437</u></b>	<b><u>20,389</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	2,500	-
Notes and loans	-	-	-
Advances to other funds	-	580,657	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	129,769	-	-
Public safety	-	-	-
Public works	-	135,061	-
Capital projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	311,702
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>129,769</u></b>	<b><u>718,218</u></b>	<b><u>311,702</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 287,949</u></b>	<b><u>\$ 739,655</u></b>	<b><u>\$ 332,091</u></b>

(Continued)

**Special Revenue Funds**

<b>HOME</b>	<b>Child Care Grant</b>	<b>Used Oil Recycling</b>
\$ 499,540	\$ 63,278	\$ 47,620
1,881	-	-
4,295,002	-	-
336,508	-	-
-	-	-
-	14,340	-
-	-	-
-	-	-
<b>\$ 5,132,931</b>	<b>\$ 77,618</b>	<b>\$ 47,620</b>
\$ -	\$ 3,555	\$ 60
-	39,764	628
-	-	46,932
-	34,299	-
-	-	-
<b>-</b>	<b>77,618</b>	<b>47,620</b>
336,508	-	-
<b>336,508</b>	<b>-</b>	<b>-</b>
-	-	-
4,295,002	-	-
-	-	-
-	-	-
501,421	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<b>4,796,423</b>	<b>-</b>	<b>-</b>
<b>\$ 5,132,931</b>	<b>\$ 77,618</b>	<b>\$ 47,620</b>

**Assets:**  
Pooled cash and investments  
Receivables:  
    Accounts  
    Notes and loans  
    Interest  
Prepaid costs  
Due from other governments  
Advances to other funds  
Restricted assets:  
    Cash with fiscal agents

**Total Assets**

**Liabilities, Deferred Inflows of Resources, and Fund Balances:**

**Liabilities:**  
Accounts payable  
Accrued liabilities  
Unearned revenues  
Due to other governments  
Due to other funds

**Total Liabilities**

**Deferred inflows of resources:**

Unavailable revenues

**Total Deferred Inflows of Resources**

**Fund Balances:**

**Nonspendable:**

Prepaid costs  
Notes and loans  
Advances to other funds  
Permanent fund principal

**Restricted for:**

Community development projects  
Public safety  
Public works  
Capital projects  
Debt service  
Endowment  
Water quality

**Assigned to:**

Capital projects

**Unassigned**

**Total Fund Balances**

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

City of Moreno Valley

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Storm Water Maintenance</u>	<u>ASES Program Grants</u>	<u>CFD #4M</u>
<b>Assets:</b>			
Pooled cash and investments	\$ -	\$ 4,334	\$ 69,515
Receivables:			
Accounts	88,706	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	455,985	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
<b>Total Assets</b>	<b><u>\$ 88,706</u></b>	<b><u>\$ 460,319</u></b>	<b><u>\$ 69,515</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,849	\$ 27,244	\$ 11,944
Accrued liabilities	3,699	1,498	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	217,418	412,671	-
<b>Total Liabilities</b>	<b><u>223,966</u></b>	<b><u>441,413</u></b>	<b><u>11,944</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	18,906	-
Public safety	-	-	-
Public works	-	-	57,571
Capital projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>(135,260)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>(135,260)</u></b>	<b><u>18,906</u></b>	<b><u>57,571</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 88,706</u></b>	<b><u>\$ 460,319</u></b>	<b><u>\$ 69,515</u></b>

(Continued)

Special Revenue Funds

Neighborhood Stabilization Grant	Homelessness Prevention Program	CDBG Recovery Act of 2009
\$ -	\$ -	\$ -
-	-	-
4,134,151	-	-
-	-	-
-	-	-
529,933	-	-
-	-	-
-	-	-
<u>\$ 4,664,084</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 102,952	\$ -	\$ -
1,891	-	-
-	-	-
-	-	-
398,370	-	-
<u>503,213</u>	<u>-</u>	<u>-</u>
4,134,151	-	-
<u>4,134,151</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
26,720	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>26,720</u>	<u>-</u>	<u>-</u>
<u>\$ 4,664,084</u>	<u>\$ -</u>	<u>\$ -</u>

**Assets:**  
Pooled cash and investments  
Receivables:  
    Accounts  
    Notes and loans  
    Interest  
Prepaid costs  
Due from other governments  
Advances to other funds  
Restricted assets:  
    Cash with fiscal agents

**Total Assets**

**Liabilities, Deferred Inflows of Resources, and Fund Balances:**

**Liabilities:**  
Accounts payable  
Accrued liabilities  
Unearned revenues  
Due to other governments  
Due to other funds

**Total Liabilities**

**Deferred Inflows of Resources:**

Unavailable revenues

**Total Deferred Inflows of Resources**

**Fund Balances:**

**Nonspendable:**  
Prepaid costs  
Notes and loans  
Advances to other funds  
Permanent fund principal

**Restricted for:**  
Community development projects  
Public safety  
Public works  
Capital projects  
Debt service  
Endowment  
Water quality

**Assigned to:**  
Capital projects

**Unassigned**

**Total Fund Balances**

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

City of Moreno Valley

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Prop 42 Replacement Funds</u>	<u>Prop 1B</u>	<u>Civil Penalties</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 851,678	\$ -	\$ 245,316
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
<b>Total Assets</b>	<b><u>\$ 851,678</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 245,316</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 8,282	\$ -	\$ 3,133
Accrued liabilities	86	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b><u>8,368</u></b>	<b><u>-</u></b>	<b><u>3,133</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	-	242,183
Public safety	-	-	-
Public works	843,310	-	-
Capital projects	-	-	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>843,310</u></b>	<b><u>-</u></b>	<b><u>242,183</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 851,678</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 245,316</u></b>



City of Moreno Valley

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	<u>Capital Projects Funds</u>		
	<u>Traffic Signal Mitigation</u>	<u>Fire Services Capital Projects</u>	<u>Towngate Capital / Administration</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 137,578	\$ 378,342	\$ -
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	-
<b>Total Assets</b>	<b><u>\$ 137,578</u></b>	<b><u>\$ 378,342</u></b>	<b><u>\$ -</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	570	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>570</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	-	-
Public safety	-	-	-
Public works	-	-	-
Capital projects	137,578	377,772	-
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>137,578</u></b>	<b><u>377,772</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 137,578</u></b>	<b><u>\$ 378,342</u></b>	<b><u>\$ -</u></b>



(Continued)

<b>Capital Projects Funds</b>			
<b>Warner Ranch Capital / Development</b>	<b>Auto Mall Capital / Administration</b>	<b>Parks and Community Services Capital Projects</b>	
\$ 13,673	\$ -	\$ 4,415,120	<b>Assets:</b>
-	-	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
-	-	-	Prepaid costs
-	-	-	Due from other governments
-	-	-	Advances to other funds
-	-	-	Restricted assets:
-	-	-	Cash with fiscal agents
<b>\$ 13,673</b>	<b>\$ -</b>	<b>\$ 4,415,120</b>	<b>Total Assets</b>
			<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>
			<b>Liabilities:</b>
\$ -	\$ -	\$ -	Accounts payable
-	-	167	Accrued liabilities
-	-	-	Unearned revenues
-	-	-	Due to other governments
-	-	-	Due to other funds
<b>-</b>	<b>-</b>	<b>167</b>	<b>Total Liabilities</b>
			<b>Deferred Inflows of Resources:</b>
-	-	-	Unavailable revenues
<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Deferred Inflows of Resources</b>
			<b>Fund Balances:</b>
			<b>Nonspendable:</b>
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	-	-	Permanent fund principal
			<b>Restricted for:</b>
-	-	-	Community development projects
-	-	-	Public safety
-	-	-	Public works
13,673	-	-	Capital projects
-	-	-	Debt service
-	-	-	Endowment
-	-	-	Water quality
-	-	4,414,953	<b>Assigned to:</b>
-	-	-	Capital projects
<b>13,673</b>	<b>-</b>	<b>4,414,953</b>	<b>Unassigned</b>
<b>\$ 13,673</b>	<b>\$ -</b>	<b>\$ 4,415,120</b>	<b>Total Fund Balances</b>
			<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>

City of Moreno Valley

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

	<u>Capital Projects Funds</u>		
	<u>TUMF Capital Projects</u>	<u>DIF Capital Projects</u>	<u>Lease Revenue Bonds 2005 Capital Projects</u>
<b>Assets:</b>			
Pooled cash and investments	\$ -	\$ 4,842,104	\$ 447,245
Receivables:			
Accounts	2,565,455	2,067	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	702	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	-	-	8
<b>Total Assets</b>	<b><u>\$ 2,566,157</u></b>	<b><u>\$ 4,844,171</u></b>	<b><u>\$ 447,253</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 882,005	\$ 13,265	\$ 30,377
Accrued liabilities	2,584	2,680	448
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	1,881,519	-	-
<b>Total Liabilities</b>	<b><u>2,766,108</u></b>	<b><u>15,945</u></b>	<b><u>30,825</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	-	-
Public safety	-	-	-
Public works	-	-	-
Capital projects	-	4,828,226	416,428
Debt service	-	-	-
Endowment	-	-	-
Water quality	-	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>(199,951)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>(199,951)</u></b>	<b><u>4,828,226</u></b>	<b><u>416,428</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,566,157</u></b>	<b><u>\$ 4,844,171</u></b>	<b><u>\$ 447,253</u></b>

(Continued)

<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	
<b>2007 Tax Allocation Bonds Capital Projects</b>	<b>Auto Mall Special Tax Bonds</b>	<b>Lease Revenue Bonds 2005 Debt Service</b>
\$ 10,230,350	\$ -	\$ 6,155,671
700	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	145,453	2,649,358
<b>\$ 10,231,050</b>	<b>\$ 145,453</b>	<b>\$ 8,805,029</b>
\$ 928,592	\$ -	\$ -
4,354	-	-
-	-	-
-	-	-
-	-	-
-	220,302	-
<b>932,946</b>	<b>220,302</b>	<b>-</b>
-	-	-
-	-	-
-	-	-
-	-	-
9,298,104	-	8,805,029
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	(74,849)	-
<b>9,298,104</b>	<b>(74,849)</b>	<b>8,805,029</b>
<b>\$ 10,231,050</b>	<b>\$ 145,453</b>	<b>\$ 8,805,029</b>

**Assets:**  
Pooled cash and investments  
Receivables:  
    Accounts  
    Notes and loans  
    Interest  
Prepaid costs  
Due from other governments  
Advances to other funds  
Restricted assets:  
    Cash with fiscal agents

**Total Assets**

**Liabilities, Deferred Inflows of Resources,  
and Fund Balances:**

**Liabilities:**  
Accounts payable  
Accrued liabilities  
Unearned revenues  
Due to other governments  
Due to other funds

**Total Liabilities**

**Deferred Inflows of Resources:**

Unavailable revenues

**Total Deferred Inflows of Resources**

**Fund Balances:**

**Nonspendable:**

Prepaid costs  
Notes and loans  
Advances to other funds  
Permanent fund principal

**Restricted for:**

Community development projects  
Public safety  
Public works  
Capital projects  
Debt service  
Endowment  
Water quality

**Assigned to:**

Capital projects

**Unassigned**

**Total Fund Balances**

**Total Liabilities, Deferred Inflows of  
Resources, and Fund Balances**

City of Moreno Valley

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	<u>Debt Service Funds</u>		
	<u>2007 Towngate Improvement Refunding</u>	<u>2007 Towngate Refunding</u>	<u>2011 Priv Placement Ref 97 Lease Rev Bonds</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 68,277	\$ 159,530	\$ -
Receivables:			
Accounts	-	-	-
Notes and loans	-	-	-
Interest	-	-	-
Prepaid costs	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Restricted assets:			
Cash with fiscal agents	770,777	2,609,518	-
<b>Total Assets</b>	<b><u>\$ 839,054</u></b>	<b><u>\$ 2,769,048</u></b>	<b><u>\$ -</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	-
Notes and loans	-	-	-
Advances to other funds	-	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	-	-
Public safety	-	-	-
Public works	-	-	-
Capital projects	-	-	-
Debt service	839,054	2,769,048	-
Endowment	-	-	-
Water quality	-	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>839,054</u></b>	<b><u>2,769,048</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 839,054</u></b>	<b><u>\$ 2,769,048</u></b>	<b><u>\$ -</u></b>

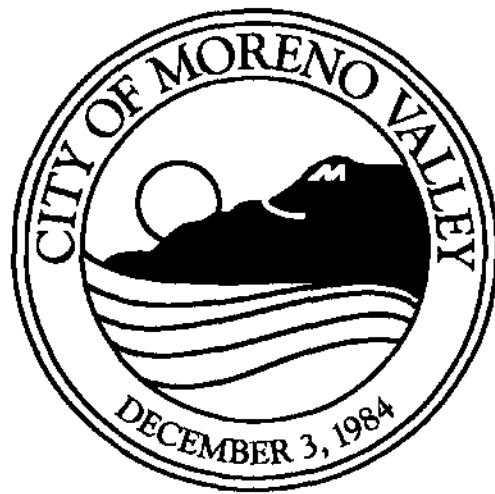
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Debt Service Funds	Permanent Funds		
2011 Priv Placement Ref 97 COPs	Celebration Park Endowment	Equestrian Trail Endowment	
\$ -	\$ 60,252	\$ 12,191	<b>Assets:</b>
-	-	-	Pooled cash and investments
-	-	-	Receivables:
-	-	-	Accounts
-	-	-	Notes and loans
-	-	-	Interest
-	-	-	Prepaid costs
-	-	-	Due from other governments
-	-	-	Advances to other funds
-	-	-	Restricted assets:
-	-	-	Cash with fiscal agents
<u>\$ -</u>	<u>\$ 60,252</u>	<u>\$ 12,191</u>	<b>Total Assets</b>
			<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>
\$ -	\$ -	\$ -	<b>Liabilities:</b>
-	-	-	Accounts payable
-	-	-	Accrued liabilities
-	-	-	Unearned revenues
-	-	-	Due to other governments
-	-	-	Due to other funds
<u>-</u>	<u>-</u>	<u>-</u>	<b>Total Liabilities</b>
<u>-</u>	<u>-</u>	<u>-</u>	<b>Deferred Inflows of Resources:</b>
-	-	-	Unavailable revenues
<u>-</u>	<u>-</u>	<u>-</u>	<b>Total Deferred Inflows of Resources</b>
			<b>Fund Balances:</b>
			<b>Nonspendable:</b>
-	-	-	Prepaid costs
-	-	-	Notes and loans
-	-	-	Advances to other funds
-	49,050	10,000	Permanent fund principal
-	-	-	<b>Restricted for:</b>
-	-	-	Community development projects
-	-	-	Public safety
-	-	-	Public works
-	-	-	Capital projects
-	-	-	Debt service
-	11,202	2,191	Endowment
-	-	-	Water quality
-	-	-	<b>Assigned to:</b>
-	-	-	Capital projects
<u>-</u>	<u>-</u>	<u>-</u>	<b>Unassigned</b>
<u>-</u>	<u>60,252</u>	<u>12,191</u>	<b>Total Fund Balances</b>
<u>\$ -</u>	<u>\$ 60,252</u>	<u>\$ 12,191</u>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>

City of Moreno Valley

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

	<u>Permanent Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Rockridge Park Endowment</u>	<u>NPDES Endowment</u>	
<b>Assets:</b>			
Pooled cash and investments	\$ 104,334	\$ 14,869	\$ 45,578,711
Receivables:			
Accounts	-	-	7,209,191
Notes and loans	-	-	8,429,153
Interest	-	-	336,508
Prepaid costs	-	-	2,500
Due from other governments	-	-	2,572,734
Advances to other funds	-	-	580,657
Restricted assets:			
Cash with fiscal agents	-	-	6,175,114
<b>Total Assets</b>	<b><u>\$ 104,334</u></b>	<b><u>\$ 14,869</u></b>	<b><u>\$ 70,884,568</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 3,031,462
Accrued liabilities	-	-	118,751
Unearned revenues	-	-	79,862
Due to other governments	-	-	34,299
Due to other funds	-	-	3,744,191
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,008,565</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	4,470,659
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,470,659</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	2,500
Notes and loans	-	-	4,295,002
Advances to other funds	-	-	580,657
Permanent fund principal	100,000	14,506	173,556
<b>Restricted for:</b>			
Community development projects	-	-	3,444,592
Public safety	-	-	328,561
Public works	-	-	12,045,581
Capital projects	-	-	15,071,781
Debt service	-	-	12,413,131
Endowment	4,334	363	18,090
Water quality	-	-	311,702
<b>Assigned to:</b>			
Capital projects	-	-	11,130,251
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(410,060)</u></b>
<b>Total Fund Balances</b>	<b><u>104,334</u></b>	<b><u>14,869</u></b>	<b><u>59,405,344</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 104,334</u></b>	<b><u>\$ 14,869</u></b>	<b><u>\$ 70,884,568</u></b>



City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

Special Revenue Funds

	<u>Article 3 Transportation</u>	<u>Measure A</u>	<u>Law Enforcement</u>
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental	-	9,268,527	858,194
Charges for services	-	-	-
Use of money and property	-	(12,896)	2,060
Contributions	-	-	-
Miscellaneous	-	2,303	-
	<u>-</u>	<u>9,257,934</u>	<u>860,254</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	860,198
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	315,195	-
Capital outlay	-	5,201,945	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	35,969	-
	<u>-</u>	<u>5,553,109</u>	<u>860,198</u>
<b>Total Expenditures</b>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,704,825	56
	<u>-</u>	<u>3,704,825</u>	<u>56</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Contributions from Successor Agency	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>			
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	3,704,825	56
Fund Balances, Beginning of Year	-	7,088,976	1,944
	<u>-</u>	<u>7,088,976</u>	<u>1,944</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ 10,793,801</u>	<u>\$ 2,000</u>



(Continued)

<b>Special Revenue Funds</b>			
<b>Other Grants</b>	<b>Public Education Government Access</b>	<b>Air Quality Management</b>	
\$ -	\$ -	\$ -	<b>Revenues:</b>
505,615	-	237,036	Taxes
-	-	-	Other taxes
-	-	-	Intergovernmental
-	-	277	Charges for services
-	-	-	Use of money and property
-	570,456	-	Contributions
-	-	-	Miscellaneous
<b>505,615</b>	<b>570,456</b>	<b>237,313</b>	<b>Total Revenues</b>
			<b>Expenditures:</b>
44,864	616,275	-	Current:
177,589	-	-	General government
184,375	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	229,505	Public works
321,213	-	117,744	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
<b>728,041</b>	<b>616,275</b>	<b>347,249</b>	<b>Total Expenditures</b>
(222,426)	(45,819)	(109,936)	Excess (Deficiency) of Revenues Over (Under) Expenditures
100,333	300,000	-	<b>Other Financing Sources (Uses):</b>
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Contributions from Successor Agency
<b>100,333</b>	<b>300,000</b>	<b>-</b>	<b>Total Other Financing Sources (Uses)</b>
-	-	-	Extraordinary gain/(loss) on dissolution of redevelopment agency
(122,093)	254,181	(109,936)	Net Change in Fund Balances
122,093	2,271,412	325,774	Fund Balances, Beginning of Year
<b>\$ -</b>	<b>\$ 2,525,593</b>	<b>\$ 215,838</b>	<b>Fund Balances, End of Year</b>

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

Special Revenue Funds

	<u>Community Development Block Grant</u>	<u>Special Districts Administration</u>	<u>Storm Water Management</u>
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental	1,749,157	-	-
Charges for services	-	926,373	764,325
Use of money and property	-	349	-
Contributions	-	-	-
Miscellaneous	-	-	9,010
<b>Total Revenues</b>	<b><u>1,749,157</u></b>	<b><u>926,722</u></b>	<b><u>773,335</u></b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	1,193,639	-	-
Community and cultural	-	-	-
Public works	-	824,541	911,384
Capital outlay	516,096	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b><u>1,709,735</u></b>	<b><u>824,541</u></b>	<b><u>911,384</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>39,422</u>	<u>102,181</u>	<u>(138,049)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	279,700
Transfers out	-	-	-
Contributions from Successor Agency	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>279,700</u></b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-
Net Change in Fund Balances	39,422	102,181	141,651
Fund Balances, Beginning of Year	<u>90,347</u>	<u>616,037</u>	<u>170,051</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 129,769</u></b>	<b><u>\$ 718,218</u></b>	<b><u>\$ 311,702</u></b>

(Continued)

**Special Revenue Funds**

<b>HOME</b>	<b>Child Care Grant</b>	<b>Used Oil Recycling</b>
\$ -	\$ -	\$ -
446,897	555,901	65,713
-	19,929	-
-	-	-
-	-	-
-	18,326	-
<b>446,897</b>	<b>594,156</b>	<b>65,713</b>
-	-	65,713
-	-	-
46,895	-	-
-	575,829	-
-	-	-
-	-	-
-	-	-
-	-	-
<b>46,895</b>	<b>575,829</b>	<b>65,713</b>
400,002	18,327	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
400,002	18,327	-
4,396,421	(18,327)	-
<b>\$ 4,796,423</b>	<b>\$ -</b>	<b>\$ -</b>

**Revenues:**  
Taxes  
    Other taxes  
Intergovernmental  
Charges for services  
Use of money and property  
Contributions  
Miscellaneous

**Total Revenues**

**Expenditures:**  
Current:  
    General government  
    Public safety  
    Community development  
    Community and cultural  
    Public works  
Capital outlay  
Debt service:  
    Principal retirement  
    Interest and fiscal charges

**Total Expenditures**

Excess (Deficiency) of Revenues  
Over (Under) Expenditures

**Other Financing Sources (Uses):**  
Transfers in  
Transfers out  
Contributions from Successor Agency

**Total Other Financing Sources (Uses)**

Extraordinary gain/(loss) on dissolution  
of redevelopment agency

Net Change in Fund Balances

Fund Balances, Beginning of Year

**Fund Balances, End of Year**

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

Special Revenue Funds

	Storm Water Maintenance	ASES Program Grants	CFD #4M
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental	-	6,602,389	-
Charges for services	388,913	-	32,749
Use of money and property	-	(12,004)	1,811
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>388,913</b>	<b>6,590,385</b>	<b>34,560</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	6,174,038	-
Public works	425,049	-	55,054
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>425,049</b>	<b>6,174,038</b>	<b>55,054</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,136)	416,347	(20,494)
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Contributions from Successor Agency	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-
Net Change in Fund Balances	(36,136)	416,347	(20,494)
Fund Balances, Beginning of Year	(99,124)	(397,441)	78,065
<b>Fund Balances, End of Year</b>	<b>\$ (135,260)</b>	<b>\$ 18,906</b>	<b>\$ 57,571</b>

(Continued)

<b>Special Revenue Funds</b>			
<b>Neighborhood Stabilization Grant</b>	<b>Homelessness Prevention Program</b>	<b>CDBG Recovery Act of 2009</b>	
\$ -	\$ -	\$ -	<b>Revenues:</b>
3,535,781	1,566	105,101	Taxes
-	-	-	Other taxes
-	-	-	Intergovernmental
-	-	-	Charges for services
-	-	-	Use of money and property
1,041	-	-	Contributions
-	-	-	Miscellaneous
<b>3,536,822</b>	<b>1,566</b>	<b>105,101</b>	<b>Total Revenues</b>
-	-	-	<b>Expenditures:</b>
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
3,542,378	1,618	105,101	Community development
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
<b>3,542,378</b>	<b>1,618</b>	<b>105,101</b>	<b>Total Expenditures</b>
(5,556)	(52)	-	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	-	-	<b>Other Financing Sources (Uses):</b>
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Contributions from Successor Agency
<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Other Financing Sources (Uses)</b>
-	-	-	Extraordinary gain/(loss) on dissolution of redevelopment agency
(5,556)	(52)	-	Net Change in Fund Balances
32,276	52	-	Fund Balances, Beginning of Year
<b>\$ 26,720</b>	<b>\$ -</b>	<b>\$ -</b>	<b>Fund Balances, End of Year</b>

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

Special Revenue Funds

	<u>Prop 42 Replacement Funds</u>	<u>Prop 1B</u>	<u>Civil Penalties</u>
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	1,523
Contributions	-	-	-
Miscellaneous	-	-	115,396
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<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>116,919</b>
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	146,882
Community and cultural	-	-	-
Public works	-	-	-
Capital outlay	286,132	76,631	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>286,132</b>	<b>76,631</b>	<b>146,882</b>
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(286,132)	(76,631)	(29,963)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Contributions from Successor Agency	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(286,132)	(76,631)	(29,963)
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	1,129,442	76,631	272,146
	<hr/>	<hr/>	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 843,310</b>	<b>\$ -</b>	<b>\$ 242,183</b>
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<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
<u>Emergency Services Agency Fines</u>	<u>Disaster</u>	<u>Public Works Capital Projects</u>	
\$ -	\$ -	\$ -	<b>Revenues:</b>
90,055	-	3,019,389	Taxes
-	-	5,033,853	Other taxes
2,183	-	-	Intergovernmental
-	-	-	Charges for services
-	-	-	Use of money and property
-	-	170,995	Contributions
-	-	-	Miscellaneous
<b>92,238</b>	<b>-</b>	<b>8,224,237</b>	<b>Total Revenues</b>
-	-	-	<b>Expenditures:</b>
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	-	Public works
-	-	3,850,812	Capital outlay
-	-	-	Debt service:
-	-	-	Principal retirement
-	-	-	Interest and fiscal charges
-	-	<b>3,850,812</b>	<b>Total Expenditures</b>
92,238	-	4,373,425	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	-	-	<b>Other Financing Sources (Uses):</b>
-	-	-	Transfers in
-	(390,278)	-	Transfers out
-	-	-	Contributions from Successor Agency
-	<b>(390,278)</b>	-	<b>Total Other Financing Sources (Uses)</b>
-	-	-	Extraordinary gain/(loss) on dissolution of redevelopment agency
92,238	(390,278)	4,373,425	Net Change in Fund Balances
234,323	390,278	2,341,873	Fund Balances, Beginning of Year
<b>\$ 326,561</b>	<b>\$ -</b>	<b>\$ 6,715,298</b>	<b>Fund Balances, End of Year</b>

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

Capital Projects Funds

	<u>Traffic Signal Mitigation</u>	<u>Fire Services Capital Projects</u>	<u>Towngate Capital / Administration</u>
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Contributions	-	-	-
Miscellaneous	-	303	-
<b>Total Revenues</b>	<u>-</u>	<u>303</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	178,157
Capital outlay	-	76,684	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>76,684</u>	<u>178,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(76,381)</u>	<u>(178,157)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	168,872
Transfers out	-	-	-
Contributions from Successor Agency	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>168,872</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(76,381)	(9,285)
Fund Balances, Beginning of Year	<u>137,578</u>	<u>454,153</u>	<u>9,285</u>
<b>Fund Balances, End of Year</b>	<u>\$ 137,578</u>	<u>\$ 377,772</u>	<u>\$ -</u>



(Continued)

<b>Capital Projects Funds</b>		
<b>Warner Ranch Capital / Development</b>	<b>Auto Mall Capital / Administration</b>	<b>Parks and Community Services Capital Projects</b>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	62,732	-
-	-	452,402
-	-	-
-	-	-
-	-	-
-	<b>62,732</b>	<b>452,402</b>
-	(62,732)	(452,402)
-	66,162	691,300
-	-	(407,995)
-	-	-
-	<b>66,162</b>	<b>283,305</b>
-	-	-
-	-	-
-	3,430	(169,097)
13,673	(3,430)	4,584,050
<b>\$ 13,673</b>	<b>\$ -</b>	<b>\$ 4,414,953</b>

**Revenues:**  
Taxes  
    Other taxes  
Intergovernmental  
Charges for services  
Use of money and property  
Contributions  
Miscellaneous

**Total Revenues**

**Expenditures:**  
Current:  
    General government  
    Public safety  
    Community development  
    Community and cultural  
    Public works  
Capital outlay  
Debt service:  
    Principal retirement  
    Interest and fiscal charges

**Total Expenditures**

Excess (Deficiency) of Revenues  
Over (Under) Expenditures

**Other Financing Sources (Uses):**  
Transfers in  
Transfers out  
Contributions from Successor Agency

**Total Other Financing Sources (Uses)**

Extraordinary gain/(loss) on dissolution  
of redevelopment agency

Net Change in Fund Balances

Fund Balances, Beginning of Year

**Fund Balances, End of Year**

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<b>Capital Projects Funds</b>		
	<b>TUMF Capital Projects</b>	<b>DIF Capital Projects</b>	<b>Lease Revenue Bonds 2005 Capital Projects</b>
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental	6,928,956	4,775	-
Charges for services	-	-	-
Use of money and property	-	-	90
Contributions	211,860	-	-
Miscellaneous	10,961	1,078	148,563
<b>Total Revenues</b>	<b><u>7,151,777</u></b>	<b><u>5,853</u></b>	<b><u>148,653</u></b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital outlay	7,177,107	2,750,406	759,141
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b><u>7,177,107</u></b>	<b><u>2,750,406</u></b>	<b><u>759,141</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,330)</u>	<u>(2,744,553)</u>	<u>(610,488)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	1,600,000	-
Transfers out	-	(727,903)	(100,388)
Contributions from Successor Agency	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>-</u></b>	<b><u>872,097</u></b>	<b><u>(100,388)</u></b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(25,330)	(1,872,456)	(710,876)
Fund Balances, Beginning of Year	<u>(174,621)</u>	<u>6,700,682</u>	<u>1,127,304</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ (199,951)</u></b>	<b><u>\$ 4,828,226</u></b>	<b><u>\$ 416,428</u></b>

(Continued)

<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>		
<b>2007 Tax Allocation Bonds Capital Projects</b>	<b>Auto Mall Special Tax Bonds</b>	<b>Lease Revenue Bonds 2005 Debt Service</b>	
\$ -	\$ 115,458	\$ -	<b>Revenues:</b>
-	-	-	Taxes
-	-	-	Other taxes
(107,656)	14	310	Intergovernmental
-	-	-	Charges for services
-	-	-	Use of money and property
-	-	-	Contributions
-	-	-	Miscellaneous
<b>(107,656)</b>	<b>115,472</b>	<b>310</b>	<b>Total Revenues</b>
-	-	2,850	<b>Expenditures:</b>
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	-	Public works
14,086,986	-	-	Capital outlay
-	295,000	920,000	Debt service:
-	18,938	1,715,640	Principal retirement
-	-	-	Interest and fiscal charges
<b>14,086,986</b>	<b>313,938</b>	<b>2,638,490</b>	<b>Total Expenditures</b>
<b>(14,194,642)</b>	<b>(198,466)</b>	<b>(2,638,180)</b>	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	-	2,050,555	<b>Other Financing Sources (Uses):</b>
-	(66,162)	-	Transfers in
-	31,192	597,373	Transfers out
-	-	-	Contributions from Successor Agency
<b>-</b>	<b>(34,970)</b>	<b>2,647,928</b>	<b>Total Other Financing Sources (Uses)</b>
23,492,746	-	-	Extraordinary gain/(loss) on dissolution of redevelopment agency
9,298,104	(233,436)	9,748	Net Change in Fund Balances
-	158,587	8,795,281	Fund Balances, Beginning of Year
<b>\$ 9,298,104</b>	<b>\$ (74,849)</b>	<b>\$ 8,805,029</b>	<b>Fund Balances, End of Year</b>

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

Debt Service Funds

	2007 Towngate Improvement Refunding	2007 Towngate Refunding	2011 Priv Placement Ref 97 Lease Rev Bonds
<b>Revenues:</b>			
Taxes			
Other taxes	\$ 110,672	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	60	230	-
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>110,732</b>	<b>230</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community and cultural	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	210,000	680,000	222,000
Interest and fiscal charges	143,719	335,931	115,420
<b>Total Expenditures</b>	<b>353,719</b>	<b>1,015,931</b>	<b>337,420</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(242,987)	(1,015,701)	(337,420)
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	187,420
Transfers out	(30,183)	(138,689)	-
Contributions from Successor Agency	275,008	1,758,168	150,000
<b>Total Other Financing Sources (Uses)</b>	<b>244,825</b>	<b>1,619,479</b>	<b>337,420</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-
Net Change in Fund Balances	1,838	603,778	-
Fund Balances, Beginning of Year	837,216	2,165,270	-
<b>Fund Balances, End of Year</b>	<b>\$ 839,054</b>	<b>\$ 2,769,048</b>	<b>\$ -</b>

(Continued)

Debt Service Funds	Permanent Funds		
2011 Priv Placement Ref 97 COPs	Celebration Park Endowment	Equestrian Trail Endowment	
\$ -	\$ -	\$ -	<b>Revenues:</b>
-	-	-	Taxes
-	-	-	Other taxes
-	-	-	Intergovernmental
-	438	(49)	Charges for services
-	-	-	Use of money and property
-	-	-	Contributions
-	-	-	Miscellaneous
<u>-</u>	<u>438</u>	<u>(49)</u>	<b>Total Revenues</b>
-	-	-	<b>Expenditures:</b>
-	-	-	Current:
-	-	-	General government
-	-	-	Public safety
-	-	-	Community development
-	-	-	Community and cultural
-	-	-	Public works
-	-	-	Capital outlay
690,500	-	-	Debt service:
96,864	-	-	Principal retirement
<u>787,364</u>	<u>-</u>	<u>-</u>	Interest and fiscal charges
<u>(787,364)</u>	<u>438</u>	<u>(49)</u>	<b>Total Expenditures</b>
787,364	-	-	Excess (Deficiency) of Revenues Over (Under) Expenditures
-	-	-	<b>Other Financing Sources (Uses):</b>
-	-	-	Transfers in
-	-	-	Transfers out
<u>-</u>	<u>-</u>	<u>-</u>	Contributions from Successor Agency
<u>787,364</u>	<u>-</u>	<u>-</u>	<b>Total Other Financing Sources (Uses)</b>
-	-	-	Extraordinary gain/(loss) on dissolution of redevelopment agency
-	438	(49)	Net Change in Fund Balances
-	59,814	12,240	Fund Balances, Beginning of Year
<u>\$ -</u>	<u>\$ 60,252</u>	<u>\$ 12,191</u>	<b>Fund Balances, End of Year</b>

City of Moreno Valley

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<u>Permanent Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Rockridge Park Endowment</u>	<u>NPDES Endowment</u>	
<b>Revenues:</b>			
Taxes			
Other taxes	\$ -	\$ -	\$ 226,130
Intergovernmental	-	-	33,975,052
Charges for services	-	-	7,166,142
Use of money and property	2,559	363	(120,338)
Contributions	-	-	211,860
Miscellaneous	-	-	1,048,432
	<u>2,559</u>	<u>363</u>	<u>42,507,278</u>
<b>Total Revenues</b>			
	<u>2,559</u>	<u>363</u>	<u>42,507,278</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	729,702
Public safety	-	-	1,037,787
Community development	-	-	5,220,888
Community and cultural	-	-	6,749,867
Public works	-	-	3,001,617
Capital outlay	-	-	35,673,299
Debt service:			
Principal retirement	-	-	3,017,500
Interest and fiscal charges	-	-	2,462,481
	<u>-</u>	<u>-</u>	<u>57,893,141</u>
<b>Total Expenditures</b>			
	<u>-</u>	<u>-</u>	<u>57,893,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,559</u>	<u>363</u>	<u>(15,385,863)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	6,231,706
Transfers out	-	-	(1,861,598)
Contributions from Successor Agency	-	-	2,811,741
	<u>-</u>	<u>-</u>	<u>7,181,849</u>
<b>Total Other Financing Sources (Uses)</b>			
	<u>-</u>	<u>-</u>	<u>7,181,849</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	23,492,746
	<u>-</u>	<u>-</u>	<u>23,492,746</u>
Net Change in Fund Balances	2,559	363	15,288,732
Fund Balances, Beginning of Year	<u>101,775</u>	<u>14,506</u>	<u>44,116,612</u>
<b>Fund Balances, End of Year</b>	<u>\$ 104,334</u>	<u>\$ 14,869</u>	<u>\$ 59,405,344</u>

City of Moreno Valley

Budgetary Comparison Schedule  
Measure A  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 6,525,000	\$ 9,637,950	\$ 9,268,527	\$ (369,423)
Use of money and property	225,000	225,000	(12,896)	(237,896)
Miscellaneous	1,000	1,000	2,303	1,303
<b>Total Revenues</b>	<b>6,751,000</b>	<b>9,863,950</b>	<b>9,257,934</b>	<b>(606,016)</b>
<b>Expenditures:</b>				
Current:				
Public works	448,794	448,794	315,195	133,599
Capital outlay	14,283,376	22,076,703	5,201,945	16,874,758
Debt service:				
Interest and fiscal charges	-	-	35,969	(35,969)
<b>Total Expenditures</b>	<b>14,732,170</b>	<b>22,525,497</b>	<b>5,553,109</b>	<b>16,972,388</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,981,170)	(12,661,547)	3,704,825	16,366,372
Net Change in Fund Balances	(7,981,170)	(12,661,547)	3,704,825	16,366,372
Fund Balance, Beginning of Year	7,088,976	7,088,976	7,088,976	-
<b>Fund Balance, End of Year</b>	<b>\$ (892,194)</b>	<b>\$ (5,572,571)</b>	<b>\$ 10,793,801</b>	<b>\$ 16,366,372</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Law Enforcement  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 874,900	\$ 1,303,520	\$ 858,194	\$ (445,326)
Use of money and property	-	-	2,060	2,060
<b>Total Revenues</b>	<b>874,900</b>	<b>1,303,520</b>	<b>860,254</b>	<b>(443,266)</b>
<b>Expenditures:</b>				
Current:				
Public safety	849,043	1,402,863	860,198	542,665
<b>Total Expenditures</b>	<b>849,043</b>	<b>1,402,863</b>	<b>860,198</b>	<b>542,665</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,857	(99,343)	56	99,399
Net Change in Fund Balances	25,857	(99,343)	56	99,399
Fund Balance, Beginning of Year	1,944	1,944	1,944	-
<b>Fund Balance, End of Year</b>	<b>\$ 27,801</b>	<b>\$ (97,399)</b>	<b>\$ 2,000</b>	<b>\$ 99,399</b>



City of Moreno Valley

Budgetary Comparison Schedule  
Other Grants  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 664,483	\$ 723,483	\$ 505,615	\$ (217,868)
<b>Total Revenues</b>	<b>664,483</b>	<b>723,483</b>	<b>505,615</b>	<b>(217,868)</b>
<b>Expenditures:</b>				
Current:				
General government	102,006	122,006	44,864	77,142
Public safety	375,259	390,259	177,589	212,670
Community development	24,821	68,821	184,375	(115,554)
Capital outlay	423,387	423,387	321,213	102,174
<b>Total Expenditures</b>	<b>925,473</b>	<b>1,004,473</b>	<b>728,041</b>	<b>276,432</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,990)	(280,990)	(222,426)	58,564
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	100,333	100,333	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>100,333</b>	<b>100,333</b>	<b>-</b>
Net Change in Fund Balances	(260,990)	(180,657)	(122,093)	58,564
Fund Balance, Beginning of Year	122,093	122,093	122,093	-
<b>Fund Balance, End of Year</b>	<b>\$ (138,897)</b>	<b>\$ (58,564)</b>	<b>\$ -</b>	<b>\$ 58,564</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Public Education Government Access  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 430,000	\$ 430,000	\$ 570,456	\$ 140,456
<b>Total Revenues</b>	<b>430,000</b>	<b>430,000</b>	<b>570,456</b>	<b>140,456</b>
<b>Expenditures:</b>				
Current:				
General government	664,224	664,224	616,275	47,949
Capital outlay	-	500,000	-	500,000
<b>Total Expenditures</b>	<b>664,224</b>	<b>1,164,224</b>	<b>616,275</b>	<b>547,949</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(234,224)	(734,224)	(45,819)	688,405
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	300,000	300,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(234,224)</b>	<b>(434,224)</b>	<b>254,181</b>	<b>688,405</b>
Fund Balance, Beginning of Year	2,271,412	2,271,412	2,271,412	-
<b>Fund Balance, End of Year</b>	<b>\$ 2,037,188</b>	<b>\$ 1,837,188</b>	<b>\$ 2,525,593</b>	<b>\$ 688,405</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Air Quality Management  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 237,036	\$ 37,036
Use of money and property	7,000	7,000	277	(6,723)
<b>Total Revenues</b>	<b>207,000</b>	<b>207,000</b>	<b>237,313</b>	<b>30,313</b>
<b>Expenditures:</b>				
Current:				
Public works	219,310	219,310	229,505	(10,195)
Capital outlay	57,064	241,263	117,744	123,519
<b>Total Expenditures</b>	<b>276,374</b>	<b>460,573</b>	<b>347,249</b>	<b>113,324</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,374)	(253,573)	(109,936)	143,637
Net Change in Fund Balances	(69,374)	(253,573)	(109,936)	143,637
Fund Balance, Beginning of Year	325,774	325,774	325,774	-
<b>Fund Balance, End of Year</b>	<b>\$ 256,400</b>	<b>\$ 72,201</b>	<b>\$ 215,838</b>	<b>\$ 143,637</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Community Development Block Grant  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 2,119,650	\$ 3,599,850	\$ 1,749,157	\$ (1,850,693)
<b>Total Revenues</b>	<b>2,119,650</b>	<b>3,599,850</b>	<b>1,749,157</b>	<b>(1,850,693)</b>
<b>Expenditures:</b>				
Current:				
Community development	1,788,053	2,387,033	1,193,639	1,193,394
Capital outlay	805,000	1,212,829	516,096	696,733
<b>Total Expenditures</b>	<b>2,593,053</b>	<b>3,599,862</b>	<b>1,709,735</b>	<b>1,890,127</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(473,403)	(12)	39,422	39,434
Net Change in Fund Balances	(473,403)	(12)	39,422	39,434
Fund Balance, Beginning of Year	90,347	90,347	90,347	-
<b>Fund Balance, End of Year</b>	<b>\$ (383,056)</b>	<b>\$ 90,335</b>	<b>\$ 129,769</b>	<b>\$ 39,434</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Special Districts Administration  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,764,800	\$ 882,898	\$ 926,373	\$ 43,475
Use of money and property	600	600	349	(251)
<b>Total Revenues</b>	<b>1,765,400</b>	<b>883,498</b>	<b>926,722</b>	<b>43,224</b>
<b>Expenditures:</b>				
Current:				
Public works	875,137	877,137	824,541	52,596
<b>Total Expenditures</b>	<b>875,137</b>	<b>877,137</b>	<b>824,541</b>	<b>52,596</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	890,263	6,361	102,181	95,820
Net Change in Fund Balances	890,263	6,361	102,181	95,820
Fund Balance, Beginning of Year	616,037	616,037	616,037	-
<b>Fund Balance, End of Year</b>	<b>\$ 1,506,300</b>	<b>\$ 622,398</b>	<b>\$ 718,218</b>	<b>\$ 95,820</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Storm Water Management  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 124,000	\$ 124,000	\$ -	\$ (124,000)
Charges for services	587,174	587,174	764,325	177,151
Miscellaneous	-	-	9,010	9,010
<b>Total Revenues</b>	<b>711,174</b>	<b>711,174</b>	<b>773,335</b>	<b>62,161</b>
<b>Expenditures:</b>				
Current:				
Public works	1,058,441	1,119,441	911,384	208,057
<b>Total Expenditures</b>	<b>1,058,441</b>	<b>1,119,441</b>	<b>911,384</b>	<b>208,057</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(347,267)	(408,267)	(138,049)	270,218
<b>Other Financing Sources (Uses):</b>				
Transfers in	218,700	279,700	279,700	-
<b>Total Other Financing Sources (Uses)</b>	<b>218,700</b>	<b>279,700</b>	<b>279,700</b>	<b>-</b>
Net Change in Fund Balances	(128,567)	(128,567)	141,651	270,218
Fund Balance, Beginning of Year	170,051	170,051	170,051	-
<b>Fund Balance, End of Year</b>	<b>\$ 41,484</b>	<b>\$ 41,484</b>	<b>\$ 311,702</b>	<b>\$ 270,218</b>

**City of Moreno Valley**  
**Budgetary Comparison Schedule**  
**HOME**  
**Year Ended June 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Intergovernmental	\$ 413,435	\$ 413,435	\$ 446,897	\$ 33,462
<b>Total Revenues</b>	<b>413,435</b>	<b>413,435</b>	<b>446,897</b>	<b>33,462</b>
<b>Expenditures:</b>				
Current:				
Community development	449,073	449,073	46,895	402,178
Capital outlay	1,200,000	1,200,000	-	1,200,000
<b>Total Expenditures</b>	<b>1,649,073</b>	<b>1,649,073</b>	<b>46,895</b>	<b>1,602,178</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,235,638)	(1,235,638)	400,002	1,635,640
Net Change in Fund Balances	(1,235,638)	(1,235,638)	400,002	1,635,640
Fund Balance, Beginning of Year	4,396,421	4,396,421	4,396,421	-
<b>Fund Balance, End of Year</b>	<b>\$ 3,160,783</b>	<b>\$ 3,160,783</b>	<b>\$ 4,796,423</b>	<b>\$ 1,635,640</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Child Care Grant  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 787,338	\$ 787,338	\$ 555,901	\$ (231,437)
Charges for services	25,000	25,000	19,929	(5,071)
Miscellaneous	-	-	18,326	18,326
<b>Total Revenues</b>	<b>812,338</b>	<b>812,338</b>	<b>594,156</b>	<b>(218,182)</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	871,865	871,865	575,829	296,036
<b>Total Expenditures</b>	<b>871,865</b>	<b>871,865</b>	<b>575,829</b>	<b>296,036</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,527)	(59,527)	18,327	77,854
Net Change in Fund Balances	(59,527)	(59,527)	18,327	77,854
Fund Balance, Beginning of Year, as Restated	(18,327)	(18,327)	(18,327)	-
<b>Fund Balance, End of Year</b>	<b>\$ (77,854)</b>	<b>\$ (77,854)</b>	<b>\$ -</b>	<b>\$ 77,854</b>



City of Moreno Valley

Budgetary Comparison Schedule  
Used Oil Recycling  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 85,086	\$ 140,627	\$ 65,713	\$ (74,914)
<b>Total Revenues</b>	<b>85,086</b>	<b>140,627</b>	<b>65,713</b>	<b>(74,914)</b>
<b>Expenditures:</b>				
Current:				
General government	89,930	145,471	65,713	79,758
<b>Total Expenditures</b>	<b>89,930</b>	<b>145,471</b>	<b>65,713</b>	<b>79,758</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,844)	(4,844)	-	4,844
Net Change in Fund Balances	(4,844)	(4,844)	-	4,844
Fund Balance, Beginning of Year	-	-	-	-
<b>Fund Balance, End of Year</b>	<b>\$ (4,844)</b>	<b>\$ (4,844)</b>	<b>\$ -</b>	<b>\$ 4,844</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Storm Water Maintenance  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 421,400	\$ 421,400	\$ -	\$ (421,400)
Charges for services	-	-	388,913	388,913
<b>Total Revenues</b>	<b>421,400</b>	<b>421,400</b>	<b>388,913</b>	<b>(32,487)</b>
<b>Expenditures:</b>				
Current:				
Public works	448,085	448,085	425,049	23,036
<b>Total Expenditures</b>	<b>448,085</b>	<b>448,085</b>	<b>425,049</b>	<b>23,036</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,685)	(26,685)	(36,136)	(9,451)
Net Change in Fund Balances	(26,685)	(26,685)	(36,136)	(9,451)
Fund Balance, Beginning of Year	(99,124)	(99,124)	(99,124)	-
<b>Fund Balance, End of Year</b>	<b>\$ (125,809)</b>	<b>\$ (125,809)</b>	<b>\$ (135,260)</b>	<b>\$ (9,451)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 ASES Program Grants  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 6,184,600	\$ 6,184,600	\$ 6,602,389	\$ 417,789
Use of money and property	25,000	25,000	(12,004)	(37,004)
Miscellaneous	3,000	3,000	-	(3,000)
<b>Total Revenues</b>	<b>6,212,600</b>	<b>6,212,600</b>	<b>6,590,385</b>	<b>377,785</b>
<b>Expenditures:</b>				
Current:				
Community and cultural	6,175,017	6,175,017	6,174,038	979
<b>Total Expenditures</b>	<b>6,175,017</b>	<b>6,175,017</b>	<b>6,174,038</b>	<b>979</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,583	37,583	416,347	378,764
Net Change in Fund Balances	37,583	37,583	416,347	378,764
Fund Balance, Beginning of Year	(397,441)	(397,441)	(397,441)	-
<b>Fund Balance, End of Year</b>	<b>\$ (359,858)</b>	<b>\$ (359,858)</b>	<b>\$ 18,906</b>	<b>\$ 378,764</b>

City of Moreno Valley

Budgetary Comparison Schedule  
CFD #4M  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 41,700	\$ 41,700	\$ 32,749	\$ (8,951)
Use of money and property	1,000	1,000	1,811	811
<b>Total Revenues</b>	<b>42,700</b>	<b>42,700</b>	<b>34,560</b>	<b>(8,140)</b>
<b>Expenditures:</b>				
Current:				
Public works	42,700	48,200	55,054	(6,854)
<b>Total Expenditures</b>	<b>42,700</b>	<b>48,200</b>	<b>55,054</b>	<b>(6,854)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(5,500)	(20,494)	(14,994)
Net Change in Fund Balances	-	(5,500)	(20,494)	(14,994)
Fund Balance, Beginning of Year	78,065	78,065	78,065	-
<b>Fund Balance, End of Year</b>	<b>\$ 78,065</b>	<b>\$ 72,565</b>	<b>\$ 57,571</b>	<b>\$ (14,994)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Neighborhood Stabilization Grant  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 2,364,600	\$ 2,364,600	\$ 3,535,781	\$ 1,171,181
Miscellaneous	15,000	15,000	1,041	(13,959)
<b>Total Revenues</b>	<b>2,379,600</b>	<b>2,379,600</b>	<b>3,536,822</b>	<b>1,157,222</b>
<b>Expenditures:</b>				
Current:				
Community development	7,740,511	7,870,741	3,542,378	4,328,363
<b>Total Expenditures</b>	<b>7,740,511</b>	<b>7,870,741</b>	<b>3,542,378</b>	<b>4,328,363</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,360,911)	(5,491,141)	(5,556)	5,485,585
Net Change in Fund Balances	(5,360,911)	(5,491,141)	(5,556)	5,485,585
Fund Balance, Beginning of Year	32,276	32,276	32,276	-
<b>Fund Balance, End of Year</b>	<b>\$ (5,328,635)</b>	<b>\$ (5,458,865)</b>	<b>\$ 26,720</b>	<b>\$ 5,485,585</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 CDBG Recovery Act of 2009  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 135,083	\$ 135,083	\$ 105,101	\$ (29,982)
<b>Total Revenues</b>	<b>135,083</b>	<b>135,083</b>	<b>105,101</b>	<b>(29,982)</b>
<b>Expenditures:</b>				
Current:				
Community development	-	-	105,101	(105,101)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>105,101</b>	<b>(105,101)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	135,083	135,083	-	(135,083)
Net Change in Fund Balances	135,083	135,083	-	(135,083)
Fund Balance, Beginning of Year	-	-	-	-
<b>Fund Balance, End of Year</b>	<b>\$ 135,083</b>	<b>\$ 135,083</b>	<b>\$ -</b>	<b>\$ (135,083)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Prop 42 Replacement Funds  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Capital outlay	\$ 1,106,000	\$ 1,129,049	\$ 286,132	\$ 842,917
<b>Total Expenditures</b>	<b>1,106,000</b>	<b>1,129,049</b>	<b>286,132</b>	<b>842,917</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(1,106,000)</b>	<b>(1,129,049)</b>	<b>(286,132)</b>	<b>842,917</b>
Net Change in Fund Balances	(1,106,000)	(1,129,049)	(286,132)	842,917
Budgetary Fund Balance, Beginning of Year	1,129,442	1,129,442	1,129,442	-
<b>Budgetary Fund Balance, End of Year</b>	<b>\$ 23,442</b>	<b>\$ 393</b>	<b>\$ 843,310</b>	<b>\$ 842,917</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Prop 1B  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Capital outlay	\$ 5,000	\$ 75,286	\$ 76,631	\$ (1,345)
<b>Total Expenditures</b>	<b>5,000</b>	<b>75,286</b>	<b>76,631</b>	<b>(1,345)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(5,000)</b>	<b>(75,286)</b>	<b>(76,631)</b>	<b>(1,345)</b>
Net Change in Fund Balances	(5,000)	(75,286)	(76,631)	(1,345)
Budgetary Fund Balance, Beginning of Year	76,631	76,631	76,631	-
<b>Budgetary Fund Balance, End of Year</b>	<b>\$ 71,631</b>	<b>\$ 1,345</b>	<b>\$ -</b>	<b>\$ (1,345)</b>



City of Moreno Valley

Budgetary Comparison Schedule  
Civil Penalties  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 1,523	\$ 1,523
Miscellaneous	-	-	115,396	115,396
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>116,919</b>	<b>116,919</b>
<b>Expenditures:</b>				
Current:				
Community development	81,401	81,401	146,882	(65,481)
<b>Total Expenditures</b>	<b>81,401</b>	<b>81,401</b>	<b>146,882</b>	<b>(65,481)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,401)	(81,401)	(29,963)	51,438
Net Change in Fund Balances	(81,401)	(81,401)	(29,963)	51,438
Budgetary Fund Balance, Beginning of Year	272,146	272,146	272,146	-
<b>Budgetary Fund Balance, End of Year</b>	<b>\$ 190,745</b>	<b>\$ 190,745</b>	<b>\$ 242,183</b>	<b>\$ 51,438</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Emergency Services Agency Fines  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 90,055	\$ 90,055
Use of money and property	-	-	2,183	2,183
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>92,238</b>	<b>92,238</b>
<b>Expenditures:</b>				
Current:				
Public safety	80,000	80,000	-	80,000
<b>Total Expenditures</b>	<b>80,000</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,000)	(80,000)	92,238	172,238
Net Change in Fund Balances	(80,000)	(80,000)	92,238	172,238
Budgetary Fund Balance, Beginning of Year	234,323	234,323	234,323	-
<b>Budgetary Fund Balance, End of Year</b>	<b>\$ 154,323</b>	<b>\$ 154,323</b>	<b>\$ 326,561</b>	<b>\$ 172,238</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Disaster  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfers out	\$ -	\$ (390,300)	\$ (390,278)	\$ (22)
<b>Total Other Financing Sources (Uses)</b>	-	(390,300)	(390,278)	(22)
Net Change in Fund Balances	-	(390,300)	(390,278)	(22)
Budgetary Fund Balance, Beginning of Year	390,278	390,278	390,278	-
<b>Budgetary Fund Balance, End of Year</b>	<b>\$ 390,278</b>	<b>\$ (22)</b>	<b>\$ -</b>	<b>\$ (22)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Facility Construction  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ -	\$ -	\$ 1,250,461	\$ 1,250,461
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>1,250,461</b>	<b>1,250,461</b>
<b>Expenditures</b>				
Capital outlay	\$ 8,178,101	\$ 10,168,336	\$ 8,373,773	\$ 1,794,563
<b>Total Expenditures</b>	<b>8,178,101</b>	<b>10,168,336</b>	<b>8,373,773</b>	<b>1,794,563</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,178,101)	(10,168,336)	(7,123,312)	3,045,024
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	568,351	568,351	-
Transfers out	(6,500,000)	-	(6,500,000)	(6,500,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,500,000)</b>	<b>568,351</b>	<b>(5,931,649)</b>	<b>(6,500,000)</b>
Net Change in Fund Balances	(14,678,101)	(9,599,985)	(13,054,961)	(3,454,976)
Fund Balance, Beginning of Year	12,783,061	12,783,061	12,783,061	-
<b>Fund Balance, End of Year</b>	<b>\$ (1,895,040)</b>	<b>\$ 3,183,076</b>	<b>\$ (271,900)</b>	<b>\$ (3,454,976)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Public Works Capital Projects  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 834,535	\$ 3,019,389	\$ 2,184,854
Charges for services	-	4,867,396	5,033,853	166,457
Miscellaneous	-	-	170,995	170,995
<b>Total Revenues</b>	<b>-</b>	<b>5,701,931</b>	<b>8,224,237</b>	<b>2,522,306</b>
<b>Expenditures</b>				
Capital outlay	3,678,448	8,872,696	3,850,812	5,021,884
<b>Total Expenditures</b>	<b>3,678,448</b>	<b>8,872,696</b>	<b>3,850,812</b>	<b>5,021,884</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,678,448)	(3,170,765)	4,373,425	7,544,190
Net Change in Fund Balances	(3,678,448)	(3,170,765)	4,373,425	7,544,190
Fund Balance, Beginning of Year	2,341,873	2,341,873	2,341,873	-
<b>Fund Balance, End of Year</b>	<b>\$ (1,336,575)</b>	<b>\$ (828,892)</b>	<b>\$ 6,715,298</b>	<b>\$ 7,544,190</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Fire Services Capital Projects  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ -	\$ -	\$ 303	\$ 303
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>303</b>	<b>303</b>
<b>Expenditures</b>				
Capital outlay	590,000	663,335	76,684	586,651
<b>Total Expenditures</b>	<b>590,000</b>	<b>663,335</b>	<b>76,684</b>	<b>586,651</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(590,000)	(663,335)	(76,381)	586,954
Net Change in Fund Balances	(590,000)	(663,335)	(76,381)	586,954
Fund Balance, Beginning of Year	454,153	454,153	454,153	-
<b>Fund Balance, End of Year</b>	<b>\$ (135,847)</b>	<b>\$ (209,182)</b>	<b>\$ 377,772</b>	<b>\$ 586,954</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Towngate Capital / Administration  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Current:				
Public works	\$ 181,200	\$ 181,200	\$ 178,157	\$ 3,043
<b>Total Expenditures</b>	<b>181,200</b>	<b>181,200</b>	<b>178,157</b>	<b>3,043</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(181,200)	(181,200)	(178,157)	3,043
<b>Other Financing Sources (Uses):</b>				
Transfers in	181,100	181,100	168,872	(12,228)
<b>Total Other Financing Sources (Uses)</b>	<b>181,100</b>	<b>181,100</b>	<b>168,872</b>	<b>(12,228)</b>
Net Change in Fund Balances	(100)	(100)	(9,285)	(9,185)
Fund Balance, Beginning of Year	9,285	9,285	9,285	-
<b>Fund Balance, End of Year</b>	<b>\$ 9,185</b>	<b>\$ 9,185</b>	<b>\$ -</b>	<b>\$ (9,185)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Auto Mall Capital / Administration  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Current:				
Public works	\$ 63,800	\$ 63,800	\$ 62,732	\$ 1,068
<b>Total Expenditures</b>	<b>63,800</b>	<b>63,800</b>	<b>62,732</b>	<b>1,068</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,800)	(63,800)	(62,732)	1,068
<b>Other Financing Sources (Uses):</b>				
Transfers in	63,800	63,800	66,162	2,362
<b>Total Other Financing Sources (Uses)</b>	<b>63,800</b>	<b>63,800</b>	<b>66,162</b>	<b>2,362</b>
Net Change in Fund Balances	-	-	3,430	3,430
Fund Balance, Beginning of Year	(3,430)	(3,430)	(3,430)	-
<b>Fund Balance, End of Year</b>	<b>\$ (3,430)</b>	<b>\$ (3,430)</b>	<b>\$ -</b>	<b>\$ 3,430</b>



City of Moreno Valley

Budgetary Comparison Schedule  
Parks and Community Services Capital Projects  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Capital outlay	\$ 3,027,657	\$ 3,156,741	\$ 452,402	\$ 2,704,339
<b>Total Expenditures</b>	<b>3,027,657</b>	<b>3,156,741</b>	<b>452,402</b>	<b>2,704,339</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,027,657)	(3,156,741)	(452,402)	2,704,339
<b>Other Financing Sources (Uses):</b>				
Transfers in	691,300	691,300	691,300	-
Transfers out	(407,995)	(407,995)	(407,995)	-
<b>Total Other Financing Sources (Uses)</b>	<b>283,305</b>	<b>283,305</b>	<b>283,305</b>	<b>-</b>
Net Change in Fund Balances	(2,744,352)	(2,873,436)	(169,097)	2,704,339
Fund Balance, Beginning of Year	4,584,050	4,584,050	4,584,050	-
<b>Fund Balance, End of Year</b>	<b>\$ 1,839,698</b>	<b>\$ 1,710,614</b>	<b>\$ 4,414,953</b>	<b>\$ 2,704,339</b>

City of Moreno Valley

Budgetary Comparison Schedule  
TUMF Capital Projects  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 4,000,000	\$ 4,000,000	\$ 6,928,956	\$ 2,928,956
Contributions	-	-	211,860	211,860
Miscellaneous	-	-	10,961	10,961
<b>Total Revenues</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>7,151,777</b>	<b>3,151,777</b>
<b>Expenditures</b>				
Capital outlay	11,513,933	12,946,253	7,177,107	5,769,146
<b>Total Expenditures</b>	<b>11,513,933</b>	<b>12,946,253</b>	<b>7,177,107</b>	<b>5,769,146</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,513,933)	(8,946,253)	(25,330)	8,920,923
Net Change in Fund Balances	(7,513,933)	(8,946,253)	(25,330)	8,920,923
Fund Balance, Beginning of Year	(174,621)	(174,621)	(174,621)	-
<b>Fund Balance, End of Year</b>	<b>\$ (7,688,554)</b>	<b>\$ (9,120,874)</b>	<b>\$ (199,951)</b>	<b>\$ 8,920,923</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 DIF Capital Projects  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 4,775	\$ 4,775
Miscellaneous	2,000	2,000	1,078	(922)
<b>Total Revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>5,853</b>	<b>3,853</b>
<b>Expenditures</b>				
Capital outlay	4,235,884	6,928,161	2,750,406	4,177,755
<b>Total Expenditures</b>	<b>4,235,884</b>	<b>6,928,161</b>	<b>2,750,406</b>	<b>4,177,755</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,233,884)	(6,926,161)	(2,744,553)	4,181,608
<b>Other Financing Sources (Uses):</b>				
Transfers in	720,000	1,600,000	1,600,000	-
Transfers out	(727,903)	(727,903)	(727,903)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(7,903)</b>	<b>872,097</b>	<b>872,097</b>	<b>-</b>
Net Change in Fund Balances	(4,241,787)	(6,054,064)	(1,872,456)	4,181,608
Fund Balance, Beginning of Year	6,700,682	6,700,682	6,700,682	-
<b>Fund Balance, End of Year</b>	<b>\$ 2,458,895</b>	<b>\$ 646,618</b>	<b>\$ 4,828,226</b>	<b>\$ 4,181,608</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Lease Revenue Bonds 2005 Capital Projects  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 90	\$ 90
Miscellaneous	-	-	148,563	148,563
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>148,653</b>	<b>148,653</b>
<b>Expenditures</b>				
Capital outlay	1,706,592	1,097,032	759,141	337,891
<b>Total Expenditures</b>	<b>1,706,592</b>	<b>1,097,032</b>	<b>759,141</b>	<b>337,891</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,706,592)	(1,097,032)	(610,488)	486,544
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(100,333)	(100,388)	(55)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(100,333)</b>	<b>(100,388)</b>	<b>(55)</b>
Net Change in Fund Balances	(1,706,592)	(1,197,365)	(710,876)	486,489
Fund Balance, Beginning of Year	1,127,304	1,127,304	1,127,304	-
<b>Fund Balance, End of Year</b>	<b>\$ (579,288)</b>	<b>\$ (70,061)</b>	<b>\$ 416,428</b>	<b>\$ 486,489</b>

City of Moreno Valley

Budgetary Comparison Schedule  
Auto Mall Special Tax Bonds  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Other taxes	\$ 81,600	\$ 81,600	\$ 115,458	\$ 33,858
Use of money and property	200	200	14	(186)
<b>Total Revenues</b>	<b>81,800</b>	<b>81,800</b>	<b>115,472</b>	<b>33,672</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	15,000	300,000	295,000	5,000
Interest and fiscal charges	29,700	29,700	18,938	10,762
<b>Total Expenditures</b>	<b>44,700</b>	<b>329,700</b>	<b>313,938</b>	<b>15,762</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,100	(247,900)	(198,466)	49,434
<b>Other Financing Sources (Uses):</b>				
Transfers in	109,450	109,450	-	(109,450)
Transfers out	(63,800)	(63,800)	(66,162)	(2,362)
Contributions from Successor Agency	-	-	31,192	31,192
<b>Total Other Financing Sources (Uses)</b>	<b>45,650</b>	<b>45,650</b>	<b>(34,970)</b>	<b>(80,620)</b>
Net Change in Fund Balances	82,750	(202,250)	(233,436)	(31,186)
Fund Balances, Beginning of Year	158,587	158,587	158,587	-
<b>Fund Balances, End of Year</b>	<b>\$ 241,337</b>	<b>\$ (43,663)</b>	<b>\$ (74,849)</b>	<b>\$ (31,186)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Lease Revenue Bonds 2005 Debt Service  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 310	\$ 310
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>310</b>	<b>310</b>
<b>Expenditures:</b>				
Current:				
General government	2,300	2,300	2,850	(550)
Debt service:				
Principal retirement	890,000	890,000	920,000	(30,000)
Interest and fiscal charges	1,758,500	1,758,500	1,715,640	42,860
<b>Total Expenditures</b>	<b>2,650,800</b>	<b>2,650,800</b>	<b>2,638,490</b>	<b>12,310</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,650,800)	(2,650,800)	(2,638,180)	12,620
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,647,873	2,647,873	2,050,555	(597,318)
Contributions from Successor Agency	-	-	597,373	597,373
<b>Total Other Financing Sources (Uses)</b>	<b>2,647,873</b>	<b>2,647,873</b>	<b>2,647,928</b>	<b>55</b>
Net Change in Fund Balances	(2,927)	(2,927)	9,748	12,675
Fund Balances, Beginning of Year	8,795,281	8,795,281	8,795,281	-
<b>Fund Balances, End of Year</b>	<b>\$ 8,792,354</b>	<b>\$ 8,792,354</b>	<b>\$ 8,805,029</b>	<b>\$ 12,675</b>

City of Moreno Valley

Budgetary Comparison Schedule  
2007 Towngate Improvement Refunding  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Other taxes	\$ 115,800	\$ 115,800	\$ 110,672	\$ (5,128)
Use of money and property	100	100	60	(40)
<b>Total Revenues</b>	<b>115,900</b>	<b>115,900</b>	<b>110,732</b>	<b>(5,168)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	205,000	205,000	210,000	(5,000)
Interest and fiscal charges	152,200	152,200	143,719	8,481
<b>Total Expenditures</b>	<b>357,200</b>	<b>357,200</b>	<b>353,719</b>	<b>3,481</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(241,300)	(241,300)	(242,987)	(1,687)
<b>Other Financing Sources (Uses):</b>				
Transfers in	277,181	277,181	-	(277,181)
Transfers out	(32,500)	(32,500)	(30,183)	2,317
Contributions from Successor Agency	-	-	275,008	275,008
<b>Total Other Financing Sources (Uses)</b>	<b>244,681</b>	<b>244,681</b>	<b>244,825</b>	<b>144</b>
Net Change in Fund Balances	3,381	3,381	1,838	(1,543)
Fund Balances, Beginning of Year	837,216	837,216	837,216	-
<b>Fund Balances, End of Year</b>	<b>\$ 840,597</b>	<b>\$ 840,597</b>	<b>\$ 839,054</b>	<b>\$ (1,543)</b>

City of Moreno Valley

Budgetary Comparison Schedule  
2007 Towngate Refunding  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 300	\$ 300	\$ 230	\$ (70)
<b>Total Revenues</b>	<b>300</b>	<b>300</b>	<b>230</b>	<b>(70)</b>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	655,000	655,000	680,000	(25,000)
Interest and fiscal charges	359,300	359,300	335,931	23,369
<b>Total Expenditures</b>	<b>1,014,300</b>	<b>1,014,300</b>	<b>1,015,931</b>	<b>(1,631)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,014,000)	(1,014,000)	(1,015,701)	(1,701)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,182,347	1,182,347	-	(1,182,347)
Transfers out	(148,600)	(148,600)	(138,689)	9,911
Contributions from Successor Agency	-	-	1,758,168	1,758,168
<b>Total Other Financing Sources (Uses)</b>	<b>1,033,747</b>	<b>1,033,747</b>	<b>1,619,479</b>	<b>585,732</b>
Net Change in Fund Balances	19,747	19,747	603,778	584,031
Fund Balances, Beginning of Year	2,165,270	2,165,270	2,165,270	-
<b>Fund Balances, End of Year</b>	<b>\$ 2,185,017</b>	<b>\$ 2,185,017</b>	<b>\$ 2,769,048</b>	<b>\$ 584,031</b>



City of Moreno Valley

Budgetary Comparison Schedule  
 2011 Priv Placement Ref 97 Lease Rev Bonds  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
General government	\$ 3,750	\$ 3,750	\$ -	\$ 3,750
Debt service:				
Principal retirement	215,000	215,000	222,000	(7,000)
Interest and fiscal charges	185,000	185,000	115,420	69,580
<b>Total Expenditures</b>	<b>403,750</b>	<b>403,750</b>	<b>337,420</b>	<b>66,330</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(403,750)	(403,750)	(337,420)	66,330
<b>Other Financing Sources (Uses):</b>				
Transfers in	326,000	326,000	187,420	(138,580)
Contributions from Successor Agency	-	-	150,000	150,000
<b>Total Other Financing Sources (Uses)</b>	<b>326,000</b>	<b>326,000</b>	<b>337,420</b>	<b>11,420</b>
Net Change in Fund Balances	(77,750)	(77,750)	-	77,750
Fund Balances, Beginning of Year	-	-	-	-
<b>Fund Balances, End of Year</b>	<b>\$ (77,750)</b>	<b>\$ (77,750)</b>	<b>\$ -</b>	<b>\$ 77,750</b>

City of Moreno Valley

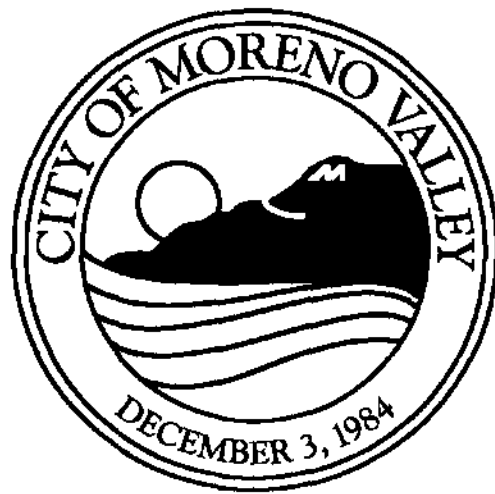
Budgetary Comparison Schedule  
2011 Priv Placement Ref 97 COPs  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
General government	\$ 66,140	\$ 66,140	\$ -	\$ 66,140
Debt service:				
Principal retirement	645,000	645,000	690,500	(45,500)
Interest and fiscal charges	81,180	81,180	96,864	(15,684)
<b>Total Expenditures</b>	<b>792,320</b>	<b>792,320</b>	<b>787,364</b>	<b>4,956</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(792,320)	(792,320)	(787,364)	4,956
<b>Other Financing Sources (Uses):</b>				
Transfers in	711,100	711,100	787,364	76,264
<b>Total Other Financing Sources (Uses)</b>	<b>711,100</b>	<b>711,100</b>	<b>787,364</b>	<b>76,264</b>
Net Change in Fund Balances	(81,220)	(81,220)	-	81,220
Fund Balances, Beginning of Year	-	-	-	-
<b>Fund Balances, End of Year</b>	<b>\$ (81,220)</b>	<b>\$ (81,220)</b>	<b>\$ -</b>	<b>\$ 81,220</b>

City of Moreno Valley

Budgetary Comparison Schedule  
 Celebration Park Endowment  
 Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 438	\$ (562)
<b>Total Revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>438</b>	<b>(562)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	438	(562)
Net Change in Fund Balances	1,000	1,000	438	(562)
Fund Balance, Beginning of Year	59,814	59,814	59,814	-
<b>Fund Balance, End of Year</b>	<b>\$ 60,814</b>	<b>\$ 60,814</b>	<b>\$ 60,252</b>	<b>\$ (562)</b>



Internal Service Funds

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

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## **INTERNAL SERVICE FUNDS**

### **General Liability Insurance Fund**

This fund is used to account for the costs of maintaining the City's general liability insurance program, on a reimbursement basis through charges to benefiting funds; and maintaining responsible reserves based on current actuarial assumptions.

### **Workers' Compensation Insurance Fund**

This fund is used to account for the costs of maintaining the City worker's compensation insurance program, on a reimbursement basis through charges to benefiting funds; and maintaining responsible reserves based on current actuarial assumptions.

### **Technology Services Fund**

This fund is used to account for the costs of maintaining and replacing the City's information systems including major software, hardware, radios, telephones, and the City's backbone telecommunications infrastructure. The fund recovers costs through charges to benefiting funds.

### **Facilities Maintenance Fund**

This fund is used to account for the costs of maintaining all City-owned and leased buildings. Its user charges include the recovery of both depreciation on the City Hall building and debt service on the 1997 variable rate Certificates of Participation originally issued in 1995 to finance the acquisition of the building.

### **Equipment Maintenance Fund**

This fund is used to account for the maintenance costs of the City's inventory of vehicles and equipment, on a cost reimbursement basis through user charges to benefiting funds.

### **Equipment Replacement Reserve Fund**

This fund is used to account for the accumulation of cash reserves to replace City vehicles and capital equipment, based on replacement cost and useful life. The reserve receives cash through user charges for each fund's share of annual depreciation; and provides cash as a funding source to participating funds for capital replacement.

City of Moreno Valley

Combining Statement of Net Position  
Internal Service Funds  
June 30, 2013

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
<b>Assets:</b>				
Current:				
Pooled cash and investments	\$ 1,884,839	\$ 4,180,586	\$ 8,754,231	\$ 5,379,876
Receivables:				
Accounts	-	-	-	212
Prepaid costs	-	-	-	5,799
Inventories	-	-	-	29,242
<b>Total Current Assets</b>	<b>1,884,839</b>	<b>4,180,586</b>	<b>8,754,231</b>	<b>5,415,129</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	-	3,412,002	10,370,424
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>3,412,002</b>	<b>10,370,424</b>
<b>Total Assets</b>	<b>\$ 1,884,839</b>	<b>\$ 4,180,586</b>	<b>\$ 12,166,233</b>	<b>\$ 15,785,553</b>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 31,150	\$ 161	\$ 574,336	\$ 384,502
Accrued liabilities	2,096	806	38,132	14,701
Compensated absences	-	-	325,541	56,900
Self-insurance payable	312,000	372,000	-	-
<b>Total Current Liabilities</b>	<b>345,246</b>	<b>372,967</b>	<b>938,009</b>	<b>456,103</b>
Noncurrent:				
Compensated absences	-	-	217,027	37,933
Self-insurance payable	251,000	1,173,000	-	-
<b>Total Noncurrent Liabilities</b>	<b>251,000</b>	<b>1,173,000</b>	<b>217,027</b>	<b>37,933</b>
<b>Total Liabilities</b>	<b>596,246</b>	<b>1,545,967</b>	<b>1,155,036</b>	<b>494,036</b>
<b>Net Position:</b>				
Investment in capital assets	-	-	3,412,002	10,370,424
Unrestricted	1,288,593	2,634,619	7,599,195	4,921,093
<b>Total Net Position</b>	<b>1,288,593</b>	<b>2,634,619</b>	<b>11,011,197</b>	<b>15,291,517</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,884,839</b>	<b>\$ 4,180,586</b>	<b>\$ 12,166,233</b>	<b>\$ 15,785,553</b>



<b>Equipment Maintenance</b>	<b>Equipment Replacement Reserve</b>	<b>Totals</b>
\$ 215,673	\$ 20,663,339	\$ 41,078,544
-	-	212
-	-	5,799
13,394	-	42,636
<b>229,067</b>	<b>20,663,339</b>	<b>41,127,191</b>
14,739	113,786	13,910,951
<b>14,739</b>	<b>113,786</b>	<b>13,910,951</b>
<b>\$ 243,806</b>	<b>\$ 20,777,125</b>	<b>\$ 55,038,142</b>
\$ 50,265	\$ -	\$ 1,040,414
4,564	-	60,299
9,829	-	392,270
-	-	684,000
<b>64,658</b>	<b>-</b>	<b>2,176,983</b>
6,552	-	261,512
-	-	1,424,000
<b>6,552</b>	<b>-</b>	<b>1,685,512</b>
<b>71,210</b>	<b>-</b>	<b>3,862,495</b>
14,739	113,786	13,910,951
157,857	20,663,339	37,264,696
<b>172,596</b>	<b>20,777,125</b>	<b>51,175,647</b>
<b>\$ 243,806</b>	<b>\$ 20,777,125</b>	<b>\$ 55,038,142</b>

**Assets:**

Current:

Pooled cash and investments

Receivables:

Accounts

Prepaid costs

Inventories

**Total Current Assets**

Noncurrent:

Capital assets - net of accumulated depreciation

**Total Noncurrent Assets**

**Total Assets**

**Liabilities and Net Position:**

**Liabilities:**

Current:

Accounts payable

Accrued liabilities

Compensated absences

Self-insurance payable

**Total Current Liabilities**

Noncurrent:

Compensated absences

Self-insurance payable

**Total Noncurrent Liabilities**

**Total Liabilities**

**Net Position:**

Net investment in capital assets

Unrestricted

**Total Net Position**

**Total Liabilities and Net Position**

City of Moreno Valley

Combining Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2013

	<u>General Liability Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Technology Services</u>	<u>Facilities Maintenance</u>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 786,552	\$ 787,700	\$ 3,766,900	\$ 4,136,850
Miscellaneous	43	-	1,816	14,275
<b>Total Operating Revenues</b>	<b><u>786,595</u></b>	<b><u>787,700</u></b>	<b><u>3,768,716</u></b>	<b><u>4,151,125</u></b>
<b>Operating Expenses:</b>				
Cost of services	127,855	65,973	3,860,268	2,859,099
Depreciation expense	-	-	169,737	223,299
Self-insurance claims and charges	20,450	77,909	-	-
<b>Total Operating Expenses</b>	<b><u>148,305</u></b>	<b><u>143,882</u></b>	<b><u>4,030,005</u></b>	<b><u>3,082,398</u></b>
Operating Income (Loss)	<u>638,290</u>	<u>643,818</u>	<u>(261,289)</u>	<u>1,068,727</u>
Income (Loss) Before Transfers and Contributions	638,290	643,818	(261,289)	1,068,727
Contributions	-	-	-	2,588,910
Transfers in	-	-	238,000	250,000
Transfers out	<u>(43,950)</u>	<u>(4,500)</u>	<u>-</u>	<u>(984,778)</u>
Changes in Net Position	594,340	639,318	(23,289)	2,922,859
<b>Net Position:</b>				
Beginning of Year	<u>694,253</u>	<u>1,995,301</u>	<u>11,034,486</u>	<u>12,368,658</u>
<b>End of Fiscal Year</b>	<b><u><u>\$ 1,288,593</u></u></b>	<b><u><u>\$ 2,634,619</u></u></b>	<b><u><u>\$ 11,011,197</u></u></b>	<b><u><u>\$ 15,291,517</u></u></b>

<b>Equipment Maintenance</b>	<b>Equipment Replacement Reserve</b>	<b>Totals</b>	
\$ 790,129	\$ 2,912,666	\$ 13,180,797	<b>Operating Revenues:</b>
-	4,978	21,112	Sales and service charges
			Miscellaneous
<b>790,129</b>	<b>2,917,644</b>	<b>13,201,909</b>	<b>Total Operating Revenues</b>
			<b>Operating Expenses:</b>
755,493	-	7,668,688	Cost of services
13,217	115,914	522,167	Depreciation expense
-	-	98,359	Self-insurance claims and charges
<b>768,710</b>	<b>115,914</b>	<b>8,289,214</b>	<b>Total Operating Expenses</b>
21,419	2,801,730	4,912,695	Operating Income (Loss)
			Income (Loss) Before Transfers and Contributions
21,419	2,801,730	4,912,695	
-	-	2,588,910	Contributions
-	-	488,000	Transfers in
-	(670,579)	(1,703,807)	Transfers out
21,419	2,131,151	6,285,798	Changes in Net Position
151,177	18,645,974	44,889,849	<b>Net Position:</b>
			Beginning of Year
<b>\$ 172,596</b>	<b>\$ 20,777,125</b>	<b>\$ 51,175,647</b>	<b>End of Fiscal Year</b>

City of Moreno Valley

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2013

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 786,595	\$ 787,700	\$ 3,768,716	\$ 4,156,704
Cash paid to suppliers for goods and services	(183,792)	(35,712)	(1,533,672)	(2,095,492)
Cash paid for claims	(587,450)	(298,909)	-	-
Cash paid to employees for services	(2,675)	(33,013)	(1,792,965)	(480,136)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>12,678</b>	<b>420,066</b>	<b>442,079</b>	<b>1,581,076</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	-	-	238,000	250,000
Cash transfers out	(43,950)	(4,500)	-	(984,778)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(43,950)</b>	<b>(4,500)</b>	<b>238,000</b>	<b>(734,778)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	-	(1,861,534)	(3,770,398)
Contributions	-	-	-	2,588,910
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(1,861,534)</b>	<b>(1,181,488)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(31,272)</b>	<b>415,566</b>	<b>(1,181,455)</b>	<b>(335,190)</b>
Cash and Cash Equivalents at Beginning of Year	1,916,111	3,765,020	9,935,686	5,715,066
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,884,839</b>	<b>\$ 4,180,586</b>	<b>\$ 8,754,231</b>	<b>\$ 5,379,876</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 638,290	\$ 643,818	\$ (261,289)	\$ 1,068,727
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	-	169,737	223,299
(Increase) decrease in accounts receivable	-	-	-	5,579
(Increase) decrease in prepaid costs	319	-	21,469	5,952
(Increase) decrease in inventories	-	-	-	(29,242)
Increase (decrease) in accounts payable	(15,261)	(2,652)	437,832	293,431
Increase (decrease) in accrued liabilities	353	(100)	(2,988)	669
Increase (decrease) in self-insurance payable	(567,000)	(221,000)	-	-
Increase (decrease) in compensated absences	(44,023)	-	77,318	12,661
<b>Total Adjustments</b>	<b>(625,612)</b>	<b>(223,752)</b>	<b>703,368</b>	<b>512,349</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 12,678</b>	<b>\$ 420,066</b>	<b>\$ 442,079</b>	<b>\$ 1,581,076</b>

**Non-Cash Investing, Capital, and Financing Activities:**

There was no noncash investing, capital or noncapital financing activities for the year ended June 30, 2013.

<u>Equipment Maintenance</u>	<u>Equipment Replacement Reserve</u>	<u>Totals</u>
\$ 790,129	\$ 2,917,644	\$ 13,207,488
(533,611)	-	(4,382,279)
-	-	(886,359)
(184,657)	-	(2,493,446)
<u>71,861</u>	<u>2,917,644</u>	<u>5,445,404</u>
-	-	488,000
-	(670,579)	(1,703,807)
<u>-</u>	<u>(670,579)</u>	<u>(1,215,807)</u>
(14,739)	-	(5,646,671)
-	-	2,588,910
<u>(14,739)</u>	<u>-</u>	<u>(3,057,761)</u>
57,122	2,247,065	1,171,836
158,551	18,416,274	39,906,708
<u>\$ 215,673</u>	<u>\$ 20,663,339</u>	<u>\$ 41,078,544</u>
\$ 21,419	\$ 2,801,730	\$ 4,912,695
13,217	115,914	522,167
-	-	5,579
-	-	27,740
(2,359)	-	(31,601)
35,518	-	748,868
38	-	(2,028)
-	-	(788,000)
4,028	-	49,984
<u>50,442</u>	<u>115,914</u>	<u>532,709</u>
<u>\$ 71,861</u>	<u>\$ 2,917,644</u>	<u>\$ 5,445,404</u>

**Cash Flows from Operating Activities:**

Cash received from customers  
Cash paid to suppliers for goods and services  
Cash paid for claims  
Cash paid to employees for services

**Net Cash Provided (Used) by Operating Activities**

**Cash Flows from Non-Capital Financing Activities:**

Cash transfers in  
Cash transfers out

**Net Cash Provided (Used) by Non-Capital Financing Activities**

**Cash Flows from Capital and Related Financing Activities:**

Acquisition and construction of capital assets  
Contributions

**Net Cash Provided (Used) by Capital and Related Financing Activities**

**Net Increase (Decrease) in Cash and Cash Equivalents**

Cash and Cash Equivalents at Beginning of Year

Cash and Cash Equivalents at End of Year

**Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:**

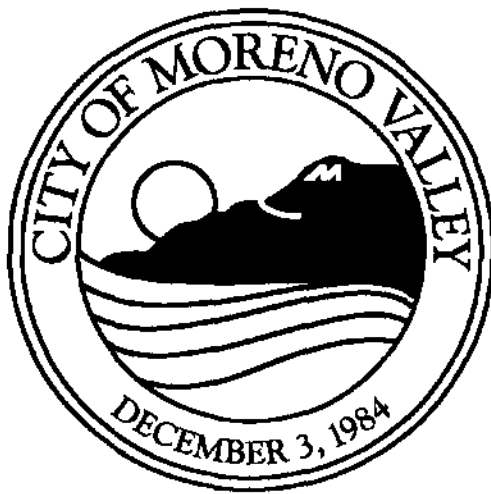
Operating income (loss)

**Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:**

Depreciation  
(Increase) decrease in accounts receivable  
(Increase) decrease in prepaid costs  
(Increase) decrease in inventories  
Increase (decrease) in accounts payable  
Increase (decrease) in accrued liabilities  
Increase (decrease) in self-insurance payable  
Increase (decrease) in compensated absences

**Total Adjustments**

**Net Cash Provided (Used) by Operating Activities**



Agency Funds

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

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## **AGENCY FUNDS**

### **Deposit Liability Fund**

This fund is used to account for miscellaneous deposits collected by the City.

### **Assessment District 87-4 Fund**

This fund is used to account for the receipt and remittance of special assessments for the Assessment District 87-4 Limited Obligation Improvement Bonds. The bonds are not secured by the general taxing power of the City, the State of California or any other political subdivision thereof, and neither the City nor the State, nor any potential subdivision thereof, has pledged its full faith and credit for the payment thereof.

### **Assessment District 98-1 Fund**

This fund is used to account for the receipt and remittance of special assessments for the Assessment District 98-1 Limited Obligation Improvement Bonds. All property owners except one paid their fees upfront.

### **TUMF Trust Fund**

This fund is used to account for the receipt of the Transportation Uniform Mitigation Fees (TUMF) and their remittance to the Western Riverside Council of Governments (WRCOG).

### **MSHCP Trust Fund**

This fund is used to account for the receipt of the receipt of the Multi-Species Habitat Conservation Plan (MSHCP) fees and their remittance to the Western Riverside County Regional Agency (WRCRCA).

### **Moreno Valley Foundation Donations Fund**

This fund is being used on a temporary basis to account for the receipts and disbursements of the Moreno Valley Community Foundation until such time that the Foundation is officially cleared by the Internal Revenue Service to become operational as a tax-exempt 501(c)3 organization.

### **CFD #5 Stoneridge Fund**

This fund is used to account for the receipt and remittance of special taxes for the CFD #5 Stoneridge Special Tax Bonds. The bonds are not secured by the general taxing power of the City, the State of California or any other political subdivision thereof, and neither the City nor the State, nor any potential subdivision thereof, has pledged its full faith and credit for the payment thereof.

### **Riverside County Flood Control and Water Conservation District Fund**

This fund is used to account for receipt and disbursements of the District's tax increment for flood control improvement projects.

### **Arts Commission Fund**

This fund is used to account for funds received to encourage, stimulate, promote and foster programs for the cultural enrichment of the City, thereby contributing to the quality of life of its residents. This fund also accounts for funding received to develop an awareness of the value of arts in Moreno Valley's business community, local government and the general public.

City of Moreno Valley

Combining Balance Sheet  
All Agency Funds  
June 30, 2013

	<u>Deposit Liability</u>	<u>Assessment District 87-4</u>	<u>Assessment District 98-1</u>	<u>TUMF Trust</u>	<u>MSHCP Trust</u>
<b>Assets:</b>					
Pooled cash and investments	\$ 4,119,614	\$ 105,577	\$ 2,649	\$ -	\$ 23,256
Due from other governments	-	93	-	-	-
Restricted assets:					
Cash with fiscal agents	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 4,119,614</u></b>	<b><u>\$ 105,670</u></b>	<b><u>\$ 2,649</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,256</u></b>
<b>Liabilities:</b>					
Accounts payable	\$ 12,747	\$ -	\$ -	\$ -	\$ 23,256
Deposits payable	4,106,867	-	-	-	-
Due to other governments	-	-	-	-	-
Payable to trustee	-	105,670	2,649	-	-
<b>Total Liabilities</b>	<b><u>\$ 4,119,614</u></b>	<b><u>\$ 105,670</u></b>	<b><u>\$ 2,649</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,256</u></b>

<b>Moreno Valley Foundation Donations</b>	<b>CFD # 5 Stoneridge</b>	<b>Riverside County Flood Control and Water Conservation District Fund</b>	<b>Arts Commission</b>	<b>Totals</b>	
\$ 221,650	\$ -	\$ 455,446	\$ 4,968	\$ 4,933,160	<b>Assets:</b>
-	-	-	-	93	Pooled cash and investments
-	763,813	-	-	763,813	Due from other governments
<b>\$ 221,650</b>	<b>\$ 763,813</b>	<b>\$ 455,446</b>	<b>\$ 4,968</b>	<b>\$ 5,697,066</b>	Restricted assets:
					Cash with fiscal agents
					<b>Total Assets</b>
\$ -	\$ -	\$ -	\$ -	\$ 36,003	<b>Liabilities:</b>
-	-	-	-	4,106,867	Accounts payable
-	4,116	-	-	4,116	Deposits payable
221,650	759,697	455,446	4,968	1,550,080	Due to other governments
<b>\$ 221,650</b>	<b>\$ 763,813</b>	<b>\$ 455,446</b>	<b>\$ 4,968</b>	<b>\$ 5,697,066</b>	Payable to trustee
					<b>Total Liabilities</b>

City of Moreno Valley

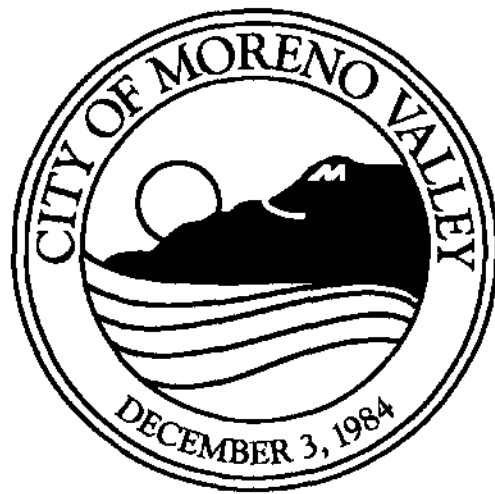
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year Ended June 30, 2013

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<b><u>Deposit Liability</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 5,315,330	\$ 1,317,487	\$ 2,513,203	\$ 4,119,614
<b>Total Assets</b>	<b><u>\$ 5,315,330</u></b>	<b><u>\$ 1,317,487</u></b>	<b><u>\$ 2,513,203</u></b>	<b><u>\$ 4,119,614</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 560	\$ 445,964	\$ 433,777	\$ 12,747
Deposits payable	5,314,770	1,317,487	2,525,390	4,106,867
<b>Total Liabilities</b>	<b><u>\$ 5,315,330</u></b>	<b><u>\$ 1,763,451</u></b>	<b><u>\$ 2,959,167</u></b>	<b><u>\$ 4,119,614</u></b>
<b><u>Assessment District 87-4</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 105,477	\$ 100	\$ -	\$ 105,577
Due from other governments	101	93	101	93
<b>Total Assets</b>	<b><u>\$ 105,578</u></b>	<b><u>\$ 193</u></b>	<b><u>\$ 101</u></b>	<b><u>\$ 105,670</u></b>
<b>Liabilities:</b>				
Payable to trustee	\$ 105,578	\$ 92	\$ -	\$ 105,670
<b>Total Liabilities</b>	<b><u>\$ 105,578</u></b>	<b><u>\$ 92</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 105,670</u></b>
<b><u>Assessment District 98-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 2,649	\$ -	\$ -	\$ 2,649
<b>Total Assets</b>	<b><u>\$ 2,649</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,649</u></b>
<b>Liabilities:</b>				
Payable to trustee	\$ 2,649	\$ -	\$ -	\$ 2,649
<b>Total Liabilities</b>	<b><u>\$ 2,649</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,649</u></b>
<b><u>TUMF Trust</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,513	\$ 1,495,123	\$ 1,496,636	\$ -
<b>Total Assets</b>	<b><u>\$ 1,513</u></b>	<b><u>\$ 1,495,123</u></b>	<b><u>\$ 1,496,636</u></b>	<b><u>\$ -</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,513	\$ 1,495,123	\$ 1,496,636	\$ -
<b>Total Liabilities</b>	<b><u>\$ 1,513</u></b>	<b><u>\$ 1,495,123</u></b>	<b><u>\$ 1,496,636</u></b>	<b><u>\$ -</u></b>
<b><u>MSHCP Trust</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 448,015	\$ 424,759	\$ 23,256
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 448,015</u></b>	<b><u>\$ 424,759</u></b>	<b><u>\$ 23,256</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 448,015	\$ 424,759	\$ 23,256
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 448,015</u></b>	<b><u>\$ 424,759</u></b>	<b><u>\$ 23,256</u></b>

City of Moreno Valley

Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year Ended June 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
<b><u>Moreno Valley Foundation Donations</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 221,650	\$ -	\$ -	\$ 221,650
<b>Total Assets</b>	<b>\$ 221,650</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 221,650</b>
<b>Liabilities:</b>				
Payable to trustee	\$ 221,650	\$ -	\$ -	\$ 221,650
<b>Total Liabilities</b>	<b>\$ 221,650</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 221,650</b>
<b><u>CFD # 5 Stoneridge</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 22,500	\$ 391,966	\$ 414,466	\$ -
Restricted assets:				
Cash and investments with fiscal agents	722,526	414,466	373,179	763,813
<b>Total Assets</b>	<b>\$ 745,026</b>	<b>\$ 806,432</b>	<b>\$ 787,645</b>	<b>\$ 763,813</b>
<b>Liabilities:</b>				
Due to other governments	\$ -	\$ 4,116	\$ -	\$ 4,116
Payable to trustee	745,026	14,671	-	759,697
<b>Total Liabilities</b>	<b>\$ 745,026</b>	<b>\$ 18,787</b>	<b>\$ -</b>	<b>\$ 763,813</b>
<b><u>Riverside County Flood Control and Water Conservation District Fund</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 6,420,977	\$ -	\$ 5,965,531	\$ 455,446
<b>Total Assets</b>	<b>\$ 6,420,977</b>	<b>\$ -</b>	<b>\$ 5,965,531</b>	<b>\$ 455,446</b>
<b>Liabilities:</b>				
Payable to trustee	\$ 6,420,977	\$ -	\$ 5,965,531	\$ 455,446
<b>Total Liabilities</b>	<b>\$ 6,420,977</b>	<b>\$ -</b>	<b>\$ 5,965,531</b>	<b>\$ 455,446</b>
<b><u>Arts Commission</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 3,314	\$ 2,365	\$ 711	\$ 4,968
<b>Total Assets</b>	<b>\$ 3,314</b>	<b>\$ 2,365</b>	<b>\$ 711</b>	<b>\$ 4,968</b>
<b>Liabilities:</b>				
Payable to trustee	\$ 3,314	\$ 2,365	\$ 711	\$ 4,968
<b>Total Liabilities</b>	<b>\$ 3,314</b>	<b>\$ 2,365</b>	<b>\$ 711</b>	<b>\$ 4,968</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 12,093,410	\$ 3,655,056	\$ 10,815,306	\$ 4,933,160
Due from other governments	101	93	101	93
Restricted assets:				
Cash and investments with fiscal agents	722,526	414,466	373,179	763,813
<b>Total Assets</b>	<b>\$ 12,816,037</b>	<b>\$ 4,069,615</b>	<b>\$ 11,188,586</b>	<b>\$ 5,697,066</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,073	\$ 2,389,102	\$ 2,355,172	\$ 36,003
Deposits payable	5,314,770	1,317,487	2,525,390	4,106,867
Due to other governments	-	4,116	-	4,116
Payable to trustee	7,499,194	17,128	5,966,242	1,550,080
<b>Total Liabilities</b>	<b>\$ 12,816,037</b>	<b>\$ 3,727,833</b>	<b>\$ 10,846,804</b>	<b>\$ 5,697,066</b>



Capital Assets

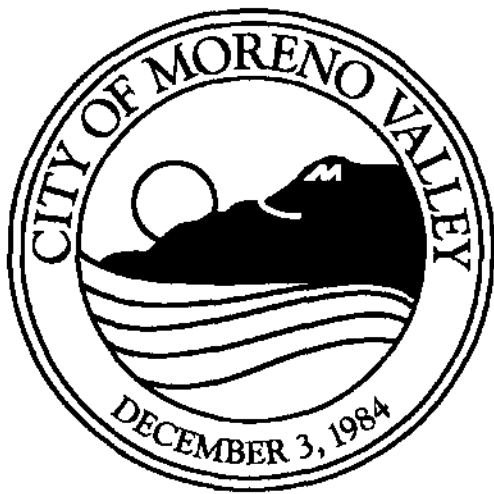
# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Fiscal Year  
Ended June 30, 2013**

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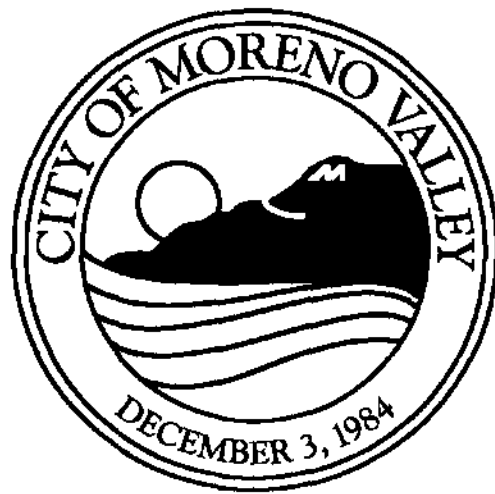


**City of Moreno Valley**

**Schedule of General Capital Assets  
By Function and Activity  
June 30, 2013**

<b>Function and Activity:</b>	<u>Land</u>	<u>CIP</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>
General Government				
City Manager	\$ -	\$ -	\$ -	\$ 238,295
City Clerk	-	-	-	313,048
Administrative Services	590,127	-	-	65,238
Finance	45,768,900	449,001	6,180,016	145,133
Other- unclassified	-	-	-	21,832
<b>Total General Government</b>	<u>46,359,027</u>	<u>449,001</u>	<u>6,180,016</u>	<u>783,546</u>
Public Safety				
Police	1,030,443	-	11,764,895	1,371,848
Fire	983,316	474,546	28,305,491	810,950
<b>Total Public Safety</b>	<u>2,013,759</u>	<u>474,546</u>	<u>40,070,386</u>	<u>2,182,798</u>
Public Works	251,134,384	34,697,935	219,502	1,728,492
Community & Economic Development	-	-	5,965,154	364,889
Community Services District	779,584	1,445,419	49,703,175	1,784,278
Internal Service Funds	-	1,272,916	13,055,798	9,285,235
<b>Grand Total</b>	<u>\$ 300,286,754</u>	<u>\$ 38,339,817</u>	<u>\$ 115,194,031</u>	<u>\$ 16,129,238</u>

Vehicles	Infrastructure	Total	Function and Activity:
\$ 84,428	\$ -	\$ 322,723	General Government
-	-	313,048	City Manager
82,896	-	738,261	City Clerk
391,584	-	52,934,634	Administrative Services
-	-	21,832	Finance
			Other- unclassified
<u>558,908</u>	<u>-</u>	<u>54,330,498</u>	Total General Government
1,246,467	-	15,413,653	Public Safety
2,586,364	-	33,160,667	Police
			Fire
<u>3,832,831</u>	<u>-</u>	<u>48,574,320</u>	Total Public Safety
2,681,269	734,069,539	1,024,531,121	Public Works
422,353	-	6,752,396	Community & Economic Development
535,286	101,457	54,349,199	Community Services District
2,479,638	401,116	26,494,702	Internal Service Funds
<u>\$ 10,510,284</u>	<u>\$ 734,572,111</u>	<u>\$ 1,215,032,235</u>	<b>Grand Total</b>



Statistical Section

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

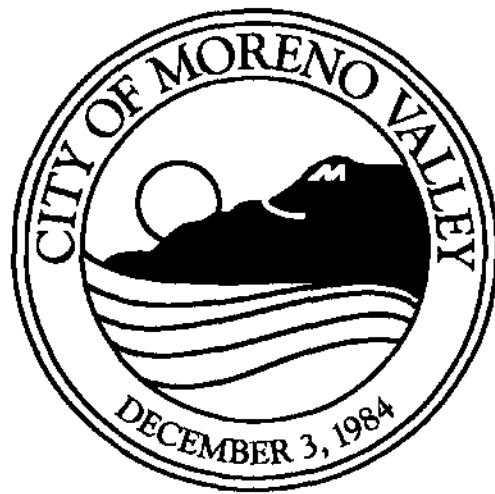


**Fiscal Year  
Ended June 30, 2013**

This part of the City of Moreno Valley's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page #</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	177
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its key revenues.	182
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	188
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.	193
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	196

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003.



City of Moreno Valley  
 Net Position by Component,  
 Last ten fiscal years  
 (accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 465,542,271	\$ 475,642,146	\$ 523,083,597	\$ 594,870,636	\$ 622,102,140	\$ 704,987,685	\$ 768,345,954	\$ 784,881,452	\$ 757,856,437	\$ 812,637,341
Restricted for:										
Community development projects	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752	36,341,964	7,079,640	37,716,605	38,269,946
Community and cultural	-	-	-	-	8,259,181	-	8,368,534	8,968,479	10,880,981	12,219,506
Public safety	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107	2,103,241	644,786	626,545	328,561
Public works/capital projects	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816	61,365,635	109,095,517	27,654,589	40,264,691
Debt service	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369	15,818,072	12,867,643	11,956,354	12,413,131
Other Programs	-	-	-	14,863,573	3,598,110	11,731,764	2,545,781	301,868	170,051	311,702
Permanent funds-nonexpendable	-	-	59,359	62,537	64,692	66,436	169,287	170,162	188,335	191,646
Unrestricted	32,744,174	46,215,255	73,846,697	101,941,651	104,545,617	69,630,581	46,594,052	24,461,651	95,014,503	91,359,292
Total Governmental activities net position	\$ 572,070,846	\$ 600,026,259	\$ 682,395,386	\$ 791,744,201	\$ 868,179,021	\$ 895,366,510	\$ 941,652,520	\$ 948,471,198	\$ 942,064,400	\$ 1,007,995,816
<b>Business-type activities</b>										
Net investment in capital assets	\$ 709,310	\$ 1,815,311	\$ 18,151,135	\$ 14,130,659	\$ 14,110,399	\$ 10,083,679	\$ 12,201,754	\$ 13,942,981	\$ 8,396,845	\$ 9,052,878
Restricted										
Regulatory contingencies	-	-	-	1,604,444	948,207	1,767,402	1,158,200	1,702,037	2,520,912	3,444,969
Unrestricted	(575,790)	(799,941)	(3,713,053)	(634,406)	(2,252,565)	(4,023,374)	(4,520,034)	(5,623,674)	(413,445)	(652,825)
Total Business-type activities net position	\$ 133,520	\$ 1,015,370	\$ 14,438,082	\$ 15,100,697	\$ 12,806,041	\$ 7,827,707	\$ 8,839,920	\$ 10,021,344	\$ 10,504,312	\$ 11,845,022
<b>Primary government</b>										
Net investment in capital assets	\$ 466,251,581	\$ 477,457,457	\$ 541,234,732	\$ 609,001,295	\$ 636,212,539	\$ 715,071,364	\$ 780,547,708	\$ 798,824,433	\$ 766,253,282	\$ 821,690,219
Restricted for:										
Community development projects	6,961,781	6,404,249	10,076,376	-	41,908,201	19,960,752	36,341,964	7,079,640	37,716,605	38,269,946
Community and cultural	-	-	-	-	8,259,181	-	8,368,534	8,968,479	10,880,981	12,219,506
Public safety	2,086,222	2,649,176	1,655,374	973,667	663,854	280,107	2,103,241	644,786	626,545	328,561
Public works/capital projects	40,769,509	47,442,301	60,687,985	66,493,508	79,745,801	71,335,816	61,365,635	109,095,517	27,654,589	40,264,691
Debt service	23,966,889	21,673,132	12,985,998	12,538,629	7,291,425	17,373,369	15,818,072	12,867,643	11,956,354	12,413,131
Other Programs	-	-	-	14,863,573	3,598,110	11,731,764	2,545,781	301,868	170,051	311,702
Permanent funds-nonexpendable	-	-	59,359	62,537	64,692	66,436	169,287	170,162	188,335	191,646
Regulatory contingencies	-	-	-	1,604,444	948,207	1,767,402	1,158,200	1,702,037	2,520,912	3,444,969
Unrestricted	32,168,384	45,415,314	70,133,644	101,307,245	102,293,052	65,607,207	42,074,018	18,837,977	94,601,058	90,706,467
Total primary government net position	\$ 572,204,366	\$ 601,041,629	\$ 696,833,468	\$ 806,844,898	\$ 880,985,062	\$ 903,194,217	\$ 950,492,440	\$ 958,492,542	\$ 952,568,712	\$ 1,019,840,838



City of Moreno Valley  
Change in Net Position,  
Last ten fiscal years  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 10,902,771	\$ 18,583,987	\$ 12,817,483	\$ 10,796,963	\$ 14,416,941	\$ 14,948,628	\$ 12,093,157	\$ 13,001,340	\$ 11,326,363	\$ 11,758,206
Public safety	39,563,567	42,797,971	47,282,305	43,415,662	54,412,284	50,856,439	58,165,412	59,640,431	56,037,192	56,896,151
Community development	8,198,449	10,041,715	13,666,378	9,643,084	10,964,507	12,036,237	29,663,451	10,003,780	11,317,359	11,886,089
Community and cultural	13,789,758	14,132,146	15,999,800	21,181,096	33,717,135	27,904,884	22,700,681	25,046,848	19,245,060	18,400,148
Public works	10,287,806	11,352,870	10,273,707	30,750,411	29,247,892	36,095,949	14,990,867	34,432,579	36,159,171	38,677,668
Interest on long-term debt	5,869,952	5,514,358	8,079,935	8,724,134	12,081,884	10,334,932	9,126,054	8,333,540	6,415,304	2,552,119
Total Governmental activities expenses	88,612,303	102,423,047	108,119,608	124,511,350	154,840,643	152,177,069	146,739,622	150,458,518	140,500,449	140,170,381
Business-type activities:										
Electric	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086	13,812,966	14,807,788	16,549,224	18,139,446
Total business-type activities expenses	76,106	1,080,589	3,673,509	8,298,955	12,282,161	14,067,086	13,812,966	14,807,788	16,549,224	18,139,446
Total primary government expenses	\$ 88,688,409	\$ 103,503,636	\$ 111,793,117	\$ 132,810,305	\$ 167,122,804	\$ 166,244,155	\$ 160,552,588	\$ 165,266,306	\$ 157,049,673	\$ 158,309,827
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,699,588	\$ 1,855,342	\$ 2,447,730	\$ 2,994,550	\$ 1,329,861	\$ 1,144,983	\$ 3,148,712	\$ 5,008,441	\$ 7,056,028	\$ 9,505,989
Public safety	922,986	1,158,745	2,040,725	1,212,229	4,948,923	6,559,817	4,371,535	2,787,962	2,738,303	2,951,403
Community development	7,964,124	10,814,238	12,576,280	12,947,546	6,962,389	7,607,316	4,071,460	4,911,984	5,973,104	4,821,911
Community and cultural	8,397,842	9,012,514	10,067,509	10,963,716	12,163,575	14,982,951	11,254,752	11,237,049	11,584,756	11,343,108
Public works	16,113,736	14,639,669	20,523,959	10,612,170	19,134,172	7,840,754	2,264,619	3,364,804	1,495,407	3,109,029
Operating contributions and grants:										
General government	2,315,147	2,121,229	422,310	622,513	-	92,319	66,861	940,799	1,094,413	2,974,751
Public safety	973,642	773,875	838,921	931,062	704,324	385,195	1,016,552	1,009,290	988,848	796,155
Community development	866,940	1,586,824	3,252,611	4,023,295	2,873,752	2,541,925	8,909,018	5,769,165	4,028,880	9,928,414
Community and cultural	1,216	68,396	133,325	100,777	6,911,186	5,936,040	5,174,090	6,635,271	6,284,823	7,166,971
Public works	626,074	887,750	2,985,031	460,787	631,830	3,901,583	6,345,620	6,353,159	15,499,751	15,250,978
Capital contributions and grants	-	-	-	-	-	-	31,307	-	5,056,545	-
General government	-	-	-	-	-	-	146,606	534,771	893,608	357,393
Public safety	221,729	-	-	-	-	-	918,785	20,180	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Community and cultural	-	-	-	-	-	239,746	-	-	-	-
Public works	1,157,085	2,160,498	24,442,306	74,752,980	74,004,139	31,573,778	70,826,175	29,208,716	(270,863)	37,847,697
Total governmental activities program revenues	41,260,109	45,079,080	79,730,707	119,621,625	129,664,151	82,806,387	118,546,092	77,781,591	62,423,603	106,053,799
Business-type activities:										
Charges for services										
Electric	319,135	1,356,555	11,445,287	8,712,097	10,311,654	12,430,482	13,326,364	15,671,939	16,778,766	19,098,088
Capital contributions and grants	-	-	-	1,604,577	-	-	-	-	-	-
Total business-type activities program revenues	319,135	1,356,555	11,445,287	10,316,674	10,311,654	12,430,482	13,326,364	15,671,939	16,778,766	19,098,088
Total primary government program revenues	\$ 41,579,244	\$ 46,435,635	\$ 91,175,994	\$ 129,938,299	\$ 139,975,805	\$ 95,236,869	\$ 131,872,456	\$ 93,453,530	\$ 79,202,369	\$ 125,151,887
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (47,352,194)	\$ (57,343,967)	\$ (28,388,901)	\$ (4,889,725)	\$ (25,176,492)	\$ (69,370,682)	\$ (28,193,530)	\$ (72,676,927)	\$ (78,076,846)	\$ (34,116,582)
Business-type activities	243,029	275,966	7,771,778	2,017,719	(1,970,507)	(1,636,604)	(486,602)	864,151	229,542	958,642

(Continued)

City of Moreno Valley  
Change in Net Position,  
Last ten fiscal years  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total primary government net (expense)/revenue	\$ (47,109,165)	\$ (57,068,001)	\$ (20,617,123)	\$ (2,872,006)	\$ (27,146,999)	\$ (71,007,286)	\$ (28,680,132)	\$ (71,812,776)	\$ (77,847,304)	\$ (33,157,940)
General Revenues and Other Changes in Net Position	\$ 12,897,208	\$ 19,678,253	\$ 18,001,808	\$ 23,379,735	\$ 30,351,211	\$ 28,316,208	\$ 16,836,699	\$ 22,699,683	\$ 18,342,475	\$ 13,088,911
Governmental activities:										
Taxes:										
Property taxes	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796	13,170,964	13,414,446
Property taxes in lieu	455,009	519,193	582,307	586,383	593,009	497,936	535,775	692,586	747,100	831,881
Transient occupancy tax	15,469,300	18,054,078	12,275,626	15,701,460	13,623,654	12,163,719	10,982,811	12,277,450	14,003,993	14,043,560
Sales tax	3,599,486	3,791,547	4,099,859	4,349,870	4,381,882	4,876,055	4,607,594	4,888,143	5,008,507	5,147,342
Franchise taxes	1,289,434	1,457,521	1,240,764	1,315,039	1,111,021	1,051,702	961,303	1,053,146	1,175,104	1,305,925
Business license taxes	10,980,848	12,527,514	13,811,740	15,463,291	15,186,616	15,081,286	15,358,341	15,317,439	15,591,386	15,683,931
Utility users tax	7,963,160	4,497,323	5,448,829	6,320,978	2,620,059	2,683,193	2,278,529	1,204,064	1,155,334	1,325,025
Other taxes	-	9,699	42,788	78,573	96,816	120,969	132,548	150,456	168,267	189,577
Franchise in lieu taxes	1,055,205	1,391,199	1,548,205	972,995	575,003	598,084	479,208	424,931	434,554	350,413
Documentary transfer tax	7,288,137	3,484,623	11,899,563	16,054,145	800,667	865,718	547,188	-	-	-
Intergovernmental-motor vehicle in lieu, unrestricted	1,608,126	5,295,415	6,959,412	13,467,580	16,380,462	9,381,199	10,850,116	5,298,098	8,708,429	2,236,328
Use of property and money	-	-	-	-	2,575	-	-	605	-	-
Gain on sale of capital assets	14,427,133	5,435,103	1,820,976	405,679	885,602	1,787,772	1,238,641	2,784,308	469,671	1,728,104
Miscellaneous	-	-	-	-	-	-	-	-	(7,305,736)	30,702,555
Extraordinary items	193,000	(16,857)	(1,257,370)	(75,851)	61,817	653,554	225,192	(107,841)	-	-
Transfers	77,226,046	84,769,445	88,542,577	112,169,877	103,398,994	94,868,473	78,737,142	79,738,864	71,670,048	100,047,998
Total governmental activities	-	-	-	-	-	-	-	-	-	-
Business-type activities	83,491	589,027	-	-	-	-	61,428	29,540	89,183	8,848
Use of property and money	(193,000)	16,857	1,257,370	75,851	(61,817)	(653,554)	(225,192)	107,841	164,243	373,220
Other	(109,509)	605,884	1,257,370	75,851	(61,817)	(522,521)	1,086,236	317,273	253,426	382,068
Transfers	\$ 77,116,537	\$ 85,375,329	\$ 89,799,947	\$ 112,245,728	\$ 103,337,177	\$ 94,345,952	\$ 79,823,378	\$ 80,056,137	\$ 71,923,474	\$ 100,430,066
Total business-type activities	\$ 29,873,852	\$ 27,425,478	\$ 60,153,676	\$ 107,280,152	\$ 78,222,502	\$ 25,497,791	\$ 50,543,612	\$ 7,061,937	\$ (6,406,798)	\$ 65,931,416
Change in Net Position	133,520	881,850	9,029,148	2,093,570	(2,032,324)	(2,159,125)	599,634	1,181,424	482,968	1,340,710
Government activities	\$ 30,007,372	\$ 28,307,328	\$ 69,182,824	\$ 109,373,722	\$ 76,190,178	\$ 23,338,666	\$ 51,143,246	\$ 8,243,361	\$ (5,923,830)	\$ 67,272,126
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total primary government	\$ 29,873,852	\$ 28,307,328	\$ 69,182,824	\$ 109,373,722	\$ 76,190,178	\$ 23,338,666	\$ 51,143,246	\$ 8,243,361	\$ (5,923,830)	\$ 67,272,126

City of Moreno Valley  
Fund Balances, Governmental Funds  
Last ten fiscal years  
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 6,654,472	\$ 6,052,320	\$ 11,808,994	\$ 13,580,492	\$ 35,752,164	\$ 34,787,698	\$ 33,788,960	\$ -	\$ -	\$ -
Unreserved	11,943,948	24,992,976	25,920,111	39,494,188	21,937,845	17,066,883	17,500,579	-	-	-
Nonspendable	-	-	-	-	-	-	-	5,716,008	5,438,306	5,497,653
Restricted	-	-	-	-	-	-	-	-	1,000,000	-
Committed	-	-	-	-	-	-	-	2,600,000	2,600,000	2,701,000
Assigned	-	-	-	-	-	-	-	1,414,860	2,613,937	646,598
Unassigned	-	-	-	-	-	-	-	36,634,651	29,814,811	25,528,774
Total General Fund	<u>\$18,598,420</u>	<u>\$31,045,296</u>	<u>\$37,729,105</u>	<u>\$53,074,680</u>	<u>\$57,690,009</u>	<u>\$51,854,581</u>	<u>\$51,289,539</u>	<u>\$46,365,519</u>	<u>\$41,467,054</u>	<u>\$34,374,025</u>
All Other Funds										
Reserved	\$26,685,317	\$21,994,729	\$49,040,215	\$49,559,718	\$90,143,820	\$86,530,127	\$79,688,486	\$-	\$-	\$-
Unreserved reported in:										
Special revenue funds	37,493,168	44,049,195	47,464,569	48,534,518	50,516,963	42,222,678	30,378,947	-	-	-
Capital projects funds	(6,891,945)	(2,959,368)	27,383,018	36,453,807	29,300,262	27,359,094	27,373,151	-	-	-
Debt service funds	4,304,047	917,262	949,518	-	-	-	-	-	-	-
Permanent funds	-	-	59,359	-	-	66,436	169,287	-	-	-
Nonspendable	-	-	-	-	-	-	-	32,582,050	35,169,140	35,479,835
Restricted	-	-	-	-	-	-	-	106,735,045	54,025,315	68,502,016
Committed	-	-	-	-	-	-	-	13,321	17,332	17,332
Assigned	-	-	-	-	-	-	-	15,151,482	19,708,984	11,130,251
Unassigned	-	-	-	-	-	-	-	(33,954,694)	(692,943)	(1,074,556)
Total all other funds	<u>\$61,590,587</u>	<u>\$64,001,818</u>	<u>\$124,896,679</u>	<u>\$134,548,043</u>	<u>\$169,961,045</u>	<u>\$156,178,335</u>	<u>\$137,609,871</u>	<u>\$120,527,204</u>	<u>\$108,227,828</u>	<u>\$114,054,878</u>

Notes: The City implemented GASB Statement No. 54 in fiscal year 2011.

City of Moreno Valley  
Changes in Fund Balances, Governmental Funds  
Last ten fiscal years  
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue										
Taxes	\$ 46,216,887	\$ 54,463,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax	-	-	14,342,099	26,854,009	30,351,211	28,316,208	16,836,699	22,699,683	18,342,475	13,088,911
Property taxes in lieu	-	-	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796	13,170,964	13,414,446
Utility taxes	-	-	13,811,740	15,463,291	15,186,616	15,081,286	15,358,341	15,317,439	15,591,386	15,683,931
Sales taxes	-	-	12,275,627	15,701,460	13,623,654	12,163,719	10,982,811	12,277,450	14,003,993	14,043,560
Other taxes	-	-	16,622,460	9,637,850	9,377,790	9,827,939	8,994,957	8,413,326	8,688,866	9,150,163
Assessments	41,683	-	-	-	-	-	-	-	-	-
Licenses, fees and permits	8,868,460	12,159,692	13,041,187	13,552,983	2,650,530	1,930,905	1,354,188	1,532,514	1,523,800	1,585,312
Charges for services	26,874,096	25,755,085	18,574,210	25,046,576	24,745,073	21,876,389	20,182,147	21,497,689	25,480,671	27,718,832
Intergovernmental	20,164,244	27,037,053	33,213,048	16,703,254	31,497,898	32,642,154	39,049,424	27,591,342	28,993,998	38,624,704
Use of property and money	1,571,485	4,438,468	7,199,105	13,466,716	16,380,462	9,381,199	10,850,116	7,027,197	7,605,758	1,749,494
Fines and forfeitures	929,813	1,097,508	1,205,173	1,159,350	1,293,056	1,262,712	1,176,403	833,799	653,285	650,259
Miscellaneous/other	1,393,391	4,078,406	2,652,320	1,089,949	885,602	1,787,772	1,238,641	4,251,577	1,424,186	3,162,871
Total revenues	106,060,059	129,030,033	145,005,039	152,825,438	162,720,492	151,061,361	139,726,924	134,497,812	135,479,382	138,872,483
Expenditures										
General government	8,937,124	14,983,932	10,723,374	12,060,789	14,681,999	14,825,012	12,607,630	14,504,781	14,442,873	12,099,984
Public Safety	32,300,542	36,806,865	43,478,949	50,276,192	56,361,973	57,866,348	58,311,716	58,152,125	54,602,358	58,393,974
Community development	6,790,803	8,711,599	24,608,096	10,116,658	18,144,115	13,895,163	15,003,855	9,061,184	10,530,127	12,374,216
Community and cultural	11,492,361	12,331,683	14,889,677	19,286,807	32,683,219	27,331,726	21,982,074	23,006,061	17,348,779	18,021,610
Public works	8,724,368	9,999,497	21,262,923	31,391,248	34,616,617	45,328,685	13,796,314	15,018,071	15,588,709	15,673,611
Capital outlay	14,647,639	19,885,754	-	-	-	-	26,269,751	23,879,656	27,709,622	45,615,380
Debt service	20,472,246	2,723,847	2,896,585	3,095,000	18,538,387	4,154,660	3,690,094	11,724,021	3,965,407	3,017,500
Principal retirement	5,897,812	5,381,740	7,334,361	8,476,750	9,213,625	10,382,080	9,198,762	8,345,084	6,250,237	2,462,481
Interest and fiscal charges	-	-	664,638	326,385	2,413,464	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	109,262,895	110,824,917	125,858,603	135,029,829	186,653,399	173,783,674	160,860,196	163,690,983	150,438,112	167,658,756
Excess of revenues over/ (under) expenditures	(3,202,836)	18,205,116	19,146,436	17,795,609	(23,932,907)	(22,722,313)	(21,133,272)	(29,193,171)	(14,958,730)	(28,786,273)
Other Financing Sources (Uses)										
Issuance of debt	-	-	48,205,000	5,870,000	58,412,429	-	-	7,447,764	-	-
Transfers in	13,058,959	24,871,852	37,201,043	33,422,242	38,016,856	27,284,397	29,322,934	18,994,235	25,245,873	16,689,425
Transfers out	(12,125,059)	(24,165,709)	(38,480,919)	(30,526,931)	(36,688,115)	(24,926,511)	(26,106,962)	(19,012,256)	(25,818,899)	(15,473,618)
Sale of capital assets	-	-	-	-	442,085	-	-	-	-	-
Premium on debt issued	-	-	570,840	-	-	-	-	-	-	-
Discount on debt issued	-	-	(385,640)	-	-	-	-	-	-	-
Payment to refunded bond escrow agents	-	(5,006,586)	-	-	-	-	-	-	-	-
Other debts issued	1,199,343	250,767	-	-	-	-	-	-	-	-
Contributions from successor agency	-	(4,049,676)	-	-	-	-	-	-	900,124	2,811,741
Total other financing sources (uses)	2,133,243	(4,049,676)	47,110,324	8,765,311	60,183,255	2,357,886	3,215,972	7,429,743	327,098	4,027,948
Extraordinary items	-	-	-	-	-	-	-	-	(2,566,209)	23,492,746
Net change in fund balances	(1,069,593)	14,155,440	66,256,760	26,560,920	36,250,348	(20,364,427)	(17,917,300)	(21,763,428)	(17,197,841)	(1,265,979)
Debt service as a percentage of noncapital expenditures	27.87%	8.91%	10.54%	10.56%	19.40%	10.65%	9.58%	14.35%	8.59%	4.36%

City of Moreno Valley  
 Tax Revenues by Source, General Fund  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Fiscal Year	Property Tax		Property Tax In-Lieu of Vehicle License Fees		Utility Users		Sales & Use		Transient Occupancy		Franchise		Motor Vehicle In-Lieu		Business License Gross Receipt		Documentary Transfer		Total
	Property	Vehicle	License Fees	(2)	Utility Users	Sales & Use	Transient Occupancy	Franchise	Motor Vehicle In-Lieu	Business License Gross Receipt	Documentary Transfer	Total							
2004	\$ 6,354,247	-	\$ -	\$ 10,980,848	\$ 9,100,608	\$ 455,009	\$ 3,599,485	\$ 7,283,124	\$ 920,928	\$ 1,055,205	\$ 39,749,454								
2005	7,230,082	8,644,834	(2)	12,527,514	11,753,794	519,193	3,791,546	3,478,877	1,059,009	1,391,200	50,396,049								
2006	11,930,618	12,068,070	(2)	13,811,740	11,317,841	582,307	4,142,646	1,275,342	1,240,764	1,548,205	57,917,533								
2007	14,022,135	14,150,000	(2)	15,463,291	13,116,271	586,383	4,349,870	943,313	1,315,039	972,995	64,919,297								
2008	14,361,253	16,728,600	(2)	15,186,616	11,694,525	593,009	4,478,698	800,667	1,111,021	575,003	65,529,392								
2009	12,790,196	16,791,078	(2)	15,081,286	10,202,384	497,936	4,997,024	865,718	1,051,701	598,084	62,875,407								
2010	9,917,734	13,703,197	(2)	15,358,341	9,298,296	535,775	4,757,920	547,188	961,303	479,208	55,558,962								
2011	9,430,846	13,055,796	(2)	15,317,439	11,283,435	692,586	5,038,600	887,331	1,053,145	424,931	57,184,109								
2012	9,397,373	13,170,964	(2)	15,591,386	14,003,992	747,100	5,176,775	96,578	1,175,104	434,554	59,793,826								
2013	9,765,007	13,414,446	(2)	15,683,931	14,043,560	831,881	5,336,919	100,726	1,305,924	350,413	60,832,807								

Change

2004 to 2013	54.00%	(3)	100.00%	(3)	43.00%	(3)	54.00%	(3)	83.00%	(3)	48.00%	-99.00%	42.00%	-67.00%	53.00%
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(1) In 2004 the State of California discontinued the back-fill of the Vehicle License Fee In-Lieu. At the same time the basis of the revenue stream was changed from a per capita calculation to the change in assessed valuations of property.

(2) In 2005 the governor instituted the "triple-flip" which changed the funding source for Vehicle License Fees to the ERAF fund and changed the allocation of funds to cities from a per capita computation to the change in the assessed valuation of property. The foundation of the fee is not based on the tax rates established by the City and as such is not considered to be property tax. Because this revenue is under the control of the state it would be considered a "shared" revenue rather than an "own-source" revenue.

(3) The decline in sales tax reported in FY 2006 is related to the implementation of the "Triple-Flip" and a take-back of revenues related to a change in the formula that was used to allocate funds to the cities. The amount of the take-back was \$720,000.

(4) Documentary Transfer Tax has declined since FY 2006. This decline is due to the combination of a decrease in the number of properties that transferred ownership and the decline in the value of properties being transferred.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley  
Key Revenues, General Fund  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Utility Users Tax	\$ 10,980,848	\$ 12,527,514	\$ 13,811,740	\$ 15,463,291	\$ 15,186,616	\$15,081,286	\$15,358,341	\$15,317,439	\$15,591,386	\$15,683,931
Property Tax	6,354,247	7,230,082	11,930,618	14,022,135	14,361,253	12,790,196	9,917,734	9,430,846	9,397,373	9,765,007
Property Tax In-Lieu of VLF	-	8,644,834	12,068,070	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796	13,170,964	13,414,446
Vehicle License In-Lieu Fees	7,283,124	3,478,877	1,275,342	943,313	800,667	865,718	547,188	887,331	96,578	100,726
Sales Tax	9,100,608	8,696,776	8,623,390	9,472,304	7,942,982	7,135,246	6,952,123	8,113,635	10,848,031	10,523,544
Property Tax In-Lieu of Sales Tax	-	3,057,018	2,694,451	3,643,967	3,751,543	3,067,138	2,346,173	3,169,800	3,155,962	3,520,016
Development Services	7,992,934	10,968,374	12,592,569	12,473,161	8,706,327	5,510,492	2,631,820	2,675,770	3,928,365	3,586,632

Notes:

In late FY 2004 due to budget constraints the State of California discontinued the back-fill of the Vehicle In-Lieu fees which accounted for approximately two-thirds of the total amount paid to local government. In 2005 this "gap" amount was repaid to local agencies which for the City of Moreno Valley amounted to \$2,547,036.

The FY 03/04 State of California budget withheld a portion of the Vehicle License Fee back-fill owed to cities. Under the terms of the borrowing the Vehicle License Fee gap loan, as it was known, was to be repaid in FY 06/07. The City of Moreno Valley, along with a number of other cities, sold the rights to the receivable to a third party, California Communities, in order to receive the cash on a more timely basis. The agreement resulted in the City receiving a discounted amount of \$2,347,317 of the original receivable amount of \$2,547,036 in FY 04/05.

In FY 2005 in order to provide collateral for the Budget Deficit Bonds the State of California began withholding twenty five percent of the City's sales tax and replaced it with a like amount from the ERAF fund. This switch was one of the components of the "Triple-flip" and unlike the switch of vehicle license fees, which is permanent, only lasts until the bonds are repaid or mature.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year Ended June 30,	City										Redevelopment Agency																															
	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate						
2004	\$ 7,323,326	\$ 144,893	\$ 7,468,219	\$ (94,858)	\$ 7,373,361	0.00124	\$ 1,382,232	\$ 86,290	\$ 1,468,522	\$ (28,117)	\$ 1,440,405	0.00517	\$ 1,382,232	\$ 86,290	\$ 1,468,522	\$ (28,117)	\$ 1,440,405	0.00517	\$ 1,382,232	\$ 86,290	\$ 1,468,522	\$ (28,117)	\$ 1,440,405	0.00517	\$ 1,382,232	\$ 86,290	\$ 1,468,522	\$ (28,117)	\$ 1,440,405	0.00517	\$ 1,382,232	\$ 86,290	\$ 1,468,522	\$ (28,117)	\$ 1,440,405	0.00517	\$ 1,382,232	\$ 86,290	\$ 1,468,522	\$ (28,117)	\$ 1,440,405	0.00517
2005	9,182,553	154,604	9,337,157	(109,759)	9,227,398	0.00116	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572	1,643,835	82,341	1,726,176	(34,169)	1,692,007	0.00572
2006	11,327,235	165,133	11,492,368	(118,051)	11,374,317	0.00131	2,023,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	2,023,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	2,023,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	2,023,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	2,023,330	85,608	2,113,938	(35,633)	2,078,305	0.00643	2,023,330	85,608	2,113,938	(35,633)	2,078,305	0.00643
2007	13,419,168	198,776	13,617,944	(147,891)	13,470,053	0.00140	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672	2,546,327	109,685	2,656,012	(47,345)	2,608,667	0.00672
2008	13,491,161	232,774	13,723,935	(194,693)	13,529,242	0.00143	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838	2,788,876	137,206	2,926,082	(75,251)	2,850,831	0.00838
2009	13,132,444	243,521	13,375,965	(154,973)	13,220,992	0.00131	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045	2,229,290	117,596	2,346,886	(72,232)	2,274,654	0.01045
2010	10,625,910	236,904	10,862,814	(154,289)	10,708,525	0.00160	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675	2,391,494	154,639	2,546,133	(81,595)	2,464,538	0.00675
2011	10,516,338	238,786	10,755,124	(227,178)	10,527,946	0.00164	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00242	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00242	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00242	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00242	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00242	2,375,549	157,430	2,532,979	(81,830)	2,451,149	0.00242
2012	10,561,585	271,336	10,832,921	(236,235)	10,596,686	0.00258	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2013	11,042,637	352,337	11,394,974	(264,161)	11,130,813	0.00177	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Source: Riverside County Auditor/Controller

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

\*\*As of January 31, 2012 the Redevelopment Agency was dissolved due to the California Supreme Court passing two bills, AB XI 26 and AB XI 27.

Source: City of Moreno Valley Financial and Management Services Department  
County of Riverside Auditor-Controller

City of Moreno Valley  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(per \$100 of assessed value)

Fiscal Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
City Direct Rate:	\$0.00124	\$0.00116	\$0.00131	\$0.00140	\$0.00143	\$0.00131	\$0.00160	\$0.00164	\$0.00258	\$0.00177
Redevelopment Agency Direct Rate:	0.00517	0.00572	0.00643	0.00672	0.00838	0.01045	0.00675	0.00575	0.00000	0.00000
Total Direct Tax Rate:	0.00188	0.00187	0.00210	0.00226	0.00264	0.00265	0.00256	0.00242	0.00258	0.00177
Eastern Municipal Water Imp Dist	0.02900	0.02900	0.02300	0.01500	0.01500	0.00700	0.03000	0.03000	0.03000	0.03000
Metro Water Dist Original Area	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350
Moreno Valley Unified School District	0.00000	0.03395	0.03149	0.02271	0.03066	0.03081	0.02660	0.03357	0.04096	0.04060
Nuview School District	0.00000	0.00000	0.00000	0.00000	0.02998	0.02996	0.02790	0.02987	0.02988	0.04043
Perris Union High School District	0.15600	0.01192	0.02350	0.03222	0.02110	0.02031	0.02686	0.03126	0.03429	0.03429
Riverside City Community College District	0.00000	0.01800	0.01800	0.01800	0.01259	0.01254	0.01242	0.01499	0.01700	0.01702
San Jacinto Unified School District	0.03540	0.02812	0.02451	0.01407	0.07202	0.09600	0.09052	0.11744	0.12875	0.12800
Val Verde Unified District	0.00000	0.00000	0.00000	0.00000	0.00000	0.03189	0.04089	0.03347	0.03160	0.08383
Total Tax Rate	<u>\$0.23479</u>	<u>\$0.13554</u>	<u>\$0.13554</u>	<u>\$0.11708</u>	<u>\$0.19830</u>	<u>\$0.24722</u>	<u>\$0.22708</u>	<u>\$0.30411</u>	<u>\$0.32134</u>	<u>\$0.38121</u>

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: City of Moreno Valley Finance Department  
County of Riverside Auditor-Controller



City of Moreno Valley  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2012/2013			Fiscal Year 2003/2004		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Walgreen Company	\$ 136,531,865	1	1.27%	\$ 13,780,240	8	0.22%
Ross Dress for Less, Inc.	135,506,611	2	1.26%	-		0.00%
HF Logistics SKX T1	125,000,050	3	1.16%	-		0.00%
Stonegate 552	80,994,352	4	0.75%	-		0.00%
IIT Inland Empire Logistics Center	76,549,021	5	0.71%	-		0.00%
Skechers USA, Inc.	70,865,599	6	0.66%	-		0.00%
Kaiser Foundation Health Plan, Inc.	59,475,581	7	0.55%	-		0.00%
First Industrial LP	59,133,015	8	0.55%	-		0.00%
CLPF 16850 Heacock Street	46,580,000	9	0.43%	-		0.00%
2250 Town Circle Holdings	46,406,344	10	0.43%	-		0.00%
Homart Newco Two, Inc.			0.00%	44,300,000	1	0.70%
Passco Sunnymead	-		0.00%	25,916,359	2	0.41%
TSC	-		0.00%	24,686,857	3	0.39%
May Department Stores Company	-		0.00%	17,338,777	4	0.27%
Sears Roebuck and Company	-		0.00%	16,527,846	5	0.26%
Hemlock Properties	-		0.00%	15,405,363	6	0.24%
Desert Pointe Properties	-		0.00%	13,866,000	7	0.22%
Apartments Highland Meadows	-		0.00%	13,460,833	9	0.21%
J C Penney Properties, Inc.	-		0.00%	13,026,568	10	0.21%
	<u>\$ 837,042,438</u>		<u>7.77%</u>	<u>\$ 198,308,843</u>		<u>3.13%</u>

Source: Hdl Coren & Cone

City of Moreno Valley  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent years	Total Collections to Date	
		Amount	Percent of Levy (1)		Amount	Percent of Levy
2004	\$ 26,353,337	\$24,884,530	94.43%	\$ 11,609	\$24,896,139	94.47%
2005	28,865,321	26,775,299	92.76%	7,922	26,783,221	92.79%
2006	30,426,678	32,347,436	106.31%	37,812	32,385,248	106.44%
2007	35,606,935	39,141,295	109.93%	64,980	39,206,275	110.11%
2008	41,349,349	43,457,010	105.10%	104,898	43,561,908	105.35%
2009	36,524,643	41,165,168	112.71%	119,943	41,285,111	113.03%
2010	31,875,985	35,492,693	111.35%	80,963	35,573,656	111.60%
2011	30,099,696	33,658,226	111.82%	55,108	33,713,334	112.01%
2012	35,046,104	39,027,115	111.36%	53,724	39,080,839	111.51%
2013	27,035,993	31,072,148	114.93% (2)	49,701	31,121,849	115.11%

Notes: (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: County of Riverside Auditor-Controller  
City of Moreno Valley Financial and Management Services Department

City of Moreno Valley  
Direct and Overlapping Debt

Fiscal Year 2012/13 Assessed Valuation

\$ 10,810,828,113

	Total Debt 6/30/2013	% Applicable(1)	City's Share of Debt 6/30/2013
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT</u></b>			
Metropolitan Water District	\$ 165,085,000	0.514%	\$ 848,537
Eastern Municipal Water District I.D. No U-22	3,609,000	100.	3,609,000
Riverside Community College District	229,362,310	14.373	32,966,245
Moreno Valley Unified School District	39,508,521	82.384	32,548,700
San Jacinto Unified School District	43,735,786	0.489	213,868
Val Verde Unified School District	74,971,948	37.465	28,088,240
Moreno Valley Unified School District Community Facilities District No. 88-1	4,960,000	100.	4,960,000
Moreno Valley Unified School District Community Facilities District No. 2002-1	7,545,000	100.	7,545,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	10,605,000	100.	10,605,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	3,035,000	100.	3,035,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,365,000	100.	5,365,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,895,000	100.	3,895,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	4,870,000	100.	4,870,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	27,005,000	100.	27,005,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3 & 5	23,950,000	100.	23,950,000
Val Verde Unified School District Community Facilities District No. 98-1	21,710,000	100.	21,710,000
Val Verde Unified School District Community Facilities District No. 2003-2	2,550,000	100.	2,550,000
Eastern Municipal Water District Community Facilities District	14,505,000	100.	14,505,000
City of Moreno Valley Community Facilities District No. 3	105,000	100.	105,000
City of Moreno Valley Community Facilities District No. 5	5,770,000	100.	5,770,000
City of Moreno Valley Community Facilities District No. 87-1	7,525,000	100.	7,525,000
City of Moreno Valley Community Facilities District No. 87-1, I.A. No. 1	3,055,000	100.	3,055,000
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 244,724,590</b>
Less: Moreno Valley Community Facilities District No. 3 & 87-1 (100% supported from tax increment revenues)			7,630,000
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 237,094,590</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Riverside County General Fund Obligations	640,243,149	5.361%	\$ 34,323,435
Riverside County Pension Obligations	346,790,000	5.361%	18,591,412
Riverside County Board of Education Certificates of Participation	3,900,000	5.361%	209,079
Mt. San Jacinto Community College District General Fund Obligations	11,675,000	0.016%	1,868
Moreno Valley Unified School District Certificates of Participation	18,585,000	82.384%	15,311,066
San Jacinto Unified School District Certificates of Participation	41,865,000	0.489%	204,720
Val Verde Unified School District Certificates of Participation	81,525,000	37.465%	30,543,341
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>99,184,922</b>
Less: Riverside County self-supporting obligations			584,067
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>98,600,855</b>
City Direct Debt (City of Moreno Valley General Fund Obligations)			72,301,000
<b>TOTAL DIRECT &amp; OVERLAPPING DEBT</b>			<b>\$ 170,901,855</b>
<b><u>OVERLAPPING TAX INCREMENT DEBT:</u></b>	51,046,585	100.	\$ 51,046,585
<b>TOTAL DIRECT DEBT</b>			<b>72,301,000</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>394,956,096</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>386,742,029</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>467,257,097 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>459,043,030</b>

Notes:

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations

Ratios to FY 2012-13 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	2.26%
Total Net Overlapping Tax and Assessment Debt	2.19%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$72,301,000)	0.67%
Gross Combined Total Debt	4.32%
Net Combined Total Debt	4.25%

Ratios to Redevelopment Incremental Valuation (\$2,025,486,679):

Total Overlapping Tax Increment Debt	2.52%
--------------------------------------	-------

KD: (\$450)

City of Moreno Valley  
 Legal Debt Margin  
 Last Nine Fiscal Years  
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 10,590,832
Debt Limit (15% of assessed value)	1,588,625
Debt applicable to limit:	-

Total net debt applicable to limit \$ -

	Fiscal Year (1)								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Valuation (in thousands)	\$ 7,227,360	\$ 9,075,495	\$ 11,220,188	\$ 13,374,229	\$ 13,375,965	\$ 10,862,814	\$ 10,366,869	\$ 10,462,566	\$ 10,590,832
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	1,806,840	2,268,874	2,805,047	3,343,557	3,343,991	2,715,704	2,591,717	2,615,642	2,647,708
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit (in thousands)	271,026	340,331	420,757	501,534	501,599	407,356	388,758	392,346	397,156
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-
Legal debt margin (in thousands)	271,026	340,331	420,757	501,534	501,599	407,356	388,758	392,346	397,156
Total net debt applicable to the limit as a percentage of the debt limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

1) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Source: City of Moreno Valley Financial and Management Services Department  
 County of Riverside Auditor-Controller

City of Moreno Valley  
Ratios of Outstanding Debt by Type  
Last Nine Fiscal Years

Fiscal Year Ended June 30 <sup>(2)</sup>	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt per Capita <sup>1</sup>
	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	RDA Tax Allocation Bonds	Notes and Other	Governmental Activities	Lease Revenue Bonds			
2005	\$ 25,130,000	\$ 7,625,000	\$ 4,590,000	\$ -	\$ 4,660,558	\$ 42,005,558	\$ -	\$ 42,005,558	1.40%	254
2006	23,345,000	7,115,000	47,530,000	-	4,866,378	82,856,378	4,647,000	87,503,378	2.75%	501
2007	21,415,000	6,590,000	46,890,000	-	4,696,689	79,591,689	30,870,000	110,461,689	3.38%	612
2008	18,925,000	6,040,000	46,160,000	43,495,000	4,318,513	118,938,513	30,870,000	149,808,513	4.38%	815
2009	17,265,000	5,470,001	45,205,000	42,725,000	6,849,487	117,514,488	30,775,000	148,289,488	4.01%	796
2010	15,525,000	4,875,000	44,205,000	42,605,000	6,667,850	113,877,850	30,285,000	144,162,850	4.09%	765
2011	13,655,000	- <sup>(3)</sup>	39,660,000 <sup>(3)</sup>	42,475,000	12,301,668	108,091,668	29,780,000	137,871,668	3.80%	706
2012	11,870,000	-	38,775,000	- <sup>(4)</sup>	12,405,733	63,050,733	29,245,000	92,295,733	2.70%	470
2013	10,685,000	-	37,855,000	- <sup>(4)</sup>	12,340,304	60,880,304	28,685,000	89,565,304	2.62%	452

Notes:

- 1) These ratios are calculated using personal income and population for the prior year.
- 2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.
- 3) In Fiscal Year 2011 the City defeased the 1997 Lease Revenue Bonds and the 1997 City Hall COPs with private placement financing.
- 4) No Longer considered general bonded debt as the result of the dissolution of the Redevelopment Agency.

Source: City of Moreno Valley Financial and Management Services Department  
City of Moreno Valley Economic Development Department  
Riverside County Economic Development Agency  
State of California Department of Finance

City of Moreno Valley  
Ratio of Bonded Debt  
Last Eight Fiscal Years

Fiscal Year Ended June 30, <sup>(2)</sup>	Special Tax	Certificates of	Lease Revenue	Total	Percent of	Per Capita
	Bonds	Participation	Bonds	Governmental Activities	Assessed Value (1)	447
2006	\$ 23,345,000	\$ 7,115,000	\$ 47,530,000	\$ 77,990,000	0.86%	447
2007	21,415,000	6,590,000	46,890,000	74,895,000	0.67%	415
2008	18,925,000	6,040,000	46,160,000	71,125,000	0.53%	387
2009	17,265,000	5,470,001	45,205,000	67,940,001	0.51%	365
2010	15,525,000	4,875,000	44,205,000	64,605,000	0.59%	343
2011	13,655,000	- (3)	39,660,000 (3)	53,315,000	0.50%	273
2012	11,870,000	-	38,775,000	50,645,000	0.47%	258
2013	10,685,000	-	37,855,000	48,540,000	0.45%	245

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the City has none).

1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

2) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

3) In Fiscal Year 2011 the City defeased the 1997 Lease Revenue Bonds and the 1997 City Hall COPs with private placement financing.

City of Moreno Valley  
Pledged Revenue Coverage  
Last Ten Years

Fiscal Year Ended June 30,	Community Facilities District No. 3, AutoMall Refinancing				Community Facilities District No. 5 of the City of Moreno Valley (Stoneridge)				Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds				Towngate Community Facilities District No. 87-1, No. 1 Special Tax Refunding Bonds				
	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2004	\$ 1,067,950	\$ 145,265	\$ 515,000	\$ 507,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2005	1,121,094	116,871	575,000	469,150	-	-	-	-	-	-	-	-	-	-	-	-	-
2006	1,189,465	73,700	640,000	426,625	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	1,179,479	108,986	710,000	379,375	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	1,088,427	190,425	785,000	327,050	198,306	217,261	226,176	9.16	429,990	2,072,568	575,000	435,881	108,706	287,228	220,000	175,859	0.00
2009	1,212,713	103,026	865,000	269,300	344,701	288,613	288,613	1.15	1,164,131	1,164,131	575,000	435,881	108,706	287,228	220,000	175,859	1.00
2010	1,173,443	185,125	950,000	205,775	362,124	288,313	288,313	1.19	373,011	373,011	600,000	409,381	78,519	303,573	190,000	168,029	1.07
2011	78,021	96,489	1,045,000	135,950	376,005	20,000	287,613	1.22	1,168,536	1,168,536	630,000	382,569	112,162	277,359	195,000	160,375	1.10
2012	74,137	29,292	925,000	64,688	384,249	30,000	286,613	1.21	1,175,145	1,175,145	655,000	359,294	115,946	274,445	205,000	152,173	1.09
2013	75,878	31,192	295,000	18,938	388,022	35,000	285,295	1.21	1,170,595	1,170,595	680,000	335,931	110,672	275,008	210,000	143,719	1.09

Community Redevelopment Agency 2007 Tax Allocation Bonds

Fiscal Year Ended June 30,	Community Redevelopment Agency 2007 Tax Allocation Bonds			
	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2008	\$ 23,890,555	\$ -	\$ 359,683	66.42
2009	23,775,956	770,000	2,073,084	8.36
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	0	0
2013	0	0	0	0

1) The interest payment related to the CFD 5 - Stoneridge was paid from the capitalized interest account but in future years this will be paid from the special tax.

Data Source: City of Moreno Valley Financial and Management Services Department  
City of Moreno Valley Community Redevelopment Agency  
City of Moreno Valley Special Districts

City of Moreno Valley  
Demographic and Economic Statistics  
Last six years

Calendar Year	Population <sup>(1)</sup>	Personal Income (in thousands) <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Unemployment Rate <sup>(3), (A)</sup>
<b>2008</b>	183,860	\$ 3,423,011	\$ 17,997	9.9%
<b>2009</b>	186,301	3,702,458	18,898	15.7%
<b>2010</b>	188,537	3,836,808	19,230	17.6%
<b>2011</b>	195,216	3,463,419	17,519	16.1%
<b>2012</b>	196,495	3,491,186	17,425	13.9%
<b>2013</b>	198,129	3,615,062	18,246	11.8%

Source: 1- California Department of Finance

2-City of Moreno Valley Economic Development Department

3-California Employment Development Department

A- This data is for the Moreno Valley area.



City of Moreno Valley  
Principal Employers  
Current Year and Seven Years Ago

Employer	Sector	Business Type	2013		2006	
			Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	8,600	26.12%	9,167	26.71%
Moreno Valley Unified School District	Public Sector	Public Schools	3,366	10.22%	3,447	10.04%
Riverside County Regional Medical Center	Medical Facilities	County Hospital	2,600	7.90%	2,000	5.83%
Ross Dress For Less/DD's Discounts	Distribution	Retail Distribution	1,630	4.95%	0	0.00%
Moreno Valley Mall (excludes major tenants)	Retail	Retail Mall	1,365	4.15%	1,000	2.91%
<sup>14</sup> Kaiser Permanente Community Hospital/Office	Medical Facilities	Hospital/Medical Services	944	2.87%	0	0.00%
City of Moreno Valley/Police/Fire Depts	Public Sector	Municipal Government	771	2.34%	833	2.43%
Walgreens Co.	Distribution	Retail Distribution	685	2.08%	600	1.75%
Val Verde Unified School District (MV only)	Public Sector	Public Schools	674	2.05%	695	2.02%
Skechers USA	Distribution	Retail Distribution	600	1.82%	0	0.00%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Moreno Valley Economic Development Department  
Note: Information for FY 2004 is not available.

City of Moreno Valley  
 Full-time and Part-time City Employees by Function  
 Past Eight Years

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	143	153	150	142	150	147	125	<u>96</u>
Public Works	126	134	141	151	146	143	134	122
Community Development	71	74	74	72	68	59	66	59
Parks and Community Services	123	184 (2)	240	238	453	101 (3)	118	64
Animal Services	24	26	27	29	27	21	19	21
Redevelopment Agency	17	17	18	16	14	12	0	0
Public Safety (1)	329	356	383	393	415	407	407	286
<u>Total</u>	<u>833</u>	<u>944</u>	<u>1,033</u>	<u>1,041</u>	<u>1,273</u>	<u>890</u>	<u>869</u>	<u>648</u>

This data represents a count of people employed by the City not the number of approved full time equivalents.

(1) The City contracts with the County of Riverside for Police and Fire services.

(2) In 2007 the Parks and Community Services Department received a grant from the State of California related to the After School Education and Safety Grant. This grant resulted in an increase in staffing to achieve the grant growth objectives.

(3) In 2011 the Parks and Community Services Department received a grant from the State of California related to the After School Education and Safety Grant, however staffing for this services was contracted to an outside agency. This resulted in a large decrease in staffing.

Note: GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley  
 Capital Asset Statistics  
 Last Six Fiscal Years

	2008	2009	2010	2011	2012	2013
Lane miles of streets	1,076	1,076	1,076	1,076	1,076	1,095
Number of street lights	11,027	11,037	11,046	11,260	11,358	11,381
Number of traffic signals	162	167	170	173	175	180
Fire protection:						
Number of stations	6	6	6	6	6	7
Police protection:						
Number of policing stations	1	1	1	1	1	1
Number of policing substations	4	4	4	4	6	6
Recreation and culture:						
Parks	38	39	37	37	37	37
Maintained acreage of parks	529.55	531.48	531.48	531.66	519.91	519.91
Parks under construction	7	6	6	1	1	1
Acreage of parks under construction	27.07	25.14	25.14	12.25	12.75	12.75
Multi-use athletic fields	21	21	21	21	21	21
Conference/Recreation centers	1	1	1	1	1	1
Square footage of recreation centers	42,413	42,413	42,413	42,413	42,413	42,413
Senior Centers	1	1	1	1	1	1
Square footage of senior centers	14,700	14,700	14,700	14,700	14,700	14,700
Equestrian centers	1	1	1	1	1	1
Maintained acreage of equestrian centers	45	45	45	45	45	45
Multi-use equestrian trails maintained	10 Miles	10 Miles	10 Miles	10 Miles	10 Miles	10 Miles
Community centers	4	4	4	4	4	4
Square footage of community centers	38,758	38,758	38,758	38,758	38,758	38,758
Sports courts	44	44	44	44	44	44
Skate parks	1	1	1	1	1	1
Square footage of skate parks	850	850	850	850	850	1,850
Soccer Arena	0	0	0	0	1	1
Nine-hole golf courses	1	1	1	1	1	1
Play apparatus	23	24	26	26	26	26
Water play features	2	2	2	2	2	2
Utilities:						
Residential utility meters	4,702	4,802	4,904	5,003	5,028	5,091
Commercial utility meters	499	565	545	599	592	607

1) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

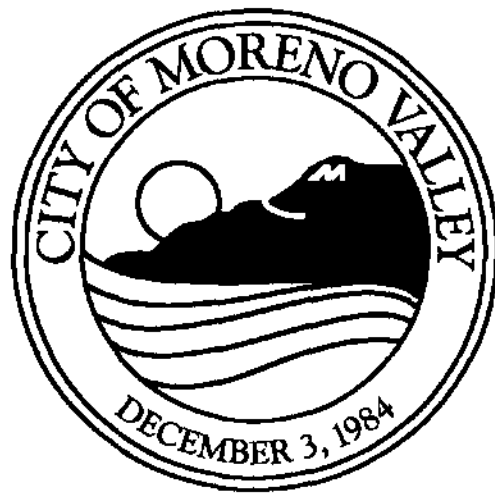
Sources: City of Moreno Valley Technology Services, Special Districts, Transportation, Fire Department, Police Department, Parks & Community Services, Utilities.

City of Moreno Valley  
 Operating Indicators by Function  
 Last Six Fiscal Years

	2008	2009	2010	2011	2012	2013
Square mileage of area	52	52	52	52	52	52
Fire protection:						
Provided by the County of Riverside in cooperation with the State Department of Forestry and Fire:						
Sworn personnel	85	81	80	79	71	72
Volunteers	25	25	25	10	16	16
Non-sworn personnel	10	8	8	8	8	8
OEM non-sworn personnel	0	0	0	0	2	3
Responses to emergency calls	13,011	12,971	13,530	15,268	14,824	15,905
Inspections and Permits	4,269	3,522	2,369	3,383	2,304	2,400
Apartment Complex Inspections	0	0	0	0	849	872
Plan checks	1,482	664	424	358	786	1,218
Counter/Public inquires	7,932	7,249	2,734	2,452	2,671	2,431
Police protection:						
Provided through contract with the County of Riverside Sheriff's Department:						
Sworn officers	188	186	184	186	181	181
Classified personnel	56	55	54	55	54	51.5
City support personnel	4	3	3	3	3	3
Volunteers	39	56	62	77	85	77
Responses to Calls:						
Priority 1	429	572	519	423	363	425
Priority 1A	1,271	1,110	1,181	1,274	1,289	1,584
Priority 2	24,819	24,967	24,938	27,797	26,021	27,733
Priority 3	24,859	26,466	24,800	27,487	29,393	29,860
Priority 4	16,932	17,592	16,630	18,625	18,087	17,280
Priority 5	2	91	1	1	1	1
Priority 6	0	0	0	0	0	0
Priority 7	0	0	0	0	0	0
Priority 8	0	0	0	1	1	0
Priority 9	174	248	279	312	223	347
Cancelled	5,983	5,359	5,222	5,543	5,991 (2)	23,338
Disp/Arr Time Missing	9,437	8,540	7,638	7,944	8,125	8,941
Same Disp/Arr Time	50,516	60,510	54,645	54,379	47,638	45,096
T. R. U. Calls	32	43	32	37	54	87
Building and Safety:						
Building permits issued	2,413	2,058	1,645	1,700	1,889	1,797
Counter requests for service	11,249	8,922	6,611	6,105	6,563	6,407
Planning:						
Planning applications processed	1,100	894	682	644	740	745
Counter requests for service	6,550	4,669	3,875	3,683	3,853	3,749
Recreation and culture:						
Rounds of golf played	12,000	6,123	6,638	9,719	n/a	8,209
Facility rentals	971	893	1,026	1,005	992	997
Participants in recreation programs	57,139	46,075	46,561	46,040	48,473	41,992
Utilities:						
Average residential daily consumption (kilowatt hours)	18	19.8	18.5	18.5	19.7	20.7
Average commercial daily consumption (kilowatt hours)	171	254.8	284.4	296.3	371.9	383.0
New residential connections	473	123	93	99	23	63
New commercial connections	118	65	5	54	23	15
Employees:						
Members of City Council	5	5	5	5	5	5
Members of the Planning Commission	7	7	7	7	7	7
Full-time career status (FTE)	406	324	312	283	281	277
Part-time career status (FTE)	18	14	29	21	66	22

3) GASB 44 allowed for the implementation of historical reporting on a prospective basis. The City has elected to report historical data in this manner.

Sources: City of Moreno Valley Technology Services, Fire Department, Police Department, Community & Economic Development, Parks & Community Services, Utilities, Financial-Payroll.



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**APPENDIX D**

**CITY OF MORENO VALLEY STATEMENT OF INVESTMENT POLICY**

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**INVESTMENT POLICY**

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**PURPOSE:** The City Council of the City of Moreno Valley (City) and its related authorities and agencies recognizes its responsibility to properly direct the investments of funds under its care. It is the purpose of this policy to provide guidelines for the prudent investment of unexpended funds in a manner which allows for maximum security, while at the same time providing the best investment return to meet the daily cash flow demands of the City, and conform to all applicable statutes pertaining to the investment of public funds. In instances in which the Policy is more restrictive than Federal or State law, the Policy supersedes.

**I. Scope**

- A.** Investments for the City and its related authorities and agencies will be made on a pooled basis including the City of Moreno Valley the City of Moreno Valley Housing Authority, the Moreno Valley Community Services District, the Moreno Valley Public Facilities Financing Corporation, the Moreno Valley Public Financing Authority, and the Moreno Valley Industrial Development Authority. These funds are accounted for in the City's Comprehensive Annual Financial Report (CAFR) and include:
1. General Fund
  2. Special Revenue Funds
  3. Debt Service Funds
  4. Capital Project Funds
  5. Internal Service Funds
  6. Agency Funds
  7. Enterprise Funds
- B.** The City Council has the authority to allow investments that do not follow this policy as long as such investments are recommended by the City Manager and City Treasurer, and expressly authorized by the City Council.
- C.** At the time this policy is adopted, the portfolio may hold investments which were made in the past and in accordance with previous policies and existing State law, but do not meet the provisions of this policy. These past investments are grandfathered as permissible investments. The City may choose to hold these investments until maturity; however, their maturity cannot be extended without the expressed authorization of the City Council.
- D.** Funds excluded from this policy
1. **Bond Proceeds.** Proceeds of debt issuance shall be invested in accordance with the City's general investment philosophy as set forth in this policy. The overriding policy for the investment of bond proceeds will be dictated by the bond documents governing such funds as long as the documents are approved by the City Council or related governing board.
  2. **Deferred Compensation Plans.** Investments related to the City's deferred compensation plans are not subject to this policy since third-party administrators manage them and the individual plan participant's direct investment and mutual fund selection. Deferred compensation plans must be approved by the City Council.

**II. Prudence**

- A.** Prudent Investor Standard: Management of the City's investments is governed by the Prudent Investor Standard as set forth in the California Government Code 53600.3:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter

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Approved by: City Council  
December 17, 1996

Revised 1/13/98; 1/12/99; 2/8/00; 1/3/01; 5/14/02; 11/22/05; 2/26/08; 2/24/09; 3/23/10; 5/24/11; 4/24/12

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**INVESTMENT POLICY**

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are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

- B.** Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**III. Objectives**

- A.** The City’s investment philosophy sets the tone for its policies, practices, procedures and objectives that control the investment function. The investment of funds will be guided by the primary objectives of safety, liquidity and a reasonable market rate of return.
- 1. Safety** – Safety of principal is the foremost objective of the investment program. The City will undertake investments in a manner that ensures the preservation of capital in the portfolio taken as a whole.
  - 2. Liquidity** – The City will maintain sufficient cash and short-term investment instruments which, together with projected revenues, will provide sufficient liquidity so that the City will be able to meet all operating requirements which might be reasonably anticipated including an amount to cover reasonably estimated contingencies.
  - 3. Reasonable market rate of return (Yield)** – The City’s investment portfolio will be designed with the objective to attain a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City’s investment risk constraints and the cash flow characteristics of the portfolio.
- B.** The investment function will have the ongoing objectives of: assuring compliance with Federal, State and local laws governing the investment of public funds, maintaining reserves for long-term projects and contingencies, and establishing quality standards and limits related to the type of investments made and with which institutions investments are placed.

**IV. Delegation of Authority**

- A.** The City of Moreno Valley Municipal Code specifies that the City Council will appoint the City Treasurer. By resolution, the City Council has appointed the Financial & Administrative Services Director to serve as the City Treasurer. The Treasurer serves as the chief investment officer for the City and is authorized to invest or deposit the City’s funds in accordance with this policy, California Government Code Sections 53600 and 53630 et seq., and all other related Federal and State laws. The City Treasurer also serves as the Treasurer for the City of Moreno Valley Housing Authority, the Moreno Valley Public Financing Authority, the Moreno Valley Public Facilities Financing Corporation, the Moreno Valley Community Services District and other related City entities. In the absence of the City Treasurer, and unless otherwise delegated, the Treasury Operations Division Manager/Assistant City Treasurer will serve as the Acting Treasurer. The City Treasurer may appoint

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**INVESTMENT POLICY**

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deputy treasurers to act on behalf of the City. The City Treasurer will provide written authorization in delegating any of his/her authority.

- B.** The City Manager will provide periodic oversight to the investment function which includes but is not limited to reviewing monthly investment reports issued by the City Treasurer.
- C.** The City Council's primary responsibilities over the investment function include approving the Investment Policy, annually reviewing such policy, reviewing monthly investment reports issued by the Treasurer, authorizing bond documents and other unique financing transactions, and authorizing any deviations from the City's investment policies.
- D.** The Finance Sub-Committee of the City Council will provide oversight to the investment function through the periodic review of the investment report at their committee meetings.
- E.** The City may engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

**V. Investment Procedures**

- A.** The City Treasurer shall establish internal procedures for the operation of the investment program consistent with this policy. These procedures shall include, but are not limited to, the following items:
  - 1. Safekeeping
  - 2. Master repurchase agreements
  - 3. Wire transfer agreements
  - 4. Collateral/Depository agreements
  - 5. Broker/Dealer relationships
- B.** Cash handling and cash management are integral components of an effective investment management program. In keeping with the Administrative Policy on Cash Control, the aforementioned procedure manual shall include references to the following:
  - 1. Cash collection practices
  - 2. Depository practices
  - 3. Cash flow issues
  - 4. Cash flow projections
  - 5. Anti-theft/Anti-fraud practices
  - 6. Banking agreements
  - 7. Accounting practices
- C.** Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.
- D.** Allocation of Pool Interest
  - 1. All interest earnings related to the investment pool will be allocated to the General Fund unless specifically directed by Federal or State statute, City Council directive or contractual agreement.
  - 2. The allocation methodology will be maintained by the City Treasurer.

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**INVESTMENT POLICY**

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**VI. Ethics and Conflict of Interest**

- A. All officials, staff members and consultants, involved in the investment functions will refrain from personal business activity that could conflict with the execution of the investment function or which may impair their ability to make impartial investment decisions. Officials, staff members, and consultants, will disclose to the City Manager any financial interests with a financial institution, provider, dealer or broker that conducts business with the City.
- B. Officials, staff members and consultants will further disclose any personal financial positions that could be related to the City's cash and investment portfolio.
- C. All bond issue participants, including but not limited to, underwriters, bond counsel, financial advisors, brokers and dealers will disclose any fee sharing arrangements or fee splitting to the City Manager prior to the execution of any transactions. The providers must disclose the percentage share and approximate dollar amount share to the City prior to the execution of any transactions.

**VII. Investment Controls**

- A. The City Manager shall oversee and ensure that the City Treasurer implements and maintains a system of internal investment controls and segregated responsibilities of the investment function in order to prevent the following:
  - 1. Fraud
  - 2. Theft
  - 3. Loss of principal
  - 4. Loss of control over funds
  - 5. Inaccurate reporting
  - 6. Negligence
  - 7. Over-reliance on a single employee for investment decisions
- B. Internal controls should include but are not limited to (for a more specific list of internal controls see the investment management plan):
  - 1. Segregation of duties (e.g., the purchaser of investments is different than the person recording the transaction)
  - 2. Reconciliation of investment report and cash balances
  - 3. Dual authorization of transactions
- C. An external auditor will review the investment program annually in order to provide reasonable assurance that policy and procedures are complied with.

**VIII. Authorized Financial Dealers and Institutions**

- A. The City Treasurer will obtain financial information from qualified institutions to determine if the institution markets in securities appropriate to the City's needs, can assign qualified sales representatives, and can provide written agreement to abide by the conditions set forth in the City of Moreno Valley Investment Policy.
- B. The City Treasurer will maintain a list of financial institutions and broker/dealers authorized to provide investment services to the City who are authorized to provide investment services in the State of California. An eligible designation does not guarantee that the City will do business with the firm or institution.

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**INVESTMENT POLICY**

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- C. The following criteria will be used in determining investment providers
1. Broker/Dealers: The purchase by the City of any investment other than those purchased directly from the issuer shall be purchased from a broker/dealer firm designated as a "Primary Government Dealer" by the Federal Reserve Bank of New York or a regional dealer that qualifies under SEC Rule 15C3-1 (uniform net capital rule).
  2. Banks: The City shall purchase securities from banks which meet all of the following criteria:
    - a. Nationally or State chartered banks
    - b. Registered as investment securities dealers with the Securities and Exchange Commission
    - c. Independently rated "A" or higher by two nationally recognized statistical ranking organizations
  3. Investment Bankers, Underwriters and Financial Advisors: The purchase by the City of any investments from these providers in the course of completing a bond transaction must be expressly authorized by the City Council after such a provider discloses their commission, spread or fee in approximate dollar amount. Otherwise, the acquisition of such investments must be procured from the broker/dealers customarily used by the City.
  4. The Federal Reserve Bank: Direct purchases of Treasury bills, notes and bonds from the U.S. Federal Reserve Banks branches are allowed and are exempt from quality requirements.
- D. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must provide the following information to the City Treasurer:
1. A completed City of Moreno Valley Broker/Dealer Questionnaire
  2. Audited financial statements
  3. Proof of Financial Industry Regulatory Authority (FINRA) certification
  4. Trading resolution
  5. Proof of state registration
  6. Certification of having read and willingness to comply with City's investment policy.
- E. The City Treasurer will conduct an annual review of the financial condition and registrations of brokers/dealers on the City's approved list.
- F. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which or with which the City invests.
- G. Certificates of deposit will not be placed with an institution once it has received a Cease and Desist order from any bank regulatory agency.

**IX. Authorized and Suitable Investments (with quality and limitation guidelines)**

- A. The California Government Code sections 53600 et seq. governs the allowable investments into which a local government agency can enter. These Government Code sections also stipulate as to the portfolio percentage limits and investment quality standards for some but not all permitted investments. The Government Code sections provide a starting point for establishing the City quality standards, percentage limits and maturity levels. Should the Government Code become more restrictive than this policy, the Government Code restrictions shall prevail.

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December 17, 1996

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**B.** Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security as detailed below, the limit or maximum allowable is determined by the portfolio size or composition at the close of the date on which the security is purchased.

**C.** Following is a table summarizing allowable investments for the City. This table summarizes and is consistent with California Government Code Sections 53600 and 53630 et seq.

<b>INVESTMENT TYPE</b>	<b>MAXIMUM MATURITY</b>	<b>MAXIMUM SPECIFIED % OF PORTFOLIO</b>	<b>MINIMUM QUALITY REQUIREMENTS</b>
Local Agency Bonds	5 years	— none —	— none —
U.S. Treasury Obligations	5 years	— none —	— none —
State Obligations — CA and Others	5 years	— none —	— none —
CA Local Agency Obligations	5 years	— none —	— none —
U.S. Agency Obligations	5 years	— none —	— none —
Bankers' Acceptances	180 days	40%	— none —
Commercial Paper —Select Agencies	270 days	25% of the agency's invested funds	"A-1/P-1/F-1"; if the issuer has issued long-term debt it must be rated "A" without regard to modifiers
Commercial Paper —Other Agencies	270 days	40% of the agency's invested funds	A-1/P-1/F-1"; if the issuer has issued long-term debt it must be rated "A" without regard to modifiers
Negotiable Certificates of Deposit	5 years	30%	— none —
CD Placement Service	5 years	30%	— none —
Repurchase Agreements	1 year	— none —	— none —
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	— none —
Medium-Term Notes	5 years	30%	"A" rating
Mutual Funds and Money Market Mutual Funds	n/a	20%	Multiple
Collateralized Bank Deposits	5 years	— none —	— none —
Mortgage Pass-Through Securities	5 years	20%	"AA" rating
Bank/Time Deposits	5 years	— none —	— none —
County Pooled Investment Funds	n/a	— none —	— none —
Joint Powers Authority Pool	n/a	— none —	Multiple
Local Agency Investment Fund (LAIF)	n/a	— none —	— none —

**D.** Investment Pools: A thorough investigation of an Investment Pool account is required prior to investing, and on a continual basis. The investigation must include information, if available, on the following items before investing:

1. A description of eligible investment securities, and a written statement of investment policy.
2. A description of interest calculations and distribution and how gains and losses will be treated.
3. A description of how the securities are safeguarded (including the settlement process), and how often the securities are priced and the program audited.

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**INVESTMENT POLICY**

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4. A description of who may invest in the program, how often and what is the allowable size of deposits and withdrawals, and any limitations as to number of transactions.
  5. A schedule for receiving statements and portfolio listings.
  6. Are reserves, retained earnings, etc. utilized by the pool?
  7. Is the pool eligible for bond proceeds and/or will it accept such proceeds?
- E. Repurchase Agreements are legal and authorized by policy. In order to invest in repurchase agreements the City must obtain a signed Master Repurchase Agreement from the participating bank or broker/dealer.
- F. Prohibited Investment Transactions and Derivatives:
1. The Government Code specifically prohibits certain types of investment instruments for municipalities. In addition to those prohibitions, the following investments are not permitted:
    - a. Reverse Repurchase Agreements
    - b. Financial futures or financial option contracts
    - c. Security lending
  2. Additionally the City shall not invest in any security that could result in zero interest accrual if held to maturity.
  3. Due to the complexity of the securities market and ever-changing market conditions, it is difficult to define derivatives and specifically prohibit their acquisition. Therefore, the City desires to limit the potential risk of derivatives by specifically prohibiting the most common types of derivatives with certain market exposures. These prohibited derivatives include but are not limited to: inverse floaters, interest only securities derived from mortgages, residual securities, structured notes, forward based derivatives, forward contracts, forward rate agreements, futures contracts, interest rate futures contracts, foreign currency futures contracts, option based derivatives, option contracts, interest rate caps, interest rate floors, swap contracts, interest rate swaps, interest rate collars, foreign currency swaps, cross currency exchange agreements, fixed rate currency swaps, basis swaps, equity swaps, fixed rate equity swaps, floating rate equity swaps and commodity swaps.
  4. Leveraging
    - a. The City may not purchase investments on a margin or through a margin account.
    - b. The General Portfolio may not be leveraged by more than 30% through the issuance of tax and revenue anticipation notes (TRANS). The proceeds of any TRANS issue are to be invested in accordance with the guidelines in this policy, with investment maturities not to exceed the life of the TRANS.
    - c. The City may not leverage its investments through the use of reverse repurchase agreements.

**X. Collateralization**

- A. Bank Deposits: Under provisions of the Government Code, California banks and savings and loan associations are required to secure the City's deposits by pledging government securities with a value of 110% of principal and accrued interest. State law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits.

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**B. Certificates of Deposit:**

1. The market value of securities that underlay certificates of deposit shall be valued at 110% of the market value of principal and accrued interest.
2. The City Treasurer, at his/her discretion may waive the collateral requirement for deposits up to the maximum dollar amount which are covered by the Federal Deposit Insurance Corporation.

**C. Repurchase Agreements**

1. The market value of securities that underlay certificates of deposit shall be valued at 102% of the market value of principal and accrued interest.
2. The value shall be adjusted no less than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back to 102% no later than the next business day.

**D.** A clearly marked evidence of ownership, safekeeping receipt, must be supplied to the City and retained.

**E.** The City chooses to limit collateral to US Treasuries.

**F.** Collateral will always be held by an independent third-party with whom the entity has a current written custodial agreement.

**G.** The right of collateral substitution is granted based on the approval of the City Treasurer and City Manager.

**XI. Safekeeping, Custody and Competitive Bids**

**A.** Third-party safekeeping is required for all investments. Securities may be maintained by a banking institution or a broker/dealer firm for safekeeping as long as the securities are held in the City's name.

**B.** Third-party safekeeping arrangements will be approved by the City Treasurer and will be corroborated by a written custodial agreement.

**C.** All investment transactions of the City will be conducted using standard delivery vs. payment (DVP) procedures.

**D.** All securities held by the safekeeping custodian on behalf of the City shall have the City of Moreno Valley as the registered owner, and all interest and principal payments and withdrawals shall indicate the City of Moreno Valley as the payee.

**E.** All bank deposits will be FDIC insured or deposited with institutions that comply with the State collateral requirements for public funds.

**F.** Securities used as collateral for repurchase agreements with a maturity from one to seven days can be held in safekeeping by a third party bank trust department or by the broker/dealer's safekeeping institution, acting as the agent for the City, under the terms of a custody agreement executed by the selling institution and by the City specifying the City's "perfected" ownership of the collateral.

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December 17, 1996

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**INVESTMENT POLICY**

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- G. All investment transactions shall be conducted on a competitive basis with quotes from a minimum of three brokers or financial institutions when possible.

**XII. Diversification and Credit Risk Management**

- A. Investments contained within the portfolio will be diversified by security type, institution and maturity.
- B. The diversification requirements included in Section IX are designed to mitigate credit risk in the portfolio.
- C. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.
- D. The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or City's risk preferences; and,
- E. If securities owned by City are downgraded by any nationally recognized statistical ratings organization to a level below the quality required by this Investment Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
1. If a security is downgraded, the City Treasurer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
  2. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the City Council.

**XIII. Maximum Maturities**

- A. The City Treasurer will maintain sufficient liquidity in cash and short-term investments, which together with projected revenue receipts will meet the cash flow requirements of the City for the upcoming six months.
- B. The City will not directly invest in securities maturing more than five years away from the settlement date. In any case, where a cash flow is matched with an investment which exceeds the five year limit, the investment must be approved by the City Council.
- C. The average weighted maturity of the general portfolio shall not exceed 3 years. The general portfolio does not include bond proceeds or deferred compensation funds.
- D. To the extent possible, longer-term investment maturities will be spaced so that a portion of such investments mature each year to cover unanticipated emergencies.

**XIV. Performance Standards**

- A. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints.
- B. The investment performance objective for the portfolio shall be to earn a total rate of return over a market cycle which is approximately equal to the return on a market benchmark Index of similar securities, as determined by the City Treasurer.

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Approved by: City Council  
December 17, 1996

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**INVESTMENT POLICY**

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- C. Market Return (Benchmark): The City's investment strategy is active. Given this strategy, the basis used by the Treasurer to determine whether market return is being achieved shall be to identify a benchmark which reflects a portfolio structure that is comparable to the City's portfolio. *An example as it pertains to the long term portion of the portfolio would be the Bank of America Merrill Lynch Index of 1 to 5 Year Government securities.*

**XV. Reporting**

- A. The City Treasurer will provide a monthly report to the City Manager and City Council which will include the following information by security held at the end of the reporting period:
1. Investment Type
  2. Issuer
  3. Maturity Date
  4. Par Value
  5. Market Value
  6. Book Value
  7. Weighted Average Maturity
  8. Source of Market Valuation
  9. Monies maintained within the treasury
  10. Funds, investments and loans that are under the management of contracted parties
- B. Quarterly, and within 60 days of the completion of the quarter, the City Treasurer will submit a report to the City Council in open public meeting with the same investment information provided to the City Manager and City Council on a monthly basis with the addition of the following data:
1. A description of the compliance with the statement of investment policy, or manner in which the portfolio is not in compliance.
  2. A statement denoting the ability of the City to meet cash flow requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

**XVI. Investment Policy Adoption**

- A. Annually, the City Treasurer will render to the City Council a Statement of Investment Policy, including any changes or revisions, to be reviewed and approved at a public meeting.

**XVII. Record Retention**

- A. The following investment or cash management documents will be maintained in accordance with Chapter 2.60 of Title 2 of the City of Moreno Valley Municipal Code:
1. Investment Reports and supporting documentation
  2. Third-party statements of assets held
  3. Investment permanent files
  4. Market pricing documentation

## APPENDIX E

### FORM OF BOND COUNSEL OPINION

*Upon issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:*

[Date of Delivery]

Moreno Valley Public Financing Authority  
Moreno Valley, California

Moreno Valley Public Financing Authority  
Lease Revenue Refunding Bonds, Series 2014  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Moreno Valley Public Financing Authority (the "Authority") in connection with the issuance of \$25,325,000 aggregate principal amount of Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014 (the "Bonds"), issued pursuant to a Master Trust Agreement, dated as of December 1, 2013, as supplemented and amended by the First Supplement to Trust Agreement, dated as of November 1, 2014 (as supplemented and amended, the "Trust Agreement"), each between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed a Master Facilities Lease, dated as of December 1, 2013, as amended by the First Amendment to Master Facilities Lease, dated as of November 1, 2014 (as amended, the "Facilities Lease"), each between the City of Moreno Valley (the "City"), as lessor, and the Authority, as lessee; Master Facilities Sublease, dated as of December 1, 2013, as amended by the First Amendment to Master Facilities Sublease, dated as of November 1, 2014 (as amended, the "Facilities Sublease"), each between the Authority, as lessor, and the City, as lessee; the Trust Agreement; the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), between the Authority and the City; opinions of counsel to the Authority, the City and the Trustee; certificates of the Authority, the City, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and

delivery thereof by, and validity against, any parties other than the Authority and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Facilities Lease, the Facilities Sublease, the Trust Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Facilities Lease, the Facilities Sublease, the Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities and cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Facilities Lease, the Facilities Sublease or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Trust Agreement, except the Rebate Fund, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.
3. The Facilities Lease and the Facilities Sublease have been duly executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”), dated [Closing Date], is executed and delivered by the City of Moreno Valley (the “City”), on behalf of itself and the Moreno Valley Public Financing Authority (the “Authority”), in connection with the issuance by the Authority of \$25,325,000 aggregate principal amount of the Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014 (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Agreement, dated as of December 1, 2013, as supplemented by a First Supplement to Master Trust Agreement, dated as of November 1, 2014 (collectively, the “Trust Agreement”), each by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

The Authority hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

This Disclosure Certificate is being executed and delivered by the City, for itself and on behalf of the Authority, for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions.

In addition to the definitions set forth in the Trust Agreement and in 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 (collectively, the “Facilities Sublease”), each by and between the Authority and the City, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” shall mean the date in each year that is nine (9) months after the end of the City’s Fiscal Year, the end of which, as of the date of this Disclosure Certificate, is June 30.

“Dissemination Agent” shall mean, initially, the City, or any successor Dissemination Agent that is so designated in writing by the City and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement dated November 6, 2014, relating to the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5), adopted by the Securities and Exchange Commission in compliance with the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, provide to MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) calendar days prior to each such Annual Report Date, the City shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the City. The Annual Report must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as is prescribed by MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City (which include information regarding the funds and accounts of the City), if any, may be submitted separately from and later than the balance of the Annual Report if they are not available by the applicable Annual Report Date. If the City's Fiscal Year changes, the City shall provide written notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If the City is unable to provide to MSRB an Annual Report by the date required in subsection (a), the City shall send to MSRB a notice in substantially the form attached hereto as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

- (i) provide any Annual Report received by it to the MSRB by the date required in subsection (a); and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Certificate, and stating the date the Annual Report was so provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City, which include information regarding the funds and accounts of the Authority, if any, for the most recent Fiscal Year of the City then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the City shall be audited by such auditor as shall then be required or permitted by State law or the Trust Agreement. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the City shall provide a notice of such modification to MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain the following information:

- (i) revenues, expenditures, and beginning and ending fund balances relating to the General Fund of the City for the most recent completed Fiscal Year;
- (ii) property tax rates for property within the City for the most recently completed Fiscal Year;
- (iii) property tax levies, collections, and delinquencies for the most recently completed Fiscal Year; and
- (iv) outstanding debt of the City for the most recently completed Fiscal Year, including tax increment, revenue, and lease indebtedness.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority, the City, or related public entities, that are available to the public on MSRBS's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5.      Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on any reserve fund for the Bonds reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;
- (v) substitution of any credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, 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, or other material events affecting the tax status of the Bonds;
- (vii) modifications to the rights of Owners of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) defeasances;
- (x) any release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) any bankruptcy, insolvency, receivership, or similar event of the Authority or the City [this Listed Event is considered to occur when any of the following occur: the appointment

of a receiver, fiscal agent, or similar officer for the Authority or the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority or the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority or the City];

(xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the City or the sale of all or substantially all of the assets of the Authority or the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above, the City shall as soon as possible determine if such event would be material under applicable federal securities laws. If the City determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above), the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(d) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with MSRB, not in excess of ten (10) business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.

(e) The City hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the City and that the Trustee or the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the City, the Trustee, and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.



The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City and the Dissemination Agent may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature, or status of the City or the type of business conducted thereby;

(b) The undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver (i) is approved by Owners of the Bonds in the manner provided in the Trust Agreement for amendments to such Trust Agreement with the consent of Owners or (ii) does not, in the opinion of the City or nationally recognized bond counsel, materially impair the interest of Owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City and the Authority to meet their respective obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to MSRB.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner of a Bond, Participating Underwriter, or Trustee may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities that it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this section shall survive resignation or removal of the Dissemination Agent and payment of all of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the City pursuant to this Disclosure Certificate. The City shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the City, the Trustee, the Dissemination Agent, the Participating Underwriter, and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

CITY OF MORENO VALLEY

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Chief Financial Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Moreno Valley Public Financing Authority  
Name of Bond Issue: Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014  
Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the City of Moreno Valley (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated [Closing Date], executed by the City. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

CITY OF MORENO VALLEY

By: \_\_\_\_\_  
Authorized Signatory